

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021

**CITY OF WALKER
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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**CITY OF WALKER
WALKER, LOUISIANA**

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Independent Auditor's Report

The Honorable Jimmy Watson, Mayor
and Members of the City Council
City of Walker
Walker, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the respective budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 5 through 12 and 75 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's basic financial statements. The Schedule of Insurance Coverage in Force (Schedule 3), Schedule of Number of Customers and Revenue Data Per Customer Per Month (Schedule 4), and Schedule of Utility Rates and Tap Fees (Schedule 5) are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 6) is presented for purposes of additional analysis as required by Louisiana revised statute 24:515.2 and is also not a required part of the basic financial statements. The Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 6) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 6) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Schedules 3 through Schedule 5 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 27, 2022

CITY OF WALKER
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Walker, Louisiana (“the City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. The intent of Management’s Discussion and Analysis (“MD&A”) is to look at the overall financial performance of the City using an objective, easily readable analysis of the City’s financial activities. Therefore, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements. Please reference the Table of Contents for the exact location of those items.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (“GASB”) Statement No. 34. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The City continues to fund major infrastructure improvements with city revenues and grants while improving overall financial health.

- Total net position (assets-liabilities) increased to \$40,036,794.
- Increase in total net position of \$3,457,779, 9.45% over 2020, with a three-year increase of 32.69%.
- Total assets increased to \$57,069,852.
- Increase in total assets of \$3,782,505, 7.10% over 2020, with a three-year increase of 21.00%.
- Long term debt decreased \$593,032 in 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with an organization-wide overview similar in nature to a private-sector business. The two components of this presentation are the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the City’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses, permits, fines and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Walker include general government, public safety, highways and streets, and parks and recreation. The business-type activities of the City of Walker include gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. All business-type activities are included in a single Utility Enterprise Fund.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet (Exhibit B-1) and governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit B-3) provide a reconciliation (Exhibits B-2 and B-4) to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains two individual governmental funds. The *General Fund* is the chief operating fund of the City. The activities of the General Fund include general and administrative functions, public safety (police and animal control), highways and streets, and parks and recreation. The *Special Revenue Fund* accounts solely for the ½ cent sales tax, the proceeds of which are legally dedicated for the repayment of that portion of the Refunding Bonds Series 2009 originally attributable to the 2000 ½ Cent Sales Tax Bonds and the Refunding Bonds Series 2016; extending, improving, maintaining, and operating the sewerage system of the city; and constructing, improving and maintaining public streets and drainage facilities, including equipment therefore. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund as both funds are considered major funds.

The City adopts an annual appropriated budget for its general fund and its special revenue fund. A budgetary comparison statement has been provided for the general fund (Exhibit B-5) and the special revenue fund (Exhibit B-6) as both funds are considered major funds.

Enterprise type proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses a single utility enterprise fund, which is considered a major fund, to account for its gas, water, sewer, and sanitation services provided for the residents of the City and some residents of the parishes of Livingston and St. Helena. Exhibits C-1 through C-3 present the basic proprietary fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-74 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2021. The City’s net position at December 31, 2021 increased 9.45% to \$40,036,794, with a 8.20% increase in investment of capital assets. Capital assets are reported net of accumulated depreciation; and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Position as of December 31, 2021 with comparative totals for 2020.

City of Walker Condensed Statement of Net Position For the Year Ended December 31, 2021				
	Governmental Activities	Business-Type Activities	Totals 2021	Totals 2020
ASSETS				
Current and Other Assets	\$ 5,830,790	\$ 9,400,315	\$ 15,231,105	\$ 12,940,162
Restricted Assets	74,867	1,237,683	1,312,550	3,367,261
Capital Assets	23,451,812	17,074,385	40,526,197	36,979,924
Total Assets	<u>29,357,469</u>	<u>27,712,383</u>	<u>57,069,852</u>	<u>53,287,347</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	-	419,020	419,020	482,599
Deferred Outflows - Related to Pensions	465,956	-	465,956	639,124
Total Deferred Outflows of Resources	<u>465,956</u>	<u>419,020</u>	<u>884,976</u>	<u>1,121,723</u>
LIABILITIES				
Current Liabilities	595,067	2,982,299	3,577,366	2,856,849
Long-Term Liabilities	7,329,350	4,535,087	11,864,437	12,088,554
Net Pension Liability	1,616,994	-	1,616,994	2,683,969
Total Liabilities	<u>9,541,411</u>	<u>7,517,386</u>	<u>17,058,797</u>	<u>17,629,372</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	859,237	-	859,237	200,683
NET POSITION				
Net Investment in Capital Assets	16,379,998	12,696,518	29,076,516	26,872,502
Restricted	74,867	298,658	373,525	2,420,499
Unrestricted (Deficit)	2,967,912	7,618,841	10,586,753	7,286,014
Total Net Position	<u>\$ 19,422,777</u>	<u>\$ 20,614,017</u>	<u>\$ 40,036,794</u>	<u>\$ 36,579,015</u>

The Statement of Activities for 2021 categorizes the City’s revenues as program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, and general revenues, which include most taxes and other revenue sources of a government-wide nature.

Total revenues for the City in 2021 were \$21,150,543, with \$14,393,523 derived from program revenues and grants; \$6,289,995 from sales, franchise, and property taxes, occupational licenses, and permits; \$244,365 from gains on disposition of capital assets; \$133,148 from interest and investment income; and the remaining \$89,512 from other miscellaneous income and other. Total expenses for the City in 2021 were \$17,692,764, leaving a \$3,457,779 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2021 with comparative totals for 2020.

City of Walker Condensed Statement of Activities For the Year Ended December 31, 2021				
	Governmental Activities	Business-Type Activities	Totals 2021	Totals 2020
Revenues:				
Program Revenues:				
Charges for Services	\$ 580,806	\$ 12,237,258	\$ 12,818,064	\$ 9,854,197
Operating Grants and Contributions	677,033	181,649	858,682	1,208,890
Capital Grants and Contributions	466,777	250,000	716,777	1,467,819
General Revenues:				
Taxes	6,289,995	-	6,289,995	5,776,190
Other Grants and Contributions not Restricted to Specific Programs	18,523	-	18,523	19,984
Interest and Investment Income	51,856	81,292	133,148	249,281
Net Gain on Disposition of Capital Assets	107,625	136,740	244,365	35,678
Miscellaneous Income	62,683	8,306	70,989	105,331
Total Revenues	8,255,298	12,895,245	21,150,543	18,717,370
Expenses:				
General Government	2,321,578	-	2,321,578	2,360,689
Public Safety	2,925,177	-	2,925,177	3,221,481
Highways and Streets	1,966,514	-	1,966,514	1,724,239
Parks and Recreation	942,970	-	942,970	578,483
Interest on Long-Term Debt	315,583	-	315,583	325,217
Gas	-	4,812,769	4,812,769	3,330,388
Water	-	2,045,338	2,045,338	2,019,216
Sewer	-	1,954,251	1,954,251	1,595,517
Sanitation	-	408,584	408,584	404,269
Total Expenses	8,471,822	9,220,942	17,692,764	15,559,499
Change in Net Position before Transfers	(216,524)	3,674,303	3,457,779	3,157,871
Transfers In (Out)	2,605,000	(2,605,000)	-	-
Change in Net Position	2,388,476	1,069,303	3,457,779	3,157,871
Net Position - Beginning of Year	17,034,301	19,544,714	36,579,015	33,421,144
Net Position - End of Year	\$ 19,422,777	\$ 20,614,017	\$ 40,036,794	\$ 36,579,015

Governmental activities. Governmental activities net position increased \$2,388,476 in 2021. Total revenues before transfers decreased \$854,429 (-9.38%), primarily due to decreases in grant revenues which offset a tax revenue increase of \$513,805. Total expenses increased \$261,713 (+3.19%) attributed to increased spending in parks and recreation.

Business-type activities. Business-type activities net position increased \$1,069,303 due to \$2,605,000 transferred to governmental activities. Net income before transfers was \$3,674,303. Improvements and additions to utility services during 2021 included:

- Gas regulator station upgrade at corner of Springfield Road and Whispering Springs Subdivision
- Sewer line expansion below I-12, Hwy 447 to South Walker Elementary
- Sewer line improvements along Travis Street
- Water line upgrade Buddy Ellis Road from south water tower to Indigo Trails Subdivision

Analysis of Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$5,125,374. The general fund, which is the chief operating fund of the City, reported \$6,083,669 in a deficiency of revenues over expenditures. The transfer of \$3,565,000 from the gas department, a transfer of \$52,067 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$190,331, and \$160,142 proceeds from disposition of capital assets resulted in a net decrease in fund balance of \$2,116,129. The 2000 ½ cent sales tax fund reported \$1,461,280 in excess revenues over expenditures; and a \$449,213 net increase in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment therefore; as well as a \$960,000 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds reported net operating income of \$3,166,465. Operating income for the gas and sanitation departments were \$4,213,733 and \$9,090, respectively. Operations of the water and sewer departments resulted in a loss of \$167,662 and \$888,696, respectively. However, \$250,000 in state grants were received to offset water department expenses and \$960,000 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system.

General Fund Budgetary Summary

Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The City adopted two budget amendments during the fiscal year. Final budget adjustments are introduced in November for public hearing at December council meeting.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation) for its governmental and business type activities as of December 31, 2021 was \$40,526,197. This investment in capital assets includes land, buildings, improvements, roads and bridges, vehicles, machinery and equipment, furniture and fixtures, recreational equipment, and gas, water, and sewer systems. Governmental activities capital assets increased by \$3,256,461 with depreciation expense of \$622,675 and business-type activities capital assets increased by \$289,812 with depreciation expense of \$976,120. Total increase in the net investment in capital assets for 2021 amounted to \$3,546,273. Additional information on the City's capital assets can be found in note 8 on pages 48-51 of this report.

Long-term debt. As of December 31, 2021, the City had total debt outstanding of \$11,864,437, a decrease of \$593,032 (-4.76%) from prior year. A breakdown of the long-term debt is as follows:

- 2016 Revenue Refunding Bonds (maturing October 1, 2027) having an outstanding balance of \$3,390,000.
- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$6,390,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$173,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$326,764.
- Capital Leases having an outstanding balance of \$894,599.
- Notes Payable direct placement balance of \$140,000.
- Compensated absences total \$414,756 with \$257,536 payable from the General Fund and \$157,220 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in Note 12 on pages 59-66.

