

**CITY OF WALKER, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**CITY OF WALKER**  
**WALKER, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

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**CITY OF WALKER  
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

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### Independent Auditor's Report

The Honorable Rick Ramsey, Mayor  
and Members of the City Council  
City of Walker  
Walker, Louisiana

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 11 to the financial statements, in 2015, the City of Walker adopted new accounting standards, 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*. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the City of Walker's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 71 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's basic financial statements. The Schedule of Insurance Coverage in Force (Schedule 3), Schedule of Number of Customers and Revenue Data Per Customer Per Month (Schedule 4), and Schedule of Utility Rates and Tap Fees (Schedule 5) are presented for purposes of additional analysis and are not a required part of the financial statements. Schedules 3 through Schedule 5 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Walker's internal control over financial reporting and compliance.

Respectfully submitted,

*Hanna J. Bourgeois, CPA*

Denham Springs, Louisiana  
June 27, 2016

**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, 2015. 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 decreasing long term debt and improving overall financial health.

- Total net position increased \$2,775,238 (17.28%) over 2014, with a three-year increase of 34.35%.
- Net capital assets increased \$2,308,216 (15.97%) over 2014, with a three-year increase of 19.47%.
- Long-term debt decreased \$339,246 (4.55%) over 2014, with a three-year decrease of 5.80%.
- Fund balance in the general fund increased by \$374,789 (26.51%) over 2014, with a three-year increase of 44.94%.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

The City maintains two individual governmental funds. The *General Fund* is the chief operating fund of the City. The activities of the General Fund include general and administrative functions, public safety (police and animal control), highways and streets, and parks and recreation. The *Special Revenue Fund* accounts solely for the ½ cent sales tax, the proceeds of which are legally dedicated for the repayment of that portion the Refunding Bonds Series 2009 originally attributable to the 2000 ½ Cent Sales Tax Bonds; 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 30-70 of this report.

**Government-wide Financial Analysis**

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2015. The City’s net position at December 31, 2015 was \$18,835,525, with a 2.13% increase in unrestricted net position and a 26.32% increase in investment in capital assets. Capital assets are reported net of accumulated depreciation; and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Position as of December 31, 2015 with comparative totals for 2014 (restated for net pension liability and related deferred inflows and outflows).

City of Walker  
Condensed Statement of Net Position  
For the Year Ended December 31, 2015

	Governmental Activities	Business-Type Activities	Totals 2015	Restated Totals 2014
<b>ASSETS</b>				
Current and Other Assets	\$ 3,803,323	\$ 7,723,090	\$ 11,526,413	\$ 11,480,272
Restricted Assets	70,715	1,040,578	1,111,293	1,023,537
Capital Assets	3,239,929	13,522,090	16,762,019	14,453,803
Total assets	<u>7,113,967</u>	<u>22,285,758</u>	<u>29,399,725</u>	<u>26,957,612</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Related to Pensions	427,464	-	427,464	119,964
<b>LIABILITIES</b>				
Current Liabilities	365,684	1,372,210	1,737,894	1,672,595
Long-Term Liabilities	2,049,060	5,066,415	7,115,475	7,454,721
Net Pension Liability	2,034,266	-	2,034,266	1,485,737
Total Liabilities	<u>4,449,010</u>	<u>6,438,625</u>	<u>10,887,635</u>	<u>10,613,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Related to Pensions	104,029	-	104,029	404,236
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,924,952	8,530,052	11,455,004	9,068,137
Restricted	238,715	259,683	498,398	253,286
Unrestricted	<u>(175,275)</u>	<u>7,057,398</u>	<u>6,882,123</u>	<u>6,738,864</u>
Total Net Position	<u>\$ 2,988,392</u>	<u>\$ 15,847,133</u>	<u>\$ 18,835,525</u>	<u>\$ 16,060,287</u>

The Statement of Activities for 2015 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 2015 were \$14,917,481, with \$9,873,729 derived from program revenues and grants; \$4,860,324 from sales, franchise, and property taxes, occupational licenses, and permits; and the remaining \$183,428 from other miscellaneous income. Total expenses for the City in 2015 were \$12,142,243, leaving a \$2,775,238 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2015 with comparative totals for 2014.

City of Walker Condensed Statement of Activities For the Year Ended December 31, 2015				
	Governmental Activities	Business-Type Activities	Totals 2015	Restated Totals 2014
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 1,071,783	\$ 7,923,312	\$ 8,995,095	\$ 10,048,466
Operating Grants and Contributions	247,707	6,180	253,887	210,698
Capital Grants and Contributions	346,686	278,061	624,747	309,460
General Revenues:				
Taxes	4,860,324	-	4,860,324	4,379,392
Other Grants and Contributions not Restricted to Specific Programs	14,829	-	14,829	14,992
Interest and Investment Income	11,321	31,820	43,141	59,358
Net Gain on Sale of Assets	44,185	1,461	45,646	293
Miscellaneous Income	67,343	12,469	79,812	65,966
Total Revenues	<u>6,664,178</u>	<u>8,253,303</u>	<u>14,917,481</u>	<u>15,088,625</u>
<b>Expenses:</b>				
General Government	1,661,642	-	1,661,642	1,533,417
Public Safety	2,484,163	-	2,484,163	2,526,795
Highways and Streets	1,317,042	-	1,317,042	1,006,246
Parks and Recreation	339,434	-	339,434	317,090
Interest on Long-Term Debt	86,722	-	86,722	92,072
Gas	-	3,042,498	3,042,498	3,770,702
Water	-	1,289,717	1,289,717	1,116,632
Sewer	-	1,551,282	1,551,282	1,599,664
Sanitation	-	369,743	369,743	367,433
Total Expenses	<u>5,889,003</u>	<u>6,253,240</u>	<u>12,142,243</u>	<u>12,330,051</u>
Net Income before Transfers	775,175	2,000,063	2,775,238	2,758,574
Transfers In (Out)	<u>(185,855)</u>	<u>185,855</u>	<u>-</u>	<u>-</u>
Increase in Net Position	589,320	2,185,918	2,775,238	2,758,574
Net Position - Beginning of Year, Restated	<u>2,399,072</u>	<u>13,661,215</u>	<u>16,060,287</u>	<u>13,301,713</u>
Net Position - End of Year	<u>\$ 2,988,392</u>	<u>\$ 15,847,133</u>	<u>\$ 18,835,525</u>	<u>\$ 16,060,287</u>

**Governmental activities.** Governmental activities net position increased \$589,320 (24.56%). Total revenues before transfers increased \$815,611 (13.95%), primarily due to increase in sales tax, occupational licenses and permits, and intergovernmental revenue. Total expenses increased \$381,331 (6.93%) attributed to animal shelter kennel improvements and the start of major infrastructure improvements.

**Business-type activities.** Business-type activities net position increased \$2,185,918 (16%). Net income before transfers was \$2,000,063. Major improvements and additions to utility services during 2015 included:

- Our Lady of the Lake water tower
- Fletcher Road sewer force main
- Juban Road Market Place gas service
- Waste Management CNG station

### **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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$3,442,995, a decrease of \$158,683. The general fund, which is the chief operating fund of the City, reported \$1,115,965 excess expenditures over revenues. The transfer of \$1,150,000 from the gas department, a transfer of \$144,675 from the ½ cent sales tax fund, and \$196,079 in proceeds from municipal lease and disposition of capital asset resulted in a net increase in fund balance of \$374,789. The 2000 ½ cent sales tax fund reported \$947,058 excess revenues over expenditures; and a \$533,472 net decrease in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment therefor, as well as an \$868,700 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system and a \$467,155 transfer to the proprietary fund sewer department for system improvements.

**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 \$1,892,426. Operating income for the gas and water departments were \$2,310,013 and \$216,008, respectively; while the sanitation department reported an operating loss of \$12,549. Operations of the sewer department also resulted in a loss of \$621,046; however, \$868,700 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system.

### **General Fund Budgetary Summary**

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

### **Capital Asset and Debt Administration**

**Capital assets.** The City's net investment in capital assets (net of accumulated depreciation for its governmental and business type activities as of December 31, 2015 was \$16,762,019. 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 \$606,567 with depreciation expense of \$298,742 and business-type activities capital assets increased by \$2,453,889 with depreciation expense of \$719,550. Total increase in the net investment in capital assets for 2015 amounted to \$2,308,216. Additional information on the City's capital assets can be found in note 8 on pages 45-47 of this report.

**Long-term debt.** As of December 31, 2015, the City had total debt outstanding of \$7,115,475, a decrease of \$339,246 (4.55%) from prior year. New debt incurred by the City includes a five-year capital lease agreement for five police units. A breakdown of the long-term debt is as follows:

- 2009 Utility Revenue Refunding Bonds (maturing October 1, 2029) having an outstanding balance of \$5,720,969, with \$1,617,207 payable from the ½ Cent Sales Tax Fund and \$4,103,762 payable from the Enterprise Fund.
- 2010B Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$283,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$525,764.
- Capital Leases having an outstanding balance of \$394,489.
- Compensated absences total \$191,253 with \$116,876 payable from the General Fund and \$74,377 payable from the Enterprise Fund.

Additional information on the City’s long-term debt can be found in note 12 on pages 55-61.

