

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020

**CITY OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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 4 through 11 and 74 through 76 be presented to supplement the basic financial statements. Such information, 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.

Other 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 Expenditures of Federal Awards (Schedule 6) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 7) 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 Expenditures of Federal Awards (Schedule 6) and Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 7) are the responsibility of management and were derived from and relate 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 Expenditures of Federal Awards (Schedule 6) and Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 7) are 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 14, 2021, 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 of Walker’s internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 14, 2021

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, 2020. 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 \$36,579,015.
- Increase in total net position of \$3,157,871, 9.45% over 2019, with a three-year increase of 32.29%.
- Total assets increased to \$53,287,347.
- Increase in total assets of \$2,909,668, 5.78% over 2019, with a three-year increase of 39.36%.
- Long term debt decreased \$698,009 in 2020.

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 31-73 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2020. The City's net position at December 31, 2020 increased 9.45% to \$36,579,015, with a 27.29% 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, 2020 with comparative totals for 2019.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals 2020</u>	<u>Totals 2019</u>
ASSETS				
Current and Other Assets	\$ 5,853,091	\$ 7,087,071	\$ 12,940,162	\$ 13,439,769
Restricted Assets	2,082,180	1,285,081	3,367,261	7,886,708
Capital Assets	20,195,351	16,784,573	36,979,924	29,051,202
Total Assets	<u>28,130,622</u>	<u>25,156,725</u>	<u>53,287,347</u>	<u>50,377,679</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	36,756	445,843	482,599	544,945
Deferred Outflows - Related to Pensions	639,124	-	639,124	495,032
Total Deferred Outflows of Resources	<u>675,880</u>	<u>445,843</u>	<u>1,121,723</u>	<u>1,039,977</u>
LIABILITIES				
Current Liabilities	1,072,634	1,784,215	2,856,849	2,572,694
Long-Term Liabilities	7,814,915	4,273,639	12,088,554	12,789,814
Net Pension Liability	2,683,969	-	2,683,969	2,509,583
Total Liabilities	<u>11,571,518</u>	<u>6,057,854</u>	<u>17,629,372</u>	<u>17,872,091</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	200,683	-	200,683	124,421
NET POSITION				
Net Investment in Capital Assets	14,605,075	12,267,427	26,872,502	22,823,057
Restricted	2,082,180	338,319	2,420,499	7,018,814
Unrestricted (Deficit)	347,046	6,938,968	7,286,014	3,579,273
Total Net Position	<u>\$ 17,034,301</u>	<u>\$ 19,544,714</u>	<u>\$ 36,579,015</u>	<u>\$ 33,421,144</u>

The Statement of Activities for 2020 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 2020 were \$18,717,370, with \$12,530,906 derived from program revenues and grants; \$5,776,190 from sales, franchise, and property taxes, occupational licenses, and permits; \$249,281 from interest and investment income; and the remaining \$160,993 from other miscellaneous income. Total expenses for the City in 2020 were \$15,559,499, leaving a \$3,157,871 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2020 with comparative totals for 2019.

City of Walker Condensed Statement of Activities For the Year Ended December 31, 2020				
	Governmental Activities	Business-Type Activities	Totals 2020	Totals 2019
Revenues:				
Program Revenues:				
Charges for Services	\$ 527,530	\$ 9,326,667	\$ 9,854,197	\$ 11,205,039
Operating Grants and Contributions	1,144,519	64,371	1,208,890	224,215
Capital Grants and Contributions	1,467,819	-	1,467,819	2,205,030
General Revenues:				
Taxes	5,776,190	-	5,776,190	5,139,278
Other Grants and Contributions not Restricted to Specific Programs	19,984	-	19,984	16,979
Interest and Investment Income	84,001	165,280	249,281	336,782
Net Gain on Disposition of Capital Assets	19,084	16,594	35,678	84,363
Miscellaneous Income	70,600	34,731	105,331	80,996
Total Revenues	<u>9,109,727</u>	<u>9,607,643</u>	<u>18,717,370</u>	<u>19,292,682</u>
Expenses:				
General Government	2,360,689	-	2,360,689	2,463,014
Public Safety	3,221,481	-	3,221,481	3,135,160
Highways and Streets	1,724,239	-	1,724,239	2,079,185
Parks and Recreation	578,483	-	578,483	584,682
Interest on Long-Term Debt	325,217	-	325,217	326,055
Gas	-	3,330,388	3,330,388	3,593,092
Water	-	2,019,216	2,019,216	1,744,581
Sewer	-	1,595,517	1,595,517	1,730,776
Sanitation	-	404,269	404,269	388,497
Total Expenses	<u>8,210,109</u>	<u>7,349,390</u>	<u>15,559,499</u>	<u>16,045,042</u>
Change in Net Position before Transfers	899,618	2,258,253	3,157,871	3,247,640
Transfers In (Out)	2,685,000	(2,685,000)	-	-
Change in Net Position	3,584,618	(426,747)	3,157,871	3,247,640
Net Position - Beginning of Year	13,449,683	19,971,461	33,421,144	30,173,504
Net Position - End of Year	<u>\$ 17,034,301</u>	<u>\$ 19,544,714</u>	<u>\$ 36,579,015</u>	<u>\$ 33,421,144</u>

Governmental activities. Governmental activities net position increased \$3,584,618 in 2020. Total revenues before transfers increased \$207,948 (+2.34%), primarily due to Covid related decreases in charges for services offset by increases from intergovernmental revenues. Total expenses decreased \$377,987 (-4.40%) attributed to decreased spending in administration and the street department.

Business-type activities. Business-type activities net position decreased \$426,747 due to \$2,685,000 transferred to governmental activities. Net income before transfers was \$2,258,253. Improvements and additions to utility services during 2020 included:

- Water line upgrade Walker North from Hwy 190 to Molly Melissa
- Gas line upgrade at Juban Road & Hwy 190 Round-a-bout
- Gas line upgrade along Juban Road from Hwy 190 to I-12
- Gas line upgrade for Dunn Road parish overlay program
- Gas line expansion along Forrest Delatte Road
- Gas regulator station upgrade at corner of Hwy 190 and Corbin

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 \$6,792,290. The general fund, which is the chief operating fund of the City, reported \$8,401,860 in a deficiency of revenues over expenditures. The transfer of \$3,645,000 from the gas department, a transfer of \$252,067 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$237,115, and \$24,520 proceeds from disposition of capital assets resulted in a net decrease in fund balance of \$4,243,158. The 2000 ½ cent sales tax fund reported \$1,323,464 in excess revenues over expenditures; and a \$111,397 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 \$2,119,053. Operating income for the gas and sanitation departments were \$2,900,255 and \$19,905, respectively. Operations of the water and sewer departments resulted in a loss of \$245,958 and \$555,149, respectively. However, \$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 nine 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, 2020 was \$36,979,924. 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 \$7,496,104 with depreciation expense of \$612,750 and business-type activities capital assets increased by \$432,618 with depreciation expense of \$905,186. Total increase in the net investment in capital assets for 2020 amounted to \$7,928,722. Additional information on the City's capital assets can be found in note 8 on pages 47-50 of this report.

Long-term debt. As of December 31, 2020, the City had total debt outstanding of \$12,457,469, a decrease of \$698,009 (-5.31%) 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 \$3,905,000, with \$298,000 payable from the ½ Cent Sales Tax Fund and \$3,607,000 payable from the Enterprise Fund.
- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$6,525,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$192,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$361,764.
- Capital Leases having an outstanding balance of \$819,146.
- Notes Payable direct placement balance of \$160,000.
- Compensated absences total \$335,838 with \$210,430 payable from the General Fund and \$125,408 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in Note 12 on pages 58-65.

