

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2016

**CITY OF WALKER
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 11
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Exhibit A-1	12
Statement of Activities	Exhibit A-2	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit B-2	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	Exhibit B-5	18 - 24
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - 2000 ½ Cent Sales Tax - Special Revenue Fund	Exhibit B-6	25
Proprietary Fund:		
Statement of Net Position	Exhibit C-1	26
Statement of Revenues, Expenses, and Changes in Net Position	Exhibit C-2	27
Statement of Cash Flows	Exhibit C-3	28 - 29
Notes to the Financial Statements		30 - 70

**CITY OF WALKER
WALKER, LOUISIANA**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

TABLE OF CONTENTS (CONTINUED)

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
Required Supplementary Information:		
Schedule of Proportionate Share of Net Pension Liability	Schedule 1	71
Schedule of Contributions	Schedule 2	72
Other Supplemental Information:		
Schedule of Insurance Coverage in Force	Schedule 3	73
Schedule of Number of Customers and Revenue Data Per Customer Per Month	Schedule 4	74
Schedule of Utility Rates and Tap Fees	Schedule 5	75
Schedule of Expenditures of Federal Awards and Notes	Schedule 6	76 - 77
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 <i>Government Auditing Standards</i>		78 - 79
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		80 - 82
Schedule of Findings and Questioned Costs		83
Summary Schedule of Prior Year Findings		84 - 85



2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 4 through 11 and 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. The schedule of expenditures of federal awards (Schedule 6) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards (Schedule 6) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards (Schedule 6) is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, 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,

Hannia J. Bourgeois, CPA

Denham Springs, Louisiana
September 25, 2017

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, 2016. 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 minimizing long term debt exposure and improving overall financial health.

- Total net position increased \$4,495,353 (23.87%) over 2015, with a three-year increase of 75.39%
- Net capital assets increased \$2,728,908 (16.28%) over 2015, with a three-year increase of 38.92%
- Long term debt increased \$197,946 (2.78%) over 2015, with a three-year decrease of 19.94%
- Fund balance in the general fund decreased by \$301,248 (16.84%) over 2015, with a three-year increase of 20.52%

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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, 2016. The City’s net position at December 31, 2016 was \$23,330,878, with a 30.61% increase in unrestricted net position and a 20.60% 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, 2016 with comparative totals for 2015.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals 2016</u>	<u>Totals 2015</u>
ASSETS				
Current and Other Assets	\$ 4,259,520	\$ 9,084,734	\$ 13,344,254	\$ 11,526,413
Restricted Assets	224,909	1,073,616	1,298,525	1,111,293
Capital Assets	5,332,082	14,158,845	19,490,927	16,762,019
Total Assets	<u>9,816,511</u>	<u>24,317,195</u>	<u>34,133,706</u>	<u>29,399,725</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	71,909	524,332	596,241	-
Deferred Outflows - Related to Pensions	762,094	-	762,094	427,464
Total Deferred Outflows of Resources	<u>834,003</u>	<u>524,332</u>	<u>1,358,335</u>	<u>427,464</u>
LIABILITIES				
Current Liabilities	878,920	1,430,019	2,308,939	1,737,894
Long-Term Liabilities	1,756,481	5,556,940	7,313,421	7,115,475
Net Pension Liability	2,485,201	-	2,485,201	2,034,266
Total Liabilities	<u>5,120,602</u>	<u>6,986,959</u>	<u>12,107,561</u>	<u>10,887,635</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	53,602	-	53,602	104,029
NET POSITION				
Net Investment in Capital Assets	5,129,090	8,685,966	13,815,056	11,455,004
Restricted	224,909	302,266	527,175	498,398
Unrestricted	122,311	8,866,336	8,988,647	6,882,123
Total Net Position	<u>\$ 5,476,310</u>	<u>\$ 17,854,568</u>	<u>\$ 23,330,878</u>	<u>\$ 18,835,525</u>

The Statement of Activities for 2016 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 2016 were \$17,337,094, with \$11,355,816 derived from program revenues and grants; \$5,808,865 from sales, franchise, and property taxes, occupational licenses, and permits; and the remaining \$172,413 from other miscellaneous income. Total expenses for the City in 2016 were \$12,841,741, leaving a \$4,495,353 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2016 with comparative totals for 2015.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2016

	Governmental Activities	Business-Type Activities	Totals 2016	Totals 2015
Revenues:				
Program Revenues:				
Charges for Services	\$ 912,571	\$ 8,394,077	\$ 9,306,648	\$ 8,995,095
Operating Grants and Contributions	343,849	-	343,849	253,887
Capital Grants and Contributions	1,702,785	2,534	1,705,319	624,747
General Revenues:				
Taxes	5,808,865	-	5,808,865	4,860,324
Other Grants and Contributions not Restricted to Specific Programs	14,746	-	14,746	14,829
Interest and Investment Income	26,898	37,844	64,742	43,141
Net Gain (Loss) on Disposition of Capital Assets	34,356	(10,467)	23,889	45,646
Miscellaneous Income	43,591	25,445	69,036	79,812
Total Revenues	<u>8,887,661</u>	<u>8,449,433</u>	<u>17,337,094</u>	<u>14,917,481</u>
Expenses:				
General Government	1,720,716	-	1,720,716	1,661,642
Public Safety	2,965,147	-	2,965,147	2,484,163
Highways and Streets	1,448,273	-	1,448,273	1,317,042
Parks and Recreation	363,957	-	363,957	339,434
Bond Issuance Costs	21,066	-	21,066	-
Interest on Long-Term Debt	60,584	-	60,584	86,722
Gas	-	2,901,993	2,901,993	3,042,498
Water	-	1,499,715	1,499,715	1,289,717
Sewer	-	1,490,498	1,490,498	1,551,282
Sanitation	-	369,792	369,792	369,743
Total Expenses	<u>6,579,743</u>	<u>6,261,998</u>	<u>12,841,741</u>	<u>12,142,243</u>
Net Income before Transfers	2,307,918	2,187,435	4,495,353	2,775,238
Transfers In (Out)	180,000	(180,000)	-	-
Increase in Net Position	2,487,918	2,007,435	4,495,353	2,775,238
Net Position - Beginning of Year	<u>2,988,392</u>	<u>15,847,133</u>	<u>18,835,525</u>	<u>16,060,287</u>
Net Position - End of Year	<u>\$ 5,476,310</u>	<u>\$ 17,854,568</u>	<u>\$ 23,330,878</u>	<u>\$ 18,835,525</u>