**Future Budget and Economic Outlook**

The City continues the long-term task of upgrading our infrastructure that began in 2013. Major improvements completed in 2015 include the water tower at the Our Lady of the Lake Livingston site, the Fletcher Road sewer force main, Juban Road Market Place gas services, and the Waste Management CNG station. In 2016 we will complete upgrades to sewer lift stations and water wells including back-up service pumps and generators to ensure uninterrupted service and operation during disaster situations and power outages. Additional infrastructure improvements started in 2015 or budgeted to begin in 2016:

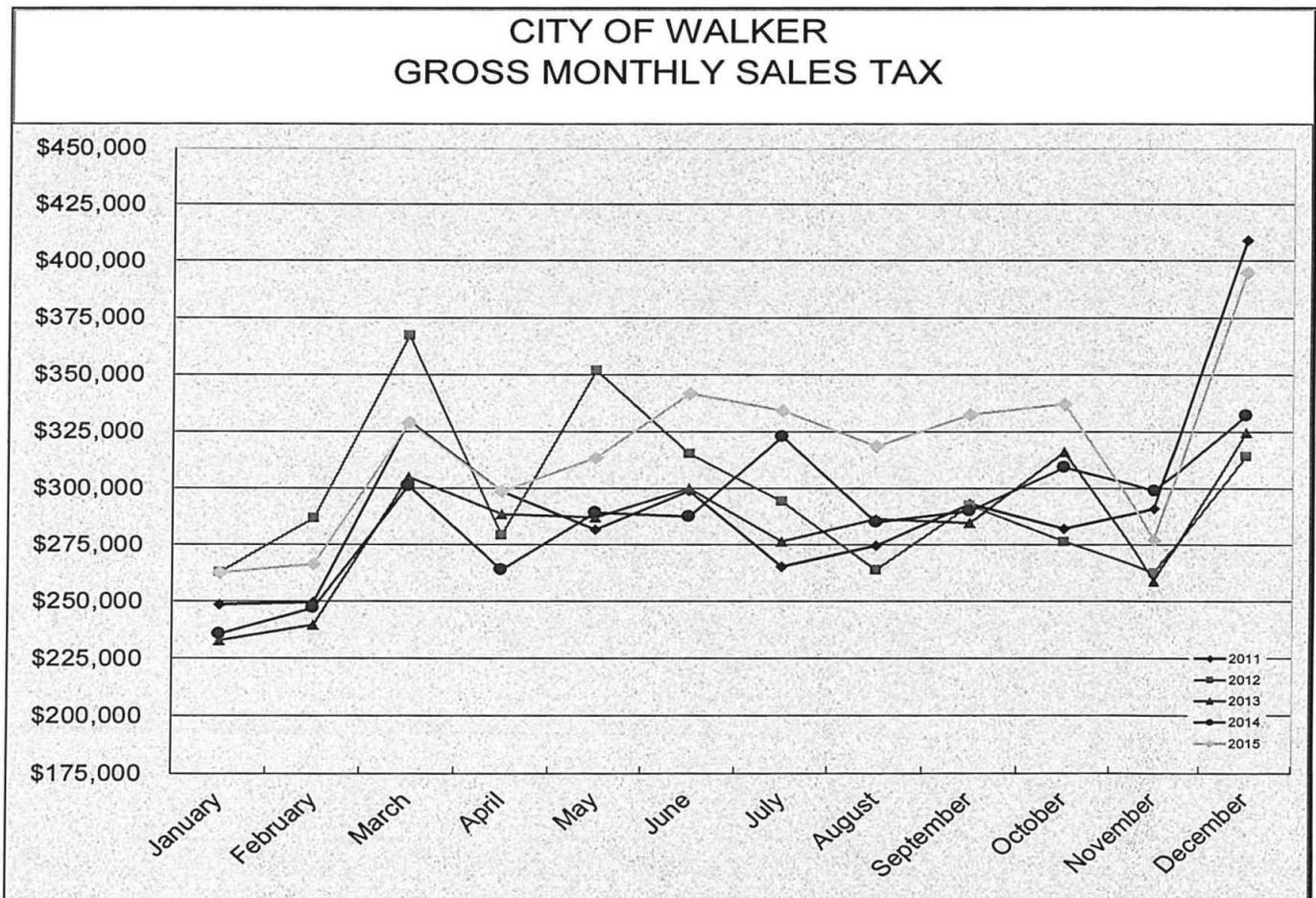
Description	Utility Revenue	General Revenue	1/2 Cent Sales Tax	Grant Funds	Total
New commercial gas services - Juban Road Market Place	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Upgrade gas main - Juban Rd to Buddy Ellis	269,400	-	-	-	269,400
Water Well at Our Lady of the Lake Livingston site	1,317,500	-	-	-	1,317,500
Road Improvements - LEDC Industrial Park Rd Phase II (federal and state grants; partnered with Parish of Livingston)	-	-	225,405	1,242,487	1,467,892
Road Extension and Upgrade water/sewer infrastructure - LEDC Industrial Park (federal and state grants; partnered with Parish of Livingston and Livingston Economic Development Council)	340,000	-	-	3,211,786	3,551,786
New sidewalks - Sidewalks Phase III - extend from existing sidewalks on Burgess east to LA 447, north on LA 447 to Ball Park Rd, east on Ball Park Rd to Sidney Hutchinson Park.	-	136,750	-	546,250	683,000
	<u>\$ 2,076,900</u>	<u>\$ 136,750</u>	<u>\$ 225,405</u>	<u>\$ 5,000,523</u>	<u>\$ 7,439,578</u>

In addition to infrastructure improvements, the City has made improvements at the animal shelter and Sidney Hutchinson Park. Two grants from the Louisiana Division of Administration Office of Community Development totaling \$48,128 supported \$95,000 in improvements to the animal shelter kennel, vet room, and outdoor area. Improvements at the park include two T-ball fields and the Mayor and park director have been working and promoting to raise funds to build our Challenger Field. The Challenger Field will be completely handicap accessible to accommodate the Challenger League started by our park director in 2013.

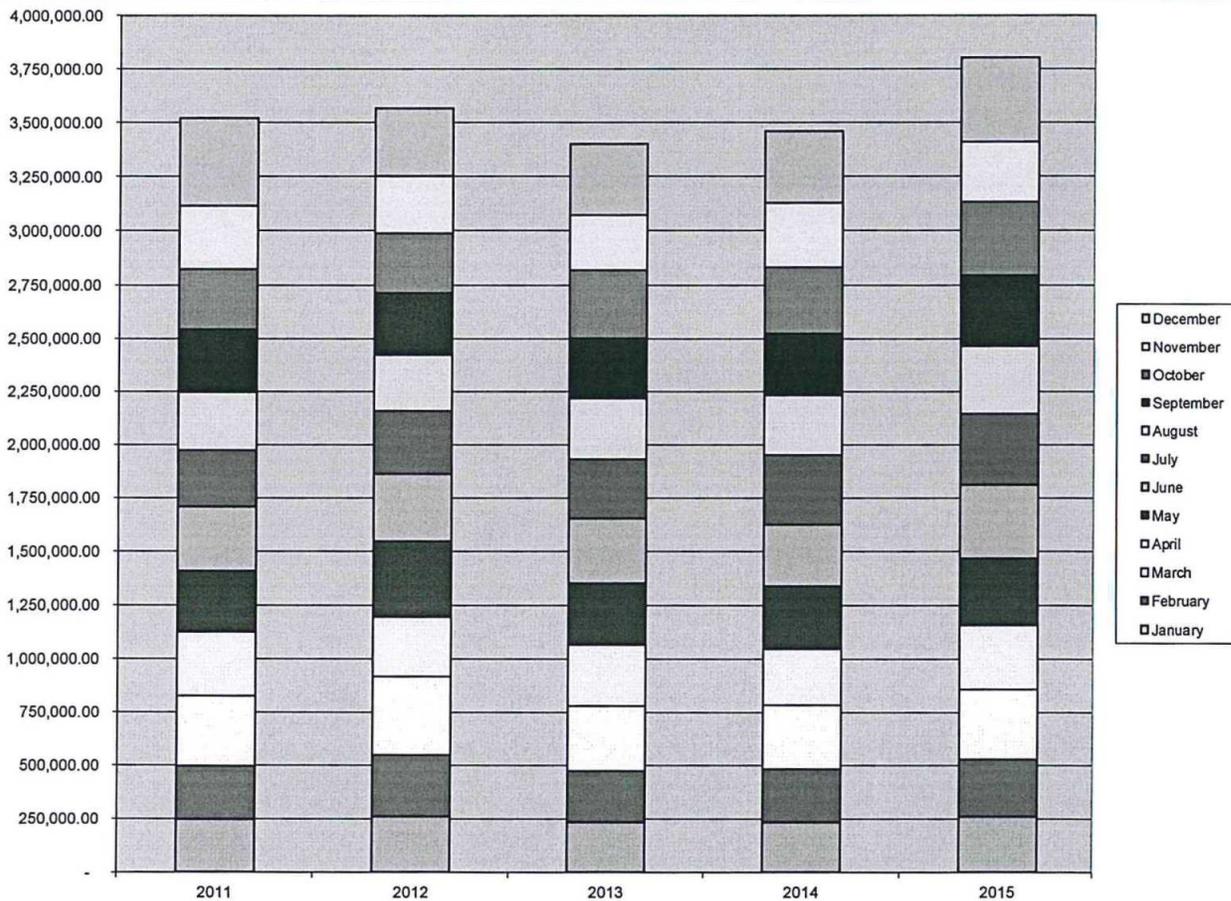
The community has joined forces to support this field with donations large and small from local businesses, community organizations, and individuals totaling \$70,715 at December 31, 2015 and exceeding \$200,000 as of May 2016. The City has applied for a grant from the Louisiana Office of State Parks Land & Water Conservation Fund to supplement funds raised; and is also working with the Cal Ripken, Sr. Foundation for additional support. The goal is to have enough funds committed during 2016 to begin construction on this landmark field.

Walker continues to welcome enterprise and entrepreneurship, with Foo Chow Buffet Hibachi Grill and Sushi, and Albasha Greek and Lebanese restaurants opening in 2015. New developments breaking ground in 2015 include Martin Brower’s \$20 million food distribution facility and Lake Side Apartments, a 165 unit gated complex; both are expected to be completed in 2016.

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 an increase of 10.45% over 2014. The 2016 budget reflects moderate growth for all taxes.



## CITY OF WALKER GROSS ANNUAL SALES TAX



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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF WALKER**  
**STATEMENT OF NET POSITION**  
 DECEMBER 31, 2015  
 (WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

	Governmental Activities	Business-Type Activities	Totals	
			2015	Restated 2014
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,035,733	\$ 5,498,333	\$ 8,534,066	\$ 8,278,891
Investments	321,517	-	321,517	321,350
Receivables, Net	207,536	1,093,660	1,301,196	1,633,010
Due from Other Governments	820,617	53,110	873,727	857,194
Internal Balances	(733,324)	733,324	-	-
Inventories	-	207,466	207,466	194,101
Prepaid Insurance	66,551	-	66,551	-
Prepaid Items	84,693	137,197	221,890	195,726
Restricted Assets:				
Cash and Cash Equivalents	70,715	306,740	377,455	300,718
Investments	-	733,838	733,838	722,819
Capital Assets:				
Land and Construction in Progress	1,268,340	577,765	1,846,105	1,541,113
Other Capital Assets, Net of Accumulated Depreciation	1,971,589	12,944,325	14,915,914	12,912,690
Total Assets	7,113,967	22,285,758	29,399,725	26,957,612
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Related to Pensions	427,464	-	427,464	119,964
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	346,350	1,325,153	1,671,503	1,604,773
Accrued Interest Payable	19,334	47,057	66,391	67,822
Non-Current Liabilities:				
Due Within One Year	370,032	169,639	539,671	500,742
Due in More Than One Year	1,679,028	4,896,776	6,575,804	6,953,979
Net Pension Liability	2,034,266	-	2,034,266	1,485,737
Total Liabilities	4,449,010	6,438,625	10,887,635	10,613,053
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Related to Pensions	104,029	-	104,029	404,236
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,924,952	8,530,052	11,455,004	9,068,137
Restricted for				
Industrial Park Road Phase III	168,000	-	168,000	-
Challenger Field	70,715	-	70,715	-
Debt Service	-	259,683	259,683	253,286
Unrestricted (Deficit)	(175,275)	7,057,398	6,882,123	6,738,864
Total Net Position	\$ 2,988,392	\$ 15,847,133	\$ 18,835,525	\$ 16,060,287

The accompanying notes are an integral part of this statement.

