

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2022

**CITY OF WALKER
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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**CITY OF WALKER
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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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund and of 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the City adopted new accounting standard, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 5 through 12 and 73 through 75 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* (CFR) 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) is presented for purposes of additional analysis as required by Louisiana revised statute 24:515.2 and is also not a required part of the basic financial statements.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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, 2023, 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, 2023

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, 2022. 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 increased to \$42,213,243.
- Increase in total net position of \$2,176,449, 5.44% over 2021, with a three-year increase of 26.31%.
- Total assets increased to \$61,359,544.
- Increase in total assets of \$4,289,692, 7.52% over 2021, with a three-year increase of 21.80%.

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-70 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2022. The City’s net position at December 31, 2022 increased 5.44% to \$42,213,243, with a 5.74% increase in net investment of net capital assets. Capital assets are reported net of accumulated depreciation and amortization; and the net 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, 2022 with comparative totals for 2021.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2022

	Governmental Activities	Business-Type Activities	Totals 2022	Totals 2021 *
ASSETS				
Current and Other Assets	\$ 6,559,786	\$ 9,719,242	\$ 16,279,028	\$ 15,231,105
Restricted Assets	96,626	1,288,904	1,385,530	1,312,550
Capital Assets	24,357,091	19,337,895	43,694,986	40,526,197
Total Assets	<u>31,013,503</u>	<u>30,346,041</u>	<u>61,359,544</u>	<u>57,069,852</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Refunding	-	353,510	353,510	419,020
Deferred Outflows - Related to Pensions	909,451	-	909,451	465,956
Total Deferred Outflows of Resources	<u>909,451</u>	<u>353,510</u>	<u>1,262,961</u>	<u>884,976</u>
LIABILITIES				
Current Liabilities	622,432	3,248,758	3,871,190	3,577,366
Long-Term Liabilities	7,121,191	6,296,239	13,417,430	11,864,437
Net Pension Liability	3,038,688	-	3,038,688	1,616,994
Total Liabilities	<u>10,782,311</u>	<u>9,544,997</u>	<u>20,327,308</u>	<u>17,058,797</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	81,954	-	81,954	859,237
NET POSITION				
Net Investment in Capital Assets	17,551,811	13,193,799	30,745,610	29,076,516
Restricted	96,626	351,740	448,366	373,525
Unrestricted (Deficit)	3,410,252	7,609,015	11,019,267	10,586,753
Total Net Position	<u>\$ 21,058,689</u>	<u>\$ 21,154,554</u>	<u>\$ 42,213,243</u>	<u>\$ 40,036,794</u>

*In the current year, the City adopted GASB Statement No, 87, *Leases*. The 2021 balances are not comparable. See Note 1 to the financial statement.

The Statement of Activities for 2022 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 2022 were \$23,096,195, with \$16,143,372 derived from program revenues and grants; \$6,724,341 from sales, franchise, and property taxes, occupational licenses, and permits; \$30,469 from interest and investment income; and the remaining \$198,013 from other miscellaneous income and other. Total expenses for the City in 2022 were \$20,919,746, leaving a \$2,176,449 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2022 with comparative totals for 2021.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2022

	Governmental Activities	Business-Type Activities	Totals 2022	Totals 2021 *
Revenues:				
Program Revenues:				
Charges for Services	\$ 590,796	\$ 13,962,162	\$ 14,552,958	\$ 12,818,064
Operating Grants and Contributions	206,585	1,349,441	1,556,026	858,682
Capital Grants and Contributions	34,388	-	34,388	716,777
General Revenues:				
Taxes	6,724,341	-	6,724,341	6,289,995
Other Grants and Contributions not Restricted to Specific Programs	18,276	-	18,276	18,523
Interest and Investment Income (Loss)	59,106	(28,637)	30,469	133,148
Net Gain on Disposition of Capital Assets	-	-	-	244,365
Miscellaneous Income	60,832	118,905	179,737	70,989
Total Revenues	7,694,324	15,401,871	23,096,195	21,150,543
Expenses:				
General Government	2,671,825	-	2,671,825	2,321,578
Public Safety	3,249,295	-	3,249,295	2,925,177
Highways and Streets	1,738,231	-	1,738,231	1,966,514
Parks and Recreation	1,045,056	-	1,045,056	942,970
Interest on Long-Term Debt	264,278	-	264,278	315,583
Gas	-	7,301,241	7,301,241	4,812,769
Water	-	2,206,905	2,206,905	2,045,338
Sewer	-	2,010,092	2,010,092	1,954,251
Sanitation	-	408,096	408,096	408,584
Net Loss on Disposition of Capital Assets	24,727	-	24,727	-
Total Expenses	8,993,412	11,926,334	20,919,746	17,692,764
Change in Net Position before Transfers	(1,299,088)	3,475,537	2,176,449	3,457,779
Transfers In (Out)	2,935,000	(2,935,000)	-	-
Change in Net Position	1,635,912	540,537	2,176,449	3,457,779
Net Position - Beginning of Year	19,422,777	20,614,017	40,036,794	36,579,015
Net Position - End of Year	\$ 21,058,689	\$ 21,154,554	\$ 42,213,243	\$ 40,036,794

*In the current year, the City adopted GASB Statement No. 87, *Leases*. The 2021 balances are not comparable. See note 1 to the financial statement.

Governmental activities. Governmental activities net position increased \$1,635,912 in 2022. Total revenues before transfers decreased \$560,974 (-6.80%), primarily due to decreases in grant revenues which offset a tax revenue increase of \$434,346. Total expenses increased \$521,590 (+6.16%) attributed to increased spending in administration and public safety.

Business-type activities. Business-type activities net position increased \$504,537 due to \$2,935,000 transferred to governmental activities. Net income before transfers was \$3,475,537. Improvements and additions to utility services during 2022 included:

- Gas line extension Percy Young Road
- Gas line extension Duff Road
- Gas line extension Woodside Drive
- Sewer line extension below I-12, Hwy 447 to South Walker Elementary
- Water line upgrade Buddy Ellis Road from south water tower to Indigo Trails Subdivision

Analysis of Fund Financial Statements

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$5,956,454. The general fund, which is the chief operating fund of the City, reported \$4,152,390 in a deficiency of revenues over expenditures. The transfer of \$3,895,000 from the gas department, a transfer of \$192,459 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$155,756, and \$27,933 proceeds from disposition of capital assets resulted in a net increase in fund balance of \$118,758. The 2000 ½ cent sales tax fund reported \$1,864,781 in excess revenues over expenditures; and a \$712,322 net increase in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment; as well as a \$960,000 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds reported net operating income of \$2,259,708. Operating income for the gas and sanitation departments were \$3,278,279 and \$9,526, respectively. Operations of the water and sewer departments resulted in a loss of \$157,008 and \$871,089, respectively. However, \$278,776 in federal grants were received to offset water department expenses and \$960,000 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system.

General Fund Budgetary Summary

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

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation) for its governmental and business type activities as of December 31, 2022 was \$43,694,986. 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 \$905,279 with depreciation and amortization expense of \$822,926 and business-type activities capital assets increased by \$2,263,510 with depreciation and amortization expense of \$1,366,998. Total increase in the net investment in capital assets for 2022 amounted to \$3,168,789. 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, 2022, the City had total debt outstanding of \$13,417,430, an increase of \$1,552,993 (13.09%) 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 \$2,860,000.
- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$6,250,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$153,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$291,764.
- Lease payables having an outstanding balance of \$3,041,474. \$2,294,183 is attributed to the addition of the Utility Meter Solutions lease to be in compliance with the new GASB Statement 87.
- Notes Payable direct placement balance of \$261,869.
- Compensated absences total \$448,115 with \$295,972 payable from the General Fund and \$152,143 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in Note 12 on pages 57-63