Governmental activities. Governmental activities net position increased \$2,487,918 (83.25%). Total revenues before transfers increased \$2,223,483 (33.36%), primarily due to increases from intergovernmental revenue and sales taxes. Total expenses increased \$690,740 (11.73%) attributed to significant public safety expenses during and after the August flood. Also public safety expenses related to pension expense increased approximately \$128,000 due to changes in the Municipal Police Employees Retirement System's net pension liability and related accounts.

Business-type activities. Business-type activities net position increased \$2,007,435 (12.67%). Net income before transfers was \$2,187,435. Improvements and additions to utility services during 2016 included:

- Our Lady of the Lake water tower
- Gas meter upgrades to the AMR system
- Sanitary sewer collection system installed for Industrial Park road extension
- Installed eight-inch water distribution system for road extension in Industrial Park

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 \$3,555,978, an increase of \$112,983. The general fund, which is the chief operating fund of the City, reported \$1,408,930 in a deficiency of revenues over expenditures. The transfer of \$1,000,000 from the gas department, a transfer of \$15,670 from the ½ cent sales tax fund, and \$92,012 proceeds from disposition of capital assets resulted in a net decrease in fund balance of \$301,248. The 2000 ½ cent sales tax fund reported \$1,268,929 in excess revenues over expenditures; and a \$414,231 net increase in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment therefore; as well as an \$820,000 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds reported net operating income of \$2,438,169. Operating income for the gas and water departments were \$2,723,011 and \$133,560, respectively; while the sanitation department reported an operating loss of \$2,569. Operations of the sewer department also resulted in a loss of \$415,833; however, \$820,000 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system..

General Fund Budgetary Summary

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

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation for its governmental and business type activities as of December 31, 2016 was \$19,490,927. This investment in capital assets includes land, buildings, improvements, roads and bridges, vehicles, machinery and equipment, furniture and fixtures, recreational equipment, and gas, water, and sewer systems. Governmental activities capital assets increased by \$2,092,153 with depreciation expense of \$331,517 and business-type activities capital assets increased by \$636,755 with depreciation expense of \$793,198. Total increase in the net investment in capital assets for 2016 amounted to \$2,728,908. Additional information on the City's capital assets can be found in note 8 on pages 46-49 of this report.

Long-term debt. As of December 31, 2016, the City had total debt outstanding of \$7,313,421, an increase of \$197,946 (2.78%) from prior year. A breakdown of the long-term debt is as follows:

- 2009 Utility Revenue Bonds (maturing January 1, 2020) having an outstanding balance of \$1,010,000, with \$796,000 payable from the ½ Cent Sales Tax Fund and \$214,000 payable from the Enterprise Fund.
- 2016 Revenue Refunding Bonds (maturing October 1, 2027) having an outstanding balance of \$4,825,000, with \$583,000 payable from the ½ Cent Sales Tax Fund and \$4,242,000 payable from the Enterprise Fund.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$266,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$496,764.
- Capital Leases having an outstanding balance of \$260,273.
- Compensated absences total \$231,556 with \$147,495 payable from the General Fund and \$84,061 payable from the Enterprise Fund.