**CITY OF WALKER**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 1,661,642	\$ -	\$ 12,422	\$ -
Public Safety	2,484,163	979,448	159,845	30,321
Highways and Streets	1,317,042	4,600	12,651	316,365
Parks and Recreation	339,434	87,735	62,789	-
Interest on Long-Term Debt	86,722	-	-	-
Total Governmental Activities	<u>5,889,003</u>	<u>1,071,783</u>	<u>247,707</u>	<u>346,686</u>
Business-Type Activities:				
Gas	3,042,498	5,219,721	6,180	171,880
Water	1,289,717	1,465,218	-	35,966
Sewer	1,551,282	881,179	-	70,215
Sanitation	369,743	357,194	-	-
Total Business-Type Activities	<u>6,253,240</u>	<u>7,923,312</u>	<u>6,180</u>	<u>278,061</u>
Total Primary Government	<u>\$ 12,142,243</u>	<u>\$ 8,995,095</u>	<u>\$ 253,887</u>	<u>\$ 624,747</u>
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Transfers				
Interest and Investment Income				
Net Gain on Disposition of Capital Assets				
Miscellaneous Income				
Total General Revenues				
Change in Net Position				
Net Position - Beginning of Year, Restated				
Net Position - End of Year				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Position (Deficit)

Governmental Activities	Business-Type Activities	Totals	
		2015	Restated 2014
\$ (1,649,220)	\$ -	\$ (1,649,220)	\$ (1,388,417)
(1,314,549)	-	(1,314,549)	(1,417,016)
(983,426)	-	(983,426)	(997,046)
(188,910)	-	(188,910)	(137,120)
(86,722)	-	(86,722)	(92,072)
<u>(4,222,827)</u>	<u>-</u>	<u>(4,222,827)</u>	<u>(4,031,671)</u>
-	2,355,283	2,355,283	2,482,949
-	211,467	211,467	256,695
-	(599,888)	(599,888)	(465,139)
-	(12,549)	(12,549)	(4,261)
<u>-</u>	<u>1,954,313</u>	<u>1,954,313</u>	<u>2,270,244</u>
(4,222,827)	1,954,313	(2,268,514)	(1,761,427)
113,231	-	113,231	107,381
3,806,151	-	3,806,151	3,462,730
549,303	-	549,303	413,448
391,639	-	391,639	395,833
14,829	-	14,829	14,992
(185,855)	185,855	-	-
11,321	31,820	43,141	59,358
44,185	1,461	45,646	293
67,343	12,469	79,812	65,966
<u>4,812,147</u>	<u>231,605</u>	<u>5,043,752</u>	<u>4,520,001</u>
589,320	2,185,918	2,775,238	2,758,574
2,399,072	13,661,215	16,060,287	13,301,713
<u>\$ 2,988,392</u>	<u>\$ 15,847,133</u>	<u>\$ 18,835,525</u>	<u>\$ 16,060,287</u>

FUND FINANCIAL STATEMENTS

**CITY OF WALKER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2015**

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

	General	2000 1/2 Cent	Total	
		Sales Tax Fund	2015	2014
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 410,796	\$ 2,624,937	\$ 3,035,733	\$ 2,739,358
Investments	321,517	-	321,517	321,350
Receivables:				
Ad Valorem Taxes, Net	38,664	-	38,664	20,036
Other	168,872	-	168,872	224,200
Prepaid Insurance	66,551	-	66,551	-
Due from Other Funds	457,626	-	457,626	246,528
Due from Other Governments	600,072	220,545	820,617	857,194
Cash - Restricted	70,715	-	70,715	-
Total Assets	<u>\$ 2,134,813</u>	<u>\$ 2,845,482</u>	<u>\$ 4,980,295</u>	<u>\$ 4,408,666</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 141,473	\$ -	\$ 141,473	\$ 304,080
Payroll Liabilities	114,920	-	114,920	108,648
Accrued Salaries and Wages	89,957	-	89,957	81,320
Due to Other Funds	-	1,190,950	1,190,950	312,940
Total Liabilities	346,350	1,190,950	1,537,300	806,988
<b>FUND BALANCES</b>				
Fund Balances:				
Nonspendable:				
Prepaid Insurance	66,551	-	66,551	-
Restricted For:				
Industrial Park Road Phase III	168,000	-	168,000	-
Challenger Field	70,715	-	70,715	-
Committed For:				
Construction Contracts	1,004,959	-	1,004,959	32,148
Assigned To:				
Special Revenue Fund	-	1,654,532	1,654,532	2,188,004
Unassigned:				
General Fund	478,238	-	478,238	1,381,526
Total Fund Balances	<u>1,788,463</u>	<u>1,654,532</u>	<u>3,442,995</u>	<u>3,601,678</u>
Total Liabilities and Fund Balances	<u>\$ 2,134,813</u>	<u>\$ 2,845,482</u>	<u>\$ 4,980,295</u>	<u>\$ 4,408,666</u>

The accompanying notes are an integral part of this statement.

## CITY OF WALKER

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

DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

	<u>2015</u>	<u>Restated 2014</u>
Fund Balances - Total Governmental Funds	\$ 3,442,995	\$ 3,601,678
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds		
Governmental Capital Assets	7,164,478	6,557,911
Less Accumulated Depreciation	<u>(3,924,549)</u>	<u>(3,809,106)</u>
	3,239,929	2,748,805
Prepaid Items	84,693	76,202
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(2,034,266)	(1,485,737)
General Obligation Bonds	(1,617,207)	(1,851,224)
Compensated Absences Payable	(116,876)	(143,784)
Capital Lease Payable	(314,977)	(242,206)
Accrued Interest Payable	<u>(19,334)</u>	<u>(20,390)</u>
	(4,102,660)	(3,743,341)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	427,464	119,964
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(104,029)</u>	<u>(404,236)</u>
Net Position of Governmental Activities	<u>\$ 2,988,392</u>	<u>\$ 2,399,072</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, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	2000		Total	
	General	1/2 Cent Sales Tax Fund	Governmental 2015	2014
<b>Revenues:</b>				
Taxes	\$ 3,056,965	\$ 1,268,885	\$ 4,325,850	\$ 3,980,936
Licenses and Permits	549,303	-	549,303	413,448
Fines and Forfeits	936,533	-	936,533	909,957
Interest	2,233	9,088	11,321	10,007
Fees	128,150	-	128,150	103,818
Intergovernmental	370,502	-	370,502	375,591
Miscellaneous	140,575	-	140,575	54,517
Total Revenues	5,184,261	1,277,973	6,462,234	5,848,274
<b>Expenditures:</b>				
Current:				
General Government	1,619,761	21,242	1,641,003	1,466,822
Public Safety	2,449,898	-	2,449,898	2,454,545
Highways and Streets	1,211,318	-	1,211,318	899,120
Parks and Recreation	271,812	-	271,812	267,126
Capital Outlay	660,278	-	660,278	606,121
Debt Service:				
Principal Retirement	77,800	235,000	312,800	296,171
Interest and Administration Fees	9,359	74,673	84,032	89,996
Total Expenditures	6,300,226	330,915	6,631,141	6,079,901
Excess (Deficiency) of Revenues over Expenditures	(1,115,965)	947,058	(168,907)	(231,627)
<b>Other Financing Sources (Uses):</b>				
Proceeds from Capital Asset Disposition	45,508	-	45,508	24,927
Transfers In	1,294,675	-	1,294,675	1,059,859
Transfer Out	-	(1,480,530)	(1,480,530)	(681,059)
Proceeds from Issuance of Long Term Debt	150,571	-	150,571	172,103
Total Other Financing Sources (Uses)	1,490,754	(1,480,530)	10,224	575,830
Net Change in Fund Balances	374,789	(533,472)	(158,683)	344,203
<b>Fund Balances at Beginning of Year</b>	1,413,674	2,188,004	3,601,678	3,257,475
<b>Fund Balances at End of Year</b>	<u>\$ 1,788,463</u>	<u>\$ 1,654,532</u>	<u>\$ 3,442,995</u>	<u>\$ 3,601,678</u>

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, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	<u>2015</u>	<u>Restated 2014</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (158,683)	\$ 344,203
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.		
Capital Outlay Additions and Transfers In	831,879	606,121
Depreciation Expense and Accumulated Depreciation on Transfers In	<u>(339,432)</u>	<u>(296,995)</u>
	492,447	309,126
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	223,989	4,347
Less Cost Basis of Capital Assets Retired During the Year	<u>(225,312)</u>	<u>(28,981)</u>
	(1,323)	(24,634)
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 Insurance	11,254	5,113
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.		
Proceeds from the Issuance of Capital Lease	(150,571)	(172,103)
Repayment of Principal on Long-Term Debt	312,800	296,171
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	26,908	(36,105)
(Increase) Decrease in Pension Expense	13,205	32,052
(Increase) Decrease in Accrued Interest Payable	1,056	1,511
Amortization of Bond Insurance Costs	(2,763)	(2,646)
Amortization of Discount Paid on Issuance of General Obligation Bonds	(983)	(941)
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.	45,973	39,492
Change in Net Position of Governmental Activities	<u>\$ 589,320</u>	<u>\$ 791,239</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 114,500	\$ 114,500	\$ 113,231	\$ (1,269)
Alcoholic Beverage Tax	15,800	15,800	14,829	(971)
Franchise Taxes	360,800	360,800	391,639	30,839
Sales Taxes	2,283,500	2,283,500	2,537,266	253,766
	2,774,600	2,774,600	3,056,965	282,365
<b>Licenses and Permits:</b>				
Occupational Licenses	351,700	351,700	340,845	(10,855)
Other Permits and Licenses	88,300	88,300	208,458	120,158
	440,000	440,000	549,303	109,303
<b>Fines and Forfeits</b>	821,000	821,000	936,533	115,533
<b>Interest Income</b>	1,300	1,300	2,233	933
<b>Fees:</b>				
Animal Adoption Fees	4,200	4,200	2,048	(2,152)
Parks and Recreation Fees	100,400	100,400	80,635	(19,765)
Police Extra Duty Charges	41,000	41,000	40,867	(133)
Road Maintenance	11,700	11,700	4,600	(7,100)
	157,300	157,300	128,150	(29,150)