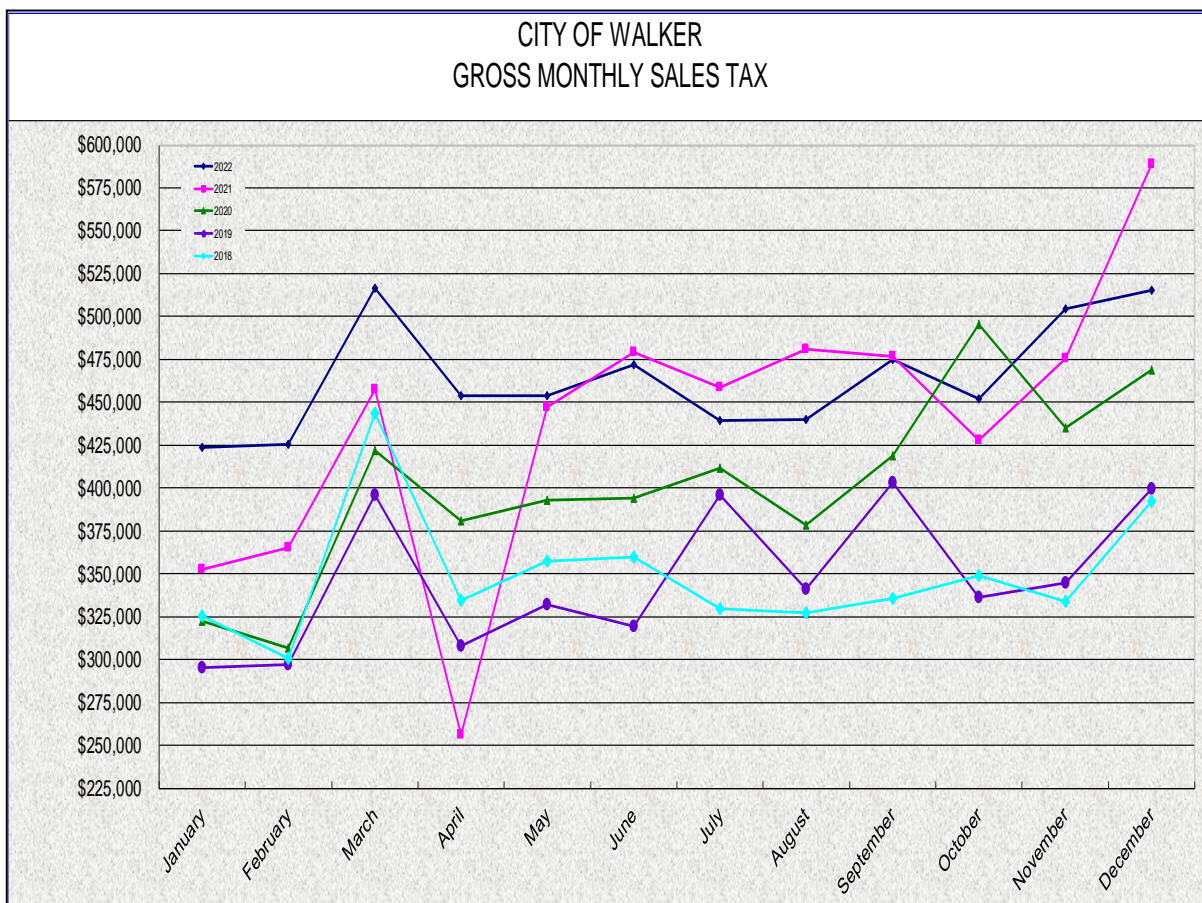
Future Budget and Economic Outlook

Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2022 include a natural gas line extension to the Livingston Parish Sheriff's Office training facility which will increase capacity in the area and position the City to be able to expand down to I-12. This extension will also allow the city to be better prepared for future developments below I-12 between Walker and Satsuma. The City is working with Florida Gas 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 will be expanding the natural gas pipeline running from Hwy 16 and Thunderbird Beach road along Amite Church road in 2023. The City will also complete a loop at the corner of Lockhart and Hwy 16 which will greatly improve capacity in the area. The water department has completed the water line improvements along Buddy Ellis Road from the south water tower near Our Lady of the Lake Hospital to Indigo Trails subdivision to allow for taking in additional customers. The sewer department continues to require backflow preventers on grinder pumps on all new homes which must have grinder pumps in order to hook up to the City's system. These backflow preventers are necessary to alleviate possible sewer backups into homes. The City has also made extensive drainage improvements which include numerous roadside ditch cleanouts and over four hundred culvert replacements over the past several years. The City 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.

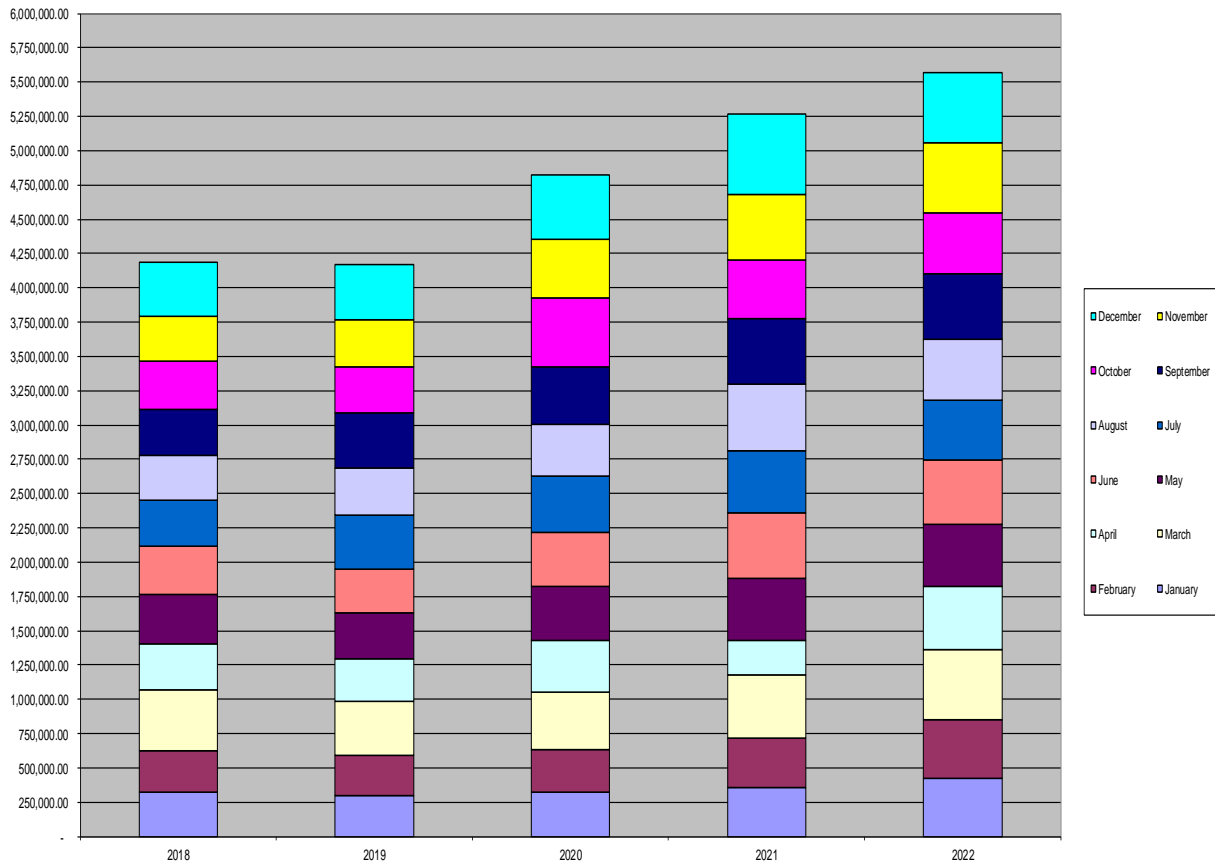
In addition to infrastructure improvements, the City has continued with improvements to the baseball ballpark in 2022 with more lighting coming in 2023. It is also partnering with the Livingston Parish Chamber of Commerce’s Leadership Livingston class of 2021 to create a monument to honor all first responders. This monument was the first such monument in the state of Louisiana. Walker Community Center was completed in 2020. This multimillion-dollar community center will house a variety of agencies during storm events, but the City uses this building as a community/recreational center and has control over it as long as the building is not being used for an emergency situation. The building is being used for recreational activities of all types, including basketball, volleyball, pickleball, dancing and others; it is also used for public meetings and community events as well.

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

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 5.78% increase over 2021. Sales tax revenues in 2020 and the first four months of 2021 were abnormally high. Sales tax revenues in the last eight months of 2022 were down 2.18%. The 2023 budget reflects a 11.13% decrease from full year 2022 sales tax revenues. This conservative estimate was made due to the uncertainty of the effects of a tightening in monetary policy by the federal reserve to combat high inflation and the 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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 4,712,121	\$ 6,794,445	\$ 11,506,566
Investments	348,108	-	348,108
Receivables, Net	285,248	2,070,558	2,355,806
Due from Other Governments	1,186,037	108,138	1,294,175
Internal Balances	(91,284)	91,284	-
Inventories	-	549,325	549,325
Prepaid Items	119,556	105,492	225,048
Restricted Assets:			
Cash and Cash Equivalents	96,626	380,929	477,555
Investments	-	907,975	907,975
Capital Assets:			
Land and Construction in Progress	14,056,627	1,486,274	15,542,901
Other Capital Assets, Net of Accumulated Depreciation/Amortization	10,300,464	17,851,621	28,152,085
Total Assets	<u>31,013,503</u>	<u>30,346,041</u>	<u>61,359,544</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows on Refunding	-	353,510	353,510
Deferred Outflows - Related to Pensions	909,451	-	909,451
Total Deferred Outflows of Resources	<u>909,451</u>	<u>353,510</u>	<u>1,262,961</u>
LIABILITIES			
Accounts Payable, Accrued Expenses, and Unearned Revenue	580,402	3,219,569	3,799,971
Accrued Interest Payable	42,030	29,189	71,219
Non-Current Liabilities:			
Due Within One Year	465,652	1,154,702	1,620,354
Due in More Than One Year	6,655,539	5,141,537	11,797,076
Net Pension Liability	3,038,688	-	3,038,688
Total Liabilities	<u>10,782,311</u>	<u>9,544,997</u>	<u>20,327,308</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Related to Pensions	81,954	-	81,954
NET POSITION			
Net Investment in Capital Assets	17,551,811	13,193,799	30,745,610
Restricted for			
Flood Mitigation	6,640	-	6,640
City Hall Construction	19,939	-	19,939
Debt Service	70,047	351,740	421,787
Unrestricted	3,410,252	7,609,015	11,019,267
Total Net Position	<u>\$ 21,058,689</u>	<u>\$ 21,154,554</u>	<u>\$ 42,213,243</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Functions/Programs</u>	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	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 2,671,825	\$ -	\$ 39,146	\$ -	\$ (2,632,679)	\$ -	\$ (2,632,679)
Public Safety	3,249,295	403,487	167,439	-	(2,678,369)	-	(2,678,369)
Highways and Streets	1,738,231	8,850	-	-	(1,729,381)	-	(1,729,381)
Parks and Recreation	1,045,056	178,459	-	34,388	(832,209)	-	(832,209)
Interest on Long-Term Debt	264,278	-	-	-	(264,278)	-	(264,278)
Total Governmental Activities	8,968,685	590,796	206,585	34,388	(8,136,916)	-	(8,136,916)
Business-Type Activities:							
Gas	7,301,241	10,455,069	638,936	-	-	3,792,764	3,792,764
Water	2,206,905	1,976,272	271,276	-	-	40,643	40,643
Sewer	2,010,092	1,113,199	439,229	-	-	(457,664)	(457,664)
Sanitation	408,096	417,622	-	-	-	9,526	9,526
Total Business-Type Activities	11,926,334	13,962,162	1,349,441	-	-	3,385,269	3,385,269
Total Primary Government	\$ 20,895,019	\$ 14,552,958	\$ 1,556,026	\$ 34,388	(8,136,916)	3,385,269	(4,751,647)
General Revenues:							
Taxes:							
Property					137,703	-	137,703
Sales					5,570,166	-	5,570,166
Occupational and Permits					494,353	-	494,353
Franchise					522,119	-	522,119
Other Grants and Contributions not Restricted to Specific Programs					18,276	-	18,276
Transfers					2,935,000	(2,935,000)	-
Net Interest and Investment Income (Loss)					59,106	(28,637)	30,469
Net Loss on Disposition of Capital Assets					(24,727)	-	(24,727)
Miscellaneous Income					60,832	118,905	179,737
Total General Revenues					9,772,828	(2,844,732)	6,928,096
Change in Net Position					1,635,912	540,537	2,176,449
Net Position - Beginning of Year					19,422,777	20,614,017	40,036,794
Net Position - End of Year					\$ 21,058,689	\$ 21,154,554	\$ 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, 2022