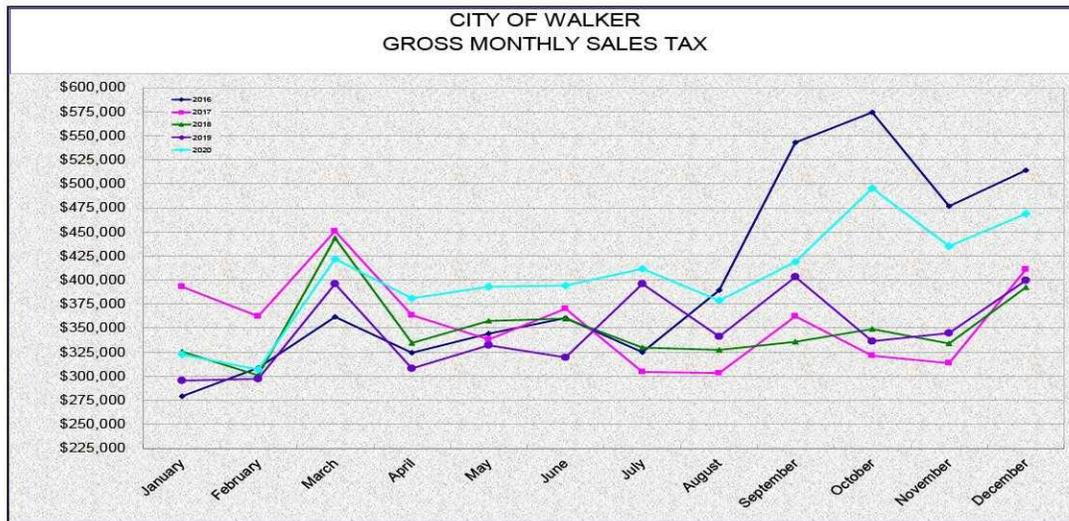
Future Budget and Economic Outlook

Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2020 include natural gas system line upgrades along Juban Road from US Hwy 190 to Interstate 12. The gas department also extended gas lines along Forrest Delatte Road to The Preserve at Gray's Creek subdivision. This extension would allow the gas department to take in additional future developments in the area as well. Gas lines were also expanded along Dunn Road to enhance capacity in that area as well. The gas department also completed the replacement of the regulator station at the corner of US Hwy 190 and Corbin Avenue and plans are continuing for the replacement of the regulator station at the corner of Walker North Road and Cane Market Road in 2021. The regulator station at the entrance to Whispering Springs subdivision is being replaced with an improved regulator station which will help with capacity in the Watson area. The water department has completed the water line improvements along Walker North Road from US Hwy 190 to Corbin Avenue to supply Isabella Lakes subdivision and to relieve water pressure issues in the area. The sewer department continues to install backflow preventers on city grinder pumps to alleviate possible sewer backups into homes. The City has also made extensive drainage improvements which include numerous roadside ditch cleanouts and over two hundred culvert replacements over the past several years. In addition to infrastructure improvements, the City has continued with improvements to the baseball ballpark in 2020. The City is looking to complete the dog park at the southeast corner of Sidney Hutchinson Park as well as build a new Animal Shelter 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.

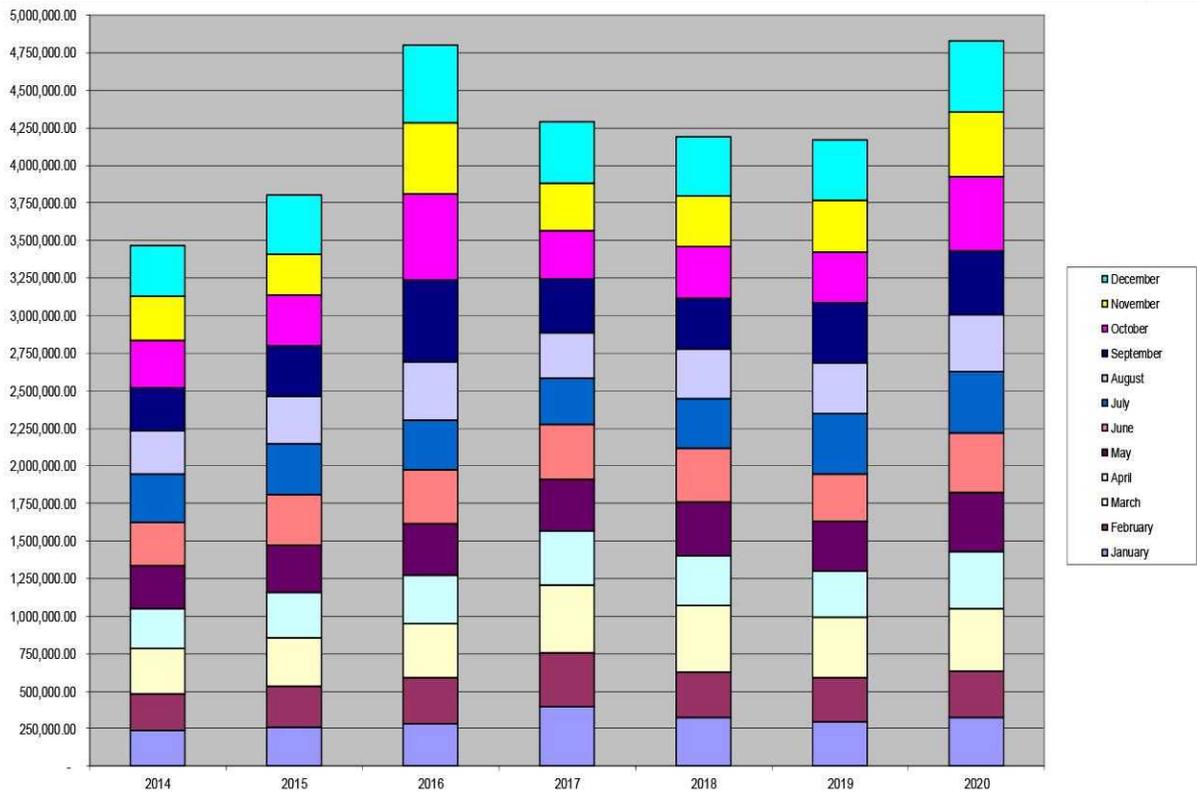
Walker Community Center was completed in 2020. This multimillion-dollar community center will house a variety of agencies during storm events, but the City uses this building as a community/recreational center and has control over it as long as the building is not being used for an emergency situation. The building is being used for recreational activities of all types, including basketball, volleyball, pickleball and others; it will also be used for public meetings and community events as well.

The City began construction of a new city hall in 2020 with an estimated completion date of May 2021. The new city hall was built with a 50-year vision. It will be 27,000 square feet and consist of three floors with the top floor being leased out to commercial or governmental tenants. The revenues from these leases will be used to offset the yearly costs of the bonds for the building. This would give 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 leases in the future if the City needed 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 15.77% increase over 2019. The 2021 budget reflects a roughly 10% decrease from 2020 sales tax revenues. This conservative estimate was made due to the uncertainty of the effects of Covid-19. 2020 sales tax revenues were abnormally high and not necessarily expected to continue at the same pace in the near term.



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, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	Governmental Activities	Business-Type Activities	2020	2019
ASSETS				
Cash and Cash Equivalents	\$ 3,016,774	\$ 5,776,874	\$ 8,793,648	\$ 9,824,010
Investments	342,168	-	342,168	339,963
Receivables, Net	271,190	1,806,958	2,078,148	1,813,916
Due from Other Governments	1,088,805	21,835	1,110,640	960,478
Internal Balances	1,018,547	(1,018,547)	-	-
Inventories	-	413,906	413,906	313,160
Prepaid Items	115,607	86,045	201,652	188,242
Restricted Assets:				
Cash and Cash Equivalents	2,082,180	370,362	2,452,542	7,050,857
Investments	-	914,719	914,719	835,851
Capital Assets:				
Land and Construction in Progress	14,521,097	594,898	15,115,995	8,938,103
Other Capital Assets, Net of Accumulated Depreciation	5,674,254	16,189,675	21,863,929	20,113,099
Total Assets	<u>28,130,622</u>	<u>25,156,725</u>	<u>53,287,347</u>	<u>50,377,679</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	36,756	445,843	482,599	544,945
Deferred Outflows - Related to Pensions	639,124	-	639,124	495,032
Total Deferred Outflows of Resources	<u>675,880</u>	<u>445,843</u>	<u>1,121,723</u>	<u>1,039,977</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	1,027,374	1,383,257	2,410,631	2,127,367
Accrued Interest Payable	45,260	32,043	77,303	79,663
Non-Current Liabilities:				
Due Within One Year	711,208	368,915	1,080,123	1,001,759
Due in More Than One Year	7,103,707	4,273,639	11,377,346	12,153,719
Net Pension Liability	2,683,969	-	2,683,969	2,509,583
Total Liabilities	<u>11,571,518</u>	<u>6,057,854</u>	<u>17,629,372</u>	<u>17,872,091</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	200,683	-	200,683	124,421
NET POSITION				
Net Investment in Capital Assets	14,605,075	12,267,427	26,872,502	22,823,057
Restricted for				
City Hall Construction	2,014,209	-	2,014,209	6,616,131
Debt Service	67,971	338,319	406,290	402,683
Unrestricted	347,046	6,938,968	7,286,014	3,579,273
Total Net Position	<u>\$ 17,034,301</u>	<u>\$ 19,544,714</u>	<u>\$ 36,579,015</u>	<u>\$ 33,421,144</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, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2020	2019
Primary Government:								
Governmental Activities:								
General Government	\$ 2,360,689	\$ -	\$ 20,775	\$ 782,934	\$ (1,556,980)	\$ -	\$ (1,556,980)	\$ (668,438)
Public Safety	3,221,481	459,059	1,037,976	-	(1,724,446)	-	(1,724,446)	(1,957,088)
Highways and Streets	1,724,239	13,275	85,427	422,362	(1,203,175)	-	(1,203,175)	(2,070,430)
Parks and Recreation	578,483	55,196	341	262,523	(260,423)	-	(260,423)	(83,774)
Interest on Long-Term Debt	325,217	-	-	-	(325,217)	-	(325,217)	(326,055)
Total Governmental Activities	8,210,109	527,530	1,144,519	1,467,819	(5,070,241)	-	(5,070,241)	(5,105,785)
Business-Type Activities:								
Gas	3,330,388	6,141,021	1,590	-	-	2,812,223	2,812,223	3,322,495
Water	2,019,216	1,741,462	14,380	-	-	(263,374)	(263,374)	27,137
Sewer	1,595,517	1,020,010	48,401	-	-	(527,106)	(527,106)	(674,064)
Sanitation	404,269	424,174	-	-	-	19,905	19,905	19,459
Total Business-Type Activities	7,349,390	9,326,667	64,371	-	-	2,041,648	2,041,648	2,695,027
Total Primary Government	\$ 15,559,499	\$ 9,854,197	\$ 1,208,890	\$ 1,467,819	(5,070,241)	2,041,648	(3,028,593)	(2,410,758)
General Revenues:								
Taxes:								
Property					133,682	-	133,682	126,925
Sales					4,826,553	-	4,826,553	4,169,158
Occupational and Permits					432,070	-	432,070	445,758
Franchise					383,885	-	383,885	397,437
Other Grants and Contributions not Restricted to Specific Programs								
Transfers					19,984	-	19,984	16,979
Interest and Investment Income					2,685,000	(2,685,000)	-	-
Net Gain on Disposition of Capital Assets					84,001	165,280	249,281	336,782
Miscellaneous Income					19,084	16,594	35,678	84,363
					70,600	34,731	105,331	80,996
Total General Revenues					8,654,859	(2,468,395)	6,186,464	5,658,398
Change in Net Position					3,584,618	(426,747)	3,157,871	3,247,640
Net Position - Beginning of Year					13,449,683	19,971,461	33,421,144	30,173,504
Net Position - End of Year					\$ 17,034,301	\$ 19,544,714	\$ 36,579,015	\$ 33,421,144