(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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Intergovernmental:</b>				
State and Local Grants:				
Other State and Local Grants	8,600	601,473	242,743	(358,730)
On Behalf Payments for Salaries	102,000	102,000	106,117	4,117
Federal Grants:				
Street Landscape and Beautification Grant	846,300	-	17,230	17,230
Law Enforcement Grants	20,000	20,000	4,412	(15,588)
	976,900	723,473	370,502	(352,971)
<b>Miscellaneous:</b>				
Parks and Recreation Concessions	8,500	8,500	7,100	(1,400)
Miscellaneous	13,300	13,300	133,475	120,175
	21,800	21,800	140,575	118,775
<b>Total Revenues</b>	5,192,900	4,939,473	5,184,261	244,788

(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, 2015

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	804,100	804,100	823,925	(19,825)
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	334,800	334,800	328,060	6,740
Advertising	5,000	5,000	9,243	(4,243)
Collection Costs	49,800	49,800	50,318	(518)
Bank Charges	-	-	95	(95)
Community Events	30,500	30,500	14,963	15,537
Contracted Services	8,500	8,500	7,104	1,396
Coroner Fees	6,000	6,000	3,590	2,410
Court Costs	14,400	14,400	14,400	-
Economic Development	15,000	15,000	10,000	5,000
Insurance	37,200	37,200	69,321	(32,121)
Legal and Professional	25,000	25,000	38,031	(13,031)
Membership Fees and Educational Training	15,000	15,000	18,176	(3,176)
Miscellaneous	1,800	1,800	9,463	(7,663)
Printing, Postage and Office Supplies	44,100	44,100	39,912	4,188
Rental Equipment	1,800	1,800	3,486	(1,686)
Repairs and Maintenance	88,100	88,100	76,990	11,110
Small Tools and Supplies	1,000	1,000	-	1,000
Telephone	21,400	21,400	21,186	214
Utilities	21,700	21,700	14,906	6,794
Uniforms	1,000	1,000	180	820
Vehicle Expenses	16,100	16,100	6,412	9,688
Total General Government	<u>1,602,300</u>	<u>1,602,300</u>	<u>1,619,761</u>	<u>(17,461)</u>
<b>Public Safety:</b>				
Animal Control:				
Salaries	119,400	119,400	106,425	12,975

(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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Public Safety (Continued):</b>				
Animal Control (Continued):				
Payroll Taxes, Retirement, and Group Insurance	47,600	47,600	56,603	(9,003)
Animal Care Expense	10,000	10,000	8,578	1,422
Insurance	4,500	4,500	5,312	(812)
Legal and Professional	1,100	1,100	1,145	(45)
Miscellaneous	17,300	5,300	11,837	(6,537)
Printing, Postage and Office Supplies	1,100	1,100	870	230
Small Tools and Supplies	8,000	8,000	10,707	(2,707)
Telephone	2,900	2,900	2,871	29
Utilities	8,900	8,900	9,527	(627)
Vehicle Expense	3,500	3,500	1,874	1,626
Total Animal Control	224,300	212,300	215,749	(3,449)
Police:				
Salaries	1,214,900	1,214,900	1,203,675	11,225
Payroll Taxes, Retirement, and Group Insurance	682,400	682,400	642,970	39,430
Contracted Services	7,100	7,100	6,675	425
Equipment Rental	13,800	13,800	12,508	1,292
Insurance	135,300	135,300	165,178	(29,878)
Membership Fees and Educational Training	12,500	12,500	7,724	4,776
Miscellaneous	4,200	4,200	4,955	(755)
Printing, Postage and Office Supplies	6,200	6,200	6,036	164
Professional Fees	13,200	13,200	12,690	510
Repairs and Maintenance	20,100	20,100	28,064	(7,964)
Small Tools and Supplies	16,600	16,600	32,735	(16,135)
Telephone	26,700	26,700	24,789	1,911

(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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Public Safety (Continued):</b>				
Police (Continued):				
Uniforms	14,000	14,000	9,841	4,159
Utilities	8,200	8,200	7,334	866
Vehicle Expense	115,000	115,000	68,975	46,025
Total Police	<u>2,290,200</u>	<u>2,290,200</u>	<u>2,234,149</u>	<u>56,051</u>
Total Public Safety	<u>2,514,500</u>	<u>2,502,500</u>	<u>2,449,898</u>	<u>52,602</u>
<b>Highways and Streets:</b>				
Streets:				
Salaries	463,600	463,600	451,504	12,096
Payroll Taxes, Retirement, and Group Insurance	192,600	192,600	208,984	(16,384)
Contract Services	10,400	10,400	6,673	3,727
Equipment Expense	72,000	72,000	86,143	(14,143)
Equipment Rental	2,600	2,600	5,329	(2,729)
Insurance	49,400	49,400	80,264	(30,864)
Landscaping and Beautification	224,300	-	-	-
Legal and Professional	319,400	67,400	77,484	(10,084)
Streets Maintenance and Materials	193,300	170,300	191,635	(21,335)
Membership Fees and Educational Training	1,400	1,400	1,418	(18)
Miscellaneous	2,500	2,500	1,114	1,386
Small Tools and Supplies	15,200	15,200	20,402	(5,202)
Telephone	6,200	6,200	6,186	14
Uniforms	3,000	3,000	-	3,000
Utilities	78,700	78,700	74,182	4,518
Total Highways and Streets	<u>1,634,600</u>	<u>1,135,300</u>	<u>1,211,318</u>	<u>(76,018)</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Parks and Recreation:</b>				
Salaries	59,700	59,700	62,919	(3,219)
Payroll Taxes, Retirement, and Group Insurance	38,300	38,300	37,955	345
Concession Supplies	1,200	1,200	-	1,200
Equipment Rental	1,500	1,500	5,454	(3,954)
Insurance	11,000	11,000	11,640	(640)
Membership Fees and Educational Training	1,000	1,000	1,460	(460)
Miscellaneous	3,000	3,000	2,065	935
Legal and Professional	1,600	1,600	1,562	38
Printing, Postage and Office Supplies	700	700	1,008	(308)
Recreational Supplies	15,000	15,000	28,930	(13,930)
Repairs and Maintenance	31,000	31,000	34,808	(3,808)
Small Tools and Supplies	7,400	7,400	7,937	(537)
Telephone	1,300	1,300	1,355	(55)
Tournament Expenses	60,000	60,000	51,209	8,791
Utilities	25,800	25,800	23,510	2,290
Uniforms	500	500	-	500
Total Parks and Recreation	259,000	259,000	271,812	(12,812)
<b>Capital Outlay</b>	724,130	1,112,778	660,278	452,500
<b>Debt Service:</b>				
Principal Retirement	92,000	92,000	77,800	14,200
Interest	11,400	11,400	9,359	2,041
Total Debt Service	103,400	103,400	87,159	16,241
Total Expenditures	6,837,930	6,715,278	6,300,226	415,052

(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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(1,645,030)	(1,775,805)	(1,115,965)	659,840
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,191,600	1,412,005	1,294,675	(117,330)
Sale of Capital Assets	-	-	45,508	45,508
Proceeds from Issuance of Debt	175,000	175,000	150,571	(24,429)
<b>Total Other Financing Sources (Uses)</b>	<u>1,366,600</u>	<u>1,587,005</u>	<u>1,490,754</u>	<u>(96,251)</u>
<b>Net Change in Fund Balance</b>	(278,430)	(188,800)	374,789	563,589
<b>Fund Balance at Beginning of Year</b>	<u>1,413,674</u>	<u>1,413,674</u>	<u>1,413,674</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,135,244</u>	<u>\$ 1,224,874</u>	<u>\$ 1,788,463</u>	<u>\$ 563,589</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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues:</b>				
Sales Taxes	\$ 1,141,700	\$ 1,141,700	\$ 1,268,885	\$ 127,185
Interest	10,200	10,200	9,088	(1,112)
Total Revenues	1,151,900	1,151,900	1,277,973	126,073
<b>Expenditures:</b>				
General Government:				
Collection Expenses	19,300	19,300	21,242	(1,942)
Total General Government	19,300	19,300	21,242	(1,942)
Debt Service:				
Principal Retirement	235,000	235,000	235,000	-
Interest and Administrative Fees	75,700	75,700	74,673	1,027
Total Debt Service	310,700	310,700	309,673	1,027
Total Expenditures	330,000	330,000	330,915	(915)
Excess (Deficiency) of Revenues over Expenditures	821,900	821,900	947,058	125,158
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(1,560,300)	(1,815,705)	(1,480,530)	335,175
Total Other Financing Sources (Uses)	(1,560,300)	(1,815,705)	(1,480,530)	335,175
Net Change in Fund Balance	(738,400)	(993,805)	(533,472)	460,333
<b>Fund Balance at Beginning of Year</b>	2,188,004	2,188,004	2,188,004	-
<b>Fund Balance at End of Year</b>	\$ 1,449,604	\$ 1,194,199	\$ 1,654,532	\$ 460,333

The accompanying notes are an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

	Business Type Activities - Enterprise Fund	
	2015	2014
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 5,498,333	\$ 5,539,533
Due From Other Funds	733,324	66,412
	6,231,657	5,605,945
<b>Receivables:</b>		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2015 and \$5,000 in 2014)	685,219	786,943
Unbilled Utility Sales	408,441	601,831
Due from Other Governments	53,110	-
	1,146,770	1,388,774
<b>Inventory, at Cost</b>	207,466	194,101
<b>Prepaid Expenses</b>	88,744	70,190
Total Current Assets	7,674,637	7,259,010
<b>Noncurrent Assets:</b>		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	306,740	300,718
Investments - Customer Deposits	733,838	722,819
Prepaid Items	48,453	49,334
Capital Assets, at Cost (Net of Accumulated Depreciation)	13,522,090	11,704,998
Total Noncurrent Assets	14,611,121	12,777,869
Total Assets	\$ 22,285,758	\$ 20,036,879

The accompanying notes are an integral part of this statement.