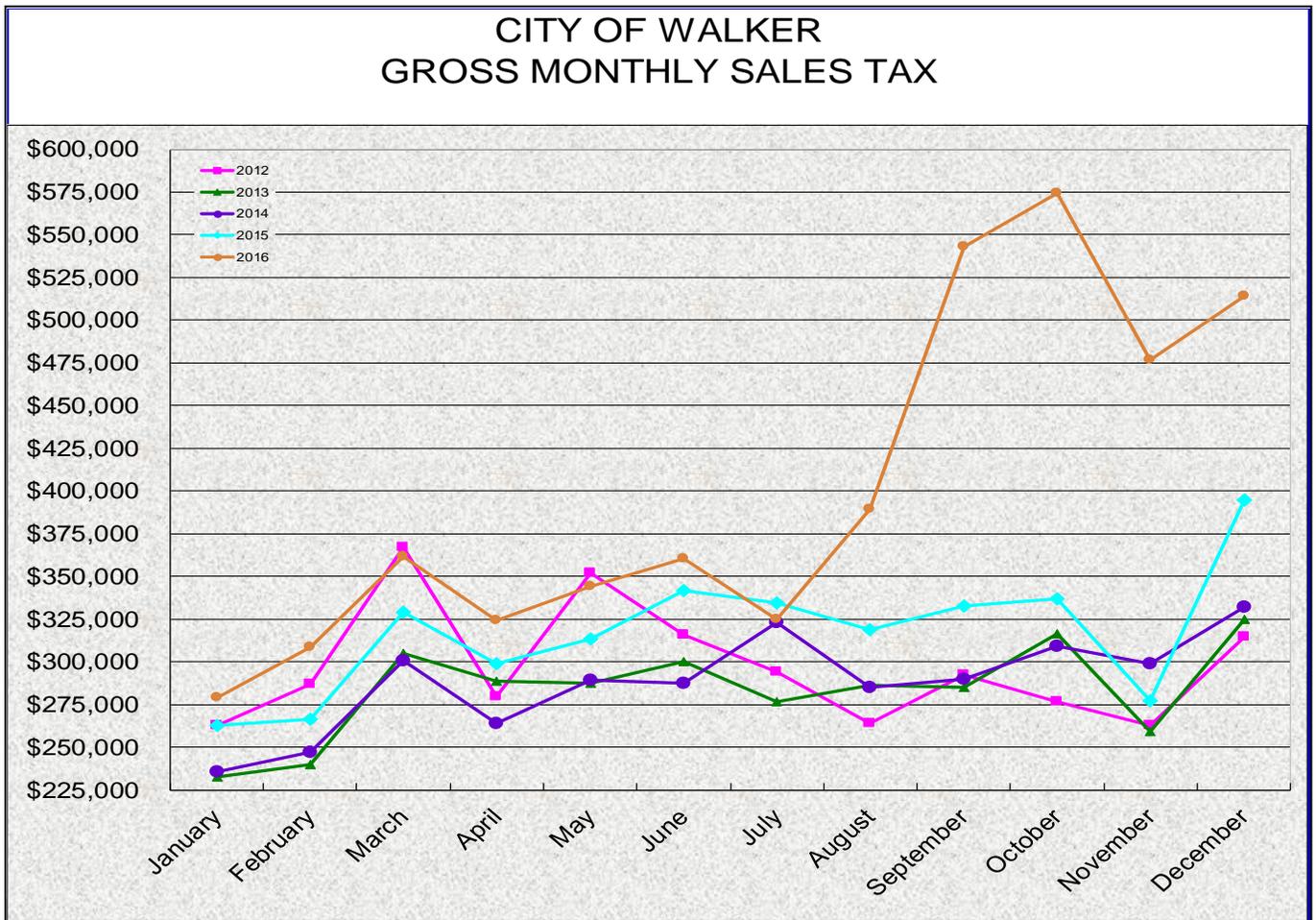
Additional information on the City's long-term debt can be found in note 12 on pages 56-64.

Future Budget and Economic Outlook

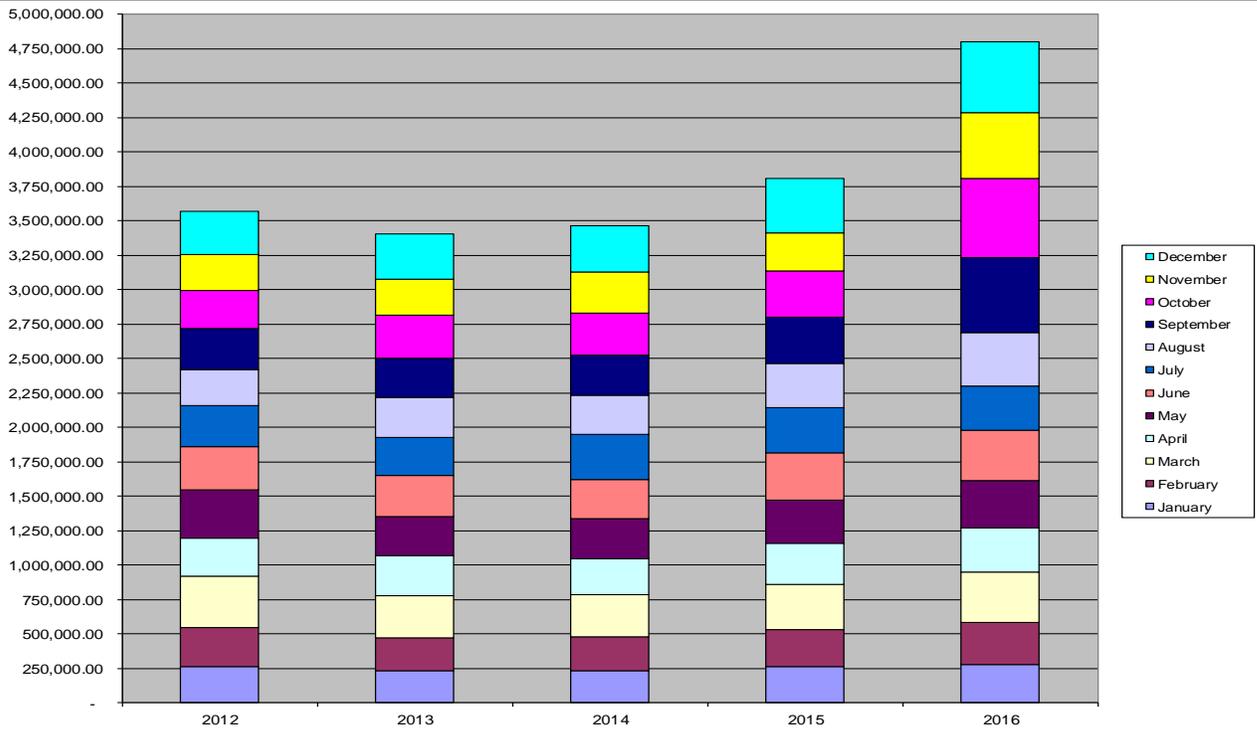
Walker continues the long-term task of upgrading infrastructure that began in 2013. Improvements completed in 2016 include gas meter upgrades to the AMR system, sanitary sewer collection system installation for Industrial Park Road extension, and installed eight-inch water distribution system for road extension in Industrial Park. The sewer department in 2017 will install backflow preventers on all city grinder pumps to alleviate possible sewer backups into homes. The street department will be widening and overlaying Ballard Street and Sunset Lane. In addition to infrastructure improvements, the city plans to have the Challenger's Field completed in 2017. The Challenger's 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 exceeding \$225,000 as of June 2017. The City will also be making long overdue improvements to the rest of the ballpark in 2017 as well. The walking path at Sidney Hutchinson Park is also set to be completed in 2017. A safe house has also been budgeted in 2017 to be built at Sidney Hutchinson Park. The safe house would house a variety of agencies during storm events. The City will be able to use this building as a community/recreational center and have control over it as long as the building is not being used for an emergency situation. The building would allow recreational activities of all types, including basketball, volleyball and others; it could also be used for public meetings and community events as well.