Future Budget and Economic Outlook

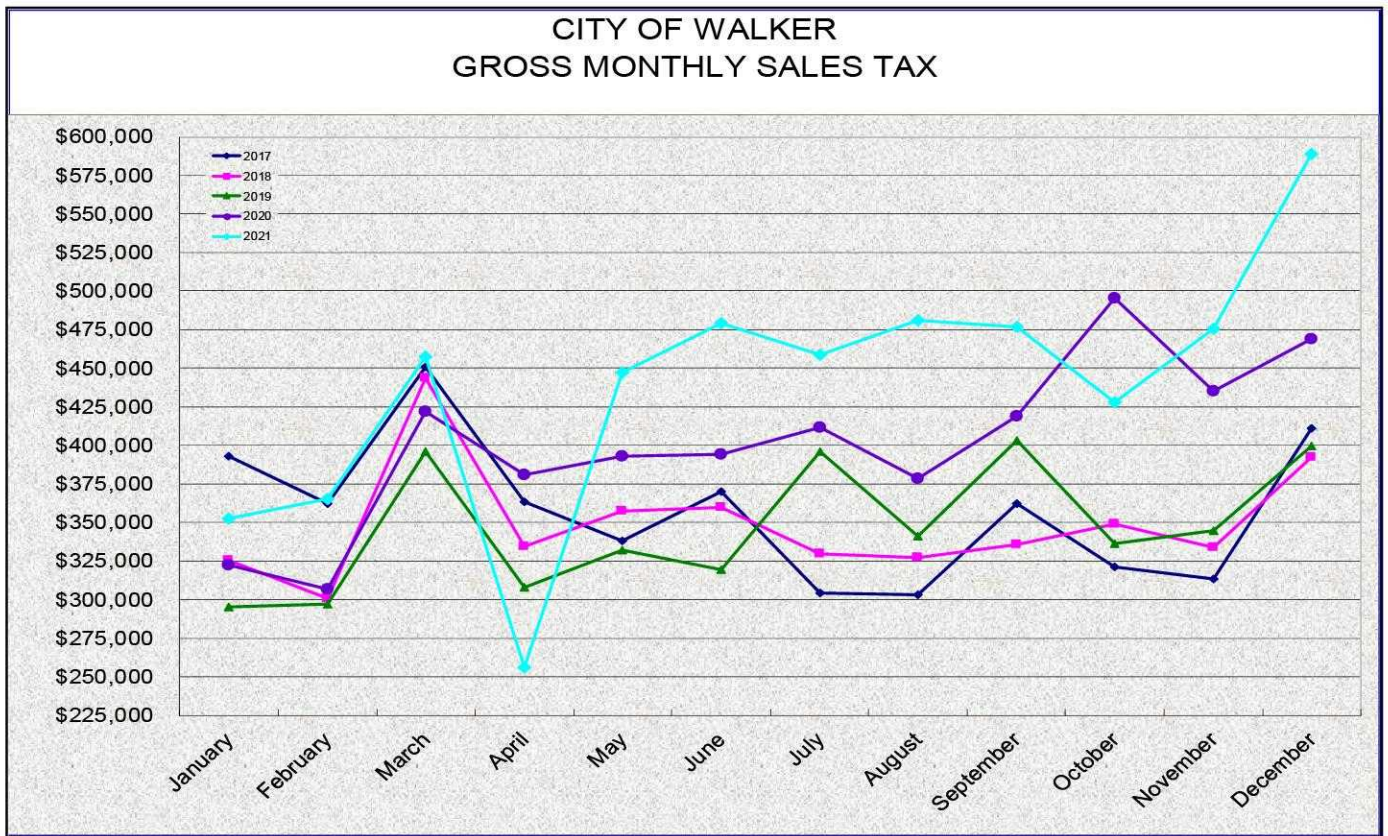
Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2021 include replacement of the natural gas regulator station at the corner of Springfield Road and Whispering Springs subdivision which will help with capacity in the Watson area. Plans are continuing for the replacement of the regulator stations at the corners of Cane Market Road at Hwy 447 and Hwy 449 in the near future. These regulator station improvements would allow the gas department to take in additional future developments in the area. The water department has completed the water line improvements along Buddy Ellis Road from the south water tower near Our Lady of the Lake Hospital to Indigo Trails subdivision to allow for taking in additional customers. The sewer department continues to require backflow preventers on grinder pumps on all new homes which must have grinder pumps in order to hook up to the City's system. These backflow preventers are necessary to alleviate possible sewer backups into homes. The City has also made extensive drainage improvements which include numerous roadside ditch cleanouts and over four hundred culvert replacements over the past several years. The City has also begun sewer expansion below I-12 which will pave the way for accelerated economic growth in that area.

In addition to infrastructure improvements, the City has constructed a state of the art all-inclusive playground and has continued with improvements to the baseball ballpark in 2021. It is also partnering with the Livingston Parish Chamber of Commerce's Leadership Livingston class of 2021 to create a monument to honor all first responders. Once completed it will be the first such monument in the state of Louisiana. Walker Community Center was completed in 2020. This multimillion-dollar community center will house a variety of agencies during storm events, but the City uses this building as a community/recreational center and has control over it as long as the building is not being used for an emergency situation. The building is

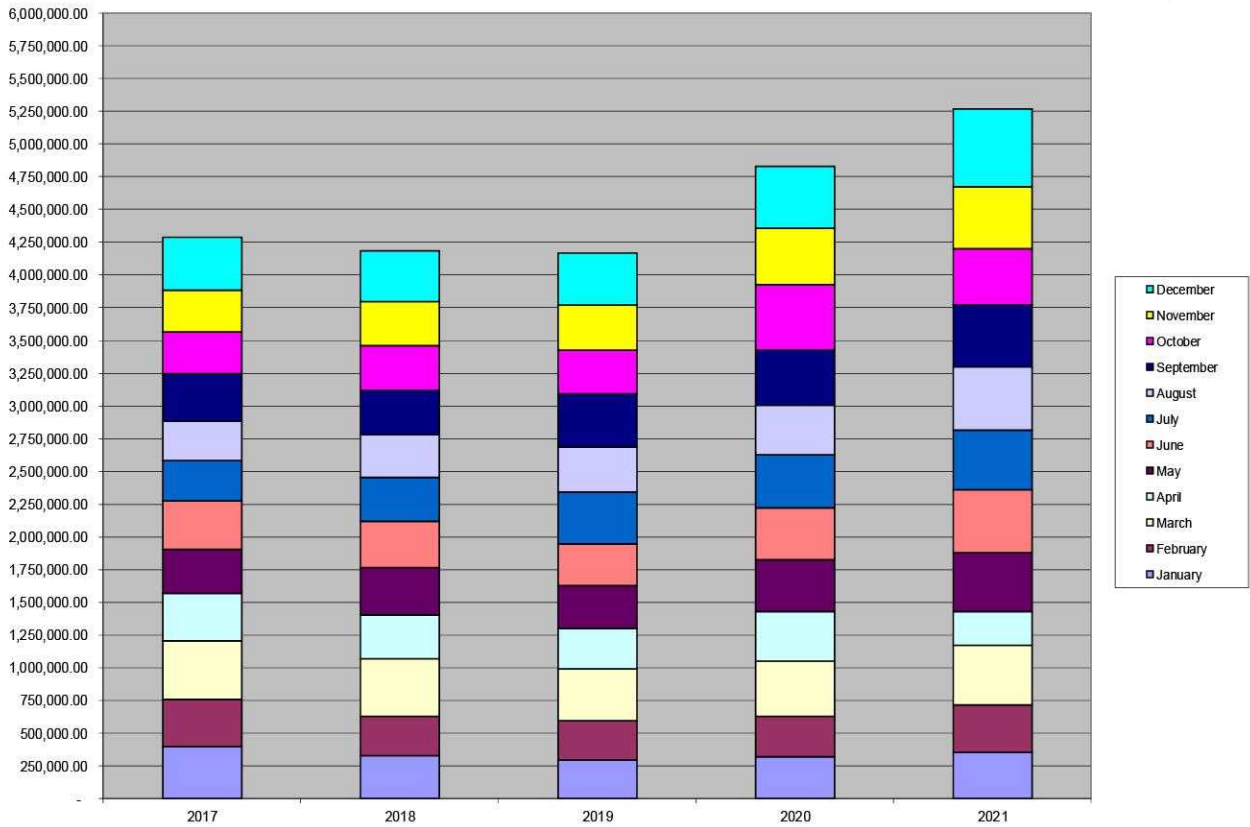
being used for recreational activities of all types, including basketball, volleyball, pickleball, dancing and others; it is also used for public meetings and community events as well.

The City completed construction of a new city hall in May 2021. The new city hall was built with a 50-year vision. It is 27,000 square feet and consist of three floors with the top floor being leased out to the Livingston Parish Sheriff’s Office. Revenues collected from the sheriff’s office will be used to offset the yearly costs of the bonds for the building. This gives the City the opportunity to build additional space at today’s prices and have someone else pay for it, but also give the City the flexibility to not renew and/or terminate the lease in the future if the City were to need the space.

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 9.10% increase over 2020. The 2022 budget reflects a roughly 8.8% decrease from 2021 sales tax revenues. This conservative estimate was made due to the uncertainty of the effects of a tightening in monetary policy by the federal reserve to combat high inflation which may lead to a possible recession in the back half of 2022. Sales tax revenue in 2021 were abnormally high and not necessarily expected to continue at the same pace in the future.



CITY OF WALKER GROSS ANNUAL SALES TAX



This financial report is designed to provide a general overview of the City’s finances for all interested parties. Questions concerning any of this information provided in this report or requests for additional information should be addressed to:

Finance Director
City of Walker
P.O. Box 217
Walker, Louisiana 70785

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WALKER
STATEMENT OF NET POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	Governmental Activities	Business-Type Activities	2021	2020
ASSETS				
Cash and Cash Equivalents	\$ 3,765,772	\$ 6,147,473	\$ 9,913,245	\$ 8,793,648
Investments	342,326	-	342,326	342,168
Receivables, Net	290,844	1,698,234	1,989,078	2,078,148
Due from Other Governments	1,892,630	359,220	2,251,850	1,110,640
Internal Balances	(594,235)	594,235	-	-
Inventories	-	501,498	501,498	413,906
Prepaid Items	133,453	99,655	233,108	201,652
Restricted Assets:				
Cash and Cash Equivalents	74,867	330,701	405,568	2,452,542
Investments	-	906,982	906,982	914,719
Capital Assets:				
Land and Construction in Progress	12,793,392	1,342,248	14,135,640	15,115,995
Other Capital Assets, Net of Accumulated Depreciation	10,658,420	15,732,137	26,390,557	21,863,929
Total Assets	<u>29,357,469</u>	<u>27,712,383</u>	<u>57,069,852</u>	<u>53,287,347</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	-	419,020	419,020	482,599
Deferred Outflows - Related to Pensions	465,956	-	465,956	639,124
Total Deferred Outflows of Resources	<u>465,956</u>	<u>419,020</u>	<u>884,976</u>	<u>1,121,723</u>
LIABILITIES				
Accounts Payable, Accrued				
Expenses, and Unearned Revenue	552,154	2,950,256	3,502,410	2,410,631
Accrued Interest Payable	42,913	32,043	74,956	77,303
Non-Current Liabilities:				
Due Within One Year	450,755	757,291	1,208,046	1,080,123
Due in More Than One Year	6,878,595	3,777,796	10,656,391	11,377,346
Net Pension Liability	1,616,994	-	1,616,994	2,683,969
Total Liabilities	<u>9,541,411</u>	<u>7,517,386</u>	<u>17,058,797</u>	<u>17,629,372</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	859,237	-	859,237	200,683
NET POSITION				
Net Investment in Capital Assets	16,379,998	12,696,518	29,076,516	26,872,502
Restricted for				
First Responders Monument	6,570	-	6,570	-
City Hall Construction	-	-	-	2,014,209
Debt Service	68,297	298,658	366,955	406,290
Unrestricted	2,967,912	7,618,841	10,586,753	7,286,014
Total Net Position	<u>\$ 19,422,777</u>	<u>\$ 20,614,017</u>	<u>\$ 40,036,794</u>	<u>\$ 36,579,015</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