	Business Type Activities - Enterprise Fund	
	2015	2014
<b>Current Liabilities:</b>		
Accounts Payable	\$ 538,564	\$ 334,723
Accrued Salaries and Wages	34,251	28,082
Accumulated Unpaid Vacation	18,594	18,512
Customers' Deposits	722,239	703,337
Other Current Liabilities	30,099	44,583
Bonds Payable - Current Portion	151,045	150,045
Accrued Bond Interest	47,057	47,432
	<hr/>	<hr/>
Total Current Liabilities	1,541,849	1,326,714
 <b>Noncurrent Liabilities:</b>		
Bonds Payable - Less Current Portion	4,840,993	4,993,415
Accumulated Unpaid Vacation	55,783	55,535
	<hr/>	<hr/>
Total Noncurrent Liabilities	4,896,776	5,048,950
	<hr/>	<hr/>
Total Liabilities	6,438,625	6,375,664
 <b>Net Position:</b>		
Net Investment in Capital Assets	8,530,052	6,561,538
Restricted for Debt Service	259,683	253,286
Unrestricted	7,057,398	6,846,391
	<hr/>	<hr/>
Total Net Position	15,847,133	13,661,215
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 22,285,758	\$ 20,036,879
	<hr/> <hr/>	<hr/> <hr/>

**CITY OF WALKER  
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

	Business - Type Activities - Enterprise Fund	
	2015	2014
<b>Operating Revenues:</b>		
Charges for Services	\$ 7,923,312	\$ 9,025,828
Total Operating Revenues	7,923,312	9,025,828
<b>Operating Expenses:</b>		
Personal Services and Benefits	1,509,463	1,334,976
Contractual Services	846,937	757,646
Cost of Materials	1,391,314	2,327,069
Utilities	224,528	242,612
Repair and Maintenance	1,025,451	911,692
Supplies	91,459	136,963
Insurance	201,771	197,555
Depreciation	719,550	720,774
Bad Debts	20,413	25,603
Total Operating Expenses	6,030,886	6,654,890
Operating Income	1,892,426	2,370,938
<b>Nonoperating Revenues:</b>		
Interest and Investment Income	31,820	49,351
Gain on Capital Asset Dispositions	1,461	-
Miscellaneous	18,649	26,540
Total Nonoperating Revenues	51,930	75,891
<b>Nonoperating Expenses:</b>		
Interest and Administrative Fees	197,676	198,345
Amortization of Bond Insurance Costs	881	882
Amortization of Bond Discount	314	314
Loss on Capital Asset Transfers	19,125	-
Miscellaneous	4,358	-
Total Nonoperating Expenses	222,354	199,541
Income Before Contributions and Transfers	1,722,002	2,247,288
Capital and Other Contributions	278,061	98,847
Transfers from Special Revenue Fund	1,335,855	671,200
Transfers to General Fund	(1,150,000)	(1,050,000)
Change in Net Position	2,185,918	1,967,335
<b>Total Net Position at Beginning of Year</b>	13,661,215	11,693,880
<b>Total Net Position at End of Year</b>	\$ 15,847,133	\$ 13,661,215

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, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 8,144,903	\$ 9,371,393
Cash Payments to Suppliers for Goods and Services	(3,624,022)	(4,604,474)
Cash Payments to Employees for Services and Benefits	(1,502,964)	(1,314,988)
Other Receipts (Payments)	<u>(652,621)</u>	<u>447,180</u>
Net Cash Provided by Operating Activities	2,365,296	3,899,111
<b>Cash Flows From Noncapital and Related Financing Activities:</b>		
Transfer From Special Revenue Fund	1,335,855	671,200
Transfer To General Fund	<u>(1,150,000)</u>	<u>(1,050,000)</u>
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	185,855	(378,800)
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Net Proceeds from Issuance of Debt	-	112,322
Proceeds from Sale of Assets	1,461	-
Acquisition and Construction of Capital Assets	(2,555,767)	(859,758)
Net Receipts from Customer Deposits	18,902	15,820
Principal Paid on Loans	(151,736)	(139,451)
Interest and Administrative Fees Paid on Loans	(198,051)	(198,250)
Capital Contributions	<u>278,061</u>	<u>98,847</u>
Net Cash Used in Capital and Related Financing Activities	(2,607,130)	(970,470)
<b>Cash Flows From Investing Activities:</b>		
Net Purchases of Investments	(11,019)	(33,372)
Investment Income	<u>31,820</u>	<u>49,351</u>
Net Cash Provided by Investing Activities	20,801	15,979
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(35,178)	2,565,820
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>5,840,251</u>	<u>3,274,431</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 5,805,073</u></u>	<u><u>\$ 5,840,251</u></u>

(CONTINUED)

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

	Business-Type Activities - Enterprise Fund	
	2015	2014
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 1,892,426	\$ 2,370,938
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	719,550	720,774
Provision for Bad Debts	20,413	25,603
Miscellaneous Revenues	18,649	26,540
Miscellaneous Expenses	(4,358)	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	28,201	423,055
(Increase) Decrease in Unbilled Utility Sales	193,390	(77,490)
(Increase) Decrease in Due from Other Funds	(666,912)	420,640
(Increase) Decrease in Inventory	(13,365)	(2,775)
(Increase) Decrease in Prepaid Expenses	(18,554)	(5,205)
Increase (Decrease) in Accounts Payable	203,841	(39,134)
Increase (Decrease) in Accrued Salaries and Wages	6,169	5,259
Increase (Decrease) in Other Current Liabilities	(14,484)	16,177
Increase (Decrease) in Accumulated Unpaid Vacation	330	14,729
Net Cash Provided by Operating Activities	\$ 2,365,296	\$ 3,899,111
<b>Schedule of Noncash Investing, Capital, and Financing Activities:</b>		
Amortization of Bond Insurance Cost	\$ 881	\$ 882
Amortization of Bond Discount	\$ 314	\$ 314
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:</b>		
Cash and Cash Equivalents, Unrestricted	\$ 5,498,333	\$ 5,539,533
Cash and Cash Equivalents, Restricted	306,740	300,718
Total Cash and Cash Equivalents	\$ 5,805,073	\$ 5,840,251

The accompanying notes are an integral part of this statement.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

### **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:**

#### **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 has 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, 2015

#### 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, 2015

- *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:

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.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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

#### *Proprietary Funds*

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

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

#### 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.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

#### 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.

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.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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.
- 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 2015 was adopted on December 8, 2014.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

- v. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 14, 2015.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.

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

#### E. Cash and Investments

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

#### F. Receivables and Payables

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

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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 two and one-half percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2015.

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 enterprise fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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 & 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, represents 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 represents 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 are related to pensions. See pension Note 11.

K. Compensated Absences

Employees of the municipality 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, 2015, the accrued liability for unpaid vacation benefits amounted to \$191,253. The amount applicable to the Enterprise Fund was \$74,377, and is recorded in that Fund, and the amount of \$116,876 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.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

plan's fiduciary net position have been determined on the same basis as it is reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Obligations

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

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

N. Fund Equity

*Government-Wide Statements*

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

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
  - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
  - b. Law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

#### *Fund Statements*

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

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

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

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

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

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

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

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

#### O. 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.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

P. Summary Financial Information for 2014

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**2. Cash and Cash Equivalents**

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

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

The City of Walker has cash and cash equivalents totaling \$8,911,521 at December 31, 2015. The following is a summary of cash and cash equivalents at December 31, 2015.

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>3,106,448</u>	\$ <u>5,805,073</u>	\$ <u>8,911,521</u>
Bank Balances	\$ <u>3,407,646</u>	\$ <u>5,533,092</u>	\$ <u>8,940,738</u>

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2015, none of the City's bank balance of \$8,940,738 was exposed to custodial credit risk.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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. The LAMP investment is stated at the value of the pool shares, which is the same as the fair value.

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. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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 dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the 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., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

At December 31, 2015, the City holds investments totaling \$1,055,355 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>321,517</u>	\$ <u>321,517</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>733,838</u>	\$ <u>733,838</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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. In the case of LAMP, 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB40 statement.

**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.

**Custodial Credit Risk - Investments.** In the case of investments in mutual funds, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2015, none of the City's investments in mutual funds of \$733,838 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**

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 City of Walker from information on assessed values received from the Livingston Parish Assessor's Office.

For the year ended December 31, 2015, taxes of 2.20 mills were levied on property with assessed valuations totaling \$51,143,120 and were dedicated to general purposes.

Total taxes levied were \$112,515. Taxes receivable at December 31, 2015, consisted of the following:

Taxes Receivable - Current Roll	\$ 41,477
Allowance for Uncollectible Taxes	<u>(2,813)</u>
	<u>\$ 38,664</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**5. Receivables**

Receivables as of December 31, 2015, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less: Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities:</u>						
General Fund	\$ 41,477	\$ 139,562	\$ 29,310	\$ -	\$ (2,813)	\$ 207,536
Total Governmental Activities	41,477	139,562	29,310	-	(2,813)	207,536
<u>Business-Type Activities:</u>						
Utility Fund	-	-	690,219	408,441	(5,000)	1,093,660
Total Receivables	<u>\$41,477</u>	<u>\$139,562</u>	<u>\$ 719,529</u>	<u>\$408,441</u>	<u>\$ (7,813)</u>	<u>\$1,301,196</u>

**6. Due From Other Governments**

Due from Other Governments as of December 31, 2015, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 451,968	\$ 148,104	\$ 600,072
2000 ½ Cent Sales Tax Fund	220,545	-	220,545
Total Governmental Activities	672,513	148,104	820,617
<u>Business-Type Activities</u>			
Utility Fund	-	53,110	53,110
Total Due from Other Governments	<u>\$ 672,513</u>	<u>\$ 201,214</u>	<u>\$ 873,727</u>

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances as of December 31, 2015, reported in the fund financial statements.