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2020	2019
ASSETS				
Cash and Cash Equivalents	\$ 678,659	\$ 2,338,115	\$ 3,016,774	\$ 3,492,245
Investments	342,168	-	342,168	339,963
Receivables:				
Ad Valorem Taxes, Net	130,223	-	130,223	120,183
Other	140,967	-	140,967	155,346
Due from Other Funds	1,212,122	-	1,212,122	666,709
Due from Other Governments	792,119	296,686	1,088,805	919,252
Cash - Restricted	2,082,180	-	2,082,180	6,683,609
Total Assets	<u>\$ 5,378,438</u>	<u>\$ 2,634,801</u>	<u>\$ 8,013,239</u>	<u>\$ 12,377,307</u>
LIABILITIES				
Accounts Payable	\$ 710,835	\$ -	\$ 710,835	\$ 381,315
Payroll Liabilities	272,485	-	272,485	159,457
Accrued Salaries and Wages	44,054	-	44,054	137,655
Due to Other Funds	-	193,575	193,575	746,748
Total Liabilities	1,027,374	193,575	1,220,949	1,425,175
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources -				
Unavailable Intergovernmental Revenues	-	-	-	28,081
FUND BALANCES				
Fund Balances:				
Restricted For:				
Debt Service	67,971	-	67,971	67,478
City Hall Construction	2,014,209	-	2,014,209	6,616,131
Committed For:				
Construction Contracts	1,389,774	-	1,389,774	1,681,615
Assigned To:				
Special Revenue Fund	-	2,441,226	2,441,226	2,329,829
Unassigned:				
General Fund	879,110	-	879,110	228,998
Total Fund Balances	<u>4,351,064</u>	<u>2,441,226</u>	<u>6,792,290</u>	<u>10,924,051</u>
Total Liabilities and Fund Balances	<u>\$ 5,378,438</u>	<u>\$ 2,634,801</u>	<u>\$ 8,013,239</u>	<u>\$ 12,377,307</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, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
Fund Balances - Total Governmental Funds	\$ 6,792,290	\$ 10,924,051
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	25,470,458	17,447,676
Less Accumulated Depreciation	<u>(5,275,107)</u>	<u>(4,748,429)</u>
	20,195,351	12,699,247
Prepaid Items	115,607	102,779
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(2,683,969)	(2,509,583)
General Obligation Bonds	(6,814,353)	(7,242,102)
Deferred Amount on Refunding	36,756	71,909
Compensated Absences Payable	(210,430)	(193,988)
Capital Lease Payable	(790,132)	(753,702)
Accrued Interest Payable	<u>(45,260)</u>	<u>(47,620)</u>
	(10,507,388)	(10,675,086)
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues are not Reported in Governmental Funds	-	28,081
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	639,124	495,032
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(200,683)</u>	<u>(124,421)</u>
Net Position of Governmental Activities	<u>\$ 17,034,301</u>	<u>\$ 13,449,683</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, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2000		Total	
	General	1/2 Cent Sales Tax Fund	Governmental Funds	
			2020	2019
Revenues:				
Taxes	\$ 3,755,276	\$ 1,608,828	\$ 5,364,104	\$ 4,710,499
Licenses and Permits	432,070	-	432,070	445,758
Fines and Forfeits	457,144	-	457,144	1,004,141
Interest	46,253	37,748	84,001	175,710
Fees	57,094	-	57,094	69,961
Intergovernmental	2,428,427	-	2,428,427	2,002,864
Miscellaneous	232,579	-	232,579	439,295
Total Revenues	7,408,843	1,646,576	9,055,419	8,848,228
Expenditures:				
Current:				
General Government	2,227,155	26,452	2,253,607	2,331,443
Public Safety	2,883,680	-	2,883,680	2,810,865
Highways and Streets	1,465,313	-	1,465,313	1,836,836
Parks and Recreation	496,575	-	496,575	499,210
Capital Outlay	8,114,289	-	8,114,289	5,503,506
Debt Service:				
Principal Retirement	330,686	285,000	615,686	578,340
Interest and Administration Fees	293,005	11,660	304,665	285,435
Total Expenditures	15,810,703	323,112	16,133,815	13,845,635
Excess (Deficiency) of Revenues over Expenditures	(8,401,860)	1,323,464	(7,078,396)	(4,997,407)
Other Financing Sources (Uses):				
Transfers In	3,897,067	-	3,897,067	6,017,467
Transfer Out	-	(1,212,067)	(1,212,067)	(1,019,967)
Proceeds from Capital Asset Disposition	24,520	-	24,520	45,810
Proceeds from Issuance of Long Term Debt	237,115	-	237,115	343,548
Total Other Financing Sources (Uses)	4,158,702	(1,212,067)	2,946,635	5,386,858
Net Change in Fund Balances	(4,243,158)	111,397	(4,131,761)	389,451
Fund Balances at Beginning of Year	8,594,222	2,329,829	10,924,051	10,534,600
Fund Balances at End of Year	\$ 4,351,064	\$ 2,441,226	\$ 6,792,290	\$ 10,924,051

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, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>2020</u>	<u>2019</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (4,131,761)	\$ 389,451
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues	(28,081)	(45,076)
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	8,114,290	5,503,506
Depreciation Expense and Accumulated Depreciation on Transfers In	<u>(612,750)</u>	<u>(556,476)</u>
	7,501,540	4,947,030
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	86,072	320,645
Less Cost Basis of Capital Assets Retired During the Year	<u>(91,508)</u>	<u>(324,711)</u>
	(5,436)	(4,066)
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	12,827	877
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	(237,115)	(343,548)
Repayment of Principal on Long-Term Debt	615,686	578,340
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	(16,442)	(48,891)
(Increase) Decrease in Pension Expense	(169,861)	(179,198)
(Increase) Decrease in Accrued Interest Payable	2,360	(40,207)
Amortization of Deferred Amount on Refunding	(35,153)	-
Amortization of Discount Paid on Issuance of General Obligation Bonds	12,749	(413)
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>63,305</u>	<u>56,884</u>
Change in Net Position of Governmental Activities	<u>\$ 3,584,618</u>	<u>\$ 5,311,183</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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 120,000	\$ 120,000	\$ 133,682	\$ 13,682
Alcoholic Beverage Tax	14,000	14,000	19,984	5,984
Franchise Taxes	380,000	380,000	383,885	3,885
Sales Taxes	2,600,000	2,600,000	3,217,725	617,725
	3,114,000	3,114,000	3,755,276	641,276
Licenses and Permits:				
Occupational Licenses	340,000	340,000	374,654	34,654
Other Permits and Licenses	45,000	45,000	57,416	12,416
	385,000	385,000	432,070	47,070
Fines and Forfeits	817,000	477,000	457,144	(19,856)
Interest Income	75,000	55,000	46,253	(8,747)
Fees:				
Animal Adoption Fees	5,000	5,000	1,915	(3,085)
Parks and Recreation Fees	57,500	57,500	41,904	(15,596)
Road Maintenance	6,600	6,600	13,275	6,675
	69,100	69,100	57,094	(12,006)

(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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Intergovernmental:				
State and Local Grants:				
Other State and Local Grants	-	-	25,372	25,372
On Behalf Payments for Salaries	108,000	108,000	93,432	(14,568)
Federal Grants:				
Flood Relief Grant	1,723,837	795,698	831,790	36,092
Street Planning and Construction Grant	927,739	561,886	507,789	(54,097)
Federal Parks and Recreation Grant	300,000	200,000	88,805	(111,195)
Animal Control Grants	-	-	12,297	12,297
Law Enforcement Grants	2,000	537,000	868,942	331,942
	3,061,576	2,202,584	2,428,427	225,843
Miscellaneous:				
Parks and Recreation Concessions	30,000	30,000	13,292	(16,708)
Miscellaneous	23,500	23,500	219,287	195,787
	53,500	53,500	232,579	179,079
Total Revenues	7,575,176	6,356,184	7,408,843	1,052,659