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental
ASSETS			
Cash and Cash Equivalents	\$ 707,491	\$ 4,004,630	\$ 4,712,121
Investments	348,108	-	348,108
Receivables:			
Ad Valorem Taxes, Net	120,332	-	120,332
Other	164,916	-	164,916
Due from Other Funds	644,947	-	644,947
Due from Other Governments	851,675	334,362	1,186,037
Cash - Restricted	96,626	-	96,626
Total Assets	<u>\$ 2,934,095</u>	<u>\$ 4,338,992</u>	<u>\$ 7,273,087</u>
LIABILITIES			
Accounts Payable	\$ 178,632	\$ -	\$ 178,632
Payroll Liabilities	321,378	-	321,378
Accrued Salaries and Wages	60,537	-	60,537
Other Liabilities	19,855	-	19,855
Due to Other Funds	-	736,231	736,231
Total Liabilities	580,402	736,231	1,316,633
FUND BALANCES			
Fund Balances:			
Restricted For:			
Debt Service	70,047	-	70,047
Flood Mitigation	19,939	-	19,939
First Responders Monument	6,640	-	6,640
Committed For:			
Construction Contracts	2,084,706	-	2,084,706
Assigned To:			
Special Revenue Fund	-	3,602,761	3,602,761
Unassigned:			
General Fund	172,361	-	172,361
Total Fund Balances	<u>2,353,693</u>	<u>3,602,761</u>	<u>5,956,454</u>
Total Liabilities and Fund Balances	<u>\$ 2,934,095</u>	<u>\$ 4,338,992</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, 2022

Fund Balances - Total Governmental Funds	\$ 5,956,454
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</p>	
<p>Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds:</p>	
Governmental Capital Assets	30,841,651
Less Accumulated Depreciation	<u>(6,484,560)</u>
	24,357,091
Prepaid Items	119,556
<p>Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:</p>	
Net Pension Liability	(3,038,688)
General Obligation Bonds	(6,228,501)
Compensated Absences Payable	(295,972)
Capital Lease Payable	(596,718)
Accrued Interest Payable	<u>(42,030)</u>
	(10,201,909)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	909,451
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(81,954)</u>
Net Position of Governmental Activities	<u><u>\$ 21,058,689</u></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, 2022

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 4,391,500	\$ 1,856,764	\$ 6,248,264
Licenses and Permits	494,353	-	494,353
Fines and Forfeits	398,937	-	398,937
Interest	19,939	39,167	59,106
Fees	124,051	-	124,051
Intergovernmental	269,514	-	269,514
Miscellaneous	128,640	-	128,640
Total Revenues	5,826,934	1,895,931	7,722,865
Expenditures:			
Current:			
General Government	2,303,460	31,150	2,334,610
Public Safety	2,856,619	-	2,856,619
Highways and Streets	1,464,853	-	1,464,853
Parks and Recreation	906,081	-	906,081
Capital Outlay	1,780,865	-	1,780,865
Debt Service:			
Principal Retirement	402,833	-	402,833
Interest and Administration Fees	264,613	-	264,613
Total Expenditures	9,979,324	31,150	10,010,474
Excess (Deficiency) of Revenues over Expenditures	(4,152,390)	1,864,781	(2,287,609)
Other Financing Sources (Uses):			
Transfers In	4,087,459	-	4,087,459
Transfer Out	-	(1,152,459)	(1,152,459)
Proceeds from Capital Asset Disposition	27,933	-	27,933
Proceeds from Issuance of Long Term Debt	155,756	-	155,756
Total Other Financing Sources (Uses)	4,271,148	(1,152,459)	3,118,689
Net Change in Fund Balances	118,758	712,322	831,080
Fund Balances at Beginning of Year	2,234,935	2,890,439	5,125,374
Fund Balances at End of Year	\$ 2,353,693	\$ 3,602,761	\$ 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 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 and Net Transfers	1,780,865
Depreciation/Amortization Expense and Accumulated Depreciation on Transfers In	(822,926)
	<u>957,939</u>
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Capital Asset Dispositions Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in Fund Balance by the Cost of the Capital Assets Disposed.	
Add Accumulated Depreciation on Capital Assets Retired	24,756
Less Cost Basis of Capital Assets Retired During the Year	(77,416)
	<u>(52,660)</u>
Governmental Funds Expense Insurance Payments When Paid. In the Statement of Activities, Only the Portion Applicable to the Current Year is Expensed. The Remaining is Recorded in the Statement of Net Position as Prepaid Insurance.	
Change in Prepaid Items	(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	(155,756)
Repayment of Principal on Long-Term Debt	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	(38,436)
(Increase) Decrease in Pension Expense	(267,532)
(Increase) Decrease in Accrued Interest Payable	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>66,134</u>
Change in Net Position of Governmental Activities	<u>\$ 1,635,912</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 134,000	\$ 134,000	\$ 137,703	\$ 3,703
Alcoholic Beverage Tax	18,000	18,000	18,276	276
Franchise Taxes	380,000	380,000	522,119	142,119
Sales Taxes	3,200,000	3,200,000	3,713,402	513,402
	3,732,000	3,732,000	4,391,500	659,500
Licenses and Permits:				
Occupational Licenses	375,000	375,000	407,428	32,428
Other Permits and Licenses	45,000	45,000	86,925	41,925
	420,000	420,000	494,353	74,353
Fines and Forfeits	570,000	410,000	398,937	(11,063)
Interest Income	14,400	14,400	19,939	5,539
Fees:				
Animal Adoption Fees	6,000	6,000	4,550	(1,450)
Parks and Recreation Fees	173,000	83,000	110,651	27,651
Road Maintenance	8,800	8,800	8,850	50
	187,800	97,800	124,051	26,251

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Intergovernmental:				
State and Local Grants:				
Other State and Local Grants	-	240,000	34,388	(205,612)
On Behalf Payments for Salaries	108,000	108,000	87,643	(20,357)
Federal Grants:				
Flood Relief Grant	-	-	75,917	75,917
Street Planning and Construction Grant	1,277,538	-	28,227	28,227
Federal Parks and Recreation Grant	-	-	3,259	3,259
Animal Control Grants	-	-	505	505
Law Enforcement Grants	2,000	2,000	39,575	37,575
	1,387,538	350,000	269,514	(80,486)
Miscellaneous:				
Parks and Recreation Concessions	75,000	75,000	67,808	(7,192)
Miscellaneous	154,500	64,500	60,832	(3,668)
	229,500	139,500	128,640	(10,860)
Total Revenues	6,541,238	5,163,700	5,826,934	663,234

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	963,000	963,000	945,084	17,916
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	477,000	477,000	425,607	51,393
Advertising	5,000	5,000	5,076	(76)
Collection Costs	93,000	93,000	86,764	6,236
Bank Charges	200	200	210	(10)
Community Events	30,000	75,000	75,676	(676)
Contracted Services	12,000	12,000	33,339	(21,339)
Coroner Fees	4,000	4,000	7,140	(3,140)
Court Costs	18,000	18,000	18,000	-
Economic Development	55,000	55,000	57,000	(2,000)
Insurance	208,000	208,000	111,014	96,986
Legal and Professional	36,500	76,500	58,884	17,616
Membership Fees and Educational Training	28,000	28,000	28,217	(217)
Miscellaneous	11,500	11,500	9,866	1,634
Printing, Postage and Office Supplies	50,000	50,000	61,500	(11,500)
Rental Equipment	21,400	21,400	18,208	3,192
Repairs and Maintenance	170,000	170,000	75,402	94,598
Small Tools and Supplies	200	200	480	(280)
Telephone	39,000	39,000	43,212	(4,212)
Utilities	103,000	163,000	156,980	6,020
Uniforms	10,000	10,000	3,597	6,403
Vehicle Expenses	19,000	19,000	22,204	(3,204)
Total General Government	2,413,800	2,558,800	2,303,460	255,340