	<u>Due to</u>	<u>Net Internal Due from</u>	<u>Balances</u>
<u>Governmental Activities</u>			
General Fund	\$ -	\$ 457,626	\$ 457,626
2000 ½ Cent Sales Tax Fund	(1,190,950)	-	(1,190,950)
Total Governmental Activities	(1,190,950)	457,626	(733,324)
<u>Business-Type Activities</u>			
Utility Fund	-	733,324	733,324
Total Interfund Receivables/Payables	<u>\$(1,190,950)</u>	<u>\$1,190,950</u>	<u>\$ -</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**8. Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2015:

	Balance January 1, 2015	Additions	Deletions	Transfers	Balance December 31, 2015
<u>Governmental Activities:</u>					
Capital Assets not being Depreciated:					
Land and Right-of-Ways	\$ 797,561	\$ 131,786	\$ -	\$ -	\$ 929,347
Construction in Progress	48,272	290,721	-	-	338,993
Total Capital Assets not being Depreciated	845,833	422,507	-	-	1,268,340
Capital Assets being Depreciated:					
Land Improvements	305,737	31,155	-	-	336,892
Buildings	977,804	23,198	(6,500)	-	994,502
Equipment and Vehicles	2,134,257	295,204	(212,712)	59,815	2,276,564
Furniture and Fixtures	169,524	-	(6,100)	-	163,424
Recreational Equipment	350,794	-	-	-	350,794
Infrastructure	1,773,962	-	-	-	1,773,962
Total Capital Assets being Depreciated	5,712,078	349,557	(225,312)	59,815	5,896,138
Less: Accumulated Depreciation for:					
Land Improvements	78,489	26,614	-	-	105,103
Buildings	382,397	32,369	(6,500)	-	408,266
Equipment and Vehicles	1,622,280	155,301	(212,711)	40,690	1,605,560
Furniture and Fixtures	167,693	508	(4,778)	-	163,423
Recreational Equipment	243,602	29,213	-	-	272,815
Infrastructure	1,314,645	54,737	-	-	1,369,382
Total Accumulated Depreciation	3,809,106	298,742	(223,989)	40,690	3,924,549
Total Capital Assets being Depreciated, Net	1,902,972	50,815	(1,323)	19,125	1,971,589
Total Governmental Activities Capital Assets, Net	<u>\$ 2,748,805</u>	<u>\$ 473,322</u>	<u>\$ (1,323)</u>	<u>\$ 19,125</u>	<u>\$ 3,239,929</u>

(CONTINUED)

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

	Balance January 1, 2015	Additions	Deletions	Transfers	Balance December 31, 2015
<u>Business-Type Activities:</u>					
Capital Assets not being Depreciated:					
Land - Gas and Water System	\$ 262,949	\$ -	\$ -	\$ -	\$ 262,949
Land - Sewer System	99,875	-	-	-	99,875
Construction in Progress	332,456	2,260,595	(2,378,110)	-	214,941
Total Capital Assets not being Depreciated	695,280	2,260,595	(2,378,110)	-	577,765
Capital Assets being Depreciated:					
Gas System	5,023,474	236,318	-	-	5,259,792
Water System	2,598,156	1,910,955	-	-	4,509,111
Sewer System	13,417,757	467,157	-	-	13,884,914
Buildings	605,631	2,828	-	-	608,459
Land Improvements	111,568	-	-	-	111,568
Machinery and Equipment	1,707,110	56,024	(42,063)	(59,815)	1,661,256
Total Capital Assets being Depreciated	23,463,696	2,673,282	(42,063)	(59,815)	26,035,100
Less: Accumulated Depreciation for:					
Gas System	3,110,152	115,223	-	-	3,225,375
Water System	1,923,844	84,017	-	-	2,007,861
Sewer System	5,779,242	400,956	-	-	6,180,198
Buildings	203,187	13,384	-	-	216,571
Land Improvements	34,431	8,198	-	-	42,629
Machinery and Equipment	1,403,122	97,772	(42,063)	(40,690)	1,418,141
Total Accumulated Depreciation	12,453,978	719,550	(42,063)	(40,690)	13,090,775
Total Capital Assets being Depreciated, Net	11,009,718	1,953,732	-	(19,125)	12,944,325
Total Business-Type Activities Capital Assets, Net	\$ 11,704,998	\$ 4,214,327	\$ (2,378,110)	\$ (19,125)	\$ 13,522,090

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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

Governmental Activities:

General Government	\$ 33,283
Public Safety	74,921
Highways and Streets	123,925
Parks and Recreation	<u>66,613</u>
Total Depreciation Expense Governmental Activities	<u>\$ 298,742</u>

Business-Type Activities:

Water	\$ 123,765
Gas	176,805
Sewer	<u>418,980</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 719,550</u>

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

A summary of commitments under construction contracts for the City at December 31, 2015, follows:

Governmental Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2015</u>	<u>Unexpended Commitment</u>
TEG Sidewalk Phase III	\$ 80,420	\$ 48,272	\$ 32,148
Kennel Renovations	59,713	59,713	-
Industrial Park Road Phase II - Rehab	1,171,818	199,008	972,810
Industrial Park Road Phase III - Extension	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Total	<u>\$ 1,343,951</u>	<u>\$ 338,993</u>	<u>\$ 1,004,958</u>

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2015</u>	<u>Unexpended Commitment</u>
Our Lady of Lake Water Well	\$ 970,612	\$ 80,112	\$ 890,500
Industrial Park Sewer/Water Upgrades	56,231	51,231	5,000
Generator Lift Station #5	34,460	34,460	-
Generator Lift Station #15	34,460	34,460	-
Interstate 12 to Buddy Ellis Road Gas Extension	<u>34,698</u>	<u>14,678</u>	<u>20,020</u>
Total	<u>\$ 1,130,461</u>	<u>\$ 214,941</u>	<u>\$ 915,520</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**9. Accounts, Salaries, and Other Payables**

The payables at December 31, 2015 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 141,473	\$ 538,564	\$ 680,037
Withholdings	114,920	30,099	145,019
Accrued Salaries	89,957	34,251	124,208
Customer Deposits	<u>-</u>	<u>722,239</u>	<u>722,239</u>
Total	<u>\$ 346,350</u>	<u>\$1,325,153</u>	<u>\$1,671,503</u>

**10. Retirement Benefits (Other Than Police Officers)**

The City adopted a qualified retirement plan in 1993, 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 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 \$183,644, for the year ended December 31, 2015.

**11. Pension Plan**

For the year ended June 30, 2015, the City adopted 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](http://www.lampers.org).

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

***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.

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.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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.

#### **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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

If the member elects a money market investment return, the funds are transferred to a government money market account.

**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, 2015 to June 30, 2015 was 31.50% and was 29.50% for the period July 1, 2015 to December 31, 2015. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$223,956 for the year ended December 31, 2015.

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 \$45,973 for the year ended December 31, 2015.

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

At December 31, 2015, the City reported a liability of \$2,034,266 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2014 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 .25967% which was an increase of .02218% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$210,751 related to MPERS.

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 37,379
Changes in assumptions	177,504	293
Net difference between projected and actual earnings on pension plan investments	-	38,632
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,716	27,725
Employer contributions subsequent to the measurement date	111,244	-
Total	<u>\$ 427,464</u>	<u>\$ 104,029</u>

\$111,244 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2016	\$ 44,673
2017	44,673
2018	63,571
2019	59,274
	<u>\$ 212,191</u>

***Actuarial Assumptions:***

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 for the plan are as follows:

Inflation	2.88%
Investment rate of return	7.50% (net of investment expense)
Salary increases	Vary from 9.75% in first year of service to 4.25% after 23 years

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

For MPERS, mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2003 through June 30, 2008. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. The RP- 2000 Disabled Lives Mortality Table 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 increase 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 8.28% for the year ended June 30, 2015. 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	52.0%	3.47%
Fixed Income	20.0%	0.46%
Alternative	23.0%	1.15%
Other	5.0%	0.20%
Total	100.0%	5.28%
Inflation		3.00%
Expected Arithmetic Nominal Return		8.28%

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

***Discount Rate***

The discount rate used to measure the total pension liability was 7.5% for MPERS. 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, 2015 for MPERS:

	Changes in Discount Rate		
	1% Decrease	Current	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 2,828,425	\$ 2,034,266	\$ 1,368,776

***Pension Plans Fiduciary Net Position***

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2015. Access to the audit report can be found on the System's website: [www.lampers.org](http://www.lampers.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

***Payables to the Pension Plan***

At December 31, 2015, included in liabilities is a payable in the amount of \$29,418 to MPERS. This payable is normal legally required contributions to the pension plan.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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, 2015:

	<u>Debt Payable</u> 1/1/2015	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> 12/31/2015	<u>Due within</u> 1 year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 143,784	\$ 137,472	\$ 164,380	\$ 116,876	\$ 29,219
Capital Lease Payable	242,206	150,571	77,800	314,977	96,838
Refunding Bond Payable by Utility Issues	1,859,000	-	235,000	1,624,000	245,000
Discount on Bonds	<u>(7,776)</u>	<u>-</u>	<u>(983)</u>	<u>(6,793)</u>	<u>(1,025)</u>
Total Governmental Activities	2,237,214	288,043	476,197	2,049,060	370,032
<b>Business-Type Activities:</b>					
Compensated Absences	74,047	60,291	59,961	74,377	18,594
Capital Lease Payable	100,871	-	21,359	79,512	21,359
Refunding Series Bonds, Series 2009 (Gross)	6,055,000	-	310,000	5,745,000	320,000
Combined Utilities Revenue Bonds, Series 2010B	300,000	-	17,000	283,000	17,000
Combined Utilities Revenue Bonds, Series 2011	564,141	-	38,377	525,764	38,000
Less: Intragovernmental Payable	(1,859,000)	-	(235,000)	(1,624,000)	(245,000)
Discount on Bonds	<u>(17,552)</u>	<u>-</u>	<u>(314)</u>	<u>(17,238)</u>	<u>(314)</u>
Total Business-Type Activities	5,217,507	60,291	211,383	5,066,415	169,639
Total Debt	<u>\$ 7,454,721</u>	<u>\$ 348,334</u>	<u>\$ 687,580</u>	<u>\$7,115,475</u>	<u>\$539,671</u>

**Refunding Bonds, Series 2009**

City of Walker Utilities Project Series 2009 Refunding Bonds - \$7,440,000 (\$2,904,000 payable from Governmental Activities and \$4,536,000 payable from Business-Type Activities) of Refunding Bonds Dated September 3, 2009, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; variable interest rate ranging from 3.000% to 4.875%.