(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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	1,233,100	1,233,100	1,144,662	88,438
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	536,000	536,000	489,554	46,446
Advertising	10,000	10,000	3,530	6,470
Collection Costs	83,000	83,000	79,395	3,605
Bank Charges	300	300	52	248
Community Events	60,000	60,000	24,893	35,107
Contracted Services	18,500	43,500	35,780	7,720
Coroner Fees	6,000	6,000	3,640	2,360
Court Costs	18,000	18,000	18,000	-
Economic Development	55,000	55,000	52,495	2,505
Insurance	93,000	133,000	113,863	19,137
Legal and Professional	47,800	47,800	22,834	24,966
Membership Fees and Educational Training	48,000	48,000	18,492	29,508
Miscellaneous	3,900	3,900	2,661	1,239
Printing, Postage and Office Supplies	82,500	82,500	25,106	57,394
Rental Equipment	11,700	11,700	11,562	138
Repairs and Maintenance	131,600	131,600	41,129	90,471
Small Tools and Supplies	200	200	-	200
Telephone	23,000	23,000	27,533	(4,533)
Utilities	13,000	33,000	33,187	(187)
Uniforms	10,000	10,000	5,973	4,027
Vehicle Expenses	18,000	18,000	12,814	5,186
Total General Government	2,562,600	2,647,600	2,227,155	420,445

(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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety:				
Animal Control:				
Salaries	131,000	131,000	127,681	3,319
Payroll Taxes, Retirement, and Group Insurance	77,600	97,600	86,256	11,344
Animal Care Expense	16,000	16,000	11,555	4,445
Insurance	8,300	8,300	6,906	1,394
Legal and Professional	1,900	1,900	2,793	(893)
Miscellaneous	10,700	10,700	8,540	2,160
Printing, Postage and Office Supplies	2,200	2,200	1,905	295
Small Tools and Supplies	13,500	13,500	9,889	3,611
Telephone	4,300	4,300	3,455	845
Utilities	9,500	9,500	8,932	568
Vehicle Expense	2,000	2,000	1,392	608
Total Animal Control	<u>277,000</u>	<u>297,000</u>	<u>269,304</u>	<u>27,696</u>
Police:				
Salaries	1,363,500	1,363,500	1,216,608	146,892
Payroll Taxes, Retirement, and Group Insurance	826,600	891,600	845,346	46,254
Contracted Services	5,000	5,000	5,135	(135)
Equipment Rental	56,500	56,500	73,625	(17,125)
Insurance	170,000	170,000	144,361	25,639
Membership Fees and Educational Training	30,000	30,000	23,676	6,324
Miscellaneous	8,700	8,700	7,196	1,504
Printing, Postage and Office Supplies	13,700	13,700	14,438	(738)
Professional Fees	26,500	26,500	18,247	8,253
Repairs and Maintenance	66,200	66,200	57,754	8,446
Small Tools and Supplies	36,500	36,500	13,127	23,373

(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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	32,500	32,500	28,446	4,054
Uniforms	24,000	24,000	13,100	10,900
Utilities	11,000	11,000	10,551	449
Vehicle Expense	100,000	135,000	142,766	(7,766)
Total Police	<u>2,770,700</u>	<u>2,870,700</u>	<u>2,614,376</u>	<u>256,324</u>
Total Public Safety	<u>3,047,700</u>	<u>3,167,700</u>	<u>2,883,680</u>	<u>284,020</u>
Highways and Streets:				
Streets:				
Salaries	420,000	420,000	363,133	56,867
Payroll Taxes, Retirement, and Group Insurance	185,900	185,900	163,596	22,304
Bad Debt	-	-	7,376	(7,376)
Contract Services	101,000	101,000	87,142	13,858
Equipment Expense	123,000	123,000	79,213	43,787
Equipment Rental	16,000	16,000	12,739	3,261
Insurance	78,000	78,000	57,423	20,577
Legal and Professional	54,000	174,000	179,477	(5,477)
Streets Maintenance and Materials	919,000	819,000	402,161	416,839
Membership Fees and Educational Training	2,000	2,000	648	1,352
Miscellaneous	2,000	2,000	373	1,627
Small Tools and Supplies	33,500	33,500	16,219	17,281
Telephone	5,500	5,500	4,739	761
Uniforms	4,500	4,500	3,814	686
Utilities	80,000	80,000	87,260	(7,260)
Total Highways and Streets	<u>2,024,400</u>	<u>2,044,400</u>	<u>1,465,313</u>	<u>579,087</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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	130,000	155,000	150,024	4,976
Payroll Taxes, Retirement, and Group Insurance	65,000	80,000	72,687	7,313
Contract Services	-	-	359	(359)
Concession Supplies	35,000	35,000	9,137	25,863
Equipment Rental	5,000	5,000	15,136	(10,136)
Insurance	16,000	16,000	11,640	4,360
Membership Fees and Educational Training	3,750	3,750	1,239	2,511
Miscellaneous	16,500	71,500	4,814	66,686
Legal and Professional	12,400	12,400	55,706	(43,306)
Printing, Postage and Office Supplies	2,500	2,500	2,019	481
Recreational Supplies	55,000	55,000	32,058	22,942
Repairs and Maintenance	57,200	57,200	41,729	15,471
Small Tools and Supplies	14,000	14,000	7,624	6,376
Telephone	3,000	3,000	3,928	(928)
Tournament Expenses	95,000	95,000	55,761	39,239
Utilities	38,000	38,000	31,608	6,392
Uniforms	2,300	2,300	1,106	1,194
Total Parks and Recreation	550,650	645,650	496,575	149,075
Capital Outlay	9,530,000	6,948,200	8,114,289	(1,166,089)
Debt Service:				
Principal Retirement	338,000	338,000	330,686	7,314
Interest	272,800	272,800	293,005	(20,205)
Total Debt Service	610,800	610,800	623,691	(12,891)
Total Expenditures	18,326,150	16,064,350	15,810,703	253,647

(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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(10,750,974)	(9,708,166)	(8,401,860)	1,306,306
Other Financing Sources (Uses):				
Transfers In	4,547,067	4,147,067	3,897,067	(250,000)
Sale of Capital Assets	-	-	24,520	24,520
Proceeds from Issuance of Debt	-	237,200	237,115	(85)
Total Other Financing Sources (Uses)	<u>4,547,067</u>	<u>4,384,267</u>	<u>4,158,702</u>	<u>(225,565)</u>
Net Change in Fund Balance	(6,203,907)	(5,323,899)	(4,243,158)	1,080,741
Fund Balance at Beginning of Year	<u>8,594,222</u>	<u>8,594,222</u>	<u>8,594,222</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,390,315</u>	<u>\$ 3,270,323</u>	<u>\$ 4,351,064</u>	<u>\$ 1,080,741</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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,608,828	\$ 308,828
Interest	25,000	25,000	37,748	12,748
Total Revenues	1,325,000	1,325,000	1,646,576	321,576
Expenditures:				
General Government:				
Collection Expenses	25,000	25,000	26,452	(1,452)
Total General Government	25,000	25,000	26,452	(1,452)
Debt Service:				
Principal Retirement	285,000	285,000	285,000	-
Interest and Administrative Fees	11,660	11,660	11,660	-
Total Debt Service	296,660	296,660	296,660	-
Total Expenditures	321,660	321,660	323,112	(1,452)
Excess (Deficiency) of Revenues over Expenditures	1,003,340	1,003,340	1,323,464	320,124
Other Financing Sources (Uses):				
Operating Transfers Out	(1,462,067)	(1,212,067)	(1,212,067)	-
Total Other Financing Sources (Uses)	(1,462,067)	(1,212,067)	(1,212,067)	-
Net Change in Fund Balance	(458,727)	(208,727)	111,397	320,124
Fund Balance at Beginning of Year	2,329,829	2,329,829	2,329,829	-
Fund Balance at End of Year	\$ 1,871,102	\$ 2,121,102	\$ 2,441,226	\$ 320,124

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	Business Type Activities - Enterprise Fund	
	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and Cash Equivalents	\$ 5,776,874	\$ 6,331,765
Due From Other Funds	-	80,039
	<u>5,776,874</u>	<u>6,411,804</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$15,000 in 2020 and \$5,000 in 2019)	1,067,689	1,039,251
Unbilled Utility Sales	739,269	499,136
Due from Other Governments	21,835	41,226
	<u>1,828,793</u>	<u>1,579,613</u>
Inventory, at Cost	413,906	313,160
Prepaid Expenses	59,604	57,410
Total Current Assets	<u>8,079,177</u>	<u>8,361,987</u>
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	370,362	367,248
Investments - Customer Deposits	914,719	835,851
Prepaid Items	26,441	28,053
Capital Assets, at Cost (Net of Accumulated Depreciation)	<u>16,784,573</u>	<u>16,351,955</u>
Total Noncurrent Assets	<u>18,096,095</u>	<u>17,583,107</u>
Total Assets	<u>26,175,272</u>	<u>25,945,094</u>
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	<u>445,843</u>	<u>473,036</u>
Total Deferred Outflows of Resources	<u>445,843</u>	<u>473,036</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 26,621,115</u>	<u>\$ 26,418,130</u>

(CONTINUED)