Walker continues to welcome enterprise and entrepreneurship, with Martin Brower’s \$20 million food distribution facility and Creekside Crossing Apartments, a 168 unit gated complex; both completed in 2016. Scheduled to open in 2017 are Shoppers Value, Fresenius Kidney Care, Alliance Safety Council, among others.

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 26.10% increase over 2015. This increase was due in large part from the August flooding event and is not sustainable. The 2017 budget reflects moderate growth in tax revenues.



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, 2016

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
ASSETS				
Cash and Cash Equivalents	\$ 2,557,498	\$ 6,753,547	\$ 9,311,045	\$ 8,534,066
Investments	322,997	-	322,997	321,517
Receivables, Net	256,313	1,543,385	1,799,698	1,301,196
Due from Other Governments	1,450,586	-	1,450,586	873,727
Internal Balances	(460,830)	460,830	-	-
Inventories	-	214,810	214,810	207,466
Prepaid Insurance	70,601	-	70,601	66,551
Prepaid Items	62,355	112,162	174,517	221,890
Restricted Assets:				
Cash and Cash Equivalents	224,909	334,309	559,218	377,455
Investments	-	739,307	739,307	733,838
Capital Assets:				
Land and Construction in Progress	3,163,412	1,812,964	4,976,376	1,846,105
Other Capital Assets, Net of Accumulated Depreciation	2,168,670	12,345,881	14,514,551	14,915,914
Total Assets	9,816,511	24,317,195	34,133,706	29,399,725
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refunding	71,909	524,332	596,241	-
Deferred Outflows - Related to Pensions	762,094	-	762,094	427,464
Total Deferred Outflows of Resources	834,003	524,332	1,358,335	427,464
LIABILITIES				
Accounts Payable and Accrued Expenses	866,096	1,397,976	2,264,072	1,671,503
Accrued Interest Payable	12,824	32,043	44,867	66,391
Non-Current Liabilities:				
Due Within One Year	377,538	310,880	688,418	539,671
Due in More Than One Year	1,378,943	5,246,060	6,625,003	6,575,804
Net Pension Liability	2,485,201	-	2,485,201	2,034,266
Total Liabilities	5,120,602	6,986,959	12,107,561	10,887,635
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	53,602	-	53,602	104,029
NET POSITION				
Net Investment in Capital Assets	5,129,090	8,685,966	13,815,056	11,455,004
Restricted for				
Industrial Park Road Phase III	-	-	-	168,000
Challenger Field	224,909	-	224,909	70,715
Debt Service	-	302,266	302,266	259,683
Unrestricted	122,311	8,866,336	8,988,647	6,882,123
Total Net Position	\$ 5,476,310	\$ 17,854,568	\$ 23,330,878	\$ 18,835,525

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

<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>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,720,716	\$ -	\$ 7,822	\$ -
Public Safety	2,965,147	832,150	188,428	17,807
Highways and Streets	1,448,273	9,200	-	1,684,978
Parks and Recreation	363,957	71,221	147,599	-
Bond Issuance Costs	21,066	-	-	-
Interest on Long-Term Debt	60,584	-	-	-
Total Governmental Activities	<u>6,579,743</u>	<u>912,571</u>	<u>343,849</u>	<u>1,702,785</u>
Business-Type Activities:				
Gas	2,901,993	5,433,813	-	-
Water	1,499,715	1,576,735	-	1,264
Sewer	1,490,498	1,016,306	-	1,270
Sanitation	369,792	367,223	-	-
Total Business-Type Activities	<u>6,261,998</u>	<u>8,394,077</u>	<u>-</u>	<u>2,534</u>
Total Primary Government	<u>\$ 12,841,741</u>	<u>\$ 9,306,648</u>	<u>\$ 343,849</u>	<u>\$ 1,705,319</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 (Loss) on Disposition of Capital Assets

Miscellaneous Income

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

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	
		2016	2015
\$ (1,712,894)	\$ -	\$ (1,712,894)	\$ (1,649,220)
(1,926,762)	-	(1,926,762)	(1,314,549)
245,905	-	245,905	(983,426)
(145,137)	-	(145,137)	(188,910)
(21,066)	-	(21,066)	-
(60,584)	-	(60,584)	(86,722)
(3,620,538)	-	(3,620,538)	(4,222,827)
-	2,531,820	2,531,820	2,355,283
-	78,284	78,284	211,467
-	(472,922)	(472,922)	(599,888)
-	(2,569)	(2,569)	(12,549)
-	2,134,613	2,134,613	1,954,313
(3,620,538)	2,134,613	(1,485,925)	(2,268,514)
109,285	-	109,285	113,231
4,799,842	-	4,799,842	3,806,151
529,692	-	529,692	549,303
370,046	-	370,046	391,639
14,746	-	14,746	14,829
180,000	(180,000)	-	-
26,898	37,844	64,742	43,141
34,356	(10,467)	23,889	45,646
43,591	25,445	69,036	79,812
6,108,456	(127,178)	5,981,278	5,043,752
2,487,918	2,007,435	4,495,353	2,775,238
2,988,392	15,847,133	18,835,525	16,060,287
\$ 5,476,310	\$ 17,854,568	\$ 23,330,878	\$ 18,835,525