\$ 5,745,000

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

The principal and interest on the refunding bonds, series 2009, 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 2009 Bonds principal and interest requirements are as follows:

Governmental Activities:

<u>Year Ended December 31,</u>	<u>2009 Refunding Series</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 245,000	\$ 65,487	\$ 310,487
2017	255,000	55,535	310,535
2018	265,000	44,688	309,688
2019	276,000	32,938	308,938
2020	285,000	20,328	305,328
2021	298,000	6,739	304,739
	<u>1,624,000</u>	<u>225,715</u>	<u>1,849,715</u>

Business-Type Activities:

<u>Year Ended December 31,</u>	<u>2009 Refunding Series</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,000	\$ 178,470	\$ 253,470
2017	70,000	178,502	248,502
2018	70,000	178,381	248,381
2019	74,000	177,987	251,987
2020	75,000	177,472	252,472
2021-2025	1,757,000	743,654	2,500,654
2026-2029	2,000,000	243,715	2,243,715
	<u>4,121,000</u>	<u>1,878,181</u>	<u>5,999,181</u>
Total Refunding Bond 2009 Issue	<u>\$5,745,000</u>	<u>\$2,103,896</u>	<u>\$7,848,896</u>

The City of Walker Utilities Project Series 2009 Refunding Bonds requires the following funds to be maintained:

A debt service fund designed to achieve proper mailing 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, 2015, the Debt Service Fund requirement for the interest and principal accounts were fully funded with an actual balance of \$141,051, and is reported on the Proprietary Fund as restricted cash.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

During 2009, the City issued \$7,440,000 Louisiana Local Government Environmental Facilities and Community Development Authority Refunding Bonds (City of Walker Utilities Project Series 2009) for the purpose of refunding the outstanding balance of the following governmental activities and business type activity bonds and outstanding balances at the date of refunding:

<u>Governmental Activities Bond Refunded</u>	<u>Principal Refunded</u>
<b>Sales Tax Bonds, Series 2000</b>	
Sales Tax Bonds, Series 2000. \$4,200,000 Sales Tax Bonds, dated June 7, 2000, due in annual installments of principal and semi-annual installments of interest through June 1, 2021; interest rate at 3.45%.	\$ 2,904,000
<b>Total Governmental Activities Bond Refunded</b>	<u>2,904,000</u>
<b><u>Business-Type Activities Bond Refunded</u></b>	
<b>Natural Gas and Water Revenue Bonds, Series 1999</b>	
Natural Gas and Water Revenue Bonds, Series 1999. \$4,650,000 of Gas & Water Revenue Bonds, dated December 22, 1999, due in annual installments of principal and semi-annual installments of interest through December 1, 2019; interest rate at 5.70%.	2,832,538
<b>Sewer Revenue Bonds, Series 2000</b>	
Sewer Revenue Bonds, Series 2000. \$300,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 1, 2021; interest rate at 3.45%.	181,004
<b>Series Revenue Bonds, Series 2001</b>	
Sewer Revenue Bonds, Series 2001. \$2,400,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 20, 2021; interest rate at 3.95%.	1,522,458
<b>Total Business-Type Activities Bonds Refunded</b>	<u>4,536,000</u>
<b>Total Bonds Refunded</b>	<u>\$ 7,440,000</u>

The reacquisition price equaled the net carrying value of the old debt. This advance refunding was undertaken to increase total debt service payments over the next 20 years by \$1,854,136 and resulted in an economic loss of \$(184,199). In addition, the advanced refunding was done to release the accumulated cash held in the proprietary fund and the special revenue fund from restrictions that was necessary under restrictive bond covenants provisions contained in the refunded debt.

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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%.

\$ 283,000

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
2016	\$ 17,000	\$ 8,349	\$ 1,415	\$ 26,764
2017	18,000	7,847	1,330	27,177
2018	18,000	7,316	1,240	26,556
2019	19,000	6,785	1,150	26,935
2020	19,000	6,225	1,055	26,280
2021-2025	101,000	22,509	3,815	127,324
2026-2029	91,000	6,815	1,155	98,970
	<u>\$ 283,000</u>	<u>\$ 65,846</u>	<u>\$ 11,160</u>	<u>\$ 360,006</u>

**Combined Utilities Revenue Bonds, 2011**

City of Walker Combined Utilities Revenue Bonds, Series 2011 - \$675,141 of Combined Utility Revenue Bonds Dated April 20, 2011, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; interest rate of 0.45%.

\$ 525,764

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

Year Ended December 31,	2011 Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2016	\$ 38,000	\$ 2,366	\$ 2,629	\$ 42,995
2017	38,000	2,195	2,439	42,634
2018	38,000	2,024	2,249	42,273
2019	39,000	1,853	2,059	42,912
2020	39,000	1,677	1,864	42,541
2021-2025	200,000	5,728	6,364	212,092
2026-2029	133,764	1,287	1,430	136,481
	<u>\$ 525,764</u>	<u>\$ 17,130</u>	<u>\$ 19,034</u>	<u>\$ 561,928</u>

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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 20<sup>th</sup> 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, 2015, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$165,689 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 revenues in each fiscal year sufficient to pay operations and maintenance expenses in each fiscal year and provide net revenues in each fiscal year in an amount equal to at least one hundred ten percent of the annual debt service requirements in the then current Fiscal Year of 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 110 percent ratio for the fiscal year ended December 31, 2015.

#### **Capital Lease Payable**

The City entered into a capital lease agreement on September 11, 2013, for financing the purchase of five police vehicles and equipment for the Police Department. The lease requires 20 quarterly payments of principal and interest of \$8,479 with the final payment due September 11, 2018. The City entered into a capital lease agreement on June 9, 2014 for financing the purchase of six pick-up trucks and equipment. The lease requires 20 quarterly payments of principal and interest of \$14,573 with the final payment due April 9, 2019. The City entered into a capital lease agreement on February 16, 2015 for financing the purchase of five police vehicles and equipment for the Police Department. The lease requires 17 quarterly payments of principal and interest of \$9,573 with the final payment due July 1, 2019. All three lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the City Council does not make an annual appropriation for the lease payments. The capital leases payable at December 31, 2015, are as follows:

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2015</u>
Capital lease to finance the purchase of five police vehicles and equipment	\$ 155,192	3.44%	9/11/18	\$ 62,957
Capital lease to finance the purchase of six pick-up trucks and equipment	\$ 277,652	2.00%	4/9/19	196,539
Capital lease to finance the purchase of five police vehicles and equipment	\$ 150,571	3.28%	7/1/19	<u>134,993</u>
				<u>\$ 394,489</u>

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 120,160	\$ 9,441	\$ 129,601
2017	122,256	5,983	128,239
2018	93,602	2,985	96,587
2019	58,471	687	59,158
	<u>\$ 394,489</u>	<u>\$ 19,096</u>	<u>\$ 413,585</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

Leased equipment and vehicles under capital lease in capital assets at December 31, 2015, include the following:

<u>Governmental Activities:</u>	
Equipment and Vehicles	\$ 440,149
Less: Accumulated Depreciation	<u>(83,224)</u>
	<u>\$ 356,925</u>
 <u>Business-Type Activities:</u>	
Equipment and Vehicles	\$ 116,207
Less: Accumulated Depreciation	<u>(27,573)</u>
	<u>\$ 88,634</u>

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

**13. On-Behalf Payments Made by State of Louisiana**

For the year ended December 31, 2015, 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 \$106,117 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, 2015:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Restricted for Challenger Field	\$ 70,715	\$ -	\$ 70,715
Refunding Bonds, Series 2009 - Debt Service	-	141,051	141,051
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	<u>-</u>	<u>165,689</u>	<u>165,689</u>
Total Cash and Cash Equivalents	70,715	306,740	377,455
Investments:			
Customers Deposits	<u>-</u>	<u>733,838</u>	<u>733,838</u>
Total Restricted Assets	<u>\$ 70,715</u>	<u>\$1,040,578</u>	<u>\$1,111,293</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations  
by Department for the Year Ended December 31, 2015

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 4,942,522	\$ 1,340,177	\$ 859,330	\$ 351,400	\$ 7,493,429
Delinquent Charges	83,850	24,600	12,924	5,794	127,168
Miscellaneous	193,349	100,441	8,925	-	302,715
Total Operating Revenues	<u>5,219,721</u>	<u>1,465,218</u>	<u>881,179</u>	<u>357,194</u>	<u>7,923,312</u>
<b>Operating Expenses:</b>					
Direct	2,664,691	1,137,486	1,411,358	367,489	5,581,024
General and Administrative	<u>245,017</u>	<u>111,724</u>	<u>90,867</u>	<u>2,254</u>	<u>449,862</u>
Total Operating Expenses	<u>2,909,708</u>	<u>1,249,210</u>	<u>1,502,225</u>	<u>369,743</u>	<u>6,030,886</u>
Operating Income (Loss) by Department	2,310,013	216,008	(621,046)	(12,549)	1,892,426
Nonoperating Revenues	48,749	2,549	397	235	51,930
Nonoperating Expenses	(132,790)	(40,507)	(49,057)	-	(222,354)
Federal Grant	53,110	35,966	70,215	-	159,291
Local Grant	118,770	-	-	-	118,770
Transfers from Special Revenue	-	-	1,335,855	-	1,335,855
Transfers to General Fund	(1,150,000)	-	-	-	<u>(1,150,000)</u>
Change in Net Position					<u>\$ 2,185,918</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 1,247,852</u>	<u>\$ 214,016</u>	<u>\$ 736,364</u>	<u>\$ (12,314)</u>	

**CITY OF WALKER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2015

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department  
for the Year Ended December 31, 2015**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
<b>Direct Expenses:</b>					
Natural Gas Purchases	\$ 1,391,314	\$ -	\$ -	\$ -	\$ 1,391,314
Salaries and Wages	438,511	274,185	297,002	-	1,009,698
Payroll Taxes, Retirement and Group Insurance	242,705	134,601	122,459	-	499,765
Contract Services	157,987	82,412	14,880	367,489	622,768
Depreciation	176,805	123,765	418,980	-	719,550
Equipment Expenses	40,749	12,650	6,338	-	59,737
Equipment Rental	9,411	6,708	42,573	-	58,692
Lab Fees	-	-	23,984	-	23,984
Maintenance	184,882	443,638	337,194	-	965,714
Small Tools and Supplies	12,414	7,846	4,574	-	24,834
Utilities	9,913	51,681	143,374	-	204,968
	<u>2,664,691</u>	<u>1,137,486</u>	<u>1,411,358</u>	<u>367,489</u>	<u>5,581,024</u>
<b>General and Administrative Expenses:</b>					
Insurance	110,367	63,117	28,105	182	201,771
Miscellaneous	14,453	28,732	10,097	-	53,282
Office Expense	8,567	3,475	1,301	-	13,343
Professional Fees	87,121	9,717	43,305	1,350	141,493
Telephone	9,327	3,452	6,781	-	19,560
Bad Debts	15,182	3,231	1,278	722	20,413
	<u>245,017</u>	<u>111,724</u>	<u>90,867</u>	<u>2,254</u>	<u>449,862</u>
<b>Total Operating Expenses</b>	<u><u>\$ 2,909,708</u></u>	<u><u>\$ 1,249,210</u></u>	<u><u>\$ 1,502,225</u></u>	<u><u>\$ 369,743</u></u>	<u><u>\$ 6,030,886</u></u>