CITY OF WALKER
PROPRIETARY FUND

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	Business Type Activities - Enterprise Fund	
	2020	2019
Current Liabilities:		
Accounts Payable	\$ 495,123	\$ 555,395
Accrued Salaries and Wages	21,176	63,874
Accumulated Unpaid Vacation	31,352	29,304
Customers' Deposits	820,942	790,172
Due to Other Funds	1,018,547	-
Other Current Liabilities	46,016	39,499
Bonds Payable - Current Portion	337,563	336,360
Accrued Bond Interest	32,043	32,043
Total Current Liabilities	2,802,762	1,846,647
Noncurrent Liabilities:		
Bonds Payable - Less Current Portion	4,179,583	4,512,112
Accumulated Unpaid Vacation	94,056	87,910
Total Noncurrent Liabilities	4,273,639	4,600,022
Total Liabilities	7,076,401	6,446,669
Net Position:		
Net Investment in Capital Assets	12,267,427	11,503,483
Restricted for Debt Service	338,319	335,205
Unrestricted	6,938,968	8,132,773
Total Net Position	19,544,714	19,971,461
Total Liabilities and Net Position	\$ 26,621,115	\$ 26,418,130

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, 2020

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	Business - Type Activities - Enterprise Fund	
	2020	2019
Operating Revenues:		
Charges for Services	\$ 9,326,667	\$ 10,107,400
Total Operating Revenues	9,326,667	10,107,400
Operating Expenses:		
Personal Services and Benefits	1,980,112	1,843,722
Contractual Services	1,323,554	1,240,342
Cost of Materials	1,320,815	1,675,843
Utilities	271,488	259,519
Repair and Maintenance	1,023,735	976,086
Supplies	175,844	174,619
Insurance	180,580	193,234
Depreciation	905,186	922,474
Bad Debts	26,300	22,130
Total Operating Expenses	7,207,614	7,307,969
Operating Income	2,119,053	2,799,431
Nonoperating Revenues:		
Interest and Investment Income	165,280	161,072
Gain (Loss) on Capital Asset Dispositions	16,594	42,619
Miscellaneous	34,731	35,239
Total Nonoperating Revenues	216,605	238,930
Nonoperating Expenses:		
Interest and Administrative Fees	123,180	137,142
Amortization of Bond Insurance Costs	1,612	1,027
Amortization of Bond Discount (Premium)	(10,209)	(6,496)
Amortization of Deferred Amount on Refunding	27,193	17,304
Total Nonoperating Expenses	141,776	148,977
Income Before Contributions and Transfers	2,193,882	2,889,384
Capital and Other Contributions	64,371	44,573
Transfers from Special Revenue Fund	960,000	960,000
Transfers to General Fund	(3,645,000)	(5,957,500)
Change in Net Position	(426,747)	(2,063,543)
Total Net Position at Beginning of Year	19,971,461	22,035,004
Total Net Position at End of Year	\$ 19,544,714	\$ 19,971,461

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, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Business-Type Activities - Enterprise Fund	
	2020	2019
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 9,051,187	\$ 10,254,727
Cash Payments to Suppliers for Goods and Services	(4,452,711)	(4,605,118)
Cash Payments to Employees for Services and Benefits	(2,014,616)	(1,798,599)
Other Receipts (Payments)	1,133,317	183,870
Net Cash Provided by Operating Activities	3,717,177	4,034,880
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	960,000	960,000
Transfer To General Fund	(3,645,000)	(5,957,500)
Net Cash Used in Noncapital and Related Financing Activities	(2,685,000)	(4,997,500)
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,354,075)	(1,630,586)
Proceeds from Sale of Capital Assets	32,865	42,619
Net Receipts from Customer Deposits	30,770	14,484
Proceeds from Issuance of Debt	22,797	122,808
Principal Paid on Loans	(343,914)	(315,062)
Interest and Administrative Fees Paid on Loans	(123,180)	(137,142)
Capital Contributions	64,371	44,573
Net Cash Used in Capital and Related Financing Activities	(1,670,366)	(1,858,306)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(78,868)	(41,067)
Investment Income	165,280	161,072
Net Cash Provided by Investing Activities	86,412	120,005
Net Decrease in Cash and Cash Equivalents	(551,777)	(2,700,921)
Cash and Cash Equivalents - Beginning of Year	6,699,013	9,399,934
Cash and Cash Equivalents - End of Year	<u>\$ 6,147,236</u>	<u>\$ 6,699,013</u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	Business-Type Activities - Enterprise Fund	
	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,119,053	\$ 2,799,431
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	905,186	922,474
Provision for Bad Debts	26,300	22,130
Miscellaneous Revenues	34,731	35,239
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(35,347)	185,119
(Increase) Decrease in Unbilled Utility Sales	(240,133)	(37,792)
(Increase) Decrease in Due from Other Funds	1,098,586	148,631
(Increase) Decrease in Inventory	(100,746)	(57,521)
(Increase) Decrease in Prepaid Expenses	(2,194)	(2,127)
Increase (Decrease) in Accounts Payable	(60,272)	(23,519)
Increase (Decrease) in Accrued Salaries and Wages	(42,698)	16,267
Increase (Decrease) in Other Current Liabilities	6,517	(2,308)
Increase (Decrease) in Accumulated Unpaid Vacation	8,194	28,856
Net Cash Provided by Operating Activities	<u>\$ 3,717,177</u>	<u>\$ 4,034,880</u>
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	<u>\$ 1,612</u>	<u>\$ 1,027</u>
Amortization of Bond (Premium) Discount	<u>\$ (10,209)</u>	<u>\$ (6,496)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 5,776,874	\$ 6,331,765
Cash and Cash Equivalents, Restricted	370,362	367,248
Total Cash and Cash Equivalents	<u>\$ 6,147,236</u>	<u>\$ 6,699,013</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

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, 2020

- *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, 2020

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, 2020

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, 2020

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, 2020

- 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 2020 was adopted on December 9, 2019.
- 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 14, 2020.
- 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 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, 2020

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, 2020.

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, 2020

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, 2020, the accrued liability for unpaid vacation benefits amounted to \$335,838. The amount applicable to the Enterprise Fund was \$125,408 and is recorded in that Fund, and the amount of \$210,430 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, 2020

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, 2020

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, 2020

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 2019

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, 2019, 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 \$11,246,190 at December 31, 2020. The following is a summary of cash and cash equivalents at December 31, 2020.

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>5,098,954</u>	\$ <u>6,147,236</u>	\$ <u>11,246,190</u>
Bank Balances	\$ <u>5,460,210</u>	\$ <u>6,153,635</u>	\$ <u>11,613,845</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020, none of the City's bank balance of \$11,613,845 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, 2020, the City holds investments totaling \$1,256,887 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>342,168</u>	\$ <u>342,168</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>914,719</u>	\$ <u>914,719</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020: U.S. Government Securities Fund – A – Mutual Funds of \$914,719 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 88 days as of December 31, 2020..

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, 2020, none of the City's investments in mutual funds of \$914,719 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, 2020

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, 2020, taxes of 2.23 mills were levied on property with assessed valuations totaling \$59,893,330 and were dedicated to general purposes.

Total taxes levied were \$133,562. Taxes receivable at December 31, 2020, consisted of the following:

Taxes Receivable - Current Roll	\$133,562
Allowance for Uncollectible Taxes	<u>(3,339)</u>
	<u>\$130,223</u>

5. Receivables

Receivables as of December 31, 2020, 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	\$ 133,562	\$ 139,577	\$ 1,390	\$ -	\$ (3,339)	\$ 271,190
<u>Business-Type Activities:</u>						
Utility Fund	-	-	1,082,689	739,269	(15,000)	1,806,958
Total Receivables	<u>\$ 133,562</u>	<u>\$ 139,577</u>	<u>\$ 1,084,079</u>	<u>\$ 739,269</u>	<u>\$ (18,339)</u>	<u>\$ 2,078,148</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

6. Due From Other Governments

Due from Other Governments as of December 31, 2020, consists of the following:

	US Department of Commerce	Livingston Parish School Board	State of Louisiana	Total
<u>Governmental Activities:</u>				
General Fund	\$ 4,969	\$ 593,412	\$ 193,738	\$ 792,119
2000 ½ Cent Sales Tax Fund	-	296,686	-	296,686
Total Governmental Activities	4,969	890,098	193,738	1,088,805
<u>Business-Type Activities:</u>				
Utility Fund	-	-	21,835	21,835
Total Due from Other Governments	<u>\$ 4,969</u>	<u>\$ 890,098</u>	<u>\$ 215,573</u>	<u>\$ 1,110,640</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2020, reported in the fund financial statements.