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2016	2015
ASSETS				
Cash and Cash Equivalents	\$ 628,632	\$ 1,928,866	\$ 2,557,498	\$ 3,035,733
Investments	322,997	-	322,997	321,517
Receivables:				
Ad Valorem Taxes, Net	108,903	-	108,903	38,664
Other	147,410	-	147,410	168,872
Prepaid Insurance	70,601	-	70,601	66,551
Due from Other Funds	(275,439)	-	(275,439)	457,626
Due from Other Governments	1,125,298	325,288	1,450,586	820,617
Cash - Restricted	224,909	-	224,909	70,715
Total Assets	<u>\$ 2,353,311</u>	<u>\$ 2,254,154</u>	<u>\$ 4,607,465</u>	<u>\$ 4,980,295</u>
LIABILITIES				
Accounts Payable	\$ 635,411	\$ -	\$ 635,411	\$ 141,473
Payroll Liabilities	124,684	-	124,684	114,920
Accrued Salaries and Wages	106,001	-	106,001	89,957
Due to Other Funds	-	185,391	185,391	1,190,950
Total Liabilities	866,096	185,391	1,051,487	1,537,300
FUND BALANCES				
Fund Balances:				
Nonspendable:				
Prepaid Insurance	70,601	-	70,601	66,551
Restricted For:				
Industrial Park Road Phase III	-	-	-	168,000
Challenger Field	224,909	-	224,909	70,715
Committed For:				
Construction Contracts	1,191,705	-	1,191,705	1,004,959
Assigned To:				
Special Revenue Fund	-	2,068,763	2,068,763	1,654,532
Unassigned:				
General Fund	-	-	-	478,238
Total Fund Balances	<u>1,487,215</u>	<u>2,068,763</u>	<u>3,555,978</u>	<u>3,442,995</u>
Total Liabilities and Fund Balances	<u>\$ 2,353,311</u>	<u>\$ 2,254,154</u>	<u>\$ 4,607,465</u>	<u>\$ 4,980,295</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, 2016

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	<u>2016</u>	<u>2015</u>
Fund Balances - Total Governmental Funds	\$ 3,555,978	\$ 3,442,995
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	9,159,784	7,164,478
Less Accumulated Depreciation	<u>(3,827,702)</u>	<u>(3,924,549)</u>
	5,332,082	3,239,929
Prepaid Items	62,355	84,693
Long-Term Liabilities are not Due and Payable in the Current Period and therefore are not Reported in the Governmental Funds:		
Net Pension Liability	(2,485,201)	(2,034,266)
General Obligation Bonds	(1,405,994)	(1,617,207)
Deferred Amount on Refunding	71,909	-
Compensated Absences Payable	(147,495)	(116,876)
Capital Lease Payable	(202,992)	(314,977)
Accrued Interest Payable	<u>(12,824)</u>	<u>(19,334)</u>
	(4,182,597)	(4,102,660)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	762,094	427,464
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(53,602)</u>	<u>(104,029)</u>
Net Position of Governmental Activities	<u>\$ 5,476,310</u>	<u>\$ 2,988,392</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, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	2000		Total	
	General	1/2 Cent Sales Tax Fund	Governmental 2016	2015
Revenues:				
Taxes	\$ 3,693,850	\$ 1,600,069	\$ 5,293,919	\$ 4,325,850
Licenses and Permits	529,692	-	529,692	549,303
Fines and Forfeits	788,973	-	788,973	936,533
Interest	7,273	19,625	26,898	11,321
Fees	119,798	-	119,798	128,150
Intergovernmental	1,795,833	-	1,795,833	370,502
Miscellaneous	221,601	-	221,601	140,575
Total Revenues	7,157,020	1,619,694	8,776,714	6,462,234
Expenditures:				
Current:				
General Government	1,650,619	26,441	1,677,060	1,641,003
Public Safety	2,728,689	-	2,728,689	2,449,898
Highways and Streets	1,337,922	-	1,337,922	1,211,318
Parks and Recreation	295,192	-	295,192	271,812
Capital Outlay	2,432,707	-	2,432,707	660,278
Debt Service:				
Bond Issuance Costs	-	21,066	21,066	-
Principal Retirement	111,985	245,000	356,985	312,800
Interest and Administration Fees	8,836	58,258	67,094	84,032
Total Expenditures	8,565,950	350,765	8,916,715	6,631,141
Excess (Deficiency) of Revenues over Expenditures	(1,408,930)	1,268,929	(140,001)	(168,907)
Other Financing Sources (Uses):				
Proceeds from Capital Asset Disposition	92,012	-	92,012	45,508
Proceeds from Bond Issuance	-	583,000	583,000	-
Premium on Bond Issuance	-	26,994	26,994	-
Payment to Refund Bonds	-	(629,022)	(629,022)	-
Transfers In	1,015,670	-	1,015,670	1,294,675
Transfer Out	-	(835,670)	(835,670)	(1,480,530)
Proceeds from Issuance of Long Term Debt	-	-	-	150,571
Total Other Financing Sources (Uses)	1,107,682	(854,698)	252,984	10,224
Net Change in Fund Balances	(301,248)	414,231	112,983	(158,683)
Fund Balances at Beginning of Year	1,788,463	1,654,532	3,442,995	3,601,678
Fund Balances at End of Year	<u>\$ 1,487,215</u>	<u>\$ 2,068,763</u>	<u>\$ 3,555,978</u>	<u>\$ 3,442,995</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, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	<u>2016</u>	<u>2015</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 112,983	\$ (158,683)
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	2,499,834	831,879
Depreciation Expense and Accumulated Depreciation on Transfers In	<u>(350,025)</u>	<u>(339,432)</u>
	2,149,809	492,447
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	446,872	223,989
Less Cost Basis of Capital Assets Retired During the Year	<u>(504,528)</u>	<u>(225,312)</u>
	(57,656)	(1,323)
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	(3,244)	11,254
The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Position. Also, Governmental Funds Report the Effect of Premiums, Discounts, and Similar Items When Debt is First Issued, Whereas These Amounts are Deferred and Amortized in the Statement of Activities.		
Issuance of Refunding Bonds	(609,994)	-
Payment to Refund Bonds	629,022	-
Proceeds from the Issuance of Capital Lease	-	(150,571)
Repayment of Principal on Long-Term Debt	356,985	312,800
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	(30,619)	26,908
(Increase) Decrease in Pension Expense	(115,209)	13,205
(Increase) Decrease in Accrued Interest Payable	6,510	1,056
Amortization of Bond Insurance Costs	-	(2,763)
Amortization of Discount Paid on Issuance of General Obligation Bonds	-	(983)
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, Therefore, are not reported as Revenues in the Governmental Funds.	<u>49,331</u>	<u>45,973</u>
Change in Net Position of Governmental Activities	<u>\$ 2,487,918</u>	<u>\$ 589,320</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 114,800	\$ 114,800	\$ 109,285	\$ (5,515)
Alcoholic Beverage Tax	14,500	14,500	14,746	246
Franchise Taxes	370,200	370,200	370,046	(154)
Sales Taxes	2,549,300	2,549,300	3,199,773	650,473
	3,048,800	3,048,800	3,693,850	645,050
Licenses and Permits:				
Occupational Licenses	336,000	336,000	340,916	4,916
Other Permits and Licenses	97,300	97,300	188,776	91,476
	433,300	433,300	529,692	96,392
Fines and Forfeits	815,400	815,400	788,973	(26,427)
Interest Income	1,800	1,800	7,273	5,473
Fees:				
Animal Adoption Fees	2,900	2,900	2,310	(590)
Parks and Recreation Fees	88,800	88,800	67,421	(21,379)
Police Extra Duty Charges	41,000	41,000	40,867	(133)
Road Maintenance	9,200	9,200	9,200	-
	141,900	141,900	119,798	(22,102)