**CITY OF WALKER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2015

**17. Schedule of Utility Enterprise Fund Operating Expenses by  
Function for the Year Ended December 31, 2015**

**Personal Services and Benefits:**

Direct Labor	\$ 1,009,698
Payroll Taxes, Retirement and Group Insurance	<u>499,765</u>
	1,509,463

**Contractual Services:**

Equipment Rental	58,692
Lab Fees	23,984
Subcontract Services	622,768
Professional Fees	<u>141,493</u>
	846,937

**Cost of Materials:**

Natural Gas Purchases	1,391,314
-----------------------	-----------

**Utilities:**

Utilities	204,968
Telephone	<u>19,560</u>
	224,528

**Repair and Maintenance:**

Equipment Expenses	59,737
Maintenance	<u>965,714</u>
	1,025,451

**Supplies:**

Small Tools and Supplies	24,834
Office Expense	13,343
Miscellaneous	<u>53,282</u>
	91,459

**Insurance**

201,771

**Depreciation**

719,550

**Bad Debts**

20,413

Total Operating Expenses

\$ 6,030,886

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**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. Contingent Liabilities**

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

<u>Department</u>	
Gas Department	\$ 293,136
Water Department	427,445
Sewer Department	<u>653,766</u>
Total DOTD Contingent Liabilities	<u>\$1,374,347</u>

Since it could not be determined if LDOTD will enforce payment of these liabilities, the above amounts were recorded as a debit (increase) to capital assets and a credit to contributed capital in a prior year. Upon determination that the liability is enforceable and the City must reimburse LDOTD, the City must reclassify the total recorded as contributed capital to a liability account.

The City is currently negotiating a settlement with the LDOTD which they hope will resolve the majority of the contingent liabilities.

**20. Compensation Paid Mayor and Council Members**

Rick Ramsey, Mayor 12689 Pendarvis Lane Walker, LA 70785 (225) 665-7846	\$ 68,000
Jonathan Davis, Council Member 12562 N. Lake Shore Dr. Walker, LA 70785 (225) 243-7852	12,000
Tracy Girlinghouse, Council Member 28300 Magnolia Dr. Walker, LA 70785 (225) 243-4341	12,000

(CONTINUED)

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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
Paul Roberts, Jr., Council Member P.O. Box 713 Walker, LA 70785 (225) 667-0796	<u>12,000</u>
	<u>\$128,000</u>

Terms end December 31, 2016.

**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 Rick Ramsey, Mayor, who was the acting agency head for the year ended December 31, 2015:

	<u>Rick Ramsey</u>
Salary	\$ 68,000
Benefit Retirement	6,120
Benefit Insurance	-
Registration Fees	110
Travel Reimbursements	-
Conferences	-
Meals	<u>-</u>
Total Compensation and Benefits	<u>\$ 74,230</u>

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

**22. Current Year Adoption of New Accounting Standards**

During the year, the City adopted 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*. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. GASB 71 amends paragraph 137 of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The following items have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total December 31, 2013</u>
Net Position - December 31, 2013, as Previously Reported	\$ 3,449,386	\$ 11,693,880	\$15,143,266
Net Pension Liability at December 31, 2013	(1,952,460)	-	(1,952,460)
Deferred Outflows of Resources - Related to Pensions	<u>110,907</u>	<u>-</u>	<u>110,907</u>
Net Position - December 31, 2013, as Restated	<u>\$ 1,607,833</u>	<u>\$ 11,693,880</u>	<u>\$13,301,713</u>

**23. Current Accounting Pronouncements**

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72 - *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015.

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively.

In August 2015, the Governmental Accounting Standards Board issued GASB Statement No. 77 - *Tax Abatement Disclosures*. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

The requirements of GASB No. 77 are effective for financial statements for periods beginning after December 15, 2015.

Management is currently evaluating the effects of the new GASB pronouncements and currently does not have an estimate of the impact on the financial statements, if any.

#### **24. Subsequent Event**

On March 31, 2016, the City of Walker issued a \$4,890,000 Series 2016 Revenue Refunding Bond for the purpose of refunding \$4,415,000 of the City's Series 2009 Refunding Bonds, dated September 3, 2009, maturing October 2020 to October 2029.

REQUIRED SUPPLEMENTARY INFORMATION

## CITY OF WALKER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2015\*

<b>Municipal Police Employees Retirement System of Louisiana:</b>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability	0.25967%	0.23749%
Employer's Proportionate Share of the Net Pension Liability	\$ 2,034,266	\$ 1,485,737
Employer's Covered-Employee Payroll	\$ 694,836	\$ 689,545
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	292.77%	215.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.73%	75.10%

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, 2015

<b>Municipal Police Employees Retirement System of Louisiana:</b>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 223,956	\$ 209,014
Contributions in Relation to Contractually Required Contributions	<u>223,956</u>	<u>209,014</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Employee Payroll	\$ 734,913	\$ 668,802
Contributions as a % of Covered Employee Payroll	30.47%	31.25%

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

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

**CITY OF WALKER**  
**SCHEDULE OF INSURANCE COVERAGE IN FORCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(UNAUDITED)**

Insurance Company / Policy Number	Coverage	Amount	Policy Period
Essex Insurance Co. 5TRD6502	Auto Physical Damage	Per Schedule on File	05/29/2015 to 05/28/2016
EMC Insurance Co. 3X1-18-93-16	Business Protection - Property and Inland Marine	Per Schedule on File	05/29/2015 to 05/28/2016
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	05/29/2015 to 05/28/2016
American Strategic Insurance FLD186993	Municipal Building Flood Insurance Building (\$1,000 Deductible) Contents (\$1,000 Deductible)	250,000 100,000	12/08/2015 to 12/07/2016
LMA Risk Management 100-0466-00015526	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	05/29/2015 to 05/28/2016
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/11/2015 to 03/10/2016
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	03/11/2015 to 03/10/2016

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF NUMBER OF CUSTOMERS AND  
REVENUE DATA PER CUSTOMER PER MONTHFOR THE YEAR ENDED DECEMBER 31, 2015  
(UNAUDITED)Number of Customers

	December 31, 2015	December 31, 2014	Increase (Decrease)
Gas Customers	8,477	8,389	88
Water Customers	4,632	4,554	78
Sewer Customers	2,620	2,430	190
Sanitation Customers	2,091	2,074	17

Revenue Data Per Customer Per Month

	December 31, 2015	December 31, 2014	Increase (Decrease)	Percentage Change
Gas Sales	\$48.59	\$58.91	(\$10.32)	(18%)
Water Sales	\$24.11	\$22.82	\$1.29	6%
Sewer Sales	\$27.33	\$34.83	(\$7.50)	(22%)
Sanitation Sales	\$14.00	\$14.35	(\$0.35)	(2%)

See independent auditor's report.

## CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2015  
(UNAUDITED)

Fees	Tap Fees	
	Type	Fee
<u>Gas</u>	Gas Taps	\$ 295
Residential and Commercial		
Minimum Flat Rate		\$ 8.25
Per 100 CFT of Gas Used		0.90
<u>Water</u>	Water Taps	\$ 285
Residential		
First 3,000 Gallons		\$ 12.63
Per Next 1,000 Gallons of Water Used		2.50
Commercial		
First 3,000 Gallons		\$ 34.69
Per Next 1,000 Gallons of Water Used		2.50
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
First 3,000 Gallons (Gravity)		\$ 17.93
First 3,000 Gallons (Grinder Pump)		16.42
Per Next 1,000 Gallons of Water Used		2.00
Commercial		
First 3,000 Gallons		\$ 23.74
Per Next 1,000 Gallons of Water Used		2.85
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart		\$ 13.19
Senior Citizens		
Flat Rate per Cart		\$ 8.68

Sewer, Gas &amp; Water Misc. Fees

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

See independent auditor's report.

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

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

The Honorable Mayor, Rick Ramsey  
and Members of the City Council  
City of Walker  
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparative statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2016.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

### **Compliance and Other Matters**

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

*Hanna J. Bourgeois, CPA*

Denham Springs, Louisiana  
June 27, 2016

**CITY OF WALKER**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**A. Internal Control Over Financial Reporting**

None

**B. Compliance and Other Matters**

None

CITY OF WALKER

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2015

(A) Findings-Internal Control Over Financial Reporting

None

(B) Findings-Compliance and Other Matters-

Reference Number: 2004M-9

Category: Contingent Liabilities

Description of Finding:

The City of Walker must make decisions on the recording and/or disclosure of contingent liabilities. Contingent liabilities are liabilities for which the City may have a financial obligation that has not been disclosed. Some of those contingent liabilities the prior CPA reviewed are as follows:

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

<u>Department</u>	
Gas Department	\$ 293,136
Water Department	427,445
Sewer Department	<u>653,766</u>
Total LDOTD Contingent Liabilities	<u>\$ 1,374,347</u>

- Many local communities in Louisiana have obligations to the Louisiana Department of Transportation and Development, but the nature and disposition of this liability must be disclosed. The prior CPA was unable to determine if LDOTD will enforce payment of these liabilities and recorded these totals as a debit to capital assets and a credit to contributed capital. Upon determination that the liability will be enforceable, the City of Walker must reclassify the total recorded as contributed capital to a liability account.

Recommendations:

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

**CITY OF WALKER**

**SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2015

**Corrective Action Taken:**

The possible liability due to the Louisiana Department of Transportation and Development has not been determined and is still reported as a contingent liability in these financial statements. The City is currently negotiating a partial settlement with the LDOTD which they hope to complete by August 2016. The City would accept ownership of a state owned road within its City limits. In return, the LDOTD would give the City \$888,282 in road transfer credits that could be used to reduce their contingent liability.

**Management's Response:**

The City of Walker is currently working with the Louisiana Department of Transportation and Development to address the contingent liability to the State of Louisiana for the utility relocations that were completed during 1996-1998.