

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023

**CITY OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Walker, Louisiana, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Walker, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and for the 2000 ½ Cent Sales Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2022 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 4 through 11 and 71 through 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's basic financial statements. The Schedule of Insurance Coverage in Force (Schedule 3), Schedule of Number of Customers and Revenue Data Per Customer Per Month (Schedule 4), and Schedule of Utility Rates and Tap Fees (Schedule 5) are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards (Schedule 6) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Justice System Funding – Collecting/Disbursing Entity (Schedule 7) as required by Louisiana revised statute 24:515.2 is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

Schedules 3 through 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. The 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, Schedules 3 through 7 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 26, 2024

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, 2023. 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+deferred outflows-liabilities-deferred inflows) increased to \$45,612,276.
- Increase in total net position of \$3,399,033, 8.05% over 2022, with a three-year increase of 24.70%.
- Total assets increased to \$63,271,695.
- Increase in total assets of \$1,912,151, 3.12% over 2022, with a three-year increase of 18.74%.

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 deferred outflows and liabilities and deferred inflows, with the difference between them 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 31-69 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2023. The City’s net position at December 31, 2023 increased 8.05% to \$45,612,276, with an 8.00% increase in net investment in net 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, 2023 with comparative totals for 2022.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2023

	Governmental Activities	Business-Type Activities	Totals 2023	Totals 2022
ASSETS				
Current and Other Assets	\$ 6,861,806	\$ 9,720,408	\$ 16,582,214	\$ 16,279,028
Restricted Assets	122,729	1,403,586	1,526,315	1,385,530
Capital Assets	26,385,282	18,777,884	45,163,166	43,694,986
Total Assets	<u>33,369,817</u>	<u>29,901,878</u>	<u>63,271,695</u>	<u>61,359,544</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Refunding	-	286,763	286,763	353,510
Deferred Outflows - Related to Pensions	894,213	-	894,213	909,451
Total Deferred Outflows of Resources	<u>894,213</u>	<u>286,763</u>	<u>1,180,976</u>	<u>1,262,961</u>
LIABILITIES				
Current Liabilities	1,278,023	1,769,891	3,047,914	3,871,190
Long-Term Liabilities	7,211,201	5,315,428	12,526,629	13,417,430
Net Pension Liability	3,241,010	-	3,241,010	3,038,688
Total Liabilities	<u>11,730,234</u>	<u>7,085,319</u>	<u>18,815,553</u>	<u>20,327,308</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	24,842	-	24,842	81,954
NET POSITION				
Net Investment in Capital Assets	19,559,739	13,644,630	33,204,369	30,745,610
Restricted	122,729	368,889	491,618	448,366
Unrestricted	2,826,486	9,089,803	11,916,289	11,019,267
Total Net Position	<u>\$ 22,508,954</u>	<u>\$ 23,103,322</u>	<u>\$ 45,612,276</u>	<u>\$ 42,213,243</u>

The Statement of Activities for 2023 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 2023 were \$22,978,681, with \$15,517,568 derived from program revenues and grants; \$6,612,559 from sales, franchise, and property taxes, occupational licenses, and permits; \$209,435 from interest and investment income; \$312,786 from gains on disposition of capital assets; and the remaining \$308,941 from other miscellaneous income. Total expenses for the City in 2023 were \$19,579,648, leaving a \$3,399,033 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2023 with comparative totals for 2022.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2023

	Governmental Activities	Business-Type Activities	Totals 2023	Totals 2022
Revenues:				
Program Revenues:				
Charges for Services	\$ 635,621	\$ 12,645,082	\$ 13,280,703	\$ 14,552,958
Operating Grants and Contributions	207,415	1,129,161	1,336,576	1,556,026
Capital Grants and Contributions	900,289	-	900,289	34,388
General Revenues:				
Taxes	6,612,559	-	6,612,559	6,724,341
Other Grants and Contributions not Restricted to Specific Programs	17,392	-	17,392	18,276
Interest and Investment Income (Loss)	94,863	114,572	209,435	30,469
Net Gain on Disposition of Capital Assets	172,210	140,576	312,786	-
Miscellaneous Income	142,725	166,216	308,941	179,737
Total Revenues	<u>8,783,074</u>	<u>14,195,607</u>	<u>22,978,681</u>	<u>23,096,195</u>
Expenses:				
General Government	2,847,516	-	2,847,516	2,671,825
Public Safety	3,525,335	-	3,525,335	3,249,295
Highways and Streets	1,787,704	-	1,787,704	1,738,231
Parks and Recreation	1,232,199	-	1,232,199	1,045,056
Interest on Long-Term Debt	273,205	-	273,205	264,278
Gas	-	5,259,926	5,259,926	7,301,241
Water	-	2,540,960	2,540,960	2,206,905
Sewer	-	1,689,220	1,689,220	2,010,092
Sanitation	-	423,583	423,583	408,096
Net Loss on Disposition of Capital Assets	-	-	-	24,727
Total Expenses	<u>9,665,959</u>	<u>9,913,689</u>	<u>19,579,648</u>	<u>20,919,746</u>
Change in Net Position before Transfers	(882,885)	4,281,918	3,399,033	2,176,449
Transfers In (Out)	2,333,150	(2,333,150)	-	-
Change in Net Position	1,450,265	1,948,768	3,399,033	2,176,449
Net Position - Beginning of Year	21,058,689	21,154,554	42,213,243	40,036,794
Net Position - End of Year	<u>\$ 22,508,954</u>	<u>\$ 23,103,322</u>	<u>\$ 45,612,276</u>	<u>\$ 42,213,243</u>

Governmental activities. Governmental activities net position increased \$1,450,265 in 2023. Total revenues before transfers increased \$1,088,750 or 14.15%, primarily due to increases in grant revenues, gains from the disposition of capital assets, and miscellaneous income. Total expenses increased \$672,547 or 7.48% attributed to increased spending in administration, parks and recreation, and public safety.

Business-type activities. Business-type activities net position increased \$1,948,768 due to \$2,333,150 transferred to governmental activities. Net income before transfers was \$4,281,918. Improvements and additions to utility services during 2023 included:

- Gas line upgrade Amite Church Road
- Gas line upgrades Lockhart Road
- Gas line tie in near Calvin Underwood Road
- Gas line improvements at Plainview Ridge
- Gas line upgrade and tie in Violet to other side of Hwy 16
- Gas line tie in Lockhart Road to Magnolia Beach Road beneath Hwy 16
- Gas, water and sewer upgrades along Aydell Lane
- Water wells 3 and 4 received video inspections and pump replacements

Analysis of Fund Financial Statements

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$5,619,617. The general fund, which is the chief operating fund of the City, reported (\$5,417,376) in a deficiency of revenues over expenditures. The transfer of \$3,475,000 from the gas department, a transfer of \$567,767 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$623,834, and \$275,761 proceeds from disposition of capital assets resulted in a net decrease in fund balance of (\$475,014). The 2000 ½ cent sales tax fund reported \$1,847,794 in excess revenues over expenditures; and a \$138,177 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 \$1,141,850 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 \$2,920,246. Operating income for the gas department was \$3,578,017. Operations of the water, sewer and sanitation departments resulted in a loss of \$223,983, \$431,018 and \$2,770, respectively. However, \$264,627 in federal grants were received to offset water department expenses and \$1,141,850 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 three 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, 2023 was \$45,163,166. 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 \$2,028,191 with depreciation and amortization expense of \$1,123,663 and business-type activities capital assets decreased by \$560,011 with depreciation and amortization expense of \$1,423,480. Total increase in the net investment in capital assets for 2023 amounted to \$1,468,180. 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, 2023, the City had total debt outstanding of \$12,526,629, a decrease of \$890,801 (6.64%) 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 \$2,320,000.
- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$6,110,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$133,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$256,764.
- Capital Leases having an outstanding balance of \$2,951,709. \$1,956,090 is attributed to the addition of the Utility Meter Solutions contract being in accordance with the GASB Statement 87.
- Notes Payable direct placement balance of \$146,459.
- Compensated absences total \$522,064 with \$339,890 payable from the General Fund and \$182,174 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in Note 12 on pages 58-64.

Future Budget and Economic Outlook

Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2023 include the widening and asphalt overlay of Aydell Lane, including improvements to gas, water and sewer along that road. The City is working with Florida Gas Transmission Company to allow the City to buy increased amounts of natural gas from them, which would help with capacity issues in the Watson and north Denham Springs area. Also, to help in that area, the City expanded the natural gas pipeline running from Hwy 16 and Thunderbird Beach road along Amite Church road in 2023. The City also completed a loop at the corner of Lockhart and Hwy 16 which greatly improved capacity in that area. The water department has secured LDH grants to begin alleviating the legacy problem of brown water within the water system. It also completed video inspections and replaced pumps at two well sites.