Exhibit A-2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)		Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2021	2020
Primary Government:								
Governmental Activities:								
General Government	\$ 2,321,578	\$ -	\$ 94,737	\$ -	\$ (2,226,841)	\$ -	\$ (2,226,841)	\$ (1,556,980)
Public Safety	2,925,177	465,941	181,531	-	(2,277,705)	-	(2,277,705)	(1,724,446)
Highways and Streets	1,966,514	4,425	400,765	-	(1,561,324)	-	(1,561,324)	(1,203,175)
Parks and Recreation	942,970	110,440	-	466,777	(365,753)	-	(365,753)	(260,423)
Interest on Long-Term Debt	315,583	-	-	-	(315,583)	-	(315,583)	(325,217)
Total Governmental Activities	8,471,822	580,806	677,033	466,777	(6,747,206)	-	(6,747,206)	(5,070,241)
Business-Type Activities:								
Gas	4,812,769	8,935,025	15,250	-	-	4,137,506	4,137,506	2,812,223
Water	2,045,338	1,838,481	26,747	250,000	-	69,890	69,890	(263,374)
Sewer	1,954,251	1,046,078	139,652	-	-	(768,521)	(768,521)	(527,106)
Sanitation	408,584	417,674	-	-	-	9,090	9,090	19,905
Total Business-Type Activities	9,220,942	12,237,258	181,649	250,000	-	3,447,965	3,447,965	2,041,648
Total Primary Government	<u>\$ 17,692,764</u>	<u>\$ 12,818,064</u>	<u>\$ 858,682</u>	<u>\$ 716,777</u>	(6,747,206)	3,447,965	(3,299,241)	(3,028,593)
General Revenues:								
Taxes:								
Property					135,906	-	135,906	133,682
Sales					5,265,918	-	5,265,918	4,826,553
Occupational and Permits					443,046	-	443,046	432,070
Franchise					445,125	-	445,125	383,885
Other Grants and Contributions not Restricted to Specific Programs					18,523	-	18,523	19,984
Transfers					2,605,000	(2,605,000)	-	-
Interest and Investment Income					51,856	81,292	133,148	249,281
Net Gain on Disposition of Capital Assets					107,625	136,740	244,365	35,678
Miscellaneous Income					62,683	8,306	70,989	105,331
Total General Revenues					9,135,682	(2,378,662)	6,757,020	6,186,464
Change in Net Position					2,388,476	1,069,303	3,457,779	3,157,871
Net Position - Beginning of Year					17,034,301	19,544,714	36,579,015	33,421,144
Net Position - End of Year					<u>\$ 19,422,777</u>	<u>\$ 20,614,017</u>	<u>\$ 40,036,794</u>	<u>\$ 36,579,015</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2021	2020
ASSETS				
Cash and Cash Equivalents	\$ 681,004	\$ 3,084,768	\$ 3,765,772	\$ 3,016,774
Investments	342,326	-	342,326	342,168
Receivables:				
Ad Valorem Taxes, Net	132,014	-	132,014	130,223
Other	158,830	-	158,830	140,967
Due from Other Funds	-	-	-	1,212,122
Due from Other Governments	1,543,187	349,443	1,892,630	1,088,805
Cash - Restricted	74,867	-	74,867	2,082,180
Total Assets	<u>\$ 2,932,228</u>	<u>\$ 3,434,211</u>	<u>\$ 6,366,439</u>	<u>\$ 8,013,239</u>
LIABILITIES				
Accounts Payable	\$ 255,495	\$ -	\$ 255,495	\$ 710,835
Payroll Liabilities	239,950	-	239,950	272,485
Accrued Salaries and Wages	56,709	-	56,709	44,054
Due to Other Funds	50,463	543,772	594,235	193,575
Total Liabilities	602,617	543,772	1,146,389	1,220,949
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources -				
Unobligated FEMA Funds	94,676	-	94,676	-
FUND BALANCES				
Fund Balances:				
Restricted For:				
Debt Service	68,297	-	68,297	67,971
City Hall Construction	-	-	-	2,014,209
First Responders Monument	6,570	-	6,570	-
Committed For:				
Construction Contracts	1,135,202	-	1,135,202	1,389,774
Assigned To:				
Special Revenue Fund	-	2,890,439	2,890,439	2,441,226
Unassigned:				
General Fund	1,024,866	-	1,024,866	879,110
Total Fund Balances	<u>2,234,935</u>	<u>2,890,439</u>	<u>5,125,374</u>	<u>6,792,290</u>
Total Liabilities and Fund Balances	<u>\$ 2,932,228</u>	<u>\$ 3,434,211</u>	<u>\$ 6,366,439</u>	<u>\$ 8,013,239</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Fund Balances - Total Governmental Funds	\$ 5,125,374	\$ 6,792,290
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:		
Governmental Capital Assets	29,138,202	25,470,458
Less Accumulated Depreciation	<u>(5,686,390)</u>	<u>(5,275,107)</u>
	23,451,812	20,195,351
Prepaid Items	133,453	115,607
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(1,616,994)	(2,683,969)
General Obligation Bonds	(6,368,019)	(6,814,353)
Deferred Amount on Refunding	-	36,756
Compensated Absences Payable	(257,536)	(210,430)
Capital Lease Payable	(703,795)	(790,132)
Accrued Interest Payable	<u>(42,913)</u>	<u>(45,260)</u>
	(8,989,257)	(10,507,388)
Deferred Inflows of Resources - Unobligated Intergovernmental Revenues are not Reported in Governmental Funds	94,676	-
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	465,956	639,124
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(859,237)</u>	<u>(200,683)</u>
Net Position of Governmental Activities	<u>\$ 19,422,777</u>	<u>\$ 17,034,301</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	General	2000	Total	
		1/2 Cent Sales Tax Fund	Governmental Funds	
			2021	2020
Revenues:				
Taxes	\$ 4,110,054	\$ 1,755,418	\$ 5,865,472	\$ 5,364,104
Licenses and Permits	443,046	-	443,046	432,070
Fines and Forfeits	460,181	-	460,181	457,144
Interest	13,183	38,673	51,856	84,001
Fees	90,139	-	90,139	57,094
Intergovernmental	981,354	-	981,354	2,428,427
Miscellaneous	93,169	-	93,169	232,579
Total Revenues	6,191,126	1,794,091	7,985,217	9,055,419
Expenditures:				
Current:				
General Government	2,182,161	28,851	2,211,012	2,253,607
Public Safety	2,943,155	-	2,943,155	2,883,680
Highways and Streets	1,674,103	-	1,674,103	1,465,313
Parks and Recreation	844,034	-	844,034	496,575
Capital Outlay	3,931,653	-	3,931,653	8,114,289
Debt Service:				
Principal Retirement	411,668	298,000	709,668	615,686
Interest and Administration Fees	288,021	5,960	293,981	304,665
Total Expenditures	12,274,795	332,811	12,607,606	16,133,815
Excess (Deficiency) of Revenues over Expenditures	(6,083,669)	1,461,280	(4,622,389)	(7,078,396)
Other Financing Sources (Uses):				
Transfers In	3,617,067	-	3,617,067	3,897,067
Transfer Out	-	(1,012,067)	(1,012,067)	(1,212,067)
Proceeds from Capital Asset Disposition	160,142	-	160,142	24,520
Proceeds from Issuance of Long Term Debt	190,331	-	190,331	237,115
Total Other Financing Sources (Uses)	3,967,540	(1,012,067)	2,955,473	2,946,635
Net Change in Fund Balances	(2,116,129)	449,213	(1,666,916)	(4,131,761)
Fund Balances at Beginning of Year	4,351,064	2,441,226	6,792,290	10,924,051
Fund Balances at End of Year	\$ 2,234,935	\$ 2,890,439	\$ 5,125,374	\$ 6,792,290

The accompanying notes are an integral part of this statement.

CITY OF WALKER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (1,666,916)	\$ (4,131,761)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	-	(28,081)
Deferred Inflows of Resources - FEMA funding not obligated	94,676	-
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.		
Capital Outlay Additions and Net Transfers	3,931,653	8,114,290
Depreciation Expense and Accumulated Depreciation on Transfers In	(622,675)	(612,750)
	<u>3,308,978</u>	<u>7,501,540</u>
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Capital Asset Dispositions Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in Fund Balance by the Cost of the Capital Assets Disposed.		
Add Accumulated Depreciation on Capital Assets Retired	211,392	86,072
Less Cost Basis of Capital Assets Retired During the Year	(263,909)	(91,508)
	<u>(52,517)</u>	<u>(5,436)</u>
Governmental Funds Expense Insurance Payments When Paid. In the Statement of Activities, Only the Portion Applicable to the Current Year is Expensed. The Remaining is Recorded in the Statement of Net Position as Prepaid Insurance.		
Change in Prepaid Items	17,846	12,827
The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Position. Also, Governmental Funds Report the Effect of Premiums, Discounts, and Similar Items When Debt is First Issued, Whereas These Amounts are Deferred and Amortized in the Statement of Activities.		
Proceeds from the Issuance of Long-Term Debt	(190,331)	(237,115)
Repayment of Principal on Long-Term Debt	709,668	615,686
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.		
(Increase) Decrease in Compensated Absences Payable	(47,106)	(16,442)
(Increase) Decrease in Pension Expense	167,473	(169,861)
(Increase) Decrease in Accrued Interest Payable	2,347	2,360
Amortization of Deferred Amount on Refunding	(36,756)	(35,153)
Amortization of Discount Paid on Issuance of General Obligation Bonds	13,334	12,749
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, Therefore, are not reported as Revenues in the Governmental Funds.	<u>67,780</u>	<u>63,305</u>
Change in Net Position of Governmental Activities	<u>\$ 2,388,476</u>	<u>\$ 3,584,618</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 125,000	\$ 125,000	\$ 135,906	\$ 10,906
Alcoholic Beverage Tax	15,000	15,000	18,523	3,523
Franchise Taxes	380,000	380,000	445,125	65,125
Sales Taxes	2,850,000	2,850,000	3,510,500	660,500
	<u>3,370,000</u>	<u>3,370,000</u>	<u>4,110,054</u>	<u>740,054</u>
Licenses and Permits:				
Occupational Licenses	350,000	350,000	385,322	35,322
Other Permits and Licenses	45,000	45,000	57,724	12,724
	<u>395,000</u>	<u>395,000</u>	<u>443,046</u>	<u>48,046</u>
Fines and Forfeits	725,000	495,000	460,181	(34,819)
Interest Income	10,000	10,000	13,183	3,183
Fees:				
Animal Adoption Fees	2,000	2,000	5,760	3,760
Parks and Recreation Fees	138,000	63,000	79,954	16,954
Road Maintenance	6,600	6,600	4,425	(2,175)
	<u>146,600</u>	<u>71,600</u>	<u>90,139</u>	<u>18,539</u>

(CONTINUED)

CITY OF WALKER
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Intergovernmental:				
State and Local Grants:				
Law Enforcement Grants	-	-	15,000	15,000
Other State and Local Grants	-	300,000	315,241	15,241
On Behalf Payments for Salaries	108,000	108,000	93,864	(14,136)
Street Department Grant	-	-	21,125	21,125
Federal Grants:				
Flood Relief Grant	-	-	61	61
Street Planning and Construction Grant	1,212,252	435,852	379,640	(56,212)
Federal Parks and Recreation Grant	50,000	50,000	151,536	101,536
Law Enforcement Grants	2,000	2,000	4,887	2,887
	1,372,252	895,852	981,354	85,502
Miscellaneous:				
Parks and Recreation Concessions	50,000	20,000	30,486	10,486
Miscellaneous	40,000	40,000	62,683	22,683
	90,000	60,000	93,169	33,169
Total Revenues	6,108,852	5,297,452	6,191,126	893,674

(CONTINUED)

CITY OF WALKER
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	1,005,400	1,005,400	915,980	89,420
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	477,000	477,000	449,380	27,620
Advertising	5,000	5,000	3,738	1,262
Collection Costs	83,000	83,000	86,015	(3,015)
Bank Charges	200	200	-	200
Community Events	30,000	30,000	41,672	(11,672)
Contracted Services	30,000	30,000	45,447	(15,447)
Coroner Fees	6,000	6,000	4,490	1,510
Court Costs	18,000	18,000	18,000	-
Economic Development	55,000	55,000	57,000	(2,000)
Insurance	158,000	193,000	142,959	50,041
Legal and Professional	29,300	29,300	20,679	8,621
Membership Fees and Educational Training	25,000	25,000	22,112	2,888
Miscellaneous	11,500	11,500	5,520	5,980
Printing, Postage and Office Supplies	50,000	50,000	36,825	13,175
Rental Equipment	11,200	11,200	16,858	(5,658)
Repairs and Maintenance	143,600	143,600	53,019	90,581
Small Tools and Supplies	200	200	300	(100)
Telephone	32,200	32,200	38,351	(6,151)
Utilities	60,000	95,000	124,703	(29,703)
Uniforms	10,000	10,000	7,508	2,492
Vehicle Expenses	13,000	13,000	31,605	(18,605)
Total General Government	<u>2,313,600</u>	<u>2,383,600</u>	<u>2,182,161</u>	<u>201,439</u>

(CONTINUED)