	Net Internal Due to	Net Internal Due From	Total
<u>Governmental Activities:</u>			
General Fund	\$ -	\$ 1,212,122	\$ 1,212,122
2000 ½ Cent Sales Tax Fund	(193,575)	-	(193,575)
Total Governmental Activities	(193,575)	1,212,122	1,018,547
<u>Business-Type Activities:</u>			
Utility Fund	(1,018,547)	-	(1,018,547)
Total Interfund Receivables (Payables)	<u>\$ (1,212,122)</u>	<u>\$ 1,212,122</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2020:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 2,131,340	\$ -	\$ -	\$ 2,131,340
Construction in Progress	5,312,086	7,863,634	(785,963)	12,389,757
Total Capital Assets not being Depreciated	7,443,426	7,863,634	(785,963)	14,521,097
Capital Assets being Depreciated:				
Land Improvements	920,465	-	-	920,465
Buildings	2,521,749	606,239	-	3,127,988
Equipment and Vehicles	2,829,932	250,656	(91,508)	2,989,080
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	368,251	-	-	368,251
Infrastructure	3,337,692	179,724	-	3,517,416
Total Capital Assets being Depreciated	10,004,250	1,036,619	(91,508)	10,949,361
Less: Accumulated Depreciation for:				
Land Improvements	225,799	39,809	-	265,608
Buildings	700,306	115,728	-	816,034
Equipment and Vehicles	1,850,372	358,219	(86,072)	2,122,519
Furniture and Fixtures	26,161	-	-	26,161
Recreational Equipment	342,658	12,509	-	355,167
Infrastructure	1,603,133	86,485	-	1,689,618
Total Accumulated Depreciation	4,748,429	612,750	(86,072)	5,275,107
Total Capital Assets being Depreciated, Net	5,255,821	423,869	(5,436)	5,674,254
Total Governmental Activities Capital Assets, Net	\$ 12,699,247	\$ 8,287,503	\$ (791,399)	\$ 20,195,351

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<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	1,106,853	1,328,411	(2,228,190)	207,074
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets not being Depreciated	1,494,677	1,328,411	(2,228,190)	594,898
Capital Assets being Depreciated:				
Gas System	6,220,071	1,207,690	-	7,427,761
Water System	7,582,551	1,020,500	-	8,603,051
Sewer System	14,272,225	-	-	14,272,225
Buildings	436,845	-	-	436,845
Land Improvements	111,568	-	-	111,568
Machinery and Equipment	1,448,449	25,664	(86,129)	1,387,984
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated	30,071,709	2,253,854	(86,129)	32,239,434
Less: Accumulated Depreciation for:				
Gas System	3,707,378	159,245	-	3,866,623
Water System	2,605,402	201,318	-	2,806,720
Sewer System	7,773,987	371,405	-	8,145,392
Buildings	117,630	12,962	-	130,592
Land Improvements	66,210	5,112	-	71,322
Machinery and Equipment	943,824	155,144	(69,858)	1,029,110
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	15,214,431	905,186	(69,858)	16,049,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated, Net	14,857,278	1,348,668	(16,271)	16,189,675
	<hr/>	<hr/>	<hr/>	<hr/>
Total Business-Type Activities Capital Assets, Net	<u>\$ 16,351,955</u>	<u>\$ 2,677,079</u>	<u>\$ (2,244,461)</u>	<u>\$ 16,784,573</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

Governmental Activities:

General Government	\$ 116,488
Public Safety	157,000
Highways and Streets	259,287
Parks and Recreation	79,975
Total Depreciation Expense	
Governmental Activities	\$ 612,750

Business-Type Activities:

Water	\$ 248,396
Gas	261,100
Sewer	395,690
Total Depreciation Expense -	
Business-Type Activities	\$ 905,186

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, 2020, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2020	Unexpended Commitment
Safe House	\$ 3,942,226	\$ 3,942,226	\$ -
City Hall Construction	6,765,359	5,317,662	1,447,697
Special Needs Playground	307,614	307,614	-
Ball Park Renovations	1,561,207	1,561,207	-
OLOL Exercise Equipment	90,704	90,704	-
First Responders Fountain	16,675	16,675	-
Peak Lane Improvements	729,358	729,358	-
Brown and Elm St. Bridge Repairs	459,983	124,637	335,346
Aydell Lane Improvements	34,530	34,530	-
Pendarvis Lane Phase I	1,319,572	265,144	1,054,428
Total	\$ 15,227,228	\$ 12,389,757	\$ 2,837,471

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

Business-Type Activities:

	Project Authorization	Expended to December 31, 2020	Unexpended Commitment
City Hall Utility Department	\$ 13,511	\$ 13,511	\$ -
Gas Extension OLOL Demco ROW	2,920	2,920	-
Sewer Expansion Below I-12	179,010	107,279	71,731
Water Extension Indigo Trails	67,230	67,230	-
Fire Station Gas Extension	4,380	4,380	-
Cane Market Regulator Station	24,965	6,253	18,712
Gas Upgrade - Eden @ Lockhart	4,347	4,347	-
Whispering Springs Regulator Station	1,154	1,154	-
Total	<u>\$ 297,517</u>	<u>\$ 207,074</u>	<u>\$ 90,443</u>

Governmental Funds - Fund balance and Unexpended Commitments:

At December 31, 2020 the total unexpended commitments under construction contracts totaled \$2,837,471. Of these unexpended commitments, \$1,447,697 was committed to the City Hall Construction contract and will be resolved in future years by restricted fund balance recorded in the General Fund of \$2,014,209. The remaining unexpended commitments are recorded in the General Fund as fund balance committed to construction contracts in the amount of \$1,389,774.

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2020 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 710,835	\$ 495,123	\$1,205,958
Payroll Liabilities	272,485	46,016	318,501
Accrued Salaries	44,054	21,176	65,230
Customer Deposits	-	820,942	820,942
Total	<u>\$1,027,374</u>	<u>\$1,383,257</u>	<u>\$2,410,631</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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 \$150,859, for the year ended December 31, 2020.

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.

CITY OF WALKER

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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 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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.

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.

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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, 2020 to June 30, 2020 was 32.50% and was 33.75% for the period July 1, 2020 to December 31, 2020. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$313,159 for the year ended December 31, 2020.

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 \$63,305 for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a liability of \$2,683,969 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2020 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 0.290425% which was an increase of 0.014117% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$483,075 related to MPERS.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 105,729
Changes in assumptions	63,783	66,242
Net difference between projected and actual earnings on pension plan investments	322,025	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,565	28,712
Employer contributions subsequent to the measurement date	164,751	-
Total	<u>\$ 639,124</u>	<u>\$ 200,683</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

\$164,751 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2021	\$ 20,722
2022	103,182
2023	89,111
2024	60,675
	\$ 273,690
	\$ 273,690

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 for the plan are as follows:

Inflation	2.50%
Investment rate of return	6.950% (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 scale 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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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 7.19% for the year ended June 30, 2020. 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, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.5%	3.08%
Fixed Income	33.5%	0.54%
Alternative	18.0%	1.02%
Other	0.0%	0.00%
Total	100.0%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

Discount Rate

The discount rate used to measure the total pension liability was 6.950%, which was a decrease of .175% from the prior measurement date of June 30, 2019. 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, 2020

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, 2020 for MPERS:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>5.950%</u>	<u>6.950%</u>	<u>7.950%</u>
Net Pension Liability	<u>\$ 3,771,020</u>	<u>\$ 2,683,969</u>	<u>\$ 1,775,670</u>

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. 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, 2020, included in liabilities is a payable in the amount of \$47,922 to MPERS. This payable is normal legally required contributions to the pension plan.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020:

	<u>Debt Payable</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> <u>12/31/2020</u>	<u>Due within</u> <u>1 year</u>
Governmental Activities:					
<u>Revenue Bonds</u>					
Refunding Bond Payable by					
Utility Issues, Series 2016	\$ 583,000	\$ -	\$ 285,000	\$ 298,000	\$ 298,000
City Hall Construction Bond,					
Series 2018	6,655,000	-	130,000	6,525,000	135,000
Discount on Bonds	(22,892)	-	(447)	(22,445)	(464)
Premium on Bonds	26,994	-	13,196	13,798	13,798
Total Revenue Bonds	<u>7,242,102</u>	<u>-</u>	<u>427,749</u>	<u>6,814,353</u>	<u>446,334</u>
Compensated Absences	193,988	183,687	167,245	210,430	52,608
Capital Lease Payable	573,702	237,115	180,685	630,132	192,266
Note Payable -					
Direct Borrowing	<u>180,000</u>	<u>-</u>	<u>20,000</u>	<u>160,000</u>	<u>20,000</u>
Total Governmental					
Activities	8,189,792	420,802	795,679	7,814,915	711,208
Business-Type Activities:					
<u>Revenue Bonds</u>					
Refunding Series Bonds,					
Series 2016 (Gross)	4,410,000	-	505,000	3,905,000	515,000
Combined Utilities Revenue					
Bonds, Series 2010B	211,000	-	19,000	192,000	19,000
Combined Utilities Revenue					
Bonds, Series 2011	395,764	-	34,000	361,764	35,000
Less: Intragovernmental					
Payable	(583,000)	-	(285,000)	(298,000)	(298,000)
Premium on Bonds	<u>177,577</u>	<u>-</u>	<u>10,209</u>	<u>167,368</u>	<u>10,069</u>
Total Revenue Bonds	<u>4,611,341</u>	<u>-</u>	<u>283,209</u>	<u>4,328,132</u>	<u>281,069</u>
Compensated Absences	117,214	70,914	62,720	125,408	31,352
Capital Lease Payable	<u>237,131</u>	<u>22,797</u>	<u>70,914</u>	<u>189,014</u>	<u>56,494</u>
Total Business-Type					
Activities	<u>4,965,686</u>	<u>93,711</u>	<u>416,843</u>	<u>4,642,554</u>	<u>368,915</u>
Total Debt	<u>\$13,155,478</u>	<u>\$ 514,513</u>	<u>\$1,212,522</u>	<u>\$12,457,469</u>	<u>\$1,080,123</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020, the unamortized balance is \$482,599. Also, as a result of the advance refunding of the Series 2009 Bonds, \$4,415,000 of the Series 2009 Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. During 2019, the Series 2009 defeased bonds were 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%. \$ 3,905,000

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:

Year Ended December 31,	2016 Refunding Series - Governmental Activities		
	Principal	Interest	Total
2021	\$ 298,000	\$ 5,960	\$ 303,960

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

Year Ended December 31,	2016 Refunding Series - Business-Type Activities		
	Principal	Interest	Total
2021	\$ 217,000	\$ 100,740	\$ 317,740
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
2026-2027	1,195,000	54,000	1,249,000
	3,607,000	459,490	4,066,490
Total Refunding Bond			
2016 Issue	\$ 3,905,000	\$ 465,450	\$ 4,370,450

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, 2020, 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 \$160,183, 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%.