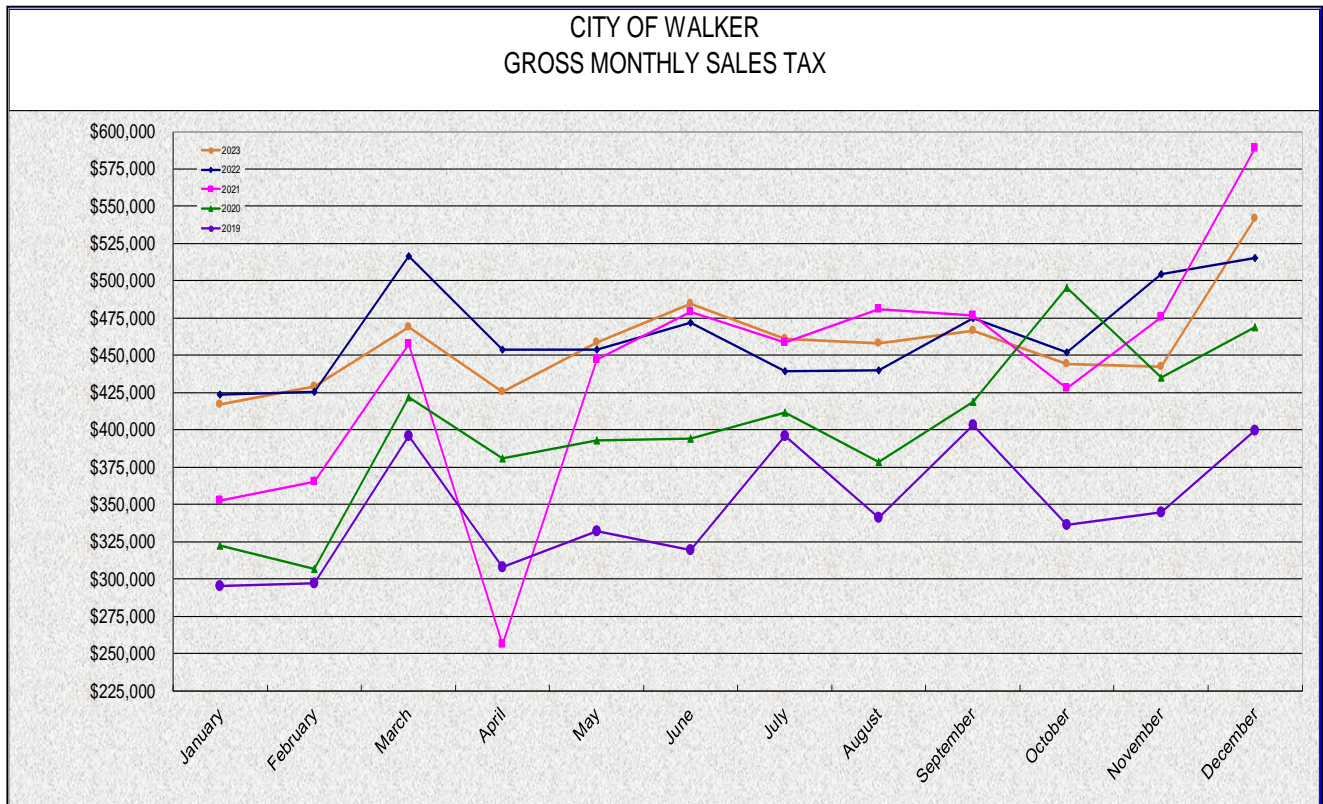
The sewer department has secured a Hazard Mitigation grant through FEMA to replace approximately 500 manhole covers to reduce inflows and infiltration into its sanitary sewer collection system. The sewer department continues to require backflow preventers on grinder pumps on all new homes which must have grinder pumps in order to hook up to the City's system. These backflow preventers are necessary to alleviate possible sewer backups into homes. The City has also made extensive drainage improvements which include numerous roadside ditch cleanouts and over four hundred culvert replacements over the past several years. The City is also in the process of finishing the sewer expansion below I-12 which will pave the way for accelerated economic growth in that area.

In addition to infrastructure improvements, the City has continued with improvements to the baseball ballpark with the completion of parking lot lighting in 2023. It is also partnering with the Livingston Parish Chamber of Commerce’s Leadership Livingston class of 2024 to create a disc golf course. This disc golf course will be the first disc golf course in Livingston Parish. Walker Community Center was completed in 2020. This multimillion-dollar community center will house a variety of agencies during storm events, but the City uses this building as a community/recreational center and has control over it as long as the building is not being used for an emergency situation. The building is being used for recreational activities of all types, including basketball, volleyball, pickleball, dancing and others; it is also used for public meetings and community events as well.

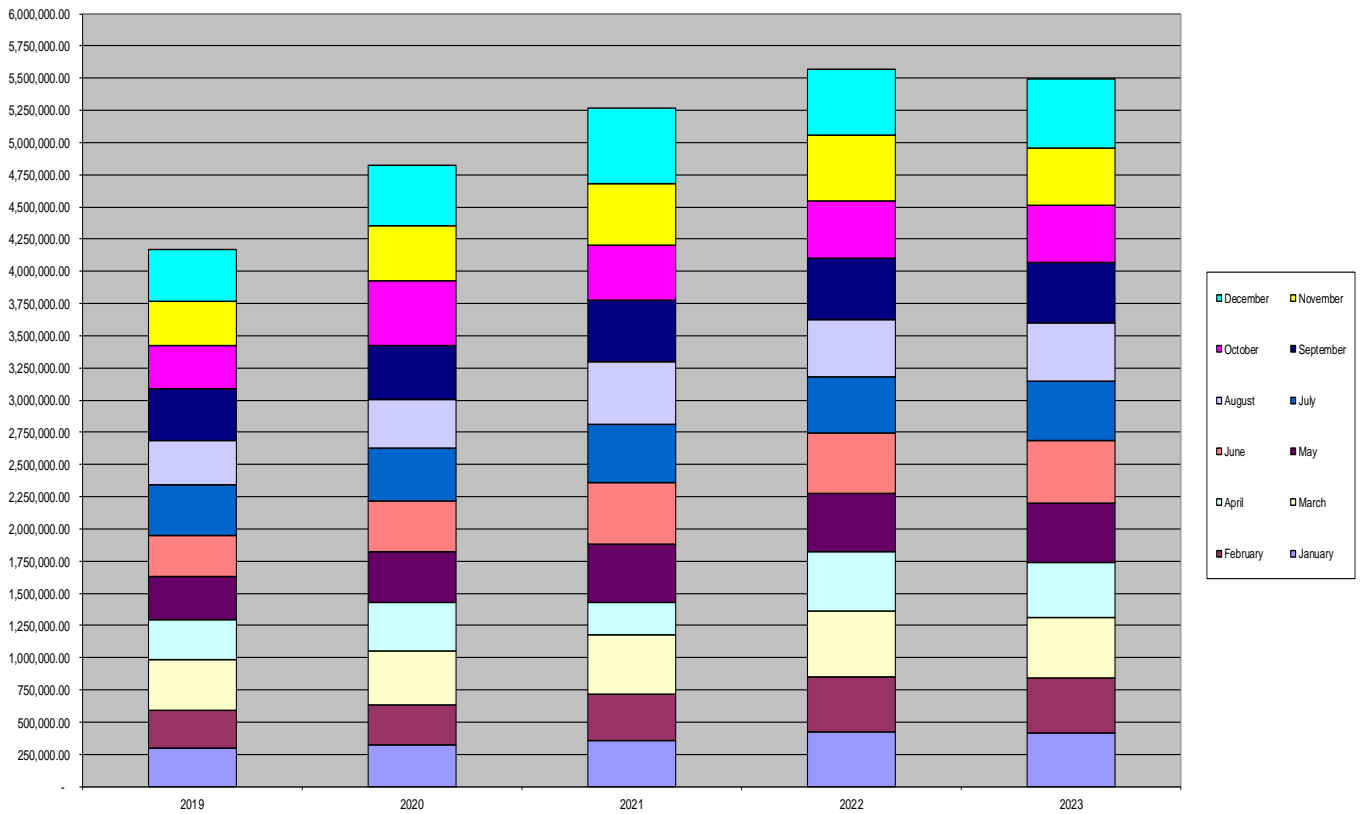
A new state of the art 5,000 square foot animal control shelter has been under works for the last few years with a completion date set for the first half of 2024. This new animal control shelter will be located in the Comar Industrial Park off of Florida Boulevard. The new shelter will be climate controlled with a meet and greet room for animals and potential adopters, as well as a very large fenced in play area for dogs to get out and get exercise.

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

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a (-1.30%) decrease over 2022. The 2024 budget reflects a (-1.17%) decrease from full-year 2023 sales tax revenues. This conservative estimate was made due to the uncertainty of the timing of rate cuts and a loosening in monetary policy by the federal reserve to aid a slowing economy and the potential impact that would have on consumer spending.



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

AS OF DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	Primary Government		2023	2022
	Governmental Activities	Business-Type Activities		
ASSETS				
Cash and Cash Equivalents	\$ 5,631,186	\$ 6,254,436	\$ 11,885,622	\$ 11,506,566
Investments	366,092	-	366,092	348,108
Receivables, Net	321,657	1,938,667	2,260,324	2,355,806
Due from Other Governments	1,332,695	-	1,332,695	1,294,175
Internal Balances	(917,816)	917,816	-	-
Inventories	-	503,230	503,230	549,325
Prepaid Items	127,992	106,259	234,251	225,048
Restricted Assets:				
Cash and Cash Equivalents	122,729	393,817	516,546	477,555
Investments	-	1,009,769	1,009,769	907,975
Capital Assets:				
Land and Construction in Progress	4,512,283	1,018,139	5,530,422	15,542,901
Other Capital Assets, Net of Accumulated Depreciation/Amortization	21,872,999	17,759,745	39,632,744	28,152,085
Total Assets	33,369,817	29,901,878	63,271,695	61,359,544
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Refunding	-	286,763	286,763	353,510
Deferred Outflows - Related to Pensions	894,213	-	894,213	909,451
Total Deferred Outflows of Resources	894,213	286,763	1,180,976	1,262,961
LIABILITIES				
Accounts Payable, Accrued Expenses, and Unearned Revenue	1,236,926	1,744,963	2,981,889	3,799,971
Accrued Interest Payable	41,097	24,928	66,025	71,219
Non-Current Liabilities:				
Due Within One Year	505,864	1,148,377	1,654,241	1,620,354
Due in More Than One Year	6,705,337	4,167,051	10,872,388	11,797,076
Net Pension Liability	3,241,010	-	3,241,010	3,038,688
Total Liabilities	11,730,234	7,085,319	18,815,553	20,327,308
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	24,842	-	24,842	81,954
NET POSITION				
Net Investment in Capital Assets	19,559,739	13,644,630	33,204,369	30,745,610
Restricted for:				
Flood Mitigation	-	-	-	6,640
City Hall Construction	45,768	-	45,768	19,939
Debt Service	76,961	368,889	445,850	421,787
Unrestricted	2,826,486	9,089,803	11,916,289	11,019,267
Total Net Position	\$ 22,508,954	\$ 23,103,322	\$ 45,612,276	\$ 42,213,243