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety:				
Animal Control:				
Salaries	133,000	133,000	136,421	(3,421)
Payroll Taxes, Retirement, and Group Insurance	103,200	103,200	86,967	16,233
Animal Care Expense	15,000	15,000	15,855	(855)
Insurance	9,000	9,000	5,539	3,461
Legal and Professional	4,900	4,900	1,729	3,171
Miscellaneous	13,400	13,400	7,052	6,348
Printing, Postage and Office Supplies	2,200	2,200	3,213	(1,013)
Small Tools and Supplies	13,500	13,500	10,159	3,341
Telephone	4,300	4,300	3,734	566
Utilities	9,500	9,500	11,458	(1,958)
Vehicle Expense	2,200	2,200	1,289	911
Total Animal Control	310,200	310,200	283,416	26,784
Police:				
Salaries	1,310,500	1,350,500	1,258,018	92,482
Payroll Taxes, Retirement, and Group Insurance	869,600	869,600	748,945	120,655
Contracted Services	7,200	7,200	7,373	(173)
Equipment Rental	50,400	50,400	49,778	622
Insurance	150,000	150,000	117,521	32,479
Membership Fees and Educational Training	30,000	30,000	30,237	(237)
Miscellaneous	10,500	10,500	13,651	(3,151)
Printing, Postage and Office Supplies	26,200	26,200	19,437	6,763
Professional Fees	35,500	35,500	22,610	12,890
Repairs and Maintenance	68,600	68,600	47,603	20,997
Small Tools and Supplies	26,500	26,500	21,228	5,272

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	32,500	32,500	39,280	(6,780)
Uniforms	22,000	22,000	18,721	3,279
Utilities	17,000	17,000	23,396	(6,396)
Vehicle Expense	110,000	155,000	155,405	(405)
Total Police	<u>2,766,500</u>	<u>2,851,500</u>	<u>2,573,203</u>	<u>278,297</u>
Total Public Safety	<u>3,076,700</u>	<u>3,161,700</u>	<u>2,856,619</u>	<u>305,081</u>
Highways and Streets:				
Streets:				
Salaries	550,000	550,000	571,106	(21,106)
Payroll Taxes, Retirement, and Group Insurance	188,200	188,200	196,573	(8,373)
Contract Services	36,000	36,000	6,248	29,752
Equipment Expense	125,000	235,000	209,814	25,186
Equipment Rental	15,000	30,000	27,304	2,696
Insurance	67,000	67,000	99,011	(32,011)
Legal and Professional	99,000	99,000	89,938	9,062
Streets Maintenance and Materials	299,000	299,000	115,873	183,127
Membership Fees and Educational Training	1,500	1,500	4,433	(2,933)
Miscellaneous	2,500	2,500	242	2,258
Small Tools and Supplies	28,500	28,500	22,965	5,535
Telephone	6,200	6,200	6,978	(778)
Uniforms	4,100	4,100	6,725	(2,625)
Utilities	84,000	94,000	107,643	(13,643)
Total Highways and Streets	<u>1,506,000</u>	<u>1,641,000</u>	<u>1,464,853</u>	<u>176,147</u>

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	255,000	255,000	261,469	(6,469)
Payroll Taxes, Retirement, and Group Insurance	78,600	78,600	103,932	(25,332)
Contract Services	-	-	5,750	(5,750)
Concession Supplies	30,000	50,000	40,572	9,428
Equipment Rental	17,000	52,000	40,792	11,208
Insurance	16,500	16,500	29,626	(13,126)
Membership Fees and Educational Training	7,500	7,500	7,221	279
Miscellaneous	19,500	19,500	16,762	2,738
Legal and Professional	6,400	6,400	8,766	(2,366)
Printing, Postage and Office Supplies	3,700	3,700	3,634	66
Recreational Supplies	50,000	50,000	51,059	(1,059)
Repairs and Maintenance	69,700	149,700	124,046	25,654
Small Tools and Supplies	11,500	11,500	19,721	(8,221)
Telephone	5,000	5,000	10,531	(5,531)
Tournament Expenses	95,000	120,000	124,567	(4,567)
Utilities	38,000	53,000	55,152	(2,152)
Uniforms	1,800	1,800	2,481	(681)
Total Parks and Recreation	<u>705,200</u>	<u>880,200</u>	<u>906,081</u>	<u>(25,881)</u>
Capital Outlay	<u>3,600,583</u>	<u>2,925,961</u>	<u>1,780,865</u>	<u>1,145,096</u>
Debt Service:				
Principal Retirement	454,000	454,000	402,833	51,167
Interest	295,400	295,400	264,613	30,787
Total Debt Service	<u>749,400</u>	<u>749,400</u>	<u>667,446</u>	<u>81,954</u>
Total Expenditures	<u>12,051,683</u>	<u>11,917,061</u>	<u>9,979,324</u>	<u>1,937,737</u>

(CONTINUED)

CITY OF WALKER
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(5,510,445)	(6,753,361)	(4,152,390)	2,600,971
Other Financing Sources (Uses):				
Transfers In	4,767,067	4,537,067	4,087,459	(449,608)
Sale of Capital Assets	-	-	27,933	27,933
Proceeds from Issuance of Debt	-	103,278	155,756	52,478
Total Other Financing Sources (Uses)	<u>4,767,067</u>	<u>4,640,345</u>	<u>4,271,148</u>	<u>(369,197)</u>
Net Change in Fund Balance	(743,378)	(2,113,016)	118,758	2,231,774
Fund Balance at Beginning of Year	<u>2,234,935</u>	<u>2,234,935</u>	<u>2,234,935</u>	-
Fund Balance at End of Year	<u>\$ 1,491,557</u>	<u>\$ 121,919</u>	<u>\$ 2,353,693</u>	<u>\$ 2,231,774</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,856,764	\$ 256,764
Interest	35,000	35,000	39,167	4,167
Total Revenues	1,635,000	1,635,000	1,895,931	260,931
Expenditures:				
General Government:				
Collection Expenses	28,000	28,000	31,150	(3,150)
Total Expenditures	28,000	28,000	31,150	(3,150)
Excess of Revenues over Expenditures	1,607,000	1,607,000	1,864,781	257,781
Other Financing Sources (Uses):				
Operating Transfers Out	(1,682,067)	(1,602,067)	(1,152,459)	449,608
Total Other Financing Sources (Uses)	(1,682,067)	(1,602,067)	(1,152,459)	449,608
Net Change in Fund Balance	(75,067)	4,933	712,322	707,389
Fund Balance at Beginning of Year	2,890,439	2,890,439	2,890,439	-
Fund Balance at End of Year	\$ 2,815,372	\$ 2,895,372	\$ 3,602,761	\$ 707,389

The accompanying notes are an integral part of this statement.

CITY OF WALKER
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	<u>Enterprise Fund</u>
Current Assets:	
Cash and Cash Equivalents	\$ 6,794,445
Due From Other Funds	91,284
	6,885,729
Receivables:	
Accounts (Net of Allowance for Uncollectible Accounts of \$15,000 in 2022 and \$15,000 in 2021)	1,547,579
Unbilled Utility Sales	522,979
Due from Other Governments	108,138
	2,178,696
Inventory, at Cost	549,325
Prepaid Expenses	84,527
Total Current Assets	9,698,277
Noncurrent Assets:	
Restricted Cash, Cash Equivalents, and Investments:	
Revenue Bond Covenant Accounts	380,929
Investments - Customer Deposits	907,975
Prepaid Items	20,965
Capital Assets, at Cost (Net of Accumulated Depreciation/Amortization)	19,337,895
Total Noncurrent Assets	20,647,764
Total Assets	30,346,041
Deferred Outflows of Resources:	
Deferred Amount on Refunding of Debt	353,510
Total Deferred Outflows of Resources	353,510
Total Assets and Deferred Outflows of Resources	\$ 30,699,551

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2022

	<u>Enterprise Fund</u> <u>2022</u>
Current Liabilities:	
Accounts Payable	\$ 1,094,629
Accrued Salaries and Wages	29,238
Accumulated Unpaid Vacation	38,036
Customers' Deposits	868,913
Other Current Liabilities	69,488
Unearned Revenue	1,157,301
Bonds and Lease Payable - Current Portion	1,116,666
Accrued Bond Interest	29,189
	<hr/>
Total Current Liabilities	4,403,460
Noncurrent Liabilities:	
Bonds and Lease Payable - Less Current Portion	5,027,430
Accumulated Unpaid Vacation	114,107
	<hr/>
Total Noncurrent Liabilities	5,141,537
	<hr/>
Total Liabilities	9,544,997
Net Position:	
Net Investment in Capital Assets	13,193,799
Restricted for Debt Service	351,740
Unrestricted	7,609,015
	<hr/>
Total Net Position	21,154,554
	<hr/>
Total Liabilities and Net Position	\$ 30,699,551
	<hr/> <hr/>