(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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Intergovernmental:				
State and Local Grants:				
Other State and Local Grants	303,800	250,600	217,807	(32,793)
On Behalf Payments for Salaries	108,000	108,000	111,718	3,718
Street Department Grant	1,200,000	-	305,944	305,944
Federal Grants:				
Flood Relief Grant	-	153,200	7,697	(145,503)
Street Planning and Construction Grant	3,040,300	1,104,300	1,151,774	47,474
Law Enforcement Grants	20,000	20,000	893	(19,107)
	4,672,100	1,636,100	1,795,833	159,733
Miscellaneous:				
Parks and Recreation Concessions	8,500	8,500	3,800	(4,700)
Miscellaneous	22,000	167,000	217,801	50,801
	30,500	175,500	221,601	46,101
Total Revenues	9,143,800	6,252,800	7,157,020	904,220

(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, 2016

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
General Government:				
General Provisions:				
Salaries	844,700	859,200	839,939	19,261
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	346,800	346,800	354,282	(7,482)
Advertising	8,500	8,500	13,386	(4,886)
Collection Costs	50,400	50,400	57,694	(7,294)
Bank Charges	-	-	17	(17)
Community Events	30,000	30,000	18,669	11,331
Contracted Services	6,800	6,800	8,130	(1,330)
Coroner Fees	6,000	6,000	4,570	1,430
Court Costs	14,400	14,400	17,400	(3,000)
Economic Development	15,000	15,000	10,000	5,000
Insurance	69,100	69,100	60,170	8,930
Legal and Professional	29,300	29,300	51,574	(22,274)
Membership Fees and Educational Training	16,000	16,000	16,658	(658)
Miscellaneous	3,200	3,200	2,568	632
Printing, Postage and Office Supplies	48,500	48,500	36,772	11,728
Rental Equipment	6,600	6,600	8,651	(2,051)
Repairs and Maintenance	63,400	53,600	37,474	16,126
Small Tools and Supplies	-	-	127	(127)
Telephone	23,000	23,000	22,460	540
Utilities	21,000	21,000	21,211	(211)
Uniforms	500	500	1,383	(883)
Vehicle Expenses	18,000	18,000	7,484	10,516
Total General Government	<u>1,681,200</u>	<u>1,685,900</u>	<u>1,650,619</u>	<u>35,281</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Animal Control (Continued):				
Salaries	112,000	114,500	120,955	(6,455)
Payroll Taxes, Retirement, and Group Insurance	60,800	60,800	53,517	7,283
Animal Care Expense	10,500	10,500	7,321	3,179
Insurance	4,200	4,200	5,038	(838)
Legal and Professional	1,200	1,200	12,336	(11,136)
Miscellaneous	9,500	24,500	26,639	(2,139)
Printing, Postage and Office Supplies	800	800	2,559	(1,759)
Small Tools and Supplies	8,000	8,000	10,541	(2,541)
Telephone	3,500	3,500	3,289	211
Utilities	10,000	10,000	6,719	3,281
Vehicle Expense	5,000	5,000	1,100	3,900
Total Animal Control	<u>225,500</u>	<u>243,000</u>	<u>250,014</u>	<u>(7,014)</u>
Police:				
Salaries	1,243,000	1,364,200	1,333,515	30,685
Payroll Taxes, Retirement, and Group Insurance	707,300	707,300	691,392	15,908
Contracted Services	5,800	5,800	6,971	(1,171)
Equipment Rental	18,900	18,900	25,094	(6,194)
Insurance	145,100	145,100	136,168	8,932
Membership Fees and Educational Training	13,000	13,000	6,358	6,642
Miscellaneous	7,100	7,100	6,331	769
Printing, Postage and Office Supplies	6,200	6,200	21,571	(15,371)
Professional Fees	15,400	15,400	16,215	(815)
Repairs and Maintenance	32,500	42,300	72,581	(30,281)
Small Tools and Supplies	27,600	27,600	24,461	3,139