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2023	2022
Primary Government:								
Governmental Activities:								
General Government	\$ 2,847,516	\$ -	\$ 2,174	\$ -	\$ (2,845,342)	\$ -	\$ (2,845,342)	\$ (2,632,679)
Public Safety	3,525,335	412,261	202,020	-	(2,911,054)	-	(2,911,054)	(2,678,369)
Highways and Streets	1,787,704	8,850	3,221	500,289	(1,275,344)	-	(1,275,344)	(1,729,381)
Parks and Recreation	1,232,199	214,510	-	400,000	(617,689)	-	(617,689)	(832,209)
Interest on Long-Term Debt	273,205	-	-	-	(273,205)	-	(273,205)	(264,278)
Total Governmental Activities	9,665,959	635,621	207,415	900,289	(7,922,634)	-	(7,922,634)	(8,136,916)
Business-Type Activities:								
Gas	5,259,926	8,730,824	605,316	-	-	4,076,214	4,076,214	3,792,764
Water	2,540,960	2,254,302	264,627	-	-	(22,031)	(22,031)	40,643
Sewer	1,689,220	1,239,143	259,218	-	-	(190,859)	(190,859)	(457,664)
Sanitation	423,583	420,813	-	-	-	(2,770)	(2,770)	9,526
Total Business-Type Activities	9,913,689	12,645,082	1,129,161	-	-	3,860,554	3,860,554	3,385,269
Total Primary Government	\$ 19,579,648	\$ 13,280,703	\$ 1,336,576	\$ 900,289	(7,922,634)	3,860,554	(4,062,080)	(4,751,647)
General Revenues:								
Taxes:								
Property					143,801	-	143,801	137,703
Sales					5,497,412	-	5,497,412	5,570,166
Occupational and Permits					506,999	-	506,999	494,353
Franchise					464,347	-	464,347	522,119
Other Grants and Contributions not Restricted to Specific Programs								
					17,392	-	17,392	18,276
Net Interest and Investment Income (Loss)					94,863	114,572	209,435	30,469
Net Gain on Disposition of Capital Assets					172,210	140,576	312,786	(24,727)
Miscellaneous Income					142,725	166,216	308,941	179,737
Transfers					2,333,150	(2,333,150)	-	-
Total General Revenues and Transfers					9,372,899	(1,911,786)	7,461,113	6,928,096
Change in Net Position					1,450,265	1,948,768	3,399,033	2,176,449
Net Position - Beginning of Year					21,058,689	21,154,554	42,213,243	40,036,794
Net Position - End of Year					\$ 22,508,954	\$ 23,103,322	\$ 45,612,276	\$ 42,213,243

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WALKER

BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2023	2022
ASSETS				
Cash and Cash Equivalents	\$ 1,340,016	\$ 4,291,170	\$ 5,631,186	\$ 4,712,121
Investments	366,092	-	366,092	348,108
Receivables:				
Ad Valorem Taxes, Net	126,307	-	126,307	120,332
Other	195,350	-	195,350	164,916
Due from Other Funds	-	-	-	644,947
Due from Other Governments	1,009,930	322,765	1,332,695	1,186,037
Cash - Restricted	122,729	-	122,729	96,626
Total Assets	<u>\$ 3,160,424</u>	<u>\$ 4,613,935</u>	<u>\$ 7,774,359</u>	<u>\$ 7,273,087</u>
LIABILITIES				
Accounts Payable	\$ 406,168	\$ -	\$ 406,168	\$ 178,632
Payroll Liabilities	291,172	-	291,172	321,378
Accrued Salaries and Wages	64,317	-	64,317	60,537
Other Liabilities	2,094	-	2,094	19,855
Unearned Revenue	473,175	-	473,175	-
Due to Other Funds	44,819	872,997	917,816	736,231
Total Liabilities	1,281,745	872,997	2,154,742	1,316,633
FUND BALANCES				
Fund Balances:				
Restricted For:				
Debt Service	76,961	-	76,961	70,047
Flood Mitigation	45,768	-	45,768	19,939
First Responders Monument	-	-	-	6,640
Committed For:				
Construction Contracts	1,392,227	-	1,392,227	2,084,706
Assigned To:				
Special Revenue Fund	-	3,740,938	3,740,938	3,602,761
Unassigned:				
General Fund	363,723	-	363,723	172,361
Total Fund Balances	<u>1,878,679</u>	<u>3,740,938</u>	<u>5,619,617</u>	<u>5,956,454</u>
Total Liabilities and Fund Balances	<u>\$ 3,160,424</u>	<u>\$ 4,613,935</u>	<u>\$ 7,774,359</u>	<u>\$ 7,273,087</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

AS OF DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Fund Balances - Total Governmental Funds	\$ 5,619,617	\$ 5,956,454
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	33,896,656	30,841,651
Less Accumulated Depreciation	<u>(7,511,374)</u>	<u>(6,484,560)</u>
	26,385,282	24,357,091
Prepaid Items	127,992	119,556
Long-Term Liabilities are not Due and Payable from current resources and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(3,241,010)	(3,038,688)
General Obligation Bonds	(6,088,983)	(6,228,501)
Compensated Absences Payable	(339,890)	(295,972)
Lease Payable	(782,328)	(596,718)
Accrued Interest Payable	<u>(41,097)</u>	<u>(42,030)</u>
	(10,493,308)	(10,201,909)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	894,213	909,451
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(24,842)</u>	<u>(81,954)</u>
Net Position of Governmental Activities	<u>\$ 22,508,954</u>	<u>\$ 21,058,689</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, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2000		Total	
	General	1/2 Cent Sales Tax Fund	Governmental Funds 2023	2022
Revenues:				
Taxes	\$ 4,290,493	\$ 1,832,459	\$ 6,122,952	\$ 6,248,264
Licenses and Permits	506,999	-	506,999	494,353
Fines and Forfeits	407,531	-	407,531	398,937
Interest	49,188	45,675	94,863	59,106
Fees	164,829	-	164,829	124,051
Intergovernmental	1,036,974	-	1,036,974	269,514
Miscellaneous	205,986	-	205,986	128,640
Total Revenues	6,662,000	1,878,134	8,540,134	7,722,865
Expenditures:				
Current:				
General Government	2,431,188	30,340	2,461,528	2,334,610
Public Safety	3,124,927	-	3,124,927	2,856,619
Highways and Streets	1,424,570	-	1,424,570	1,464,853
Parks and Recreation	991,472	-	991,472	906,081
Capital Outlay	3,255,405	-	3,255,405	1,780,865
Debt Service:				
Principal Retirement	578,223	-	578,223	402,833
Interest and Administration Fees	273,591	-	273,591	264,613
Total Expenditures	12,079,376	30,340	12,109,716	10,010,474
Excess (Deficiency) of				
Revenues over Expenditures	(5,417,376)	1,847,794	(3,569,582)	(2,287,609)
Other Financing Sources (Uses):				
Transfers In	4,042,767	-	4,042,767	4,087,459
Transfer Out	-	(1,709,617)	(1,709,617)	(1,152,459)
Proceeds from Capital Asset Disposition	275,761	-	275,761	27,933
Proceeds from Issuance of Long Term Debt	623,834	-	623,834	155,756
Total Other Financing Sources (Uses)	4,942,362	(1,709,617)	3,232,745	3,118,689
Net Change in Fund Balances	(475,014)	138,177	(336,837)	831,080
Fund Balances at Beginning of Year	2,353,693	3,602,761	5,956,454	5,125,374
Fund Balances at End of Year	\$ 1,878,679	\$ 3,740,938	\$ 5,619,617	\$ 5,956,454

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, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (336,837)	\$ 831,080
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Deferred Inflows of Resources - Unavailable Intergovernmental Revenues 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.	-	(94,676)
Capital Outlay Additions	3,255,405	1,780,865
Depreciation/Amortization Expense	<u>(1,123,663)</u>	<u>(822,926)</u>
	2,131,742	957,939
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/Amortization on Capital Assets Retired	96,849	24,756
Less Cost Basis of Capital Assets Retired During the Year	<u>(200,400)</u>	<u>(77,416)</u>
	(103,551)	(52,660)
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	8,436	(13,897)
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	(623,834)	(155,756)
Repayment of Principal on Long-Term Debt	578,223	402,833
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	(43,918)	(38,436)
(Increase) Decrease in Pension Expense	(231,660)	(267,532)
(Increase) Decrease in Accrued Interest Payable	933	883
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>70,731</u>	<u>66,134</u>
Change in Net Position of Governmental Activities	<u>\$ 1,450,265</u>	<u>\$ 1,635,912</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 137,000	\$ 137,000	\$ 143,801	\$ 6,801
Alcoholic Beverage Tax	16,000	16,000	17,392	1,392
Franchise Taxes	380,000	380,000	464,347	84,347
Sales Taxes	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,664,953</u>	<u>364,953</u>
	3,833,000	3,833,000	4,290,493	457,493
Licenses and Permits:				
Occupational Licenses	375,000	375,000	398,051	23,051
Other Permits and Licenses	<u>50,000</u>	<u>50,000</u>	<u>108,948</u>	<u>58,948</u>
	425,000	425,000	506,999	81,999
Fines and Forfeits	440,000	375,000	407,531	32,531
Interest Income	18,000	18,000	49,188	31,188
Fees:				
Animal Adoption Fees	6,000	6,000	4,730	(1,270)
Parks and Recreation Fees	130,000	100,000	151,249	51,249
Road Maintenance	<u>8,800</u>	<u>8,800</u>	<u>8,850</u>	<u>50</u>
	144,800	114,800	164,829	50,029

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants:				
Other State and Local Grants	160,000	160,000	400,000	240,000
On Behalf Payments for Salaries	108,000	108,000	111,133	3,133
Federal Grants:				
Flood Relief Grant	-	-	2,174	2,174
Street Planning and Construction Grant	1,727,538	501,138	503,510	2,372
Animal Control Grants	-	-	85	85
Law Enforcement Grants	2,000	2,000	20,072	18,072
	<u>1,997,538</u>	<u>771,138</u>	<u>1,036,974</u>	<u>265,836</u>
Miscellaneous:				
Parks and Recreation Concessions	96,100	66,100	63,261	(2,839)
Miscellaneous	146,500	96,500	142,725	46,225
	<u>242,600</u>	<u>162,600</u>	<u>205,986</u>	<u>43,386</u>
Total Revenues	<u>7,100,938</u>	<u>5,699,538</u>	<u>6,662,000</u>	<u>962,462</u>

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	1,000,000	1,075,000	1,056,144	18,856
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	537,000	537,000	459,375	77,625
Advertising	5,000	5,000	5,334	(334)
Collection Costs	103,500	103,500	84,548	18,952
Bank Charges	200	200	170	30
Community Events	75,000	75,000	45,157	29,843
Contracted Services	47,000	47,000	29,208	17,792
Coroner Fees	6,000	6,000	3,640	2,360
Court Costs	18,000	18,000	18,000	-
Economic Development	55,000	55,000	58,000	(3,000)
Insurance	191,400	191,400	105,122	86,278
Legal and Professional	61,500	76,500	109,608	(33,108)
Membership Fees and Educational Training	31,000	31,000	30,499	501
Miscellaneous	7,500	7,500	2,626	4,874
Printing, Postage and Office Supplies	73,000	73,000	49,711	23,289
Rental Equipment	21,400	21,400	15,967	5,433
Repairs and Maintenance	175,000	175,000	111,178	63,822
Small Tools and Supplies	200	200	1,037	(837)
Telephone	48,000	48,000	46,564	1,436
Utilities	167,500	167,500	114,479	53,021
Uniforms	8,000	8,000	3,538	4,462
Vehicle Expenses	20,000	20,000	21,283	(1,283)
Total General Government	<u>2,711,200</u>	<u>2,801,200</u>	<u>2,431,188</u>	<u>370,012</u>