\$ 192,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

<u>Year Ended December 31,</u>	<u>2010B Utilities Revenue Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2021	\$ 19,000	\$ 5,664	\$ 960	\$ 25,624
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
2026-2029	91,000	6,815	1,155	98,970
	<u>\$ 192,000</u>	<u>\$ 29,325</u>	<u>\$ 4,970</u>	<u>\$ 226,295</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%.

\$ 361,764

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

<u>Year Ended December 31,</u>	<u>2011 Utilities Revenue Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2021	\$ 35,000	\$ 1,628	\$ 1,809	\$ 38,437
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
2026-2030	184,764	2,510	2,789	190,063
	<u>\$ 361,764</u>	<u>\$ 9,069</u>	<u>\$ 10,079</u>	<u>\$ 380,912</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, 2020, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$210,179 and are reported on the Proprietary Fund as restricted cash.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020.

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%. \$ 6,525,000

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
2021	\$ 135,000	\$ 261,077	\$ 396,077
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
2026-2030	860,000	1,117,846	1,977,846
2031-2035	1,045,000	931,471	1,976,471
2036-2040	1,275,000	705,096	1,980,096
2041-2045	1,545,000	429,121	1,974,121
2046-2048	1,090,000	97,097	1,187,097
	<u>\$ 6,525,000</u>	<u>\$ 4,545,026</u>	<u>\$ 11,070,026</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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2020, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$67,971 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 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, 2020.

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
2021	\$ 20,000	\$ -	\$ 20,000
2022	20,000	-	20,000
2023	20,000	-	20,000
2024	20,000	-	20,000
2025	20,000	-	20,000
2026-2028	60,000	-	60,000
	\$ 160,000	\$ -	\$ 160,000

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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 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. 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, 2020, are as follows:

<u>Description/Purpose</u>	<u>Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2020</u>
Capital lease to finance the purchase of five police vehicles and equipment	\$ 174,000	3.79%	10/15/2022	\$ 74,028
Capital lease to finance the purchase of sixteen vehicles	\$ 332,508	2.50% - 3.00%	12/1/2023	195,533
Capital lease to finance the purchase of tractors and equipment	\$ 230,000	3.78%	10/1/2023	145,276
Capital lease to finance the purchase of eleven vehicles	\$ 265,827	2.95% - 8.22%	10/31/2024	189,131
Capital lease to finance the purchase of five police vehicles	\$ 215,600	3.69%	12/15/2024	176,035
Capital lease to finance the purchase of two vehicles	\$ 40,923	0% - 3.50%	9/30/2024	39,143
				<u>\$ 819,146</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

Year Ended December 31,	Principal	Interest	Total
2021	\$ 248,760	\$ 26,724	\$ 275,484
2022	258,070	17,415	275,485
2023	218,910	8,289	227,199
2024	93,406	1,817	95,223
	\$ 819,146	\$ 54,245	\$ 873,391

Leased assets under capital lease in capital assets at December 31, 2020, include the following:

Governmental Activities:

Equipment and Vehicles	\$ 1,004,480
Less: Accumulated Depreciation	(403,039)
	\$ 601,441

Business-Type Activities:

Equipment and Vehicles	\$ 306,922
Less: Accumulated Depreciation	(104,186)
	\$ 202,736

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, 2020, 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 \$93,432 of on-behalf payments as revenue and as expenses in the General Fund.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

14. Restricted Assets

Restricted assets were applicable to the following at December 31, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cash and Cash Equivalents:		
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	\$ -	\$ 210,179
Refunding Bonds, Series 2016 - Debt Service	-	160,183
Revenue Bonds, Series 2018 - Debt Service	67,971	
Revenue Bonds, Series 2018 - City Hall Construction	2,014,209	-
Total Cash and Cash Equivalents	2,082,180	370,362
Investments:		
Customers Deposits	-	914,719
Total Restricted Assets	<u>\$ 2,082,180</u>	<u>\$ 1,285,081</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2020**

	<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	\$ 5,945,375	\$ 1,620,639	\$ 1,006,905	\$ 422,268	\$ 8,995,187
Delinquent Charges	25,491	9,965	8,135	1,906	45,497
Miscellaneous	170,155	110,858	4,970	-	285,983
Total Operating Revenues	6,141,021	1,741,462	1,020,010	424,174	9,326,667
Operating Expenses:					
Direct	2,981,214	1,783,343	1,471,567	401,054	6,637,178
General and Administrative	259,552	204,077	103,592	3,215	570,436
Total Operating Expenses	3,240,766	1,987,420	1,575,159	404,269	7,207,614
Operating Income (Loss) by Department	2,900,255	(245,958)	(555,149)	19,905	2,119,053
Nonoperating Revenues	201,244	14,068	1,163	130	216,605
Nonoperating Expenses	(89,622)	(31,796)	(20,358)	-	(141,776)
Federal Grant	1,590	1,320	22,451	-	25,361
State Grant	-	13,060	25,950	-	39,010
Transfers from Special Revenue	-	-	960,000	-	960,000
Transfers to General Fund	(3,645,000)	-	-	-	(3,645,000)
Change in Net Position					\$ (426,747)
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ (631,533)</u>	<u>\$ (249,306)</u>	<u>\$ 434,057</u>	<u>\$ 20,035</u>	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2020**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 1,320,815	\$ -	\$ -	\$ -	\$ 1,320,815
Salaries and Wages	598,100	346,915	417,153	-	1,362,168
Payroll Taxes, Retirement and Group Insurance	314,639	209,418	93,887	-	617,944
Contract Services	123,736	448,080	32,645	401,054	1,005,515
Depreciation	261,100	248,396	395,690	-	905,186
Equipment Expenses	34,005	19,037	4,025	-	57,067
Equipment Rental	14,970	12,138	76,528	-	103,636
Lab Fees	-	-	31,018	-	31,018
Maintenance	285,725	406,990	273,953	-	966,668
Small Tools and Supplies	14,881	10,279	7,347	-	32,507
Utilities	13,243	82,090	139,321	-	234,654
	<u>2,981,214</u>	<u>1,783,343</u>	<u>1,471,567</u>	<u>401,054</u>	<u>6,637,178</u>
General and Administrative Expenses:					
Insurance	94,031	61,624	24,925	-	180,580
Miscellaneous	32,696	78,661	13,794	-	125,151
Office Expense	7,145	7,311	3,715	15	18,186
Professional Fees	91,900	40,122	49,293	2,070	183,385
Telephone	17,957	10,133	8,744	-	36,834
Bad Debts	15,823	6,226	3,121	1,130	26,300
	<u>259,552</u>	<u>204,077</u>	<u>103,592</u>	<u>3,215</u>	<u>570,436</u>
Total Operating Expenses	<u><u>\$ 3,240,766</u></u>	<u><u>\$ 1,987,420</u></u>	<u><u>\$ 1,575,159</u></u>	<u><u>\$ 404,269</u></u>	<u><u>\$ 7,207,614</u></u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2020**

Personal Services and Benefits:

Direct Labor	\$ 1,362,168
Payroll Taxes, Retirement and Group Insurance	617,944
	<hr/>
	1,980,112

Contractual Services:

Equipment Rental	103,636
Lab Fees	31,018
Subcontract Services	1,005,515
Professional Fees	183,385
	<hr/>
	1,323,554

Cost of Materials:

Natural Gas Purchases	1,320,815
-----------------------	-----------

Utilities:

Utilities	234,654
Telephone	36,834
	<hr/>
	271,488

Repair and Maintenance:

Equipment Expenses	57,067
Maintenance	966,668
	<hr/>
	1,023,735

Supplies:

Small Tools and Supplies	32,507
Office Expense	18,186
Miscellaneous	125,151
	<hr/>
	175,844

Insurance

180,580

Depreciation

905,186

Bad Debts

26,300

Total Operating Expenses

\$ 7,207,614

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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:

<u>Department</u>	
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.

Flooding Event

From August 11, 2016 through August 15, 2016, the City of Walker and surrounding areas experienced record-breaking rainfall resulting in significant flooding in certain areas. The City incurred expenses related to this event. This flooding event was declared a natural disaster by the State of Louisiana and the federal government which enabled the City to apply for federal financial assistance.

As of December 31, 2020 all of the \$28,081 of Federal financial assistance relating to the flooding event described above that was recorded as deferred inflows of resources – unavailable intergovernmental revenues in the financial statements for the year ended December 31, 2019 has been received.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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.