(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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	32,200	32,200	35,715	(3,515)
Uniforms	14,000	14,000	12,973	1,027
Utilities	8,000	8,000	8,784	(784)
Vehicle Expense	90,000	90,000	80,546	9,454
Total Police	<u>2,366,100</u>	<u>2,497,100</u>	<u>2,478,675</u>	<u>18,425</u>
Total Public Safety	<u>2,591,600</u>	<u>2,740,100</u>	<u>2,728,689</u>	<u>11,411</u>
Highways and Streets:				
Streets:				
Salaries	481,100	518,900	504,522	14,378
Payroll Taxes, Retirement, and Group Insurance	236,600	236,600	224,558	12,042
Contract Services	10,000	10,000	3,135	6,865
Equipment Expense	78,200	78,200	111,483	(33,283)
Equipment Rental	12,400	12,400	18,915	(6,515)
Insurance	63,900	63,900	64,615	(715)
Landscaping and Beautification	224,300	-	-	-
Legal and Professional	24,400	24,400	66,852	(42,452)
Streets Maintenance and Materials	99,000	217,500	226,052	(8,552)
Membership Fees and Educational Training	1,500	1,500	1,857	(357)
Miscellaneous	2,000	2,000	1,038	962
Small Tools and Supplies	15,900	15,900	28,244	(12,344)
Telephone	9,800	9,800	8,716	1,084
Uniforms	2,000	2,000	1,056	944
Utilities	80,300	80,300	76,879	3,421
Total Highways and Streets	<u>1,341,400</u>	<u>1,273,400</u>	<u>1,337,922</u>	<u>(64,522)</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	61,800	61,800	76,033	(14,233)
Payroll Taxes, Retirement, and Group Insurance	38,700	38,700	32,696	6,004
Contract Services	-	-	13	(13)
Concession Supplies	1,200	1,200	-	1,200
Equipment Rental	3,700	3,700	5,234	(1,534)
Insurance	10,000	10,000	8,313	1,687
Membership Fees and Educational Training	1,500	1,500	3,732	(2,232)
Miscellaneous	3,300	3,300	3,507	(207)
Legal and Professional	1,200	1,200	12,775	(11,575)
Printing, Postage and Office Supplies	1,200	1,200	3,077	(1,877)
Recreational Supplies	20,000	20,000	22,314	(2,314)
Repairs and Maintenance	32,900	46,900	54,242	(7,342)
Small Tools and Supplies	7,100	7,100	6,193	907
Telephone	2,000	2,000	1,848	152
Tournament Expenses	60,000	60,000	40,589	19,411
Utilities	25,100	25,100	24,438	662
Uniforms	500	500	188	312
Total Parks and Recreation	270,200	284,200	295,192	(10,992)
Capital Outlay	4,603,500	2,444,700	2,432,707	11,993
Debt Service:				
Principal Retirement	95,900	95,900	111,985	(16,085)
Interest	8,900	8,900	8,836	64
Total Debt Service	104,800	104,800	120,821	(16,021)
Total Expenditures	10,592,700	8,533,100	8,565,950	(32,850)

(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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(1,448,900)	(2,280,300)	(1,408,930)	871,370
Other Financing Sources (Uses):				
Transfers In	1,188,200	1,505,100	1,015,670	(489,430)
Sale of Capital Assets	-	-	92,012	92,012
Total Other Financing Sources (Uses)	<u>1,188,200</u>	<u>1,505,100</u>	<u>1,107,682</u>	<u>(397,418)</u>
Net Change in Fund Balance	(260,700)	(775,200)	(301,248)	473,952
Fund Balance at Beginning of Year	<u>1,788,463</u>	<u>1,788,463</u>	<u>1,788,463</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 1,527,763</u></u>	<u><u>\$ 1,013,263</u></u>	<u><u>\$ 1,487,215</u></u>	<u><u>\$ 473,952</u></u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,274,600	\$ 1,274,600	\$ 1,600,069	\$ 325,469
Interest	9,000	9,000	19,625	10,625
Total Revenues	1,283,600	1,283,600	1,619,694	336,094
Expenditures:				
General Government:				
Collection Expenses	20,000	20,000	26,441	(6,441)
Total General Government	20,000	20,000	26,441	(6,441)
Debt Service:				
Bond Issuance Costs	-	-	21,066	(21,066)
Principal Retirement	245,000	245,000	245,000	-
Interest and Administrative Fees	65,500	65,500	58,258	7,242
Total Debt Service	310,500	310,500	324,324	(13,824)
Total Expenditures	330,500	330,500	350,765	(20,265)
Excess (Deficiency) of Revenues over Expenditures	953,100	953,100	1,268,929	315,829
Other Financing Sources (Uses):				
Proceeds from Bond Issuance	-	-	583,000	583,000
Premium on Bond Issuance	-	-	26,994	26,994
Payment to Refund Bonds	-	-	(629,022)	(629,022)
Operating Transfers Out	(1,008,400)	(1,325,300)	(835,670)	489,630
Total Other Financing Sources (Uses)	(1,008,400)	(1,325,300)	(854,698)	470,602
Net Change in Fund Balance	(55,300)	(372,200)	414,231	786,431
Fund Balance at Beginning of Year	1,654,532	1,654,532	1,654,532	-
Fund Balance at End of Year	\$ 1,599,232	\$ 1,282,332	\$ 2,068,763	\$ 786,431