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety:				
Animal Control:				
Salaries	140,000	140,000	147,615	(7,615)
Payroll Taxes, Retirement, and Group Insurance	103,800	103,800	87,602	16,198
Animal Care Expense	17,000	17,000	13,802	3,198
Insurance	7,700	7,700	10,085	(2,385)
Legal and Professional	4,900	4,900	1,996	2,904
Miscellaneous	13,400	13,400	12,474	926
Printing, Postage and Office Supplies	2,200	2,200	1,405	795
Small Tools and Supplies	13,500	13,500	9,869	3,631
Telephone	4,300	4,300	3,903	397
Utilities	12,000	12,000	10,522	1,478
Vehicle Expense	2,200	2,200	3,659	(1,459)
Total Animal Control	<u>321,000</u>	<u>321,000</u>	<u>302,932</u>	<u>18,068</u>
Police:				
Salaries	1,310,500	1,350,500	1,325,154	25,346
Payroll Taxes, Retirement, and Group Insurance	859,600	894,600	838,365	56,235
Contracted Services	7,500	7,500	8,041	(541)
Equipment Rental	55,400	55,400	96,610	(41,210)
Insurance	141,500	141,500	124,129	17,371
Membership Fees and Educational Training	33,000	33,000	27,852	5,148
Miscellaneous	14,000	14,000	14,396	(396)
Printing, Postage and Office Supplies	24,200	39,200	32,565	6,635
Professional Fees	31,000	46,000	45,876	124
Repairs and Maintenance	53,600	53,600	56,595	(2,995)
Small Tools and Supplies	26,500	26,500	33,364	(6,864)

(CONTINUED)

CITY OF WALKER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	33,500	33,500	38,509	(5,009)
Uniforms	22,000	22,000	19,949	2,051
Utilities	17,000	17,000	24,206	(7,206)
Vehicle Expense	155,000	155,000	136,384	18,616
Total Police	<u>2,784,300</u>	<u>2,889,300</u>	<u>2,821,995</u>	<u>67,305</u>
Total Public Safety	<u>3,105,300</u>	<u>3,210,300</u>	<u>3,124,927</u>	<u>85,373</u>
Highways and Streets:				
Streets:				
Salaries	550,000	620,000	620,333	(333)
Payroll Taxes, Retirement, and Group Insurance	212,000	212,000	216,129	(4,129)
Contract Services	6,000	6,000	4,568	1,432
Equipment Expense	140,000	160,000	125,872	34,128
Equipment Rental	15,000	15,000	5,271	9,729
Insurance	106,300	106,300	89,158	17,142
Legal and Professional	110,000	110,000	59,802	50,198
Streets Maintenance and Materials	119,500	139,500	144,661	(5,161)
Membership Fees and Educational Training	5,500	5,500	3,271	2,229
Miscellaneous	2,000	2,000	29	1,971
Small Tools and Supplies	26,500	26,500	31,837	(5,337)
Telephone	7,500	7,500	5,989	1,511
Uniforms	5,400	5,400	11,238	(5,838)
Utilities	95,000	95,000	106,412	(11,412)
Total Highways and Streets	<u>1,400,700</u>	<u>1,510,700</u>	<u>1,424,570</u>	<u>86,130</u>

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	270,000	300,000	303,605	(3,605)
Payroll Taxes, Retirement, and Group Insurance	111,400	111,400	126,341	(14,941)
Contract Services	6,500	6,500	3,014	3,486
Concession Supplies	42,500	42,500	31,603	10,897
Equipment Rental	17,000	17,000	5,892	11,108
Insurance	31,700	31,700	37,691	(5,991)
Membership Fees and Educational Training	8,000	8,000	5,508	2,492
Miscellaneous	47,500	47,500	23,203	24,297
Legal and Professional	7,800	7,800	26,710	(18,910)
Printing, Postage and Office Supplies	6,700	6,700	5,468	1,232
Recreational Supplies	50,000	75,000	82,044	(7,044)
Repairs and Maintenance	71,200	86,200	143,121	(56,921)
Small Tools and Supplies	15,500	15,500	14,970	530
Telephone	11,000	11,000	9,539	1,461
Tournament Expenses	125,000	125,000	128,711	(3,711)
Utilities	60,000	60,000	41,650	18,350
Uniforms	2,500	2,500	2,402	98
Total Parks and Recreation	884,300	954,300	991,472	(37,172)
Capital Outlay	2,888,759	3,255,957	3,255,405	552
Debt Service:				
Principal Retirement	374,000	374,000	578,223	(204,223)
Interest	287,200	287,200	273,591	13,609
Total Debt Service	661,200	661,200	851,814	(190,614)
Total Expenditures	11,651,459	12,393,657	12,079,376	314,281

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(4,550,521)	(6,694,119)	(5,417,376)	1,276,743
Other Financing Sources (Uses):				
Transfers In	3,910,000	4,042,766	4,042,767	1
Sale of Capital Assets	180,000	-	275,761	275,761
Proceeds from Issuance of Debt	-	808,957	623,834	(185,123)
Total Other Financing Sources (Uses)	<u>4,090,000</u>	<u>4,851,723</u>	<u>4,942,362</u>	<u>90,639</u>
Net Change in Fund Balance	(460,521)	(1,842,396)	(475,014)	1,367,382
Fund Balance at Beginning of Year	<u>2,353,693</u>	<u>2,353,693</u>	<u>2,353,693</u>	-
Fund Balance at End of Year	<u>\$ 1,893,172</u>	<u>\$ 511,297</u>	<u>\$ 1,878,679</u>	<u>\$ 1,367,382</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - 2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,832,459	\$ 182,459
Interest	40,000	40,000	45,675	5,675
Total Revenues	1,690,000	1,690,000	1,878,134	188,134
Expenditures:				
General Government:				
Collection Expenses	28,000	33,000	30,340	2,660
Total Expenditures	28,000	33,000	30,340	2,660
Excess of Revenues over Expenditures	1,662,000	1,657,000	1,847,794	190,794
Other Financing Sources (Uses):				
Operating Transfers Out	(2,125,000)	(1,709,616)	(1,709,617)	(1)
Total Other Financing Sources (Uses)	(2,125,000)	(1,709,616)	(1,709,617)	(1)
Net Change in Fund Balance	(463,000)	(52,616)	138,177	190,793
Fund Balance at Beginning of Year	3,602,761	3,602,761	3,602,761	-
Fund Balance at End of Year	\$ 3,139,761	\$ 3,550,145	\$ 3,740,938	\$ 190,793

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF NET POSITION
PROPRIETARY FUND

AS OF DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	Enterprise Fund	
	2023	2022
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 6,254,436	\$ 6,794,445
Due From Other Funds	917,816	91,284
	<u>7,172,252</u>	<u>6,885,729</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$15,000 in 2023 and \$15,000 in 2022)	1,337,081	1,547,579
Unbilled Utility Sales	567,117	522,979
Other	34,469	-
Due from Other Governments	-	108,138
	<u>1,938,667</u>	<u>2,178,696</u>
Inventory, at Cost	503,230	549,325
Prepaid Expenses	89,252	84,527
Total Current Assets	<u>9,703,401</u>	<u>9,698,277</u>
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Cash Revenue Bond Covenant Accounts	393,817	380,929
Investments - Customer Deposits	1,009,769	907,975
Prepaid Items	17,007	20,965
Capital Assets:		
Land and Construction in Progress	1,018,139	1,486,274
Other Capital Assets, Net of Accumulated Depreciation/Amortization	17,759,745	17,851,621
Total Capital Assets	<u>18,777,884</u>	<u>19,337,895</u>
Total Noncurrent Assets	<u>20,198,477</u>	<u>20,647,764</u>
Total Assets	<u>29,901,878</u>	<u>30,346,041</u>
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	286,763	353,510
Total Deferred Outflows of Resources	<u>286,763</u>	<u>353,510</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 30,188,641</u>	<u>\$ 30,699,551</u>

(CONTINUED)

CITY OF WALKER

STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUND

AS OF DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	<u>Enterprise Fund</u>	
	<u>2023</u>	<u>2022</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 676,745	\$ 1,094,629
Accrued Salaries and Wages	30,521	29,238
Accumulated Unpaid Vacation	45,544	38,036
Customers' Deposits	896,064	868,913
Other Current Liabilities	73,018	40,824
Unearned Revenue	68,615	1,185,965
Bonds and Lease Payable - Current Portion	1,102,833	1,116,666
Accrued Bond Interest	24,928	29,189
Total Current Liabilities	<u>2,918,268</u>	<u>4,403,460</u>
Noncurrent Liabilities:		
Bonds and Lease Payable - Less Current Portion	4,030,421	5,027,430
Accumulated Unpaid Vacation	136,630	114,107
Total Noncurrent Liabilities	<u>4,167,051</u>	<u>5,141,537</u>
Total Liabilities	<u>7,085,319</u>	<u>9,544,997</u>
Net Position:		
Net Investment in Capital Assets	13,644,630	13,193,799
Restricted for Debt Service	368,889	351,740
Unrestricted	9,089,803	7,609,015
Total Net Position	<u>23,103,322</u>	<u>21,154,554</u>
Total Liabilities and Net Position	<u>\$ 30,188,641</u>	<u>\$ 30,699,551</u>

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, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

	Enterprise Fund	
	2023	2022
Operating Revenues:		
Charges for Services	\$ 12,645,082	\$ 13,962,162
Total Operating Revenues	12,645,082	13,962,162
Operating Expenses:		
Personnel Services and Benefits	2,342,943	2,163,425
Contractual Services	1,314,498	1,194,244
Cost of Materials	2,290,494	4,610,334
Utilities	318,898	356,451
Repair and Maintenance	1,590,010	1,543,105
Supplies	175,150	215,927
Insurance	245,575	231,215
Depreciation	910,041	894,617
Amortization	513,439	472,381
Bad Debts	23,788	20,755
Total Operating Expenses	9,724,836	11,702,454
Operating Income	2,920,246	2,259,708
Nonoperating Revenues:		
Net Interest and Investment Income (Loss)	114,572	(28,637)
Gain (Loss) on Capital Asset Dispositions	140,576	-
Miscellaneous	166,216	118,905
Total Nonoperating Revenues	421,364	90,268
Nonoperating Expenses:		
Interest and Administrative Fees	143,205	179,077
Amortization of Bond Insurance Costs	3,958	3,885
Amortization of Bond Discount (Premium)	(25,057)	(24,592)
Amortization of Deferred Amount on Refunding	66,747	65,510
Total Nonoperating Expenses	188,853	223,880
Income Before Contributions and Transfers	3,152,757	2,126,096
Capital and Other Contributions	1,129,161	1,349,441
Transfers from Special Revenue Fund	1,141,850	960,000
Transfers to General Fund	(3,475,000)	(3,895,000)
Change in Net Position	1,948,768	540,537
Total Net Position at Beginning of Year	21,154,554	20,614,017
Total Net Position at End of Year	\$ 23,103,322	\$ 21,154,554