CITY OF WALKER
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety:				
Animal Control:				
Salaries	131,000	131,000	133,841	(2,841)
Payroll Taxes, Retirement, and Group Insurance	96,200	96,200	91,681	4,519
Animal Care Expense	15,000	15,000	13,505	1,495
Insurance	8,000	8,000	6,026	1,974
Legal and Professional	3,900	3,900	4,588	(688)
Miscellaneous	13,400	13,400	7,829	5,571
Printing, Postage and Office Supplies	2,200	2,200	1,719	481
Small Tools and Supplies	13,500	13,500	10,375	3,125
Telephone	4,300	4,300	3,770	530
Utilities	9,500	9,500	10,271	(771)
Vehicle Expense	1,500	1,500	2,120	(620)
Total Animal Control	<u>298,500</u>	<u>298,500</u>	<u>285,725</u>	<u>12,775</u>
Police:				
Salaries	1,330,500	1,330,500	1,307,970	22,530
Payroll Taxes, Retirement, and Group Insurance	931,100	931,100	810,048	121,052
Contracted Services	6,500	6,500	1,981	4,519
Equipment Rental	61,900	61,900	60,741	1,159
Insurance	170,000	170,000	127,044	42,956
Membership Fees and Educational Training	30,000	30,000	22,160	7,840
Miscellaneous	10,700	10,700	11,241	(541)
Printing, Postage and Office Supplies	26,200	26,200	17,009	9,191
Professional Fees	25,200	25,200	19,043	6,157
Repairs and Maintenance	91,800	91,800	34,280	57,520
Small Tools and Supplies	26,500	26,500	33,415	(6,915)

(CONTINUED)

**CITY OF WALKER
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	32,500	32,500	33,006	(506)
Uniforms	22,000	22,000	16,771	5,229
Utilities	11,000	11,000	18,260	(7,260)
Vehicle Expense	110,000	130,000	144,461	(14,461)
Total Police	<u>2,885,900</u>	<u>2,905,900</u>	<u>2,657,430</u>	<u>248,470</u>
Total Public Safety	<u>3,184,400</u>	<u>3,204,400</u>	<u>2,943,155</u>	<u>261,245</u>
Highways and Streets:				
Streets:				
Salaries	550,000	550,000	587,859	(37,859)
Payroll Taxes, Retirement, and Group Insurance	230,200	230,200	180,739	49,461
Contract Services	63,500	63,500	31,384	32,116
Equipment Expense	95,000	135,000	148,031	(13,031)
Equipment Rental	15,000	15,000	5,616	9,384
Insurance	84,000	84,000	91,061	(7,061)
Legal and Professional	43,000	128,000	116,134	11,866
Streets Maintenance and Materials	474,000	474,000	388,652	85,348
Membership Fees and Educational Training	1,500	1,500	4,358	(2,858)
Miscellaneous	2,500	2,500	117	2,383
Small Tools and Supplies	28,000	28,000	16,937	11,063
Telephone	5,500	5,500	6,353	(853)
Uniforms	4,000	4,000	4,772	(772)
Utilities	84,000	84,000	92,090	(8,090)
Total Highways and Streets	<u>1,680,200</u>	<u>1,805,200</u>	<u>1,674,103</u>	<u>131,097</u>

(CONTINUED)

**CITY OF WALKER
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	164,800	164,800	170,530	(5,730)
Payroll Taxes, Retirement, and Group Insurance	94,800	94,800	67,512	27,288
Contract Services	-	-	675	(675)
Concession Supplies	30,000	30,000	22,515	7,485
Equipment Rental	15,000	15,000	42,323	(27,323)
Insurance	14,500	14,500	18,192	(3,692)
Membership Fees and Educational Training	3,000	3,000	543	2,457
Miscellaneous	16,000	16,000	7,749	8,251
Legal and Professional	2,400	2,400	9,130	(6,730)
Printing, Postage and Office Supplies	2,000	2,000	8,041	(6,041)
Recreational Supplies	50,000	50,000	40,499	9,501
Repairs and Maintenance	44,200	109,200	271,882	(162,682)
Small Tools and Supplies	11,500	11,500	15,442	(3,942)
Telephone	5,000	5,000	6,692	(1,692)
Tournament Expenses	95,000	115,000	119,140	(4,140)
Utilities	38,000	38,000	40,649	(2,649)
Uniforms	1,800	1,800	2,520	(720)
Total Parks and Recreation	588,000	673,000	844,034	(171,034)
Capital Outlay	4,564,000	4,292,701	3,931,653	361,048
Debt Service:				
Principal Retirement	366,000	366,000	411,668	(45,668)
Interest	293,900	293,900	288,021	5,879
Total Debt Service	659,900	659,900	699,689	(39,789)
Total Expenditures	12,990,100	13,018,801	12,274,795	744,006

(CONTINUED)

**CITY OF WALKER
GENERAL FUND**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(6,881,248)	(7,721,349)	(6,083,669)	1,637,680
Other Financing Sources (Uses):				
Transfers In	3,697,067	3,617,067	3,617,067	-
Sale of Capital Assets	47,500	47,500	160,142	112,642
Proceeds from Issuance of Debt	-	221,371	190,331	(31,040)
Total Other Financing Sources (Uses)	<u>3,744,567</u>	<u>3,885,938</u>	<u>3,967,540</u>	<u>81,602</u>
Net Change in Fund Balance	(3,136,681)	(3,835,411)	(2,116,129)	1,719,282
Fund Balance at Beginning of Year	<u>4,351,064</u>	<u>4,351,064</u>	<u>4,351,064</u>	-
Fund Balance at End of Year	<u><u>\$ 1,214,383</u></u>	<u><u>\$ 515,653</u></u>	<u><u>\$ 2,234,935</u></u>	<u><u>\$ 1,719,282</u></u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,425,000	\$ 1,425,000	\$ 1,755,418	\$ 330,418
Interest	20,000	20,000	38,673	18,673
Total Revenues	1,445,000	1,445,000	1,794,091	349,091
Expenditures:				
General Government:				
Collection Expenses	25,000	25,000	28,851	(3,851)
Total General Government	25,000	25,000	28,851	(3,851)
Debt Service:				
Principal Retirement	298,000	298,000	298,000	-
Interest and Administrative Fees	11,660	11,660	5,960	5,700
Total Debt Service	309,660	309,660	303,960	5,700
Total Expenditures	334,660	334,660	332,811	1,849
Excess (Deficiency) of Revenues over Expenditures	1,110,340	1,110,340	1,461,280	350,940
Other Financing Sources (Uses):				
Operating Transfers Out	(1,412,067)	(1,012,067)	(1,012,067)	-
Total Other Financing Sources (Uses)	(1,412,067)	(1,012,067)	(1,012,067)	-
Net Change in Fund Balance	(301,727)	98,273	449,213	350,940
Fund Balance at Beginning of Year	2,441,226	2,441,226	2,441,226	-
Fund Balance at End of Year	\$ 2,139,499	\$ 2,539,499	\$ 2,890,439	\$ 350,940

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	Business Type Activities - Enterprise Fund	
	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 6,147,473	\$ 5,776,874
Due From Other Funds	594,235	-
	<u>6,741,708</u>	<u>5,776,874</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$15,000 in 2021 and \$15,000 in 2020)	1,138,255	1,067,689
Unbilled Utility Sales	559,979	739,269
Due from Other Governments	359,220	21,835
	<u>2,057,454</u>	<u>1,828,793</u>
Inventory, at Cost	501,498	413,906
Prepaid Expenses	74,805	59,604
Total Current Assets	<u>9,375,465</u>	<u>8,079,177</u>
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	330,701	370,362
Investments - Customer Deposits	906,982	914,719
Prepaid Items	24,850	26,441
Capital Assets, at Cost (Net of Accumulated Depreciation)	17,074,385	16,784,573
Total Noncurrent Assets	<u>18,336,918</u>	<u>18,096,095</u>
Total Assets	<u>27,712,383</u>	<u>26,175,272</u>
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	419,020	445,843
Total Deferred Outflows of Resources	<u>419,020</u>	<u>445,843</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,131,403</u>	<u>\$ 26,621,115</u>

(CONTINUED)

CITY OF WALKER
PROPRIETARY FUND

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	Business Type Activities - Enterprise Fund	
	2021	2020
Current Liabilities:		
Accounts Payable	\$ 831,548	\$ 495,123
Accrued Salaries and Wages	28,789	21,176
Accumulated Unpaid Vacation	39,305	31,352
Customers' Deposits	843,542	820,942
Due to Other Funds	-	1,018,547
Other Current Liabilities	60,412	46,016
Unearned Revenue	1,185,965	-
Bonds and Lease Payable - Current Portion	717,986	337,563
Accrued Bond Interest	32,043	32,043
Total Current Liabilities	3,739,590	2,802,762
Noncurrent Liabilities:		
Bonds and Lease Payable - Less Current Portion	3,659,881	4,179,583
Accumulated Unpaid Vacation	117,915	94,056
Total Noncurrent Liabilities	3,777,796	4,273,639
Total Liabilities	7,517,386	7,076,401
Net Position:		
Net Investment in Capital Assets	12,696,518	12,267,427
Restricted for Debt Service	298,658	338,319
Unrestricted	7,618,841	6,938,968
Total Net Position	20,614,017	19,544,714
Total Liabilities and Net Position	\$ 28,131,403	\$ 26,621,115

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	Business - Type Activities - Enterprise Fund	
	2021	2020
Operating Revenues:		
Charges for Services	\$ 12,237,258	\$ 9,326,667
Total Operating Revenues	12,237,258	9,326,667
Operating Expenses:		
Personal Services and Benefits	2,130,615	1,980,112
Contractual Services	1,357,393	1,323,554
Cost of Materials	2,811,178	1,320,815
Utilities	325,496	271,488
Repair and Maintenance	1,062,986	1,023,735
Supplies	182,378	175,844
Insurance	201,024	180,580
Depreciation	976,120	905,186
Bad Debts	23,603	26,300
Total Operating Expenses	9,070,793	7,207,614
Operating Income	3,166,465	2,119,053
Nonoperating Revenues:		
Interest and Investment Income	81,292	165,280
Gain (Loss) on Capital Asset Dispositions	136,740	16,594
Miscellaneous	8,306	34,731
Total Nonoperating Revenues	226,338	216,605
Nonoperating Expenses:		
Interest and Administrative Fees	131,804	123,180
Amortization of Bond Insurance Costs	1,591	1,612
Amortization of Bond Discount (Premium)	(10,069)	(10,209)
Amortization of Deferred Amount on Refunding	26,823	27,193
Total Nonoperating Expenses	150,149	141,776
Income Before Contributions and Transfers	3,242,654	2,193,882
Capital and Other Contributions	431,649	64,371
Transfers from Special Revenue Fund	960,000	960,000
Transfers to General Fund	(3,565,000)	(3,645,000)
Change in Net Position	1,069,303	(426,747)
Total Net Position at Beginning of Year	19,544,714	19,971,461
Total Net Position at End of Year	\$ 20,614,017	\$ 19,544,714

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Business-Type Activities - Enterprise Fund	
	2021	2020
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 11,984,994	\$ 9,051,187
Cash Payments to Suppliers for Goods and Services	(4,506,462)	(4,452,711)
Cash Payments to Employees for Services and Benefits	(2,091,190)	(2,014,616)
Other Receipts (Payments)	(1,604,476)	1,133,317
Net Cash Provided by Operating Activities	3,782,866	3,717,177
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	960,000	960,000
Transfer To General Fund	(3,565,000)	(3,645,000)
Net Cash Used in Noncapital and Related Financing Activities	(2,605,000)	(2,685,000)
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,308,372)	(1,354,075)
Proceeds from Sale of Capital Assets	179,180	32,865
Net Receipts from Customer Deposits	22,600	30,770
Proceeds from Issuance of Debt	269,720	22,797
Principal Paid on Loans	(398,930)	(343,914)
Interest and Administrative Fees Paid on Loans	(131,804)	(123,180)
Capital Contributions	431,649	64,371
Net Cash Used in Capital and Related Financing Activities	(935,957)	(1,670,366)
Cash Flows From Investing Activities:		
Net Purchases of Investments	7,737	(78,868)
Investment Income	81,292	165,280
Net Cash Provided by Investing Activities	89,029	86,412
Net Increase (Decrease) in Cash and Cash Equivalents	330,938	(551,777)
Cash and Cash Equivalents - Beginning of Year	6,147,236	6,699,013
Cash and Cash Equivalents - End of Year	<u>\$ 6,478,174</u>	<u>\$ 6,147,236</u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Business-Type Activities - Enterprise Fund	
	2021	2020
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 3,166,465	\$ 2,119,053
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	976,120	905,186
Provision for Bad Debts	23,603	26,300
Miscellaneous Revenues	8,306	34,731
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(431,554)	(35,347)
(Increase) Decrease in Unbilled Utility Sales	179,290	(240,133)
(Increase) Decrease in Due from Other Funds	(1,612,782)	1,098,586
(Increase) Decrease in Inventory	(87,592)	(100,746)
(Increase) Decrease in Prepaid Expenses	(15,201)	(2,194)
Increase (Decrease) in Accounts Payable	336,425	(60,272)
Increase (Decrease) in Accrued Salaries and Wages	7,613	(42,698)
Increase (Decrease) in Other Current Liabilities	1,200,361	6,517
Increase (Decrease) in Accumulated Unpaid Vacation	31,812	8,194
Net Cash Provided by Operating Activities	\$ 3,782,866	\$ 3,717,177
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	\$ 1,591	\$ 1,612
Amortization of Bond (Premium) Discount	\$ (10,069)	\$ (10,209)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 6,147,473	\$ 5,776,874
Cash and Cash Equivalents, Restricted	330,701	370,362
Total Cash and Cash Equivalents	\$ 6,478,174	\$ 6,147,236

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Introduction:

The City of Walker was incorporated in 1909, under the provisions of Louisiana R.S. 33:321-348. The City operates under a Mayor-City Councilmen form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general and administrative services.