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, 2022

	<u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services	\$ 13,962,162
Total Operating Revenues	13,962,162
Operating Expenses:	
Personal Services and Benefits	2,163,425
Contractual Services	1,194,244
Cost of Materials	4,610,334
Utilities	356,451
Repair and Maintenance	1,543,105
Supplies	215,927
Insurance	231,215
Depreciation	894,617
Amortization	472,381
Bad Debts	20,755
Total Operating Expenses	11,702,454
Operating Income	2,259,708
Nonoperating Revenues:	
Net Interest and Investment Income (Loss)	(28,637)
Miscellaneous	118,905
Total Nonoperating Revenues	90,268
Nonoperating Expenses:	
Interest and Administrative Fees	179,077
Amortization of Bond Insurance Costs	3,885
Amortization of Bond Discount (Premium)	(24,592)
Amortization of Deferred Amount on Refunding	65,510
Total Nonoperating Expenses	223,880
Income Before Contributions and Transfers	2,126,096
Capital and Other Contributions	1,349,441
Transfers from Special Revenue Fund	960,000
Transfers to General Fund	(3,895,000)
Change in Net Position	540,537
Total Net Position at Beginning of Year	20,614,017
Total Net Position at End of Year	\$ 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, 2022

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 13,820,165
Cash Payments to Suppliers for Goods and Services	(7,965,332)
Cash Payments to Employees for Services and Benefits	(2,168,053)
Other Receipts (Payments)	621,856
Net Cash Provided by Operating Activities	4,308,636
Cash Flows From Noncapital Financing Activities:	
Transfer From Special Revenue Fund	960,000
Transfer To General Fund	(3,895,000)
Net Cash Used in Noncapital Financing Activities	(2,935,000)
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(3,630,508)
Net Receipts from Customer Deposits	25,371
Proceeds from Issuance of Debt	2,484,707
Principal Paid on Debt	(693,886)
Interest and Administrative Fees Paid on Loans	(181,931)
Capital Contributions	1,349,441
Net Cash Used in Capital and Related Financing Activities	(646,806)
Cash Flows From Investing Activities:	
Net Purchases of Investments	(993)
Net Investment Income (Loss)	(28,637)
Net Cash Used by Investing Activities	(29,630)
Net Increase (Decrease) in Cash and Cash Equivalents	697,200
Cash and Cash Equivalents - Beginning of Year	6,478,174
Cash and Cash Equivalents - End of Year	\$ 7,175,374

(CONTINUED)

CITY OF WALKER
PROPRIETARY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Enterprise Fund</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 2,259,708
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	894,617
Amortization	472,381
Provision for Bad Debts	20,755
Miscellaneous Revenues	118,905
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(178,997)
(Increase) Decrease in Unbilled Utility Sales	37,000
(Increase) Decrease in Due from Other Funds	502,951
(Increase) Decrease in Inventory	(47,827)
(Increase) Decrease in Prepaid Expenses	(9,722)
Increase (Decrease) in Accounts Payable	263,081
Increase (Decrease) in Accrued Salaries and Wages	449
Increase (Decrease) in Other Current Liabilities	(19,588)
Increase (Decrease) in Accumulated Unpaid Vacation	(5,077)
Net Cash Provided by Operating Activities	<u>\$ 4,308,636</u>
Schedule of Noncash Investing, Capital, and Financing Activities:	
Amortization of Bond Insurance Cost	<u>\$ 3,885</u>
Amortization of Bond (Premium) Discount	<u>\$ (24,592)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 6,794,445
Cash and Cash Equivalents, Restricted	380,929
Total Cash and Cash Equivalents	<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, 2022

Introduction:

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

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

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

A. Financial Reporting Entity

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

B. Basis of Presentation

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

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

Government-Wide Financial Statements:

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

- *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, 2022

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, 2022

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022

- 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 2022 was adopted on December 13, 2021.
- 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 12, 2022.
- 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, 2022

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2022.

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

G. Inventories and Prepaid Items

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

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

H. Restricted Assets

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements 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, 2022

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

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

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

J. Deferred Outflows and Inflows of Resources

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

The City has deferred outflows and inflows of resources on the statement of net position that related to pensions 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, 2022, the accrued liability for unpaid vacation benefits amounted to \$448,115. The amount applicable to the Enterprise Fund was \$152,143 and is recorded in that Fund, and the amount of \$295,972 applicable to the General Fund is reflected on the Statement of Net Position.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

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 state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action by City Council, 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 the City intends to use for a specific purpose; intent can be expressed by the City Council or by an official or body to which the Council delegates the authority.

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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.

P. Current Year Adoption of New Accounting Standards

During the year, the City implemented GASB Statement No. 87 - *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. In accordance with the GASB 87 to account for the leases that were in existence prior to January 1, 2022, the City set them up as adjustments in the current year. These adjustments along with the adjustments to record current year leases resulted in total lease assets net of amortization of \$3,032,946 and total lease liabilities of \$3,041,474.

During the year, the City also implemented GASB Statement No. 91, *Conduit Debt Obligations* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The implementation of these statements had no 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 \$11,984,121 at December 31, 2022. The following is a summary of cash and cash equivalents at December 31, 2022.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>4,808,747</u>	\$ <u>7,175,374</u>	\$ <u>11,984,121</u>
Bank Balances	\$ <u>5,180,223</u>	\$ <u>7,056,206</u>	\$ <u>12,236,429</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 December 31, 2022, the City has \$12,236,429 in demand deposits and savings accounts (collected bank balances) for cash and cash equivalents, in one bank. \$500,000 of the demand deposits and savings are secured from risk by \$500,000 of federal deposit insurance and the remaining \$11,736,429 of demand deposits and savings accounts are secured by pledged securities. The \$11,736,429 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 market value. All investments are in mutual funds that are held by a broker or in the Louisiana Asset Management Pool (LAMP), a local government external investment pool.

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

At December 31, 2022, the City holds investments totaling \$1,256,083 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>348,108</u>	\$ <u>348,108</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>907,975</u>	\$ <u>907,975</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2022: U.S. Government Securities Fund - A - Mutual Funds of \$907,975 are valued using quoted market prices (Level 1 inputs). The LAMP investment is stated at the net asset value of the pool shares, which is the same as the fair value which is permitted per GASB Statement No. 79.

Interest Rate Risk. As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the City invests in mutual funds that have underlying investments in government backed securities. LAMP is designed to be highly liquid to give participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 22 days as of December 31, 2022.

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

Concentration of Credit Risk. Pooled investments are excluded from the five percent disclosure requirement. U.S. Government Securities Fund - A - Mutual Fund investments are 72% 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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022, none of the City's investments in mutual funds of \$907,975 were exposed to custodial credit risk. In the case of LAMP, participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

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, 2022, taxes of 2.23 mills were levied on property with assessed valuations totaling \$62,612,390 and were dedicated to general purposes.

Total taxes levied were \$139,628. Taxes receivable at December 31, 2022, consisted of the following:

Taxes Receivable - Current Roll	\$139,628
2022 Tax Collected Prior to 12/31/2022	(17,202)
Allowance for Uncollectible Taxes	<u>(2,094)</u>
	<u>\$120,332</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

5. Receivables

Receivables as of December 31, 2022, including the applicable allowance for uncollectible accounts, are as follows:

	Ad Valorem Taxes	Franchise Taxes	Accounts	Unbilled Sales	Less: Allowance for Uncollectibles	Total - Net Receivable
<u>Governmental Fund:</u>						
General Fund	\$ 139,628	\$ 163,886	\$ 1,030	\$ -	\$ (19,296)	\$ 285,248
<u>Proprietary Fund:</u>						
Utility Fund	-	-	1,562,579	522,979	(15,000)	2,070,558
Total Receivables	<u>\$ 139,628</u>	<u>\$ 163,886</u>	<u>\$ 1,563,609</u>	<u>\$ 522,979</u>	<u>\$ (34,296)</u>	<u>\$ 2,355,806</u>

6. Due From Other Governments

Due from Other Governments as of December 31, 2022, consists of the following:

	FEMA/Federal	Department of Transportation	Livingston Parish School Board	State of Louisiana	Total
<u>Governmental Fund:</u>					
General Fund	\$ -	\$ 2,910	\$ 668,763	\$ 180,002	\$ 851,675
2000 ½ Cent Sales Tax Fund	-	-	334,362	-	334,362
Total Governmental Activities	-	2,910	1,003,125	180,002	1,186,037
<u>Proprietary Fund:</u>					
Utility Fund	108,138	-	-	-	108,138
Total Due from Other Governments	<u>\$ 108,138</u>	<u>\$ 2,910</u>	<u>\$ 1,003,125</u>	<u>\$ 180,002</u>	<u>\$ 1,294,175</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2022, reported in the fund financial statements.