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, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>Enterprise Fund</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 12,861,323	\$ 13,820,165
Cash Payments to Suppliers for Goods and Services	(7,396,295)	(7,965,332)
Cash Payments to Employees for Services and Benefits	(2,311,629)	(2,168,053)
Other Receipts (Payments)	<u>(660,316)</u>	<u>621,856</u>
Net Cash Provided by Operating Activities	2,493,083	4,308,636
Cash Flows From Noncapital Financing Activities:		
Transfer From Special Revenue Fund	1,141,850	960,000
Transfer To General Fund	<u>(3,475,000)</u>	<u>(3,895,000)</u>
Net Cash Used in Noncapital Financing Activities	(2,333,150)	(2,935,000)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Disposition of Assets	302,898	-
Acquisition and Construction of Capital Assets	(1,025,791)	(3,630,508)
Net Receipts from Customer Deposits	27,151	25,371
Proceeds from Issuance of Debt	263,824	2,484,707
Principal Paid on Debt	(1,249,609)	(693,886)
Interest and Administrative Fees Paid on Loans	(147,466)	(181,931)
Capital Contributions	<u>1,129,161</u>	<u>1,349,441</u>
Net Cash Used in Capital and Related Financing Activities	(699,832)	(646,806)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(101,794)	(993)
Net Investment Income (Loss)	<u>114,572</u>	<u>(28,637)</u>
Net Cash Provided by (Used in) Investing Activities	12,778	(29,630)
Net Increase (Decrease) in Cash and Cash Equivalents	(527,121)	697,200
Cash and Cash Equivalents - Beginning of Year	<u>7,175,374</u>	<u>6,478,174</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 6,648,253</u></u>	<u><u>\$ 7,175,374</u></u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>Enterprise Fund</u>	
	<u>2023</u>	<u>2022</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,920,246	\$ 2,259,708
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	910,041	894,617
Amortization	513,439	472,381
Provision for Bad Debts	23,788	20,755
Miscellaneous Revenues	166,216	118,905
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	260,379	(178,997)
(Increase) Decrease in Unbilled Utility Sales	(44,138)	37,000
(Increase) Decrease in Due from Other Funds	(826,532)	502,951
(Increase) Decrease in Inventory	46,095	(47,827)
(Increase) Decrease in Prepaid Expenses	(4,725)	(9,722)
Increase (Decrease) in Accounts Payable	(417,884)	263,081
Increase (Decrease) in Accrued Salaries and Wages	1,283	449
Increase (Decrease) in Unearned Revenue	68,615	-
Increase (Decrease) in Other Current Liabilities	(1,153,771)	(19,588)
Increase (Decrease) in Accumulated Unpaid Vacation	30,031	(5,077)
Net Cash Provided by Operating Activities	<u>\$ 2,493,083</u>	<u>\$ 4,308,636</u>
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	<u>\$ 3,958</u>	<u>\$ 3,885</u>
Amortization of Bond (Premium) Discount	<u>\$ (25,057)</u>	<u>\$ (24,592)</u>
Amortization of Deferred Amount on Refunding	<u>\$ 66,747</u>	<u>\$ 65,510</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 6,254,436	\$ 6,794,445
Cash and Cash Equivalents, Restricted	393,817	380,929
Total Cash and Cash Equivalents	<u>\$ 6,648,253</u>	<u>\$ 7,175,374</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 general 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, 2023

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).

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.

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.

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, 2023

- *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, 2023

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. The City has one proprietary fund as follows:

Enterprise 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, 2023

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 current financial resources.

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, 2023

The proprietary fund is accounted for on an economic resources 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, 2023

- 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 2023 was adopted on December 12, 2022.
- 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 11, 2023.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.

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

E. Cash and Investments

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

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, 2023

Advances between funds, as reported in the fund financial statements, are offset by a fund balance liability 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, 2023.

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. 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 and proprietary fund 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 acquisition 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, 2023

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
Building 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 and refunding bonds. 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, 2023, the accrued liability for unpaid vacation benefits amounted to \$522,064. The amount applicable to the Enterprise Fund was \$182,174 and is recorded in that Fund, and the amount of \$339,890 applicable to the General Fund is reflected on the Statement of Net Position.

In accordance with GASB Codification 60, no liability has been accrued for unused employee sick leave.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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. Net Position and Fund Balance

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 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

2. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Statements – Governmental Funds

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 constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for specific purposes determined by a formal action by City Council, which is the highest level of decision making authority of the City. 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 that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes. Assigned fund balance includes (a) all remaining amounts (except for negative balances), that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose based on the discretion of the Council.

Unassigned - Amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, includes expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned to those purposes.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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. 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, and such differences may be material.

P. Current Year Adoption of New Accounting Standards

During the year, the City implemented GASB Statement No. 94, *Public-Private and Public Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)*, and the portion of GASB Statement No. 97, *Omnibus 2022* that relates to leases, PPPs, and SBITAs. The implementation of these statements had no material effect on the City's financial statements.

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 \$12,402,168 at December 31, 2023. The following is a summary of cash and cash equivalents at December 31, 2023.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>5,753,915</u>	\$ <u>6,648,253</u>	\$ <u>12,402,168</u>
Bank Balances	\$ <u>5,939,915</u>	\$ <u>6,519,272</u>	\$ <u>12,459,187</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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. The City does not have a formal policy on custodial credit risk. 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. Even though the pledged securities may be considered uncollateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds on demand. As of the December 31, 2023, the City has cash and cash equivalents in two banks. In one bank, the City has \$256,265 in restricted bank trust accounts which are all secured. In the other bank, the City has \$12,202,922 in demand deposits and savings accounts (collected bank balances) for cash and cash equivalents. \$500,000 of the \$12,202,922 in the demand deposits and savings are secured from risk by \$500,000 of federal deposit insurance and the remaining \$11,702,922 of demand deposits and savings accounts are secured by pledged securities. The \$11,702,922 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. Investments

All investments are stated on the balance sheet (carrying value) at fair value, except nonparticipating investment contracts which are reported at cost. 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.

At December 31, 2023, the City holds investments totaling \$1,375,861 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>366,092</u>	\$ <u>366,092</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund - A - Mutual Fund	\$ <u>1,009,769</u>	\$ <u>1,009,769</u>

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- **Credit risk**: LAMP is rated AAAM by Standards and Poor's.
- **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.
- **Concentration of credit risk**: Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk**: LAMP is designed to be highly liquid to give its 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 53 days as of December 31, 2023.
- **Foreign currency risk**: Not applicable.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. 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

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 measurement as of December 31, 2023: U.S. Government Securities Fund - A - Mutual Funds of \$1,009,769 are valued using quoted market prices (Level 1 inputs).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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.

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.

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, 2023, none of the City's investment in mutual funds of \$1,009,769 were exposed to custodial credit risk.

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, 2023, taxes of 2.23 mills were levied on property with assessed valuations totaling \$64,687,080 and were dedicated to general purposes.

Total taxes levied were \$144,255. Taxes receivable at December 31, 2023, consisted of the following:

Taxes Receivable - Current Roll	\$144,255
2023 Tax Collected Prior to 12/31/2023	(15,784)
Allowance for Uncollectible Taxes	<u>(2,164)</u>
	<u>\$126,307</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

5. Receivables

Receivables as of December 31, 2023, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Enterprise Lease</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Credit Losses</u>	<u>Total - Net Receivable</u>
<u>Governmental Fund:</u>							
General Fund	\$ 144,255	\$ 142,782	\$ 1,030	\$ 51,538	\$ -	\$ (17,948)	\$ 321,657
<u>Proprietary Fund:</u>							
Utility Fund	-	-	1,352,081	34,469	567,117	(15,000)	1,938,667
Total Receivables	<u>\$ 144,255</u>	<u>\$ 142,782</u>	<u>\$ 1,353,111</u>	<u>\$ 86,007</u>	<u>\$ 567,117</u>	<u>\$ (32,948)</u>	<u>\$ 2,260,324</u>

6. Due From Other Governments

Due from Other Governments as of December 31, 2023, consists of the following:

	<u>Department of Transportation</u>	<u>Livingston Parish School Board</u>	<u>Department of Justice</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Fund:</u>					
General Fund	\$ 177,730	\$ 645,565	\$ 4,699	\$ 181,936	\$ 1,009,930
2000 ½ Cent Sales Tax Fund	-	322,765		-	322,765
Total Governmental Activities	<u>177,730</u>	<u>968,330</u>	<u>4,699</u>	<u>181,936</u>	<u>1,332,695</u>
Total Due from Other Governments	<u>\$ 177,730</u>	<u>\$ 968,330</u>	<u>\$ 4,699</u>	<u>\$ 181,936</u>	<u>\$ 1,332,695</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2023, reported in the fund financial statements.