The accounting and reporting policies of the City of Walker conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and the Governmental Accounting Standards Board.

1. Summary of Significant Accounting Policies and Nature of Operations:

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the City's Mayor and City Councilmen. Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, fiscal interdependency, imposition of will, and whether a financial benefit/burden relationship existed between the City and potential component unit. Also, consideration of a component unit was determined based on whether the nature and significance of the organization's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The criteria in GASB Statement No. 61 have been considered, and accordingly, certain governmental organizations are excluded from the accompanying financial statements. These organizations are the Livingston Parish Fire District #4 and Livingston Parish Gravity Drainage District #5, which are staffed by independently elected or appointed officials. Although the City may provide facilities, no control is exercised over their operations. Also, exclusion of these units of government would not cause the financial statements of the City to be misleading or incomplete. These units of government are considered separate reporting entities and issue financial statements separate from those of the City.

Governmental Accounting Standards Board (GASB) Statement No. 61 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the City of Walker is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 61, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Since the City of Walker has no component units, these financial statements include only information on the primary government.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

B. Basis of Presentation

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities which includes a balance sheet, a statement of revenues, expenses and changes in net position and a statement of cash flows. The more significant of these accounting policies are described below, and where appropriate, subsequent pronouncements will be referenced.

The City's basic financial statements consist of the government-wide statements (based on the City as a whole) and the fund financial statements (the total of all funds of a particular type).

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. The government-wide presentation focuses primarily on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements are prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The effect of interfund activity has been removed from these statements with the exception of payments between the utility enterprise fund and the other various functions of government for charges such as utility services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The financial statements also contain a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

Statement of Net Position - In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The columns presented in the statement of net position and general descriptions of each are as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.
- *Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Activities - The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, streets and parks, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, streets and parks, etc.) or a business-type activity and include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect expenses.

Fund Financial Statements:

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. The various funds of the City are grouped into generic fund types and two broad fund categories as follows:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. The City of Walker has two governmental funds:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

General Fund - The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in other funds. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund may also account for long-term debt issues and repayments of the City.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are assigned to expenditure for specified purposes other than debt services or capital projects. The Special Revenue Fund of the City (2000 ½ Cent Sales Tax Fund) is considered a major fund for reporting purposes. The *2000 ½ Cent Sales Tax Fund* is used to account for the proceeds of a ½ cent sales tax levied in the year 2000. These proceeds are assigned for 1) payment of principal and interest on the Series 2000 Sales Tax Bonds, 2) payments into the required “Sinking Fund” and “Reserve Fund,” and 3) expenditures assigned for specified purposes.

Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government’s business activities are accounted for through these funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services and materials, contracts, personnel, and dedication.

Enterprise Fund or Business Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The City’s Utility Enterprise Fund is considered a major fund and accounts for the operations of providing natural gas services, water services, sewer services, and sanitation services to the residents of the City of Walker and some residents of the parishes of Livingston and St. Helena. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements:

Governmental fund financial statements are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting* which is also the method used to prepare the budget. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The City's definition of available means expected to be received within sixty days of the end of the fiscal year.

Nonexchange transactions, in which the City receives value without directly giving value in return includes sales tax, property tax, grants, and donations. Property taxes are recognized as revenues in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales tax and gross receipts business tax revenues are recognized when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable available financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The proprietary fund is accounted for on an economic resource's measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The business-type activities and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

D. Budgets and Budgetary Accounting

The City's policies in establishing the budgetary data reflected in these financial statements are as follows:

- i. The City's Finance Director prepares a proposed budget and submits this budget to the Mayor and City Council no later than fifteen days prior to the beginning of each fiscal year.
- ii. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- iii. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

- iv. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted. The original budget for 2021 was adopted on December 14, 2020.
- v. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 13, 2021.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The City provides budgetary comparison information in these financial statements on each major governmental fund. The budgetary comparisons schedules include the original budget to the current comparison of final budget and actual results.

E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair market value.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the financial statements as "internal balances."

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2021.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Also included in prepaid items is prepaid insurance on the issuance of bonds. Prepaid insurance on the issuance of bonds is recognized as an expense in a systematic and rational manner over the duration of the related bonds.

H. Restricted Assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet in both the governmental and enterprise funds because their use is limited by applicable bond covenants. Certain proceeds and resources of the City's governmental funds are set aside for the construction of a new City Hall building. Additionally, certain proceeds and resources of the City's enterprise fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are included on the statement of net position net of accumulated depreciation. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 - 40 Years
Buildings and Improvements	10 - 20 Years
Machinery and Equipment	3 - 15 Years
Public Domain Infrastructure	20 - 50 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

J. Deferred Outflows and Inflows of Resources

The statement of financial position reports a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

The City has deferred outflows and inflows of resources on the statement of net position that related to pensions, refunding bonds, and federal grants. See Pension Plans Note 11, Changes in Long-Term Obligations Note 12, and Contingencies Note 19.

K. Compensated Absences

Employees of the city earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year. Accrued unused sick leave earned by an employee is carried forward to the succeeding calendar year without limitation. Employees that are terminated or resign will not be paid for accumulated sick leave. As of December 31, 2021, the accrued liability for unpaid vacation benefits amounted to \$414,756. The amount applicable to the Enterprise Fund was \$157,220 and is recorded in that Fund, and the amount of \$257,536 applicable to the General Fund is reflected on the Statement of Net Position.

In accordance with GASB 16 (Codification 60), *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

L. Pensions

The City is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs meeting the definition contained in GASB 65 are capitalized and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

3. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 54 in the fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action by City Council ordinance or resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned - Amounts the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the Council delegates the authority.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The City has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Exhibit B-1). The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the City Council or the Assignment has been changed by the City Council. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

Proprietary fund equity is classified the same as in the government-wide statements.

O. COVID-19 Pandemic

The COVID-19 outbreak in the United States and globally has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. Therefore, uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the City's financial condition and future results of operations, as well as upon the significant estimates and assumptions that may be utilized in reporting certain assets and liabilities.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Q. Summary Financial Information for 2020

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

2. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the City may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The City of Walker has cash and cash equivalents totaling \$10,318,813 at December 31, 2021. The following is a summary of cash and cash equivalents at December 31, 2021.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>3,840,639</u>	\$ <u>6,478,174</u>	\$ <u>10,318,813</u>
Bank Balances	\$ <u>4,045,994</u>	\$ <u>6,486,977</u>	\$ <u>10,532,971</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2021, none of the City’s bank balance of \$10,532,971 was exposed to custodial credit risk.

3. Investments

All investments are stated on the balance sheet (carrying value) at market value. All investments are in mutual funds that are held by a broker or in the Louisiana Asset Management Pool (LAMP), a local government external investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

At December 31, 2021, the City holds investments totaling \$1,249,308 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>342,326</u>	\$ <u>342,326</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>906,982</u>	\$ <u>906,982</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2021: U.S. Government Securities Fund – A – Mutual Funds of \$906,982 are valued using quoted market prices (Level 1 inputs). The LAMP investment is stated at the net asset value of the pool shares, which is the same as the fair value which is permitted per GASB Statement No. 79.

Interest Rate Risk. As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the City invests in mutual funds that have underlying investments in government backed securities. LAMP is designed to be highly liquid to give participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 58 days as of December 31, 2021.

Credit Risk. Under state law, the City may invest in United States bonds, treasury notes, or certificates. The City invests in mutual funds with underlying securities that are in compliance with the state law. LAMP is rated AAAM by Standards and Poor's.

Concentration of Credit Risk. Pooled investments are excluded from the five percent disclosure requirement. U.S. Government Securities Fund – A – Mutual Fund investments are 73% of the total investments.

Custodial Credit Risk - Investments. In the case of investments in mutual funds, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2021, none of the City's investments in mutual funds of \$906,982 were exposed to custodial credit risk. In the case of LAMP, participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

4. Ad Valorem Taxes

Normally, ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are billed and collected by the Livingston Parish Sheriff's Office from information on assessed values received from the Livingston Parish Assessor's Office.

For the year ended December 31, 2021, taxes of 2.23 mills were levied on property with assessed valuations totaling \$60,715,830 and were dedicated to general purposes.

Total taxes levied were \$135,399. Taxes receivable at December 31, 2021, consisted of the following:

Taxes Receivable - Current Roll	\$135,399
Allowance for Uncollectible Taxes	<u>(3,385)</u>
	<u>\$132,014</u>

5. Receivables

Receivables as of December 31, 2021, including the applicable allowance for uncollectible accounts, are as follows:

	Ad Valorem Taxes	Franchise Taxes	Accounts	Unbilled Sales	Less: Allowance for Uncollectibles	Total - Net Receivable
<u>Governmental Activities:</u>						
General Fund	\$ 135,399	\$ 151,440	\$ 7,390	\$ -	\$ (3,385)	\$ 290,844
<u>Business-Type Activities:</u>						
Utility Fund	-	-	1,153,255	559,979	(15,000)	1,698,234
Total Receivables	<u>\$ 135,399</u>	<u>\$ 151,440</u>	<u>\$ 1,160,645</u>	<u>\$ 559,979</u>	<u>\$ (18,385)</u>	<u>\$ 1,989,078</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

6. Due From Other Governments

Due from Other Governments as of December 31, 2021, consists of the following:

	FEMA/Federal	Livingston Parish School Board	State of Louisiana	Total
<u>Governmental Activities:</u>				
General Fund	\$ 94,676	\$ 698,935	\$ 749,576	\$ 1,543,187
2000 ½ Cent Sales Tax Fund	-	349,443	-	349,443
Total Governmental Activities	94,676	1,048,378	749,576	1,892,630
<u>Business-Type Activities:</u>				
Utility Fund	109,220	-	250,000	359,220
Total Due from Other Governments	<u>\$ 203,896</u>	<u>\$ 1,048,378</u>	<u>\$ 999,576</u>	<u>\$ 2,251,850</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2021, reported in the fund financial statements.