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, 2020:

Salary	\$ 68,000
Benefits - Insurance	18,311
Benefits - Retirement	6,355
Special Meals - Chamber Luncheons	60
Registration Fees	<u>225</u>
Total Compensation and Benefits	<u>\$ 92,951</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

22. Current Year Adoption of New Accounting Standards

During the year the City adopted GAB Statement No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The City also adopted GASB 84 and GASB 90 during the current year, both of which had no effect on the financial statements.

23. 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.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

24. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 14, 2021, 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, 2020*

<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%

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, 2020

<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%

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, 2020

Municipal Police Employees' Retirement System:

Changes in Actuarial Assumptions

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

Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015																																														
Investment Rate of Return	6.195%	7.125%	7.20%	7.325%	7.50%	7.50%																																														
Inflation Rate	2.50%	2.50%	2.60%	2.70%	2.875%	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.	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	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.	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	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.	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	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females																																														
Salary increases, including inflation and merit	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>12.30%</td> </tr> <tr> <td>Above 2</td> <td>4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%
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Above 23	4.25%																																																			

Changes of Benefit Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2020.

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

CITY OF WALKER
SCHEDULE OF INSURANCE COVERAGE IN FORCE
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Insurance Company / Policy Number	Coverage	Amount	Policy Period
Llyod's London RNAFB2003635	Auto Physical Damage	Per Schedule on File	05/28/2020 to 05/28/2021
EMC Insurance Co. 3X1-18-93	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2020 to 05/28/2021
EMC Insurance Co. T23-00-13-21	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2020 to 08/06/2021
LMA Risk Management 100-1285-2020-17469	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	05/28/2020 to 05/28/2021
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/11/2020 to 03/11/2021
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	03/10/2019 to 03/11/2020
Aurthur J Gallagher & Co. CIFYOFW-28	Cyber Liability Aggregate Limit of Liability Sublimit of Liability for Individual Coverages Purchased	 1,000,000.00 1,000,000.00	12/14/2020 to 12/14/2021
Houston Casualty Co. 207008660	Sports General Liability Each Occurance Damage to rented premises Personal & Adv Injury General Aggregate Products	 1,000,000 300,000 1,000,000 1,000,000 1,000,000	9/9/2020 to 9/9/2021
AIG Insurance 207008660	Sports Accident & Health Accidental Death, Dismemberment Accident Medical Expense Deductible Dental Max	 10,000 250,000 250/per 250/per	9/9/2020 to 9/9/2021

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, 2020
(UNAUDITED)Number of Customers

	December 31, 2020	December 31, 2019	Increase (Decrease)
Gas Customers	9,846	9,403	443
Water Customers	5,007	4,874	133
Sewer Customers	2,616	2,584	32
Sanitation Customers	2,130	2,101	29

Revenue Data Per Customer Per Month

	December 31, 2020	December 31, 2019	Increase (Decrease)	Percentage Change
Gas Sales	\$50.32	\$58.80	(\$8.48)	(14%)
Water Sales	\$26.97	\$27.20	(\$0.23)	(1%)
Sewer Sales	\$32.08	\$32.19	(\$0.11)	0%
Sanitation Sales	\$16.52	\$15.95	\$0.57	4%

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Fees	Tap Fees	
	Type	Fee
<u>Gas</u>	Gas Taps	\$ 295
Residential and Commercial		
Minimum Flat Rate		\$ 8.33
Per 100 CFT of Gas Used		0.90
<u>Water</u>	Water Taps	\$ 285
Residential		
First 3,000 Gallons		\$ 14.50
Per Next 1,000 Gallons of Water Used		2.60
Commercial		
First 3,000 Gallons		\$ 39.84
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)		\$ 20.60
First 3,000 Gallons (Grinder Pump)		18.87
Per Next 1,000 Gallons of Water Used		2.08
Commercial		
First 3,000 Gallons		\$ 27.27
Per Next 1,000 Gallons of Water Used		2.96
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart		\$ 15.15
Senior Citizens		
Flat Rate per Cart		\$ 9.98

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 EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Pass - Through Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>United States Department of Homeland Security</u>				
<i>Passed Through Louisiana Governor's Office of Homeland Security & Emergency Preparedness:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ -	\$ 181,029
Hazard Mitigation Grant Program	97.039	N/A	-	<u>811,015</u>
Total United States Department of Homeland Security				992,044
<u>United States Department of Interior</u>				
<i>Passed Through Louisiana Department of Transportation:</i>				
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	-	<u>88,464</u>
Total United States Department of Interior				88,464
<u>United States Department of Justice</u>				
<i>Passed Through Louisiana Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	2,812
<i>Passed Through Louisiana Commission on Law Enforcement:</i>				
Special Data Collections and Statistical Studies	16.734	N/A	-	<u>50,590</u>
Total United States Department of Justice				53,402
<u>United States Department of Transportation</u>				
<i>Passed Through Louisiana Highway Safety Commission</i>				
Highway Planning and Construction	20.205	N/A	-	<u>422,362</u>
Total United States Department of Transportation				422,362
<u>United States Department of the Treasury</u>				
<i>Passed Through Louisiana Department of the Treasury</i>				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	-	<u>750,631</u>
Total United States Department of the Treasury				<u>750,631</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,306,903</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF WALKER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

Note A - Significant Accounting Policies -

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Walker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note B - Indirect Cost Rate Election -

The City did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2020.

Note C - Reconciliation of Federal Expenditures -

Federal Assistance expended as reported on the Schedule of Expenditures of Federal Awards	\$ 2,306,903
Add: revenue received in current year of prior year federal expenditures	<u>28,081</u>
Federal grant revenues	<u>\$ 2,334,984</u>
Federal Grant Revenues as reported on:	
Exhibit B-3 - All Governmental Fund Types - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,309,623
Exhibit C-2 - Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position	<u>25,361</u>
	<u>\$ 2,334,984</u>

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Basis Presentation	First Six Month Period Ended 06/30/20	Second Six Month Period Ended 12/31/20
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ 6,063
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
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 (do not include collections that fit into more specific categories above)	358,177	238,401
Subtotal Collections	358,177	238,401
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one		
State Treasury Disability Affairs	125	25
Treasurer, State of Louisiana CMIS	3,045	2,457
DHH Traumatic Head & Spinal Cord Injury Trust	2,180	2,290
Judicial Administrator, Supreme Court of La	507	410
21st JDC Public Defender Office	32,445	22,890
Louisiana Commission on Law Enforcement	2,278	2,160
Florida Parishes Juvenile Justice Commission	5,075	4,095
Baton Rouge Crime Stoppers	2,030	1,638
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	35,877	19,157
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency - Other	268,552	185,265

(CONTINUED)

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 Mayor, Jimmy Watson
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, 2020, 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 14, 2021.

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 audit 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 determination of financial statement amounts. 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 14, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Walker’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Walker’s (“the City”) major federal programs for the year ended December 31, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Walker complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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 14, 2021

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

A. As required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the following is a summary of the results of our audit:

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 None Reported
- Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes x No

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number
United States Department of Homeland Security	
<i>Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:</i>	
Hazard Mitigation Grant Program	97.039
United States Department of the Treasury	
<i>Passed Through Louisiana Department of the Treasury</i>	
COVID-19 - Coronavirus Relief Fund	21.019

- The threshold for distinguishing Types A and B programs was \$750,000
- The City was determined not to be a low-risk auditee.

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

A. Findings - Internal Control Over Financial Reporting

None

B. Findings - Compliance and Other Matters

Reference Number: 2004M-9

Category: Contingent Liabilities

Description of Finding:

We recommended that the City of Walker make decisions on the recording and/or disclosure of contingent liabilities. Contingent liabilities are liabilities for which the City may have a financial obligation that has not been recorded. Some of those contingent liabilities are as follows:

- Contingent Liability to Louisiana Department of Transportation and Development (LDOTD). Primarily during the years 1996 - 1998, the City of Walker entered into several contracts for relocation of utility lines and facilities. Documentation obtained from LDOTD and the City (including road transfer credits issued in 2016) indicates the following amounts owed to LDOTD by the City of Walker.

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

- Many local communities in Louisiana have obligations to the Louisiana Department of Transportation and Development, but the nature and disposition of this liability must be disclosed. It is not determinable if LDOTD will enforce payment of these liabilities. The City recorded these totals as a debit to capital assets and a credit to contributed capital. Upon determination that the liability will be enforceable, the City must reduce the capital accounts by any amounts reimbursed to the LDOTD.

Recommendations:

We recommended that the City review the above contingent liabilities, and additional liabilities disclosed as current balances be corrected, and either record the corrected liabilities in the City's monthly financial statements, or compile the documentation necessary for annual financial statement disclosure.

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

Management's Response:

The City of Walker has disclosed the contingent liability in footnote 19 of its annual financial statements. Also, during 2016, the City negotiated a partial settlement with LDOTD, in which the City accepted ownership of a state owned road within its City limits, Burgess Avenue. In return, LDOTD applied road transfer credits of \$888,282 to reduce the contingent liability. The City still has no intentions to install utility services along the State's right of way.

Corrective Action Taken:

The City has disclosed the contingent liability in footnote 19 of its annual financial statements.