	<u>Net Internal Due To</u>	<u>Net Internal Due From</u>	<u>Total</u>
<u>Governmental Fund:</u>			
General Fund	\$ (44,819)	\$ -	\$ (44,819)
2000 ½ Cent Sales Tax Fund	(872,997)	-	(872,997)
Total Governmental Activities	<u>(917,816)</u>	<u>-</u>	<u>(917,816)</u>
<u>Proprietary Fund:</u>			
Utility Fund	-	917,816	917,816
Total Interfund Receivables (Payables)	<u>\$ (917,816)</u>	<u>\$ 917,816</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Deletions	Transfers	Balance December 31, 2023
<u>Governmental Activities:</u>					
Capital Assets not being Depreciated:					
Land and Right-of-Ways	\$ 3,002,940	\$ -	\$ -	\$ -	\$ 3,002,940
Construction in Progress	11,053,687	1,939,741	(11,484,085)	-	1,509,343
Total Capital Assets not being Depreciated	14,056,627	1,939,741	(11,484,085)	-	4,512,283
Non-Lease Capital Assets being Depreciated:					
Land Improvements	959,355	3,099,326	-	-	4,058,681
Buildings	7,178,627	8,403,690	-	-	15,582,317
Equipment and Vehicles	2,705,074	511,704	-	-	3,216,778
Furniture and Fixtures	26,161	-	-	-	26,161
Recreational Equipment	468,114	-	-	-	468,114
Infrastructure	4,795,016	-	-	-	4,795,016
Total Non-Lease Capital Assets being Depreciated	16,132,347	12,014,720	-	-	28,147,067
Less: Accumulated Depreciation for:					
Land Improvements	340,727	172,888	-	-	513,615
Buildings	1,259,094	365,040	-	-	1,624,134
Equipment and Vehicles	2,212,380	189,696	-	-	2,402,076
Furniture and Fixtures	26,161	-	-	-	26,161
Recreational Equipment	379,902	9,986	-	-	389,888
Infrastructure	1,958,217	141,563	-	-	2,099,780
Total Accumulated Depreciation	6,176,481	879,173	-	-	7,055,654
Total Non-Lease Capital Assets being Depreciated, Net	9,955,866	11,135,547	-	-	21,091,413
Lease Assets:					
Vehicles	463,824	785,029	(200,400)	-	1,048,453
Total Lease Assets being Amortization	463,824	785,029	(200,400)	-	1,048,453
Less: Accumulated Amortization for:					
Vehicles	119,226	244,490	(96,849)	-	266,867
Total Accumulated Amortization	119,226	244,490	(96,849)	-	266,867
Total Lease Assets Being Amortized, Net	344,598	540,539	(103,551)	-	781,586
Total Governmental Activities Capital Assets, Net	<u>\$ 24,357,091</u>	<u>\$ 13,615,827</u>	<u>\$ (11,587,636)</u>	<u>\$ -</u>	<u>\$ 26,385,282</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

	Balance January 1, 2023	Additions	Deletions	Transfers	Balance December 31, 2023
<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	1,098,450	437,827	(905,962)	-	630,315
Total Capital Assets not being Depreciated	1,486,274	437,827	(905,962)	-	1,018,139
Non-Lease Capital Assets being Depreciated:					
Gas System	7,578,309	634,710	-	-	8,213,019
Water System	9,288,402	242,521	-	-	9,530,923
Sewer System	14,272,225	-	-	-	14,272,225
Buildings	436,845	-	-	-	436,845
Land Improvements	111,568	18,931	-	-	130,499
Machinery and Equipment	1,038,860	229,989	-	-	1,268,849
Total Non-Lease Capital Assets being Depreciated	32,726,209	1,126,151	-	-	33,852,360
Less: Accumulated Depreciation for:					
Gas System	4,246,948	206,476	-	-	4,453,424
Water System	3,285,891	250,099	-	-	3,535,990
Sewer System	8,886,776	367,983	-	-	9,254,759
Buildings	151,189	9,832	-	-	161,021
Land Improvements	81,545	3,493	-	-	85,038
Machinery and Equipment	910,587	72,158	-	-	982,745
Total Accumulated Depreciation	17,562,936	910,041	-	-	18,472,977
Total Non-Lease Capital Assets being Depreciated, Net	15,163,273	216,110	-	-	15,379,383
Lease Assets:					
Equipment & Vehicles	3,160,729	367,775	(282,238)	-	3,246,266
Total Lease Assets being Amortization	3,160,729	367,775	(282,238)	-	3,246,266
Less: Accumulated Amortization for:					
Equipment and Vehicles	472,381	513,439	(119,916)	-	865,904
Total Accumulated Amortization	472,381	513,439	(119,916)	-	865,904
Total Lease Assets Being Amortized, Net	2,688,348	(145,664)	(162,322)	-	2,380,362
Total Business-Type Activities Capital Assets, Net	\$ 19,337,895	\$ 508,273	\$ (1,068,284)	\$ -	\$ 18,777,884

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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

Governmental Activities:

General Government	\$ 355,963
Public Safety	163,296
Highways and Streets	359,932
Parks and Recreation	244,472
Total Depreciation and Amortization Expense	1,123,663
Governmental Activities	\$ 1,123,663

Business-Type Activities:

Water	\$ 645,049
Gas	365,028
Sewer	413,403
Total Depreciation and Amortization Expense -	1,423,480
Business -Type Activities	\$ 1,423,480

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. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized using the straight line method over a period of the shorter of the lease term or the useful life of the asset.

A summary of commitments under construction contracts for the City at December 31, 2023, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2023	Unexpended Commitment
New Animal Shelter Building	\$ 220,264	\$ 220,264	\$ -
Disc Golf Course	3,754	3,754	-
Pendarvis Lane Phase I	1,364,614	397,949	966,665
Aydell Lane Improvements	1,215,321	789,759	425,562
Safe Routes Sidewalks	689	689	-
Aydell LN Bridge Replacement	96,928	96,928	-
Total	\$ 2,901,570	\$ 1,509,343	\$ 1,392,227

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2023</u>	<u>Unexpended Commitment</u>
Sewer Expansion Below 1-12	\$ 838,856	\$ 573,035	\$ 265,821
Fire Station Gas Extension	4,380	4,380	-
Cane Market Regulator Station	6,253	6,253	-
Gas Upgrade - Eden @ Lockhart	16,794	16,794	-
Cane Market/ 449 Regulator Station	5,313	5,313	-
Water Well 6	7,500	7,500	-
1024 Bridge Replace	9,850	9,850	-
Gas Extension Cook Road	7,190	7,190	-
Total	<u>\$ 896,136</u>	<u>\$ 630,315</u>	<u>\$ 265,821</u>

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2023 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 406,168	\$ 676,745	\$1,082,913
Unearned Revenue	473,175	-	473,175
Payroll Liabilities	291,172	73,018	364,190
Accrued Salaries	64,317	30,521	94,838
Other Liabilities	2,094	-	2,094
Customer Deposits	<u>-</u>	<u>896,064</u>	<u>896,064</u>
Total	<u>\$1,236,926</u>	<u>\$1,676,348</u>	<u>\$2,913,274</u>

For Governmental Activities, the unearned revenue balance is related to the completion of the 3rd floor of the new City Hall building. The sheriff's office paid for the finishing out of the 3rd floor (\$567,810 total) as they will be leasing it for five years beginning March 2023. In exchange for the Sheriff's office paying for the 3rd floor to be finished, Walker will treat this as payment for the first 5 years of rent. Walker created this unearned revenue liability account to track this "rent" and will be reduced each month by the amount of the monthly rent due (\$9,463). This monthly rent will be recognized in other income. The \$473,175 balance as of December 31, 2023 is the original lease balance of \$567,810 less 10 months of rent totaling \$94,635.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

10. Retirement Benefits (Other Than Police Officers)

The City has a qualified retirement plan (the City of Walker 401(K) Profit Sharing 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 \$133,668, for the year ended December 31, 2023.

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.

A. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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.

B. 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. If the member elects a money market investment account the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds the System transferred lump sum distributions to the stable value fund of Empower Retirement. Empower Retirement acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program. If they do so, they can invest in Vanguard Lifestrategy Funds through Empower Retirement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

C. Initial Benefit Option Plan

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

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The City's required contribution rate for the period January 1, 2023 to June 30, 2023 was 31.25% and was 33.93% for the period July 1, 2023 to December 31, 2023. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$337,142 for the year ended December 31, 2023.

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 \$70,730 for the year ended December 31, 2023.

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

At December 31, 2023, the City reported a liability of \$3,241,010 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2023 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 0.306679% which was an increase of 0.00938% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized pension expense of \$569,155 related to MPERS.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 228,230	\$ 1,358
Changes in assumptions	54,067	-
Net difference between projected and actual earnings on pension plan investments	349,782	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,739	23,484
Employer contributions subsequent to the measurement date	177,395	-
Total	\$ 894,213	\$ 24,842

\$177,395 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, 2024. 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>		
2024	\$	243,133
2025		98,477
2026		367,750
2027		(17,384)
	\$	691,976

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 for the plan are as follows:

Expected Remaining Service Lives	4 years
Inflation	2.50%
Investment rate of return	6.750% (net of investment expense)
Salary increases	Vary from 12.30% in first two years

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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 scale was selected for disabled annuitants.

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

For MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 7.90% for the year ended June 30, 2023. 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, 2023 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.0%	3.29%
Fixed Income	34.0%	1.12%
Alternative	14.0%	0.95%
Other	0.0%	0.00%
Total	100.0%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Return		7.90%

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.750%, which was the same from the prior measurement date of June 30, 2022. 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.

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, 2023 for MPERS:

	<u>Changes in Discount Rate</u>		
		Current	
	1% Decrease	Discount	1% Increase
	<u>5.750%</u>	<u>6.750%</u>	<u>7.750%</u>
Net Pension Liability	<u>\$ 4,559,012</u>	<u>\$ 3,241,010</u>	<u>\$ 2,138,239</u>

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. 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, 2023, included in liabilities is a payable in the amount of \$51,199 to MPERS. This payable is normal legally required contributions to the pension plan.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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, 2023:

	<u>Debt Payable</u> <u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> <u>12/31/2023</u>	<u>Due within</u> <u>1 year</u>
Governmental Activities:					
<u>Revenue Bonds</u>					
City Hall Construction Bond, Series 2018	\$ 6,250,000	\$ -	\$ 140,000	\$ 6,110,000	\$ 145,000
Discount on Bonds	(21,499)	-	(482)	(21,017)	(498)
Total Revenue Bonds	<u>6,228,501</u>	<u>-</u>	<u>139,518</u>	<u>6,088,983</u>	<u>144,502</u>
Compensated Absences	295,972	176,474	132,556	339,890	84,972
Lease Payable	334,849	623,834	322,814	635,869	209,931
Note Payable - Direct Borrowing	<u>261,869</u>	<u>-</u>	<u>115,410</u>	<u>146,459</u>	<u>66,459</u>
Total Governmental Activities	7,121,191	800,308	710,298	7,211,201	505,864
Business-Type Activities:					
<u>Revenue Bonds</u>					
Refunding Series Bonds, Series 2016 (Gross)	2,860,000	-	540,000	2,320,000	555,000
Combined Utilities Revenue Bonds, Series 2010B	153,000	-	20,000	133,000	21,000
Combined Utilities Revenue Bonds, Series 2011	291,764	-	35,000	256,764	36,000
Premium on Bonds	<u>132,707</u>	<u>-</u>	<u>25,057</u>	<u>107,650</u>	<u>25,752</u>
Total Revenue Bonds	<u>3,437,471</u>	<u>-</u>	<u>620,057</u>	<u>2,817,414</u>	<u>637,752</u>
Compensated Absences	152,143	95,860	65,829	182,174	45,544
Lease Payable	<u>2,706,625</u>	<u>263,824</u>	<u>654,609</u>	<u>2,315,840</u>	<u>465,081</u>
Total Business-Type Activities	<u>6,296,239</u>	<u>359,684</u>	<u>1,340,495</u>	<u>5,315,428</u>	<u>1,148,377</u>
Total Debt	<u><u>\$13,417,430</u></u>	<u><u>\$ 1,159,992</u></u>	<u><u>\$2,050,793</u></u>	<u><u>\$12,526,629</u></u>	<u><u>\$1,654,241</u></u>

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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, 2023, the unamortized balance is \$286,763. Also, as a result of the advance refunding, the Series 2009 bonds are paid off.