	Net Internal Due To	Net Internal Due From	Total
<u>Governmental Fund:</u>			
General Fund	\$ -	\$ 644,947	\$ 644,947
2000 ½ Cent Sales Tax Fund	(736,231)	-	(736,231)
Total Governmental Activities	(736,231)	644,947	(91,284)
<u>Proprietary Fund:</u>			
Utility Fund	-	91,284	91,284
Total Interfund Receivables (Payables)	<u>\$ (736,231)</u>	<u>\$ 736,231</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Deletions	Transfers	Balance December 31, 2022
<u>Governmental Activities:</u>					
Capital Assets not being Depreciated:					
Land and Right-of-Ways	\$ 2,243,958	\$ 758,982	\$ -	\$ -	\$ 3,002,940
Construction in Progress	10,549,434	504,253	-	-	11,053,687
Total Capital Assets not being Depreciated	12,793,392	1,263,235	-	-	14,056,627
Non-Lease Capital Assets being Depreciated:					
Land Improvements	920,465	38,890	-	-	959,355
Buildings	7,178,627	-	-	-	7,178,627
Equipment and Vehicles	2,956,427	305,452	(23,795)	(533,010)	2,705,074
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	16,344,810	344,342	(23,795)	(533,010)	16,132,347
Less: Accumulated Depreciation for:					
Land Improvements	302,519	38,208	-	-	340,727
Buildings	944,358	314,736	-	-	1,259,094
Equipment and Vehicles	2,229,264	195,764	(23,795)	(188,853)	2,212,380
Furniture and Fixtures	26,161	-	-	-	26,161
Recreational Equipment	367,434	12,468	-	-	379,902
Infrastructure	1,816,654	141,563	-	-	1,958,217
Total Accumulated Depreciation	5,686,390	702,739	(23,795)	(188,853)	6,176,481
Total Non-Lease Capital Assets being Depreciated, Net	10,658,420	(358,397)	-	(344,157)	9,955,866
Lease Assets:					
Vehicles	-	173,288	(15,861)	306,397	463,824
Total Lease Assets being Amortization	-	173,288	(15,861)	306,397	463,824
Less: Accumulated Amortization for:					
Vehicles	-	120,187	(961)	-	119,226
Total Accumulated Amortization	-	120,187	(961)	-	119,226
Total Lease Assets Being Amortized, Net	-	53,101	(14,900)	306,397	344,598
Total Governmental Activities Capital Assets, Net	\$ 23,451,812	\$ 957,939	\$ (14,900)	\$ (37,760)	\$ 24,357,091

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

	Balance January 1, 2022	Additions	Deletions	Transfers	Balance December 31, 2022
<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	954,424	835,856	(691,830)	-	1,098,450
Total Capital Assets not being Depreciated	1,342,248	835,856	(691,830)	-	1,486,274
Non-Lease Capital Assets being Depreciated:					
Gas System	7,561,239	17,070	-	-	7,578,309
Water System	8,616,562	671,840	-	-	9,288,402
Sewer System	14,272,225	-	-	-	14,272,225
Buildings	436,845	-	-	-	436,845
Land Improvements	111,568	-	-	-	111,568
Machinery and Equipment	1,552,964	7,065	-	(521,169)	1,038,860
Total Non-Lease Capital Assets being Depreciated	32,551,403	695,975	-	(521,169)	32,726,209
Less: Accumulated Depreciation for:					
Gas System	4,056,006	190,942	-	-	4,246,948
Water System	3,042,481	243,410	-	-	3,285,891
Sewer System	8,516,797	369,979	-	-	8,886,776
Buildings	141,357	9,832	-	-	151,189
Land Improvements	76,434	5,111	-	-	81,545
Machinery and Equipment	986,191	75,343	-	(150,947)	910,587
Total Accumulated Depreciation	16,819,266	894,617	-	(150,947)	17,562,936
Total Non-Lease Capital Assets being Depreciated, Net	15,732,137	(198,642)	-	(370,222)	15,163,273
Lease Assets:					
Equipment & Vehicles	-	2,818,626	-	342,103	3,160,729
Total Lease Assets being Amortization	-	2,818,626	-	342,103	3,160,729
Less: Accumulated Amortization for:					
Equipment and Vehicles	-	472,381	-	-	472,381
Total Accumulated Amortization	-	472,381	-	-	472,381
Total Lease Assets Being Amortized, Net	-	2,346,245	-	342,103	2,688,348
Total Business-Type Activities Capital Assets, Net	\$ 17,074,385	\$2,983,459	\$ (691,830)	\$ (28,119)	\$ 19,337,895

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

Governmental Activities:

General Government	\$ 312,376
Public Safety	91,370
Highways and Streets	277,995
Parks and Recreation	141,185
Total Depreciation and Amortization Expense Governmental Activities	\$ 822,926

Business-Type Activities:

Water	\$ 636,210
Gas	331,985
Sewer	398,803
Total Depreciation and Amortization Expense - Business -Type Activities	\$ 1,366,998

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

A summary of commitments under construction contracts for the City at December 31, 2022, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2022	Unexpended Commitment
City Hall Construction	\$ 7,709,085	\$ 7,709,085	\$ -
New Animal Shelter Building	26,839	26,839	-
Special Needs Playground	691,607	691,607	-
Ball Park Renovations	1,944,822	1,944,822	-
First Responders Fountain	39,557	39,557	-
Stafford House Improvements	73,154	73,154	-
New Police Department Building Improvements	26,877	26,877	-
Aydell Lane Improvements	1,215,321	114,098	1,101,223
Pendarvis Lane Phase I	1,364,614	381,131	983,483
Safe Route Sidewalks	689	689	-
Aydell Lane Bridge Replacement	45,828	45,828	-
Total	\$ 13,138,393	\$ 11,053,687	\$ 2,084,706

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

	Project Authorization	Expended to December 31, 2022	Unexpended Commitment
Sewer Expansion Below 1-12	\$ 826,532	\$ 560,086	\$ 266,446
Fire Station Gas Extension	4,380	4,380	-
Cane Market Regulator Station	6,253	6,253	-
Gas Upgrade - Eden at Lockhart	10,766	10,766	-
Cane Market/ 449 Regulator Station	5,313	5,313	-
Gas Extension and Regulator Station Hwy 190 at Woodside Drive	380,833	380,833	-
Gas Extension Magnolia Beach Road	16,062	16,062	-
Aydell Ln Improvements	65,567	65,567	-
Water Well 6	7,500	7,500	-
Gas Relocate Amite Church Road	243,884	31,840	212,044
1024 Bridge Replace	9,850	9,850	-
Total	<u>\$ 1,576,940</u>	<u>\$ 1,098,450</u>	<u>\$ 478,490</u>

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2022 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Payable	\$ 178,632	\$ 1,094,629	\$1,273,261
Unearned Revenue	-	1,157,301	1,157,301
Payroll Liabilities	321,378	69,488	382,133
Accrued Salaries	60,537	29,238	89,775
Other Liabilities	19,855	-	19,855
Customer Deposits	-	868,913	868,913
Total	<u>\$ 580,402</u>	<u>\$3,219,569</u>	<u>\$3,799,971</u>

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

10. Retirement Benefits (Other Than Police Officers)

The City has a qualified retirement plan with employees eligible to participate upon completion of their sixth month of employment and must be employed full time. For employees hired prior to January 1, 2014, the City contributes 9% of the regular gross pay on the employee's behalf. Effective January 1, 2014, for employees hired after December 31, 2013, the City contributes 50% of the first six percent of employee contribution upon completion of 30 days of employment and the employee must be employed full time. The moneys contributed are used to make payments on annuity contracts for the benefit of the employee. The City's contributions to the plan amounted to \$132,355, for the year ended December 31, 2022.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

11. Pension Plan

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

General Information about the Pension Plan

Plan Description:

Municipal Police Employees Retirement System of Louisiana (MPERS)

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

Benefits Provided:

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

1. Retirement, Survivor Benefits, and Disability Benefits

Membership Prior to January 1, 2013

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Membership Commencing January 1, 2013

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

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

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

Cost-of-Living Adjustments

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

2. DROP Benefits

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

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

3. Initial Benefit Option Plan

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

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The City's required contribution rate for the period January 1, 2022 to June 30, 2022 was 29.75% and was 31.25% for the period July 1, 2022 to December 31, 2022. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$290,180 for the year ended December 31, 2022.

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 \$66,134 for the year ended December 31, 2022.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

At December 31, 2022, the City reported a liability of \$3,038,688 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2022 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 0.297299% which was a decrease of 0.00600% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of \$557,791 related to MPERS.

At December 31, 2022, 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	\$ 14,988	\$ 24,768
Changes in assumptions	104,826	22,603
Net difference between projected and actual earnings on pension plan investments	542,543	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,854	34,583
Employer contributions subsequent to the measurement date	163,240	-
Total	\$ 909,451	\$ 81,954

\$163,240 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 192,203
2024	164,268
2025	23,200
2026	284,586
	\$ 664,257

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 for the plan are as follows:

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

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

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

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 8.06% for the year ended June 30, 2022. 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, 2022 are summarized in the following table:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.5%	3.60%
Fixed Income	30.5%	0.85%
Alternative	14.0%	0.95%
Other	0.0%	0.00%
Total	100.0%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

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, 2021. 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, 2022 for MPERS:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 4,253,911	\$ 3,038,688	\$ 2,024,007

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. 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, 2022, included in liabilities is a payable in the amount of \$50,756 to MPERS. This payable is normal legally required contributions to the pension plan.