	Net Internal Due to	Net Internal Due From	Total
<u>Governmental Activities:</u>			
General Fund	\$ (50,463)	\$ -	\$ (50,463)
2000 ½ Cent Sales Tax Fund	(543,772)	-	(543,772)
Total Governmental Activities	(594,235)	-	(594,235)
<u>Business-Type Activities:</u>			
Utility Fund	-	594,235	594,235
Total Interfund Receivables (Payables)	<u>\$ (594,235)</u>	<u>\$ 594,235</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 2,131,340	\$ 112,618	\$ -	\$ 2,243,958
Construction in Progress	12,389,757	3,587,779	(5,428,102)	10,549,434
Total Capital Assets not being Depreciated	14,521,097	3,700,397	(5,428,102)	12,793,392
Capital Assets being Depreciated:				
Land Improvements	920,465	-	-	920,465
Buildings	3,127,988	4,050,639	-	7,178,627
Equipment and Vehicles	2,989,080	231,256	(263,909)	2,956,427
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	368,251	99,863	-	468,114
Infrastructure	3,517,416	1,277,600	-	4,795,016
Total Capital Assets being Depreciated	10,949,361	5,659,358	(263,909)	16,344,810
Less: Accumulated Depreciation for:				
Land Improvements	265,608	36,911	-	302,519
Buildings	816,034	128,324	-	944,358
Equipment and Vehicles	2,122,519	318,137	(211,392)	2,229,264
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	355,167	12,267	-	367,434
Infrastructure	1,689,618	127,036	-	1,816,654
Total Accumulated Depreciation	5,275,107	622,675	(211,392)	5,686,390
Total Capital Assets being Depreciated, Net	5,674,254	5,036,683	(52,517)	10,658,420
Total Governmental Activities Capital Assets, Net	<u>\$ 20,195,351</u>	<u>\$ 8,737,080</u>	<u>\$ (5,480,619)</u>	<u>\$ 23,451,812</u>

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 287,949	\$ -	\$ -	\$ 287,949
Land - Sewer System	99,875	-	-	99,875
Construction in Progress	207,074	894,339	(146,989)	954,424
Total Capital Assets not being Depreciated	594,898	894,339	(146,989)	1,342,248
Capital Assets being Depreciated:				
Gas System	7,427,761	133,478	-	7,561,239
Water System	8,603,051	13,511	-	8,616,562
Sewer System	14,272,225	-	-	14,272,225
Buildings	436,845	-	-	436,845
Land Improvements	111,568	-	-	111,568
Machinery and Equipment	1,387,984	414,033	(249,053)	1,552,964
Total Capital Assets being Depreciated	32,239,434	561,022	(249,053)	32,551,403
Less: Accumulated Depreciation for:				
Gas System	3,866,623	189,383	-	4,056,006
Water System	2,806,720	235,761	-	3,042,481
Sewer System	8,145,392	371,405	-	8,516,797
Buildings	130,592	10,765	-	141,357
Land Improvements	71,322	5,112	-	76,434
Machinery and Equipment	1,029,110	163,694	(206,613)	986,191
Total Accumulated Depreciation	16,049,759	976,120	(206,613)	16,819,266
Total Capital Assets being Depreciated, Net	16,189,675	(415,098)	(42,440)	15,732,137
Total Business-Type Activities Capital Assets, Net	\$ 16,784,573	\$ 479,241	\$ (189,429)	\$ 17,074,385

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 113,678
Public Safety	124,529
Highways and Streets	289,346
Parks and Recreation	95,122
Total Depreciation Expense	
Governmental Activities	<u>\$ 622,675</u>

Business-Type Activities:

Water	\$ 274,772
Gas	307,400
Sewer	393,948
Total Depreciation Expense -	
Business-Type Activities	<u>\$ 976,120</u>

Property, plant and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight line method over the estimated useful lives of the assets as described in the Summary of Significant Accounting Policies.

A summary of commitments under construction contracts for the City at December 31, 2021, follows:

Governmental Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2021</u>	<u>Unexpended Commitment</u>
City Hall Construction	\$ 7,663,135	\$ 7,612,510	\$ 50,625
New Animal Shelter Building	10,525	10,525	-
Special Needs Playground	694,223	611,278	82,945
Ball Park Renovations	1,843,514	1,843,514	-
First Responders Fountain	21,673	21,673	-
New Police Department Building			
Improvements	24,190	24,190	-
Aydell Lane Improvements	77,375	77,375	-
Pendarvis Lane Phase I	1,350,001	348,369	1,001,632
Total	<u>\$ 11,684,636</u>	<u>\$ 10,549,434</u>	<u>\$ 1,135,202</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

(CONTINUED)

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2021</u>	<u>Unexpended Commitment</u>
Gas Extension OLOL Demco ROW	\$ 2,920	\$ 2,920	\$ -
Sewer Expansion Below 1-12	752,258	330,433	421,825
Water Extension Indigo Trails	567,116	567,116	-
Fire Station Gas Extension	4,380	4,380	-
Cane Market Regulator Station	24,965	6,253	18,712
Gas Upgrade - Eden at Lockhart	10,766	10,766	-
Cane Market/ 449 Regulator Station	33,825	5,313	28,512
Gas Extension and Regulator Station Hwy 190 at Woodside Drive	17,793	17,793	-
Gas Extension Magnolia Beach Road	9,450	9,450	-
Total	<u>\$ 1,423,473</u>	<u>\$ 954,424</u>	<u>\$ 469,049</u>

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2021 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 255,495	\$ 831,548	\$ 1,087,043
Unearned Revenue	-	1,185,965	1,185,965
Payroll Liabilities	239,950	60,412	300,362
Accrued Salaries	56,709	28,789	85,498
Customer Deposits	-	843,542	843,542
Total	<u>\$ 552,154</u>	<u>\$2,950,256</u>	<u>\$3,502,410</u>

The unearned revenue balance represents American Rescue Plan (ARP) funding received by the City during the fiscal year. The City has not used any of these funds as of year-end.

10. Retirement Benefits (Other Than Police Officers)

The City has a qualified retirement plan with employees eligible to participate upon completion of their sixth month of employment and must be employed full time. For employees hired prior to January 1, 2014, the City contributes 9% of the regular gross pay on the employee's behalf. Effective January 1, 2014, for employees hired after December 31, 2013, the City contributes 50% of the first six percent of employee contribution upon completion of 30 days of employment and the employee must be employed full time. The moneys contributed are used to make payments on annuity contracts for the benefit of the employee. The City's contributions to the plan amounted to \$135,635, for the

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

year ended December 31, 2021.

11. Pension Plan

The City follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68*. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the City to record its proportionate share of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plan

Plan Description:

Municipal Police Employees Retirement System of Louisiana (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233. MPERS issues a publicly available financial report that can be obtained at www.lampers.org.

Benefits Provided:

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

1. Retirement, Survivor Benefits, and Disability Benefits

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

2. DROP Benefits

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

3. Initial Benefit Option Plan

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The City's required contribution rate for the period January 1, 2021 to June 30, 2021 was 33.75% and was 29.75% for the period July 1, 2021 to December 31, 2021. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$293,647 for the year ended December 31, 2021.

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$67,780 for the year ended December 31, 2021.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a liability of \$1,616,994 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportion was 0.303301% which was an increase of 0.012876% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$126,048 related to MPERS.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 49,792
Changes in assumptions	179,047	46,119
Net difference between projected and actual earnings on pension plan investments	-	754,900
Changes in proportion and differences between employer contributions and proportionate share of contributions	140,804	8,426
Employer contributions subsequent to the measurement date	146,105	-
Total	\$ 465,956	\$ 859,237

\$146,105 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Year ended December 31:

2022	\$ (73,778)
2023	(88,802)
2024	(116,717)
2025	(260,089)
	<hr/>
	\$ (539,386)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 for the plan are as follows:

Inflation	2.50%
Investment rate of return	6.750% (net of investment expense)
Salary increases	Vary from 12.30% in first two years of service to 4.70% after 2 years

For MPERS, mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019. The Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was selected for active members. The Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was selected for healthy annuitants and beneficiaries. The Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 was selected for disabled annuitants.

For the plan's cost of living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

For MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 7.29% for the year

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

ended June 30, 2021. Best estimates of arithmetic real rates of return for each major asset class included in the MPERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.5%	3.47%
Fixed Income	30.5%	0.59%
Alternative	14.0%	1.01%
Other	0.0%	0.00%
Total	100.0%	5.07%
Inflation		2.22%
Expected Arithmetic Nominal Return		7.29%

Discount Rate

The discount rate used to measure the total pension liability was 6.750%, which was a decrease of .20% from the prior measurement date of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2021 for MPERS:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>5.750%</u>	<u>6.750%</u>	<u>7.750%</u>
Net Pension Liability	<u>\$ 2,817,757</u>	<u>\$ 1,616,994</u>	<u>\$ 614,333</u>

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

At December 31, 2021, included in liabilities is a payable in the amount of \$41,977 to MPERS. This payable is normal legally required contributions to the pension plan.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

12. Changes in Long-Term Obligations

The following is a summary of debt transactions of the City of Walker for the year ended December 31, 2021:

	Debt Payable 1/1/2021	Additions	Deletions	Debt Payable 12/31/2021	Due within 1 year
Governmental Activities:					
<u>Revenue Bonds</u>					
Refunding Bond Payable by Utility Issues, Series 2016 City Hall Construction Bond, Series 2018	\$ 298,000	\$ -	\$ 298,000	\$ -	\$ -
Discount on Bonds	6,525,000	-	135,000	6,390,000	140,000
Premium on Bonds	(22,445)	-	(464)	(21,981)	(482)
Total Revenue Bonds	13,798	-	13,798	-	-
Compensated Absences	6,814,353	-	446,334	6,368,019	139,518
Capital Lease Payable	210,430	172,872	125,766	257,536	64,384
Note Payable - Direct Borrowing	630,132	190,331	256,668	563,795	226,853
Total Governmental Activities	160,000	-	20,000	140,000	20,000
	7,814,915	363,203	848,768	7,329,350	450,755
Business-Type Activities:					
<u>Revenue Bonds</u>					
Refunding Series Bonds, Series 2016 (Gross)	3,905,000	-	515,000	3,390,000	530,000
Combined Utilities Revenue Bonds, Series 2010B	192,000	-	19,000	173,000	20,000
Combined Utilities Revenue Bonds, Series 2011	361,764	-	35,000	326,764	35,000
Less: Intragovernmental Payable	(298,000)	-	(298,000)	-	-
Premium on Bonds	167,368	-	10,069	157,299	24,592
Total Revenue Bonds	4,328,132	-	281,069	4,047,063	609,592
Compensated Absences	125,408	78,719	46,907	157,220	39,305
Capital Lease Payable	189,014	269,720	127,930	330,804	108,394
Total Business-Type Activities	4,642,554	348,439	455,906	4,535,087	757,291
Total Debt	\$ 12,457,469	\$ 711,642	\$ 1,304,674	\$ 11,864,437	\$ 1,208,046

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Prior Year Advance Refunding

On March 31, 2016, the City issued \$4,890,000 Revenue Refunding Bonds Series 2016 for the purpose of refunding \$4,415,000 of the outstanding balance of the Refunding Bonds Series 2009 and interest associated with the Series 2009 Bonds. The net proceeds of \$5,026,597 (after payment of \$189,147 in cost of issuance plus an additional \$98,900 of the sinking fund monies) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2009 Bonds. This advance refunding was undertaken to decrease total debt service payments over the next 13 years by \$396,307 and resulted in an economic gain of \$217,107.

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$604,275, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At December 31, 2021, the unamortized balance is \$419,020. Also, as a result of the advance refunding, the Series 2009 bonds are paid off.

Refunding Bonds, Series 2016

City of Walker Series 2016 Revenue Refunding Bonds - \$4,890,000 (\$583,000 payable from Governmental Activities and \$3,967,000 payable from Business-Type Activities) of Refunding Bonds Dated March 31, 2016, due in annual installments of principal and semi-annual installments of interest through October 1, 2027; variable interest rate ranging from 2.000% to 3.000%. \$ 3,390,000

The principal and interest on the refunding bonds, series 2016, was allocated between governmental activities and business-type activities based on balances of the old debt net of the cash contributed by the proprietary fund. A schedule of the outstanding Refunding Series 2016 Bonds principal and interest requirements are as follows:

<u>Year Ended December 31,</u>	<u>2016 Refunding Series - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 530,000	\$ 96,400	\$ 626,400
2023	540,000	85,800	625,800
2024	555,000	69,600	624,600
2025	570,000	52,950	622,950
2026	590,000	35,850	625,850
2027	605,000	18,150	623,150
	<u>\$ 3,390,000</u>	<u>\$ 358,750</u>	<u>3,748,750</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

The City of Walker Series 2016 Revenue Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper remittance of principal and interest payments as due on the Revenue Bond. The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2021, the Debt Service Fund requirement for the interest and principal accounts of the 2016 Revenue Refunding Bonds were fully funded with an actual balance of \$161,439, and is reported on the Proprietary Fund as restricted cash.

Combined Utilities Revenue Bonds, 2010B

City of Walker Combined Utilities Revenue Bonds, Series 2010B - \$364,000 of Combined Utility Revenue Bonds Dated February 4, 2010, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; interest rate of 2.95%.