Refunding Bonds, Series 2016

City of Walker Series 2016 Revenue Refunding Bonds - \$4,890,000 (originally \$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%.

\$ 2,320,000

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 - Business-Type Activities		
	Principal	Interest	Total
2024	\$ 555,000	\$ 69,600	\$ 624,600
2025	570,000	52,950	622,950
2026	590,000	35,850	625,850
2027	605,000	18,150	623,150
	\$ 2,320,000	\$ 176,550	2,496,550

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, 2023, 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 \$179,304, and is reported on the Proprietary Fund as restricted cash.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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%.

\$ 133,000

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 - Business-Type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2024	\$ 21,000	\$ 3,924	\$ 665	\$ 25,589
2025	21,000	3,304	560	24,864
2026	22,000	2,685	455	25,140
2027	22,000	2,036	345	24,381
2028	23,000	1,387	235	24,622
2029	24,000	708	120	24,828
	<u>\$ 133,000</u>	<u>\$ 14,044</u>	<u>\$ 2,380</u>	<u>\$ 149,424</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%.

\$ 256,764

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 - Business-Type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2024	\$ 36,000	\$ 1,155	\$ 1,284	\$ 38,439
2025	36,000	993	1,104	38,097
2026	36,000	831	924	37,755
2027	37,000	669	744	38,413
2028	37,000	503	559	38,062
2029-2030	74,764	506	563	75,833
	<u>\$ 256,764</u>	<u>\$ 4,657</u>	<u>\$ 5,178</u>	<u>\$ 266,599</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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, 2023, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$214,513 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2023.

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%.

\$ 6,110,000

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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 - Governmental Activities		
	Principal	Interest	Total
2024	\$ 145,000	\$ 246,581	\$ 391,581
2025	150,000	240,781	390,781
2026	160,000	234,781	394,781
2027	165,000	228,381	393,381
2028	170,000	221,781	391,781
2029-2033	970,000	1,000,306	1,970,306
2034-2038	1,175,000	790,906	1,965,906
2039-2043	1,430,000	535,906	1,965,906
2044-2048	1,745,000	221,719	1,966,719
	\$ 6,110,000	\$ 3,721,142	\$ 9,831,142

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

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2023, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$76,961 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, 2023.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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.

The City entered into an agreement on November 20, 2019 for financing the purchase of five police vehicles. The agreement requires 20 quarterly payments of principal and interest of \$11,884 with the final payment due December 15, 2024.

Direct Borrowing for the Year Ended December 31,	Principal	Interest	Total
2024	\$ 66,459	\$ 1,075	\$ 67,534
2025	20,000	-	20,000
2026	20,000	-	20,000
2027	20,000	-	20,000
2028	20,000	-	20,000
	<u>\$ 146,459</u>	<u>\$ 1,075</u>	<u>\$ 147,534</u>

Lease Payable

The City records leases in accordance with GASB statement No. 87, Leases. Leases greater than 12 months are recorded as a right-of-use asset and a lease liability. At December 31, 2023, the City had a lease liability of \$2,951,709. See note 8 for a recap of lease assets.

The City entered into a master fleet lease agreement with Enterprise on September 13, 2018 for financing the leasing of vehicles. The City has continued to finance the leasing of additional vehicles during 2023. As of December 31, 2023, this master lease agreement encompassed 55 vehicles with interest rates ranging from .78% - 4.49%, monthly payments ranging from \$37 - \$1,107, and final maturities ranging from July 31, 2024 - June 30, 2027.

The City entered into an agreement on March 31, 2019 with Utility Meter Solutions for financing the leasing of an electronic metering system. The agreement requires monthly payments of principal and interest of \$30,938 with the final payment due June 30, 2029.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

The future leases payments under lease agreements and in the aggregate are as follows at December 31, 2023:

<u>Description/Purpose</u>	<u>Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2023</u>
Agreement for the leasing of Utility Metering Solutions meter system	\$ 2,784,430	1.55%	6/30/2029	\$ 1,956,090
Agreement for the leasing of fifty five vehicles	\$ 1,417,208	.78% - 4.49%	6/30/2027	995,619
				<u>\$ 2,951,709</u>

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 675,012	\$ 55,917	\$ 730,929
2025	656,274	40,275	696,549
2026	651,161	24,462	675,623
2027	419,152	11,929	431,081
2028	365,319	5,940	371,259
2029	184,791	836	185,627
	<u>\$2,951,709</u>	<u>\$ 139,359</u>	<u>\$3,091,068</u>

13. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2023, 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 \$111,133 of on-behalf payments as revenue and as expenditures in the General Fund.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

14. Restricted Assets

Restricted assets were applicable to the following at December 31, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cash and Cash Equivalents:		
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	\$ -	\$ 214,513
Refunding Bonds, Series 2016 - Debt Service	-	179,304
Revenue Bonds, Series 2018 - Debt Service	76,961	-
First Guarantee Bank - Flood Mitigation	45,768	-
Total Cash and Cash Equivalents	122,729	393,817
Investments:		
Customers Deposits	-	1,009,769
Total Restricted Assets	<u>\$ 122,729</u>	<u>\$ 1,403,586</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2023**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Operating Revenues:					
Charges for Services	\$ 7,954,799	\$ 1,987,369	\$ 1,198,881	\$ 414,304	\$ 11,555,353
Delinquent Charges	93,847	33,219	20,980	6,509	154,555
Miscellaneous	682,178	233,714	19,282	-	935,174
Total Operating Revenues	8,730,824	2,254,302	1,239,143	420,813	12,645,082
Operating Expenses:					
Direct	4,748,113	2,127,634	1,508,504	419,724	8,803,975
General and Administrative	404,694	350,651	161,657	3,859	920,861
Total Operating Expenses	5,152,807	2,478,285	1,670,161	423,583	9,724,836
Operating Income (Loss) by Department	3,578,017	(223,983)	(431,018)	(2,770)	2,920,246
Nonoperating Revenues	350,303	48,294	22,693	74	421,364
Nonoperating Expenses	(107,119)	(62,675)	(19,059)	-	(188,853)
Federal Grant	605,316	264,627	259,218	-	1,129,161
Transfers from Special Revenue	-	-	1,141,850	-	1,141,850
Transfers to General Fund	(3,475,000)	-	-	-	(3,475,000)
Change in Net Position					\$ 1,948,768
Business-Type Activities					
Departmental Net Income (Loss)	\$ 951,517	\$ 26,263	\$ 973,684	\$ (2,696)	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2023**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 2,290,494	\$ -	\$ -	\$ -	\$ 2,290,494
Salaries and Wages	823,776	413,310	376,080	-	1,613,166
Payroll Taxes, Retirement and Group Insurance	427,960	115,567	186,250	-	729,777
Contract Services	211,729	73,586	19,005	419,724	724,044
Depreciation	270,679	255,858	383,504	-	910,041
Amortization	94,349	389,191	29,899	-	513,439
Equipment Expenses	84,809	25,284	18,433	-	128,526
Equipment Rental	15,036	14,063	49,698	-	78,797
Lab Fees	-	-	45,438	-	45,438
Maintenance	499,898	733,233	228,353	-	1,461,484
Small Tools and Supplies	14,560	15,245	11,014	-	40,819
Utilities	14,823	92,297	160,830	-	267,950
	<u>4,748,113</u>	<u>2,127,634</u>	<u>1,508,504</u>	<u>419,724</u>	<u>8,803,975</u>
General and Administrative Expenses:					
Insurance	107,161	60,041	78,373	-	245,575
Miscellaneous	60,323	31,134	13,753	-	105,210
Office Expense	11,915	9,545	7,661	-	29,121
Professional Fees	187,029	229,458	46,951	2,781	466,219
Telephone	27,327	12,553	11,068	-	50,948
Bad Debts	10,939	7,920	3,851	1,078	23,788
	<u>404,694</u>	<u>350,651</u>	<u>161,657</u>	<u>3,859</u>	<u>920,861</u>
Total Operating Expenses	<u>\$ 5,152,807</u>	<u>\$ 2,478,285</u>	<u>\$ 1,670,161</u>	<u>\$ 423,583</u>	<u>\$ 9,724,836</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2023**

Personal Services and Benefits:

Direct Labor	\$ 1,613,166
Payroll Taxes, Retirement and Group Insurance	729,777
	<hr/>
	2,342,943

Contractual Services:

Equipment Rental	78,797
Lab Fees	45,438
Subcontract Services	724,044
Professional Fees	466,219
	<hr/>
	1,314,498

Cost of Materials:

Natural Gas Purchases	2,290,494
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Utilities:

Utilities	267,950
Telephone	50,948
	<hr/>
	318,898

Repair and Maintenance:

Equipment Expenses	128,526
Maintenance	1,461,484
	<hr/>
	1,590,010

Supplies:

Small Tools and Supplies	40,819
Office Expense	29,121
Miscellaneous	105,210
	<hr/>
	175,150

Insurance

245,575

Depreciation

910,041

Amortization - Leases

513,439

Bad Debts

23,788

Total Operating Expenses

\$ 9,724,836

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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.