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, 2022:

	<u>Debt Payable</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> <u>12/31/2022</u>	<u>Due within</u> <u>1 year</u>
Governmental Activities:					
<u>Revenue Bonds</u>					
City Hall Construction Bond, Series 2018	\$ 6,390,000	\$ -	\$ 140,000	\$ 6,250,000	\$ 140,000
Discount on Bonds	(21,981)	-	(482)	(21,499)	(482)
Total Revenue Bonds	<u>6,368,019</u>	<u>-</u>	<u>139,518</u>	<u>6,228,501</u>	<u>139,518</u>
Compensated Absences	257,536	140,940	102,504	295,972	73,993
Lease Payable	292,649	155,756	113,556	334,849	136,731
Note Payable - Direct Borrowing	411,146	-	149,277	261,869	115,410
Total Governmental Activities	7,329,350	296,696	504,855	7,121,191	465,652
Business-Type Activities:					
<u>Revenue Bonds</u>					
Refunding Series Bonds, Series 2016 (Gross)	3,390,000	-	530,000	2,860,000	540,000
Combined Utilities Revenue Bonds, Series 2010B	173,000	-	20,000	153,000	20,000
Combined Utilities Revenue Bonds, Series 2011	326,764	-	35,000	291,764	35,000
Premium on Bonds	157,299	-	24,592	132,707	25,057
Total Revenue Bonds	<u>4,047,063</u>	<u>-</u>	<u>609,592</u>	<u>3,437,471</u>	<u>620,057</u>
Compensated Absences	157,220	92,920	97,997	152,143	38,036
Lease Payable	330,804	2,484,707	108,886	2,706,625	496,609
Total Business-Type Activities	<u>4,535,087</u>	<u>2,577,627</u>	<u>816,475</u>	<u>6,296,239</u>	<u>1,154,702</u>
Total Debt	<u><u>\$11,864,437</u></u>	<u><u>\$ 2,874,323</u></u>	<u><u>\$1,321,330</u></u>	<u><u>\$13,417,430</u></u>	<u><u>\$1,620,354</u></u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Prior Year Advance Refunding

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

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$604,275, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At December 31, 2022, the unamortized balance is \$353,510. Also, as a result of the advance refunding, the Series 2009 bonds are paid off.

Refunding Bonds, Series 2016

City of Walker Series 2016 Revenue Refunding Bonds - \$4,890,000 (\$583,000 payable from Governmental Activities and \$3,967,000 payable from Business-Type Activities) of Refunding Bonds Dated March 31, 2016, due in annual installments of principal and semi-annual installments of interest through October 1, 2027; variable interest rate ranging from 2.000% to 3.000%. \$ 2,860,000

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
2023	\$ 540,000	\$ 85,800	\$ 625,800
2024	555,000	69,600	624,600
2025	570,000	52,950	622,950
2026	590,000	35,850	625,850
2027	605,000	18,150	623,150
	\$ 2,860,000	\$ 262,350	3,122,350

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022, 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 \$164,566, and is reported on the Proprietary Fund as restricted cash.

Combined Utilities Revenue Bonds, 2010B

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

\$ 153,000

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

Year Ended December 31,	2010B Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2023	\$ 20,000	\$ 4,514	\$ 765	\$ 25,279
2024	21,000	3,924	665	25,589
2025	21,000	3,304	560	24,864
2026	22,000	2,685	455	25,140
2027	22,000	2,036	345	24,381
2028-2029	47,000	2,095	355	49,450
	\$ 153,000	\$ 18,558	\$ 3,145	\$ 174,703

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%.

\$ 291,764

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

<u>Year Ended December 31,</u>	<u>2011 Utilities Revenue Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fees</u>	<u>Total</u>
2023	\$ 35,000	\$ 1,313	\$ 1,459	\$ 37,772
2024	36,000	1,155	1,284	38,439
2025	36,000	993	1,104	38,097
2026	36,000	831	924	37,755
2027	37,000	669	744	38,413
2028-2030	111,764	1,009	1,121	113,894
	<u>\$ 291,764</u>	<u>\$ 5,970</u>	<u>\$ 6,636</u>	<u>\$ 304,370</u>

The 2010 Series Bonds and the 2011 Series Bonds require the maintenance of a separately identifiable fund or account designated as the “Debt Service Fund” into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20th day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months.

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2022, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$216,363 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, 2022.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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%.

\$ 6,250,000

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

<u>Year Ended December 31,</u>	<u>2018 Authority Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 140,000	\$ 252,181	\$ 392,181
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
2028-2032	930,000	1,037,506	1,967,506
2033-2037	1,130,000	836,106	1,966,106
2038-2042	1,375,000	590,906	1,965,906
2043-2047	1,680,000	290,631	1,970,631
2048	375,000	15,469	390,469
	<u>\$ 6,250,000</u>	<u>\$ 3,973,323</u>	<u>\$ 10,223,323</u>

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

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2022, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$70,047 and are reported on the General Fund as restricted cash.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022.

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 August 14, 2017 for financing the purchase of five police vehicles and equipment for the Police Department. The agreement requires 20 quarterly payments of principal and interest of \$9,652 with the final payment due October 15, 2022. The City entered into an agreement on August 1, 2018 for financing the purchase of tractors and equipment. The agreement requires 20 quarterly payments of principal and interest of \$13,017 with the final payment due October 1, 2023. 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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

Direct Borrowing for the Year Ended December 31,	Principal	Interest	Total
2023	\$ 115,410	\$ 4,192	\$ 119,602
2024	66,460	1,075	67,535
2025	20,000	-	20,000
2026	20,000	-	20,000
2027	20,000	-	20,000
2028	20,000	-	20,000
	<u>\$ 261,870</u>	<u>\$ 5,267</u>	<u>\$ 267,137</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, 2022, the City had a lease liability of \$3,041,474. 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 in 2019-2022. As of December 31, 2022, this master lease agreement encompassed 56 vehicles with interest rates ranging from .78% - 4.18%, monthly payments ranging from \$283 - \$583, and final maturities ranging from September 30, 2023 - December 28, 2026.

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.

The future leases payments under lease agreements and in the aggregate are as follows at December 31, 2022:

Description/Purpose	Original Lease Amount	Interest Rate	Final Maturity	Balance December 31, 2022
Utility Metering Solutions meter system	\$ 2,784,430	1.55%	6/30/2029	\$ 2,294,183
Agreement for the leasing of fifty six vehicles	\$ 1,046,420	.78% - 4.18%	12/28/2026	747,291
				<u>\$ 3,041,474</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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>
2023	\$ 633,340	\$ 47,566	\$ 680,905
2024	589,272	37,294	626,566
2025	480,254	27,491	507,746
2026	428,794	18,582	447,376
2027	359,703	11,554	371,257
2028-2029	550,111	6,775	556,886
	<u>\$3,041,474</u>	<u>\$ 149,262</u>	<u>\$3,190,736</u>

13. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2022, 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 \$87,643 of on-behalf payments as revenue and as expenses in the General Fund.

14. Restricted Assets

Restricted assets were applicable to the following at December 31, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cash and Cash Equivalents:		
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	\$ -	\$ 216,363
Refunding Bonds, Series 2016 - Debt Service	-	164,566
Revenue Bonds, Series 2018 - Debt Service	70,047	-
First Guarantee Bank - Flood Mitigation	19,939	-
First Guarantee Bank - First Responders Monument	6,640	-
Total Cash and Cash Equivalents	<u>96,626</u>	<u>380,929</u>
Investments:		
Customers Deposits	-	907,975
Total Restricted Assets	<u>\$ 96,626</u>	<u>\$ 1,288,904</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2022**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 9,740,209	\$ 1,735,646	\$ 1,084,926	\$ 411,572	\$ 12,972,353
Delinquent Charges	90,969	27,801	15,902	6,050	140,722
Miscellaneous	<u>623,891</u>	<u>212,825</u>	<u>12,371</u>	<u>-</u>	<u>849,087</u>
Total Operating Revenues	10,455,069	1,976,272	1,113,199	417,622	13,962,162
Operating Expenses:					
Direct	6,806,121	1,933,441	1,802,389	404,530	10,946,481
General and Administrative	<u>370,669</u>	<u>199,839</u>	<u>181,899</u>	<u>3,566</u>	<u>755,973</u>
Total Operating Expenses	<u>7,176,790</u>	<u>2,133,280</u>	<u>1,984,288</u>	<u>408,096</u>	<u>11,702,454</u>
Operating Income (Loss) by Department	3,278,279	(157,008)	(871,089)	9,526	2,259,708
Nonoperating Revenues	(28,141)	29,969	88,396	44	90,268
Nonoperating Expenses	(124,451)	(73,625)	(25,804)	-	(223,880)
Federal Grant	638,936	278,776	439,229	-	1,356,941
State Grant	-	(7,500)	-	-	(7,500)
Transfers from Special Revenue	-	-	960,000	-	960,000
Transfers to General Fund	<u>(3,895,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,895,000)</u>
Change in Net Position					<u>\$ 540,537</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ (130,377)</u>	<u>\$ 70,612</u>	<u>\$ 590,732</u>	<u>\$ 9,570</u>	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2022**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 4,610,334	\$ -	\$ -	\$ -	\$ 4,610,334
Salaries and Wages	786,181	339,920	384,811	-	1,510,912
Payroll Taxes, Retirement and Group Insurance	391,095	121,232	140,186	-	652,513
Contract Services	272,734	83,462	23,766	404,530	784,492
Depreciation	265,038	252,762	376,817	-	894,617
Amortization	66,947	383,448	21,986	-	472,381
Equipment Expenses	75,528	40,898	9,412	-	125,838
Equipment Rental	17,573	13,001	50,257	-	80,831
Lab Fees	-	-	43,242	-	43,242
Maintenance	291,026	581,158	545,083	-	1,417,267
Small Tools and Supplies	15,331	14,280	20,513	-	50,124
Utilities	14,334	103,280	186,316	-	303,930
	<u>6,806,121</u>	<u>1,933,441</u>	<u>1,802,389</u>	<u>404,530</u>	<u>10,946,481</u>
General and Administrative Expenses:					
Insurance	102,730	61,222	67,263	-	231,215
Miscellaneous	65,159	51,529	18,912	-	135,600
Office Expense	14,264	9,640	6,299	-	30,203
Professional Fees	150,073	57,184	75,889	2,533	285,679
Telephone	27,922	13,325	11,274	-	52,521
Bad Debts	10,521	6,939	2,262	1,033	20,755
	<u>370,669</u>	<u>199,839</u>	<u>181,899</u>	<u>3,566</u>	<u>755,973</u>
Total Operating Expenses	<u>\$ 7,176,790</u>	<u>\$ 2,133,280</u>	<u>\$ 1,984,288</u>	<u>\$ 408,096</u>	<u>\$ 11,702,454</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2022**