\$ 173,000

A schedule of the outstanding Combined Utilities Revenue Bonds, Series 2010B Bonds principal, interest, and fees requirements are as follows:

Year Ended December 31,	2010B Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2022	\$ 20,000	\$ 5,104	\$ 865	\$ 25,969
2023	20,000	4,514	765	25,279
2024	21,000	3,924	665	25,589
2025	21,000	3,304	560	24,864
2026	22,000	2,685	455	25,140
2027-2029	69,000	4,130	700	73,830
	<u>\$ 173,000</u>	<u>\$ 23,661</u>	<u>\$ 4,010</u>	<u>\$ 200,671</u>

Combined Utilities Revenue Bonds, 2011

City of Walker Combined Utilities Revenue Bonds, Series 2011 - \$675,141 of Combined Utility Revenue Bonds Dated April 20, 2011, due in annual installments of principal and semi-annual installments of interest through October 1, 2030; interest rate of 0.45%.

\$ 326,764

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

A schedule of the outstanding Combined Utilities Revenue Bonds, Series 2011 Bonds principal and interest requirements are as follows:

Year Ended December 31,	2011 Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2022	\$ 35,000	\$ 1,470	\$ 1,634	\$ 38,104
2023	35,000	1,313	1,459	37,772
2024	36,000	1,155	1,284	38,439
2025	36,000	993	1,104	38,097
2026	36,000	831	924	37,755
2027-2030	148,764	1,679	1,865	152,308
	<u>\$ 326,764</u>	<u>\$ 7,441</u>	<u>\$ 8,270</u>	<u>\$ 342,475</u>

The 2010 Series Bonds and the 2011 Series Bonds require the maintenance of a separately identifiable fund or account designated as the “Debt Service Fund” into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20th day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months. The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2021, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$169,262 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2021.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, 2018

City of Walker Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2018 - \$6,775,000 of Revenue Bonds Dated November 15, 2018, due in annual installments of principal and semi-annual installments of interest through November 1, 2048; variable interest rate ranging from 3.000% to 4.000%.

\$ 6,390,000

A schedule of the outstanding Authority’s Revenue Bonds, Series 2018 Bonds principal and interest requirements are as follows:

Year Ended December 31,	2018 Authority Revenue Bonds		
	Principal	Interest	Total
2022	\$ 140,000	\$ 257,703	\$ 397,703
2023	140,000	254,204	394,204
2024	145,000	248,605	393,605
2025	150,000	242,806	392,806
2026	160,000	236,807	396,807
2027-2031	895,000	1,083,451	1,978,451
2032-2036	1,085,000	889,676	1,974,676
2037-2041	1,325,000	654,101	1,979,101
2042-2046	1,610,000	366,508	1,976,508
2047-2048	740,000	50,089	790,089
	<u>\$ 6,390,000</u>	<u>\$ 4,283,950</u>	<u>\$ 10,673,950</u>

The 2018 Series Bonds require the maintenance of a separately identifiable fund or account designated as the “Debt Service Fund” into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20th day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months.

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2021, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$68,297 and are reported on the General Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2021.

Notes Payable - Direct Borrowing

The City entered into a cooperative endeavor agreement on December 27, 2018 for a donation and purchase of a building and 4.03 acres of land. The total appraised value of the building and land was \$570,000. As part of the agreement, 65% or \$370,000 of the value of the property was donated to the City and the remaining 35% was sold to the City for \$200,000. The \$200,000 purchase price is to be paid in 10 annual payments of principal only of \$20,000 due within 20 days of January 1st each year at 0% interest with the final payment due January 20, 2028. As per the agreement for a minimum of ten years, the property is restricted to be used for the direct benefit of the residents of Walker for the purpose of recreation, meetings space, education, community gardens, counseling, food bank, and or the housing of offices for non-profits providing services for children, disabled adults, senior citizens, or domestic abuse victims, or any other community service related purpose. After the 10-year period, there are no restrictions on how the City can use the property.

Direct Borrowing for the Year Ended December 31,	Principal	Interest	Total
2022	\$ 20,000	\$ -	\$ 20,000
2023	20,000	-	20,000
2024	20,000	-	20,000
2025	20,000	-	20,000
2026	20,000	-	20,000
2027-2028	40,000	-	40,000
	<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>

Capital Lease Payable

The City entered into a capital lease agreement on August 14, 2017 for financing the purchase of five police vehicles and equipment for the Police Department. The lease requires 20 quarterly payments of principal and interest of \$9,652 with the final payment due October 15, 2022. The City entered into a capital lease agreement on September 13, 2018 for financing the purchase of sixteen vehicles. The lease requires monthly payments of principal and interest ranging from \$330 - \$465 with the final payment due December 1, 2023. The City entered into a capital lease agreement on August 1, 2018 for financing the purchase of tractors and equipment. The lease requires 20 quarterly payments of principal and interest of \$13,017 with the final payment due October 1, 2023. The City entered into a capital lease agreement on July 24, 2019 for financing the purchase of eleven vehicles. The lease requires monthly payments of principal and interest ranging from \$361 - \$583 with the final payment due October 31, 2024. The City entered into a capital lease agreement on

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

November 20, 2019 for financing the purchase of five police vehicles. The lease requires 20 quarterly payments of principal and interest of \$11,884 with the final payment due December 15, 2024. The City entered into a capital lease agreement on May 20, 2020 for financing the purchase of two vehicles. The lease requires monthly payments of principal and interest ranging from \$423 - \$462 with the final payment due September 30, 2024. The City entered into a capital lease agreement on March 25, 2021 for financing the purchase of 24 vehicles. The lease requires monthly payments of principal and interest ranging from \$283 - \$526 with the final payment due July 1, 2025. All lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at December 31, 2021, are as follows:

Description/Purpose	Original Lease Amount	Interest Rate	Final Maturity	Balance December 31, 2021
Capital lease to finance the purchase of five police vehicles and equipment	\$ 174,000	3.79%	10/15/2022	\$ 37,712
Capital lease to finance the purchase of sixteen vehicles	\$ 332,508	2.50% - 3.00%	12/1/2023	64,418
Capital lease to finance the purchase of tractors and equipment	\$ 230,000	3.78%	10/1/2023	99,017
Capital lease to finance the purchase of eleven vehicles	\$ 265,827	2.95% - 8.22%	10/31/2024	141,247
Capital lease to finance the purchase of five police vehicles	\$ 215,600	3.69%	12/15/2024	134,418
Capital lease to finance the purchase of two vehicles	\$ 40,923	0% - 3.50%	9/30/2024	26,770
Capital lease to finance the purchase of twenty four vehicles	\$ 461,008	0% - 9.74%	7/1/2025	391,017
				\$ 894,599

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

A schedule of the outstanding capital lease payments to maturity including interest requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 335,247	\$ 25,025	\$ 360,272
2023	304,633	13,882	318,515
2024	209,330	4,712	214,042
2025	45,389	299	45,688
	<u>\$ 894,599</u>	<u>\$ 43,918</u>	<u>\$ 938,517</u>

Leased assets under capital lease in capital assets at December 31, 2021, include the following:

Governmental Activities:

Equipment and Vehicles	\$ 1,133,541
Less: Accumulated Depreciation	<u>(572,612)</u>
	<u>\$ 560,929</u>

Business-Type Activities:

Equipment and Vehicles	\$ 521,169
Less: Accumulated Depreciation	<u>(150,947)</u>
	<u>\$ 370,222</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

13. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2021, the State of Louisiana made on-behalf payments in the form of supplemental pay to the City's policemen. In accordance with GASB 24, the City has recorded \$93,864 of on-behalf payments as revenue and as expenses in the General Fund.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

14. Restricted Assets

Restricted assets were applicable to the following at December 31, 2021:

	Governmental Activities	Business-Type Activities
Cash and Cash Equivalents:		
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	\$ -	\$ 169,262
Refunding Bonds, Series 2016 - Debt Service	-	161,439
Revenue Bonds, Series 2018 - Debt Service	68,297	-
First Guarantee Bank - First Responders Monument	6,570	-
Total Cash and Cash Equivalents	74,867	330,701
Investments:		
Customers Deposits	-	906,982
Total Restricted Assets	\$ 74,867	\$ 1,237,683

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2021**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 8,284,550	\$ 1,611,877	\$ 1,025,724	\$ 412,286	\$ 11,334,437
Delinquent Charges	86,378	24,790	13,328	5,388	129,884
Miscellaneous	564,097	201,814	7,026	-	772,937
Total Operating Revenues	8,935,025	1,838,481	1,046,078	417,674	12,237,258
Operating Expenses:					
Direct	4,416,669	1,835,620	1,740,966	404,538	8,397,793
General and Administrative	304,623	170,523	193,808	4,046	673,000
Total Operating Expenses	4,721,292	2,006,143	1,934,774	408,584	9,070,793
Operating Income (Loss) by Department	4,213,733	(167,662)	(888,696)	9,090	3,166,465
Nonoperating Revenues	130,991	82,213	12,903	231	226,338
Nonoperating Expenses	(91,477)	(39,195)	(19,477)	-	(150,149)
Federal Grant	15,250	26,747	110,777	-	152,774
State Grant	-	250,000	28,875	-	278,875
Transfers from Special Revenue	-	-	960,000	-	960,000
Transfers to General Fund	(3,565,000)	-	-	-	(3,565,000)
Change in Net Position					<u>\$ 1,069,303</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 703,497</u>	<u>\$ 152,103</u>	<u>\$ 204,382</u>	<u>\$ 9,321</u>	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2021**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 2,811,178	\$ -	\$ -	\$ -	\$ 2,811,178
Salaries and Wages	684,270	375,642	455,576	-	1,515,488
Payroll Taxes, Retirement and Group Insurance	320,695	154,936	139,496	-	615,127
Contract Services	93,753	440,302	26,338	404,538	964,931
Depreciation	307,400	274,772	393,948	-	976,120
Equipment Expenses	68,612	39,418	13,439	-	121,469
Equipment Rental	13,922	12,304	73,731	-	99,957
Lab Fees	-	-	34,097	-	34,097
Maintenance	90,858	434,455	416,204	-	941,517
Small Tools and Supplies	11,731	9,556	19,083	-	40,370
Utilities	14,250	94,235	169,054	-	277,539
	<u>4,416,669</u>	<u>1,835,620</u>	<u>1,740,966</u>	<u>404,538</u>	<u>8,397,793</u>
General and Administrative Expenses:					
Insurance	94,283	61,883	44,858	-	201,024
Miscellaneous	52,430	44,647	15,782	-	112,859
Office Expense	12,774	11,951	4,424	-	29,149
Professional Fees	110,392	32,723	113,283	2,010	258,408
Telephone	23,967	12,358	11,632	-	47,957
Bad Debts	10,777	6,961	3,829	2,036	23,603
	<u>304,623</u>	<u>170,523</u>	<u>193,808</u>	<u>4,046</u>	<u>673,000</u>
Total Operating Expenses	<u><u>\$ 4,721,292</u></u>	<u><u>\$ 2,006,143</u></u>	<u><u>\$ 1,934,774</u></u>	<u><u>\$ 408,584</u></u>	<u><u>\$ 9,070,793</u></u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2021**

Personal Services and Benefits:

Direct Labor	\$ 1,515,488
Payroll Taxes, Retirement and Group Insurance	615,127
	<hr/>
	2,130,615

Contractual Services:

Equipment Rental	99,957
Lab Fees	34,097
Subcontract Services	964,931
Professional Fees	258,408
	<hr/>
	1,357,393

Cost of Materials:

Natural Gas Purchases	2,811,178
-----------------------	-----------

Utilities:

Utilities	277,539
Telephone	47,957
	<hr/>
	325,496

Repair and Maintenance:

Equipment Expenses	121,469
Maintenance	941,517
	<hr/>
	1,062,986

Supplies:

Small Tools and Supplies	40,370
Office Expense	29,149
Miscellaneous	112,859
	<hr/>
	182,378

Insurance

201,024

Depreciation

976,120

Bad Debts

23,603

Total Operating Expenses	<hr/> <hr/>
	\$ 9,070,793

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

18. Litigation

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel and management that resolution of these matters will not have a material adverse effect on the financial condition of the City of Walker.