20. Compensation Paid Mayor and Council Members

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

Terms expire December 31, 2024.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

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, 2023:

Salary	\$ 68,000
Benefits - Insurance	19,706
Benefits - Retirement	6,120
Special Meals - Chamber Luncheons	30
Total Compensation and Benefits	<u>\$ 93,856</u>

22. Current Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the City's 2023 fiscal year.

1. Statement No. 99 – *Omnibus 2022 (2024)* – the portion that relates to the financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53
2. Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB No. 62 (2024)*
3. Statement No. 101 – *Compensated Absences (2024)*
4. Statement No. 102 – *Certain Risk Disclosures (2025)*
5. Statement No. 103 – *Financial Reporting Model Improvements (2026)*

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

23. Subsequent Events

Subsequent to year-end on June 18, 2024, the City entered into a loan agreement with the Louisiana Department of Health (LDH) to borrow funds available in the Drinking Water Revolving Loan Fund not to exceed \$2,500,000. The funds will be used to finance a portion of the costs of constructing and acquiring improvements, extensions, and replacements to the drinking water component of the system, including equipment and fixtures. The loan is non-interest bearing and is entitled to 100% principal forgiveness.

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements as of June 26, 2024, 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, 2023*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	0.23749%	\$ 1,485,737	\$ 689,545	215.47%	75.10%
2015	0.25967%	2,034,266	694,836	292.77%	70.73%
2016	0.26515%	2,485,201	743,310	334.34%	66.04%
2017	0.28638%	2,500,180	859,300	290.96%	70.08%
2018	0.28035%	2,370,298	830,426	285.43%	71.89%
2019	0.27631%	2,509,583	868,313	289.02%	71.01%
2020	0.29043%	2,683,969	897,146	299.17%	70.94%
2021	0.30330%	1,616,994	925,314	174.75%	84.09%
2022	0.29730%	3,038,688	883,279	344.02%	70.80%
2023	0.30668%	3,241,010	928,550	349.04%	71.30%

*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, 2023

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	\$ 209,014	\$ 209,014	\$ -	\$ 668,802	31.25%
2015	223,956	223,956	-	734,913	30.47%
2016	244,373	244,373	-	798,757	30.59%
2017	259,259	259,259	-	831,643	31.17%
2018	268,411	268,411	-	852,564	31.48%
2019	285,480	285,480	-	881,794	32.37%
2020	313,159	313,159	-	944,790	33.15%
2021	293,647	293,647	-	928,272	31.63%
2022	290,180	290,180	-	863,682	33.60%
2023	337,142	337,142	-	937,875	35.95%

See independent auditor's report.

CITY OF WALKER
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023

**Municipal Police Employees' Retirement System:
 Changes in Actuarial Assumptions**

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

Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Investment Rate of Return	6.750%	6.750%	6.750%	6.950%	7.125%	7.20%	7.325%	7.50%	7.50%	7.50%
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.875%	2.875%	3.000%
Mortality Rate - Annuitant and Beneficiary	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Healthy Annuitant Mortality Table set back 4 year for males and 3 years for females	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 1 year for males and females
Mortality Rate - Employees	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee Mortality table set back 1 year for males and females
Mortality Rate - Disabled Annuitants	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality table
Salary increases, including inflation and merit	Years of Service 1-2 12.30% Above 2 4.70%	Years of Service 1-2 12.30% Above 2 4.70%	Years of Service 1-2 12.30% Above 2 4.70%	Years of Service 1-2 12.30% Above 2 4.70%	Years of Service 1-2 9.75% 3-23 4.75% Above 23 4.25%	Years of Service 1-2 9.75% 3-23 4.75% Above 23 4.25%	Years of Service 1-2 9.75% 3-23 4.75% Above 23 4.25%	Years of Service 1-2 9.75% 3-23 4.75% Above 23 4.25%	Years of Service 1-2 9.75% 3-23 4.75% Above 23 4.25%	Years of Service 1 10.00% 2 6.00% 3-19 4.30% 20-29 5.50% 30& Over 4.00%

Changes of Benefit Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2023.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Policy Period</u>
Gallegher Public Entity HSLR18-08057-00	Auto Physical Damage	Per Schedule on File	05/28/2023 to 05/28/2024
EMC Insurance Co. A536207-07	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2023 to 05/28/2024
EMC Insurance Co. 6F34200	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	\$ 100,000 \$ 100,000	05/28/23 to 05/28/24
LMA Risk Management 100-1285-2023-18709	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)	\$ 1,000,000 \$ 1,000,000 included \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000	05/28/2023 to 05/28/2024
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	03/11/2023 to 03/11/2024
ESP Insurance Brokerage AGI	Sports Accident & Health Each Occurrence	\$ 1,000,000	8/19/23 to 8/19/2024

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF NUMBER OF CUSTOMERS AND
REVENUE DATA PER CUSTOMER PER MONTH

FOR THE YEAR ENDED DECEMBER 31, 2023

Number of Customers

	December 31, 2023	December 31, 2022	Increase (Decrease)
Gas Customers	10,711	10,543	168
Water Customers	5,118	5,021	97
Sewer Customers	2,579	2,563	16
Sanitation Customers	2,086	2,089	(3)

Revenue Data Per Customer Per Month

	December 31, 2023	December 31, 2022	Increase (Decrease)	Percentage Change
Gas Sales	\$61.89	\$76.99	(\$15.10)	(20%)
Water Sales	\$32.36	\$28.81	\$3.55	12%
Sewer Sales	\$38.74	\$35.28	\$3.46	10%
Sanitation Sales	\$16.55	\$16.42	\$0.13	1%

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2023

Fees	Connection Fees		
	Type	Fee	
<u>Gas</u>			
Residential and Commercial	Gas Taps		
Minimum Flat Rate	3/4 in	\$	1,014.21
Per 100 CFT of Gas Used	1 in	\$	1,240.92
			0.94
<u>Water</u>			
Residential	Water Taps	Inside City	Outside City
First 3,000 Gallons	3/4 in	\$ 1,270.33	\$ 1,449.31
Per Next 1,000 Gallons of Water Used	1 in	\$ 1,477.43	\$ 1,644.48
	1 1/2 in	\$ 2,568.50	\$ 2,735.54
Commercial	2 in	\$ 2,652.37	\$ 2,819.41
First 3,000 Gallons	3 in	\$ 5,380.66	\$ 5,643.16
Per Next 1,000 Gallons of Water Used	>3 in	varies	varies
<u>Sewer</u>			
Residential	Sewer Taps	Inside City	Outside City
First 3,000 Gallons (Gravity)		\$ 1,312.51	\$ 1,551.15
First 3,000 Gallons (Grinder Pump)	Tie-in Fee	\$	200
Per Next 1,000 Gallons of Water Used			
Commercial			
First 3,000 Gallons		\$	32.54
Per Next 1,000 Gallons of Water Used			3.37
<u>Sanitation</u>			
Residential and Commercial			
Flat Rate per Cart		\$	14.56
Senior Citizens			
Flat Rate per Cart		\$	10.73

Sewer, Gas & Water Misc. Fees

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

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass - Through Grantor/Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<u>United States Department of Justice</u>				
<i>Passed Through Louisiana Department of Justice</i>				
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ 6,171
<i>Passed Through Louisiana Commission on Law Enforcement</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	<u>4,596</u>
Total United States Department of Justice				<u>10,767</u>
<u>United States Department of Housing and Urban Development</u>				
<i>Passed Through Louisiana Office of Community Development</i>				
Community Development Block Grants	14.228	N/A	-	<u>12,797</u>
Total Office of Housing and Urban Development				<u>12,797</u>
<u>United States Department of Transportation</u>				
<i>Passed Through Louisiana Department of Transportation and</i>				
Highway Planning and Construction	20.205	N/A	-	500,289
<i>Passed Through Louisiana Highway Safety Commission</i>				
State and Community Highway Safety (Highway Safety Cluster)	20.600	N/A	-	<u>2,512</u>
Total United States Department of Transportation				<u>502,801</u>
<u>United States Department of the Treasury</u>				
<i>Passed Through Louisiana Department of the Treasury</i>				
COVID19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	<u>1,128,637</u>
Total United States Department of the Treasury				<u>1,128,637</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,655,002</u>

See independent auditor's report.

CITY OF WALKER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023.

Note C - Reconciliation of Federal Expenditures -

Federal Assistance expended as reported on the Schedule of Expenditures of Federal Awards	<u>\$ 1,655,002</u>
Federal Grant Revenues as reported on:	
Exhibit B-5 - All Governmental Fund Types - Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 525,841
Exhibit C-2 - Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position	<u>1,129,161</u>
	<u>\$ 1,655,002</u>

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Basis Presentation	First Six Month Period Ended 06/30/23	Second Six Month Period Ended 12/31/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 33,614	\$ 31,328
Add: Collections		
Bond Fees	8,800	4,700
Criminal Court Costs/Fees	148,984	59,733
Criminal Fines - Other	175,172	187,984
Subtotal Collections	332,956	252,417
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
State Treasury Disability Affairs - Criminal Fines	225	150
Treasurer, State of Louisiana CMIS - Criminal Fines	4,842	3,675
LDH Traumatic Head & Spinal Cord Injury Trust - Criminal Fines	3,914	2,172
Judicial Administrator, Supreme Court of La - Criminal Fines	802	612
21st JDC Public Defender Office - Criminal Fines	68,219	51,366
Louisiana Commission on Law Enforcement - Criminal Fines	3,478	2,810
Florida Parishes Juvenile Justice Commission - Criminal Fines	7,740	5,885
Baton Rouge Crime Stoppers - Criminal Fines	3,126	2,330
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Other	233,992	173,919
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Bond Fee Refunds	6,900	5,300
Restitution Payments to Individuals (additional detail is not required)	473	550
Payments to 3rd Party Collection/Processing Agencies	1,531	268
Subtotal Disbursements/Retainage	335,242	249,037
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 31,328	\$ 34,708

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

- -

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected *(i.e. receivable balance)*

Total Waivers During the Fiscal Period *(i.e. non-cash reduction of receivable balances, such as time served or community service)*

- -

- -

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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BOURGEOIS**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2023, 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 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 26, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Walker’s (“the City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 26, 2024

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Section I: Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes x No
- Significant deficiencies identified? _____ Yes x None Noted
- Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major federal programs:

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

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

The following program was tested as a major program:

Name of Federal Programs or Cluster	Assistance Listing Number
United States Department of the Treasury <i>Passed Through Louisiana Department of the Treasury</i> COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

- The dollar threshold used to distinguish between Types A and B programs: \$ 750,000

- Auditee qualified as a low-risk auditee? _____ Yes x No

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

Section II: Financial Statement Findings

1. Internal control Over Financial Reporting

None

2. Compliance and Other Matters

None

Section III: Federal Awards Findings

1. Internal Control Over Compliance

None

2. Compliance

None

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2023

A. Findings - Internal Control Over Financial Reporting

None

B. Findings - Compliance and Other Matters

None