Personal Services and Benefits:

Direct Labor	\$ 1,510,912
Payroll Taxes, Retirement and Group Insurance	652,513
	<hr/>
	2,163,425

Contractual Services:

Equipment Rental	80,831
Lab Fees	43,242
Subcontract Services	784,492
Professional Fees	285,679
	<hr/>
	1,194,244

Cost of Materials:

Natural Gas Purchases	4,610,334
-----------------------	-----------

Utilities:

Utilities	303,930
Telephone	52,521
	<hr/>
	356,451

Repair and Maintenance:

Equipment Expenses	125,838
Maintenance	1,417,267
	<hr/>
	1,543,105

Supplies:

Small Tools and Supplies	50,124
Office Expense	30,203
Miscellaneous	135,600
	<hr/>
	215,927

Insurance

231,215

Depreciation

894,617

Amortization - Capital Leases

472,381

Bad Debts

20,755

Total Operating Expenses

\$ 11,702,454

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

18. Litigation

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

19. Contingencies

DOTD Liability

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

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

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

20. Compensation Paid Mayor and Council Members

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

Terms expire December 31, 2024.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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, 2022:

Salary	\$ 68,000
Benefits - Insurance	21,361
Benefits - Retirement	6,120
Special Meals - Chamber Luncheons	85
Registration Fees	514
Total Compensation and Benefits	<u>\$ 96,080</u>

22. Current Accounting Pronouncements

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

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

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

20. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements as of June 26, 2023, 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, 2022*

<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%

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

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

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

<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%

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

See independent auditor's report.

CITY OF WALKER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2022

Municipal Police Employees' Retirement System:

Changes in Actuarial Assumptions

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

Valuation Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017																																										
Investment Rate of Return	6.750%	6.750%	6.950%	7.125%	7.20%	7.325%																																										
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%																																										
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.	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																																										
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.	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females																																										
Mortality Rate - Disabled Annuitants	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	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																																										
Salary increases, including inflation and merit	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>12.30%</td> </tr> <tr> <td>Above 2</td> <td>4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>12.30%</td> </tr> <tr> <td>Above 2</td> <td>4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>12.30%</td> </tr> <tr> <td>Above 2</td> <td>4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.30%	Above 2	4.70%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>9.75%</td> </tr> <tr> <td>3-23</td> <td>4.75%</td> </tr> <tr> <td>Above 23</td> <td>4.25%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Above 23	4.25%
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Changes of Benefit Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2022.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2022

<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	05/28/2022 to 05/28/2023
EMC Insurance Co. A536207-07	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2022 to 05/28/2023
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	\$ 100,000 \$ 100,000	08/06/2021 to 08/06/2022
LMA Risk Management 100-1285-2021-17904	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurrence Aggregate Law Enforcement Officer Personal Injury or Property Damage (\$1,000 Deductible) Errors and Omissions (\$1,000 Deductible) Automobile Liability Bodily Injury and Property Damage (\$0 Deductible)	\$ 500,000 \$ 500,000 included \$ 500,000 \$ 500,000 \$ 500,000 \$ 500,000	05/28/2022 to 05/28/2023
Western Surety Company 69486003	Clerk Surety Bond	\$ 50,000	03/10/2022 to 03/10/2023
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	03/11/2022 to 03/11/2023
Arthur J Gallagher & Co. CITYOFW-28	Cyber Liability Aggregate Limit of Liability Sublimit of Liability for Individual Coverages Purchased	 \$ 1,000,000 \$ 1,000,000	12/14/2022 to 12/14/2023
Airpark Insurance and Risk Management, LLC	NFL Flag Football Each Occurrence	\$ 1,000,000	08/30/2022 to 1/1/2023

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, 2022

Number of Customers

	December 31, 2022	December 31, 2021	Increase (Decrease)
Gas Customers	10,543	10,203	340
Water Customers	5,021	5,043	(22)
Sewer Customers	2,563	2,591	(28)
Sanitation Customers	2,089	2,115	(26)

Revenue Data Per Customer Per Month

	December 31, 2022	December 31, 2021	Increase (Decrease)	Percentage Change
Gas Sales	\$76.99	\$67.66	\$9.33	14%
Water Sales	\$28.81	\$26.64	\$2.17	8%
Sewer Sales	\$35.28	\$32.99	\$2.29	7%
Sanitation Sales	\$16.42	\$16.24	\$0.18	1%

See independent auditor's report.

CITY OF WALKER
SCHEDULE OF UTILITY RATES AND TAP FEES
FOR THE YEAR ENDED DECEMBER 31, 2022

Fees	Connection Fees		
	Type	Fee	
<u>Gas</u>			
Residential and Commercial	Gas Taps		
Minimum Flat Rate	3/4 in	\$	969.42
Per 100 CFT of Gas Used	1 in	\$	1,186.12
			0.90
<u>Water</u>			
Residential	Water Taps	Inside City	Outside City
First 3,000 Gallons	3/4 in	\$ 1,214.23	\$ 1,385.31
Per Next 1,000 Gallons of Water Used	1 in	\$ 1,412.19	\$ 1,571.86
	1 1/2 in	\$ 2,455.00	\$ 2,614.74
Commercial	2 in	\$ 2,452.07	\$ 2,611.74
First 3,000 Gallons	3 in	\$ 3,763.64	\$ 4,014.55
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)		\$ 1,254.55	\$ 1,482.65
First 3,000 Gallons (Grinder Pump)	Tie-in Fee	\$	200
Per Next 1,000 Gallons of Water Used			
Commercial			
First 3,000 Gallons		\$	31.10
Per Next 1,000 Gallons of Water Used			3.22
<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, 2022

Federal Grantor/Pass - Through Grantor/Program Name	Federal Assistance Listing Number	Pass-Through Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<u>United States Department of Homeland Security</u>				
<i>Passed Through Louisiana Governor's Office of Homeland Security & Emergency Preparedness:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ -	\$ 307,440
Total United States Department of Homeland Security				<u>307,440</u>
<u>United States Department of Justice</u>				
<i>Passed Through Louisiana Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	2,055
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	-	7,430
Total United States Department of Justice				<u>9,485</u>
<u>United States Department of Transportation</u>				
<i>Passed Through Louisiana Highway Safety Commission</i>				
State and Community Highway Safety (Highway Safety Cluster)	20.600	N/A	-	1,534
Total United States Department of Transportation				<u>1,534</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	-	1,185,965
Total United States Department of the Treasury				<u>1,185,965</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,504,424</u>

See independent auditor's report.

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

CITY OF WALKER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31,

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, 2022.

Note C - Reconciliation of Federal Expenditures -

Federal Assistance expended as reported on the Schedule of Expenditures
of Federal Awards

\$ 1,504,424

Federal Grant Revenues as reported on:

Exhibit B-5 - All Governmental Fund Types - Statement of Revenues,
Expenditures and Changes in Fund Balance

\$ 147,483

Exhibit C-2 - Proprietary Fund - Statement of Revenues, Expenses, and
Changes in Net Position

1,356,941

\$ 1,504,424

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	First Six Month Period Ended 06/30/22	Second Six Month Period Ended 12/31/22
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 23,179	\$ 31,846
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	9,100	9,400
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	121,743	137,562
Criminal Fines - Contempt	-	-
Criminal Fines - Other	125,309	170,452
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	256,152	317,414
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one		
State Treasury Disability Affairs - Criminal Fines	75	125
Treasurer, State of Louisiana CMIS - Criminal Fines	3,216	4,983
DHH Traumatic Head & Spinal Cord Injury Trust - Criminal Fines	2,175	3,655
Judicial Administrator, Supreme Court of La - Criminal Fines	535	830
21st JDC Public Defender Office - Criminal Fines	45,120	69,560
Louisiana Commission on Law Enforcement - Criminal Fines	2,516	3,571
Florida Parishes Juvenile Justice Commission - Criminal Fines	5,140	8,045
Baton Rouge Crime Stoppers - Criminal Fines	2,188	3,292
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency - Other	179,394	215,409

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2022

	First Six Month Period Ended 06/30/22	Second Six Month Period Ended 12/31/22
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	6,000	5,300
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	1,126	877
	<hr/>	<hr/>
Subtotal Disbursements/Retainage	247,485	315,647
	<hr/>	<hr/>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 31,846	\$ 33,613

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)*

- -

- -

See independent auditor's report.

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

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, 2022, 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, 2023.

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, 2023

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

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, 2022. 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, 2022.

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, 2023

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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> Coronavirus State and Local Fiscal Recovery Funds	21.027

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

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022

Section II: Financial Statement Findings

A. Findings - Financial Reporting

1. Internal control Over Financial Reporting

None.

2. Compliance and Other Matters

None.

B. Findings - Federal Awards Programs

1. Internal Control Over Compliance of Federal Awards

None.

2. Compliance

None.

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

A. Findings - Internal Control Over Financial Reporting

None

B. Findings - Compliance and Other Matters

None