19. Contingencies

DOTD Liability

Primarily during years 1996 - 1998, the City of Walker entered into several contracts with the Louisiana Department of Transportation and Development (LDOTD) for the relocation of utility lines and facilities. Documentation obtained from LDOTD indicates the following amounts owed to LDOTD by the City of Walker:

Department	
Gas Department	\$ 103,665
Water Department	151,189
Sewer Department	<u>231,211</u>
Total DOTD Contingent Liabilities	<u>\$ 486,065</u>

Since it could not be determined if LDOTD will enforce payment of these liabilities, this amount was recorded as a debit (increase) to capital assets and a credit to contributed capital in a prior year. Upon determination that the remaining liability is enforceable and the City must reimburse LDOTD, the City must reduce the capital account by any amounts reimbursed to the LDOTD.

20. Compensation Paid Mayor and Council Members

Jimmy Watson, Mayor 13561 Graham Lane Walker, LA 70785 (225) 665-5705	\$ 68,000
David Clark, Council Member P.O. Box 1407 Walker, LA 70785	12,000
James Eric Cook, Council Member 30272 Sunset Lane Walker, LA 70785 (225) 667-7218	12,000
Gary Griffin, Council Member P.O. Box 951 Walker, LA 70785 (225) 665-9125	12,000
Scarlett Major, Council Member 13699 Aydell Lane Walker, LA 70785 (225) 665-6695	12,000
Richard Wales, Council Member 13964 Guy Street Walker, LA 70785 (225) 978-3283	<u>12,000</u>
	<u>\$128,000</u>

Terms expire December 31, 2024.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

21. Schedule of Compensation, Benefits, and Other Payments to Mayor

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Jimmy Watson, Mayor, who was the acting agency head for the year ended December 31, 2021:

Salary	\$ 68,000
Benefits - Insurance	19,815
Benefits - Retirement	6,120
Special Meals - Chamber Luncheons	52
Registration Fees	250
Total Compensation and Benefits	<u>\$ 94,237</u>

22. Current Accounting Pronouncements

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

In May 2019, the Governmental Accounting Standards Board issued GASB Statement No 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

In March 2020, the Governmental Accounting Standards Board issued GASB Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No 96 *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2021

Management is currently evaluating the effects of the new GASB pronouncements.

23. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements as of June 27, 2022, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2021*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	0.23749%	\$ 1,485,737	\$ 689,545	215.47%	75.10%
2015	0.25967%	2,034,266	694,836	292.77%	70.73%
2016	0.26515%	2,485,201	743,310	334.34%	66.04%
2017	0.28638%	2,500,180	859,300	290.96%	70.08%
2018	0.28035%	2,370,298	830,426	285.43%	71.89%
2019	0.27631%	2,509,583	868,313	289.02%	71.01%
2020	0.29043%	2,683,969	897,146	299.17%	70.94%
2021	0.30330%	1,616,994	925,314	174.75%	84.09%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*For MPERS, the amounts presented were determined as of June 30 that occurred within the City's fiscal year. MPERS fiscal year is from July 1 to June 30.

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	\$ 209,014	\$ 209,014	\$ -	\$ 668,802	31.25%
2015	223,956	223,956	-	734,913	30.47%
2016	244,373	244,373	-	798,757	30.59%
2017	259,259	259,259	-	831,643	31.17%
2018	268,411	268,411	-	852,564	31.48%
2019	285,480	285,480	-	881,794	32.37%
2020	313,159	313,159	-	944,790	33.15%
2021	293,647	293,647	-	928,272	31.63%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

CITY OF WALKER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

Municipal Police Employees' Retirement System:

Changes in Actuarial Assumptions

The following is a detail description of changes in actuarial assumptions:

Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Investment Rate of Return	6.750%	6.950%	7.125%	7.20%	7.325%	7.50%
Inflation Rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.875%
Mortality Rate - Annuitant and Beneficiary	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Healthy Annuitant Mortality Table set back 4 year for males and 3 years for females
Mortality Rate - Employees	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females
Mortality Rate - Disabled Annuitants	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females
Salary increases, including inflation and merit	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 12.30% Above 2 4.70%	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 12.30% Above 2 4.70%	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 9.75% 3-23 4.75% Above 23 4.25%	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 9.75% 3-23 4.75% Above 23 4.25%	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 9.75% 3-23 4.75% Above 23 4.25%	<u>Years of Service</u> <u>Salary Growth Rate</u> 1-2 9.75% 3-23 4.75% Above 23 4.25%

Changes of Benefit Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2021.

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

CITY OF WALKER

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Policy Period</u>
Gallegher Public Entity HSLR18-08057-00	Auto Physical Damage	Per Schedule on File	05/28/2021 to 05/28/2022
EMC Insurance Co. 3X1189321	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2021 to 05/28/2022
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	\$ 100,000 \$ 100,000	08/06/2021 to 08/06/2022
LMA Risk Management 100-1285-2021-17904	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurrence Aggregate Law Enforcement Officer Personal Injury or Property Damage (\$1,000 Deductible) Errors and Omissions (\$1,000 Deductible) Automobile Liability Bodily Injury and Property Damage (\$0 Deductible)	\$ 500,000 \$ 500,000 included \$ 500,000 \$ 500,000 \$ 500,000 \$ 500,000 \$ 500,000	05/28/2021 to 05/28/2022
Western Surety Company 69486003	Clerk Surety Bond	\$ 50,000	03/11/2021 to 03/11/2022
Hartford Life & Accident 43SR841655	Volunteer Police Officers Accident Accidental Death Accidental Dismemberment Accident Medical Expense (\$0 Deductible) Maximum Dental Accident Total Disability Maximum Payment per Week Waiting Period Maximum Payment Period	\$ 10,000 \$ 10,000 \$ 10,000 \$ 250 100 7 days 104 weeks	03/10/2021 to 03/11/2022
Arthur J Gallagher & Co. CITYOFW-28	Cyber Liability Aggregate Limit of Liability Sublimit of Liability for Individual Coverages Purchased	 \$ 1,000,000 \$ 1,000,000	12/14/2021 to 12/14/2022

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF NUMBER OF CUSTOMERS AND
REVENUE DATA PER CUSTOMER PER MONTHFOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)Number of Customers

	December 31, 2021	December 31, 2020	Increase (Decrease)
Gas Customers	10,203	9,846	357
Water Customers	5,043	5,007	36
Sewer Customers	2,591	2,616	(25)
Sanitation Customers	2,115	2,130	(15)

Revenue Data Per Customer Per Month

	December 31, 2021	December 31, 2020	Increase (Decrease)	Percentage Change
Gas Sales	\$67.66	\$50.32	\$17.34	34%
Water Sales	\$26.64	\$26.97	(\$0.33)	(1%)
Sewer Sales	\$32.99	\$32.08	\$0.91	3%
Sanitation Sales	\$16.24	\$16.52	(\$0.28)	(2%)

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(UNAUDITED)

Fees	Tap Fees	
	Type	Fee
<u>Gas</u>	Gas Taps	\$ 295
Residential and Commercial		
Minimum Flat Rate	\$ 8.72	
Per 100 CFT of Gas Used	0.90	
<u>Water</u>	Water Taps	\$ 320
Residential		
First 3,000 Gallons	\$ 15.18	
Per Next 1,000 Gallons of Water Used	2.60	
Commercial		
First 3,000 Gallons	\$ 41.71	
Per Next 1,000 Gallons of Water Used	2.60	
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
First 3,000 Gallons (Gravity)	\$ 21.51	
First 3,000 Gallons (Grinder Pump)	19.76	
Per Next 1,000 Gallons of Water Used	2.08	
Commercial		
First 3,000 Gallons	\$ 28.55	
Per Next 1,000 Gallons of Water Used	2.96	
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart	\$ 14.56	
Senior Citizens		
Flat Rate per Cart	\$ 10.73	

Sewer, Gas & Water Misc. Fees

Fees for extensions, road bores, etc. are based on each account.

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	First Six Month Period Ended 06/30/21	Second Six Month Period Ended 12/31/21
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 20,677	\$ 25,982
Add: Collections		
Civil Fees (<i>including refundable amounts such as garnishments or advance deposits</i>)	-	-
Bond Fees	6,700	2,700
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	143,008	108,296
Criminal Fines - Contempt	-	-
Criminal Fines - Other	171,306	148,720
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (<i>do not include collections that fit into more specific categories above</i>)	-	-
Subtotal Collections	321,014	259,716
Less: Disbursements To Governments & Nonprofits: (<i>Must include one agency name and one</i>		
State Treasury Disability Affairs - Criminal Fines	100	50
Treasurer, State of Louisiana CMIS - Criminal Fines	2,820	2,853
DHH Traumatic Head & Spinal Cord Injury Trust - Criminal Fines	2,530	2,805
Judicial Administrator, Supreme Court of La - Criminal Fines	475	475
21st JDC Public Defender Office - Criminal Fines	32,900	42,525
Louisiana Commission on Law Enforcement - Criminal Fines	2,355	2,246
Florida Parishes Juvenile Justice Commission - Criminal Fines	4,700	4,750
Baton Rouge Crime Stoppers - Criminal Fines	1,880	1,902
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency - Other	260,321	199,426

(CONTINUED)

CITY OF WALKER

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING ENTITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	First Six Month Period Ended 06/30/21	Second Six Month Period Ended 12/31/21
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	3,917	3,666
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	3,711	1,821
	<u>315,709</u>	<u>262,519</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ 25,982</u>	<u>\$ 23,179</u>

Ending Balance of "Partial Payments" Collected but not Disbursed *(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.*

-	-
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Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

The Honorable Jimmy Watson, Mayor
and Members of the City Council
City of Walker
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 27, 2022

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x No

Noncompliance material to financial statements noted? _____ Yes x No

B. Findings - Internal Control Over Financial Reporting

None.

C. Findings - Compliance and Other Matters

None.

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2021

A. Findings - Internal Control Over Financial Reporting

None

B. Findings - Compliance and Other Matters

None

CITY OF WALKER

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

DECEMBER 31, 2021

BATON ROUGE, LOUISIANA



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Independent Accountant's Report
on Applying Agreed-Upon Procedures

The Honorable Jimmy Watson, Mayor
and Members of the City Council
City of Walker
Walker, Louisiana

Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by City of Walker (the City) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City's management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions.**
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions.**

- c) **Disbursements**, including processing, reviewing, and approving. – **No exceptions.**
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions.**
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. – **No exceptions.**
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No exceptions.**
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). – **No exceptions.**
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions.**
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy. – **No exceptions.**
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions.**
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. – **No exceptions.**
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. – **No exceptions.**

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions.**
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. – **No exceptions.**

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. – **No exceptions.**

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions.**
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and – **No exceptions.**
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No exceptions.**

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions.**
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers. – **No exceptions.**
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. – **No exceptions.**
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No exceptions.**
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions.**

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions.**
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered. – **No exceptions.**
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions.**
 - c) Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions.**
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). – **No exceptions.**
 - e) Trace the actual deposit per the bank statement to the general ledger. – **No exceptions.**

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions.**
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No exceptions.**
 - b) At least two employees are involved in processing and approving payments to vendors. – **No exceptions.**
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. – **No exceptions.**
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. – **No exceptions.**
10. For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and: – **No exceptions.**

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity. – **No exceptions.**
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable. – **No exceptions.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management’s representation that the listing is complete. – **No exceptions.**
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. – **No exceptions.**
 - b) Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions.**
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions.**

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov). – **No exceptions.**
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **No exceptions.**

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h). – **No exceptions.**
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No exceptions.**

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No exceptions.**
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). – **No exceptions.**
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented). – **No exceptions.**
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions.**

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions.**
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.) – **No exceptions.**
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No exceptions.**
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. – **No exceptions.**
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No exceptions.**

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions.**
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. – **No exceptions.**

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. – **No exceptions.**
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **No exceptions.**

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued. – **No exceptions.**
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). – **No exceptions.**

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled. – **There were no misappropriations of public funds nor of assets noted during the fiscal period.**
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. – **No exceptions.**

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported. – **We performed the procedure and discussed the results with management.**
 - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**
 - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year. – **No exceptions.**
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website). – **No exceptions.**
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344: – **No exceptions.**
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;.
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

No exceptions.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 27, 2022