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	Business Type Activities - Enterprise Fund	
	2016	2015
Current Assets:		
Cash and Cash Equivalents	\$ 6,753,547	\$ 5,498,333
Due From Other Funds	460,830	733,324
	7,214,377	6,231,657
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2016 and \$5,000 in 2015)	973,255	685,219
Unbilled Utility Sales	570,130	408,441
Due from Other Governments	-	53,110
	1,543,385	1,146,770
Inventory, at Cost	214,810	207,466
Prepaid Expenses	81,066	88,744
Total Current Assets	9,053,638	7,674,637
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	334,309	306,740
Investments - Customer Deposits	739,307	733,838
Prepaid Items	31,096	48,453
Capital Assets, at Cost (Net of Accumulated Depreciation)	14,158,845	13,522,090
Total Noncurrent Assets	15,263,557	14,611,121
Total Assets	24,317,195	22,285,758
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	524,332	-
Total Deferred Outflows of Resources	524,332	-
Total Assets and Deferred Outflows of Resources	\$ 24,841,527	\$ 22,285,758

The accompanying notes are an integral part of this statement.

	Business Type Activities - Enterprise Fund	
	2016	2015
Current Liabilities:		
Accounts Payable	\$ 583,568	\$ 538,564
Accrued Salaries and Wages	40,601	34,251
Accumulated Unpaid Vacation	21,015	18,594
Customers' Deposits	739,047	722,239
Other Current Liabilities	34,760	30,099
Bonds Payable - Current Portion	289,865	151,045
Accrued Bond Interest	32,043	47,057
Total Current Liabilities	1,740,899	1,541,849
 Noncurrent Liabilities:		
Bonds Payable - Less Current Portion	5,183,014	4,840,993
Accumulated Unpaid Vacation	63,046	55,783
Total Noncurrent Liabilities	5,246,060	4,896,776
Total Liabilities	6,986,959	6,438,625
 Net Position:		
Net Investment in Capital Assets	8,685,966	8,530,052
Restricted for Debt Service	302,266	259,683
Unrestricted	8,866,336	7,057,398
Total Net Position	17,854,568	15,847,133
Total Liabilities and Net Position	\$ 24,841,527	\$ 22,285,758

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2015)

	Business - Type Activities - Enterprise Fund	
	2016	2015
Operating Revenues:		
Charges for Services	\$ 8,394,077	\$ 7,923,312
Total Operating Revenues	8,394,077	7,923,312
Operating Expenses:		
Personal Services and Benefits	1,615,604	1,509,463
Contractual Services	794,056	846,937
Cost of Materials	1,183,690	1,391,314
Utilities	210,570	224,528
Repair and Maintenance	1,088,220	1,025,451
Supplies	93,844	91,459
Insurance	162,109	201,771
Depreciation	793,198	719,550
Bad Debts	14,617	20,413
Total Operating Expenses	5,955,908	6,030,886
Operating Income	2,438,169	1,892,426
Nonoperating Revenues:		
Interest and Investment Income	37,844	31,820
Gain (Loss) on Capital Asset Dispositions	(10,467)	1,461
Miscellaneous	25,445	18,649
Total Nonoperating Revenues	52,822	51,930
Nonoperating Expenses:		
Interest and Administrative Fees	154,850	197,676
Bond Issuance Costs	124,386	-
Amortization of Bond Insurance Costs	476	881
Amortization of Bond Discount (Premium)	(3,016)	314
Amortization of Deferred Amount on Refunding	8,034	-
Loss on Capital Asset Transfers	21,360	19,125
Miscellaneous	-	4,358
Total Nonoperating Expenses	306,090	222,354
Income Before Contributions and Transfers	2,184,901	1,722,002
Capital and Other Contributions	2,534	278,061
Transfers from Special Revenue Fund	820,000	1,335,855
Transfers to General Fund	(1,000,000)	(1,150,000)
Change in Net Position	2,007,435	2,185,918
Total Net Position at Beginning of Year	15,847,133	13,661,215
Total Net Position at End of Year	\$ 17,854,568	\$ 15,847,133

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, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Business-Type Activities - Enterprise Fund	
	2016	2015
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 7,982,845	\$ 8,144,903
Cash Payments to Suppliers for Goods and Services	(3,482,490)	(3,624,022)
Cash Payments to Employees for Services and Benefits	(1,599,570)	(1,502,964)
Other Receipts (Payments)	297,939	(652,621)
Net Cash Provided by Operating Activities	3,198,724	2,365,296
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	820,000	1,335,855
Transfer To General Fund	(1,000,000)	(1,150,000)
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(180,000)	185,855
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Disposition of Assets	2,785	1,461
Acquisition and Construction of Capital Assets	(1,464,563)	(2,555,767)
Net Receipts from Customer Deposits	16,808	18,902
Proceeds from Issuance of Debt	4,506,850	-
Principal Paid on Loans	(4,040,195)	(151,736)
Bond Issuance Expense	(124,386)	-
Prepaid Bond Insurance Costs	(31,572)	-
Net Deferred Refunding Amount	(466,713)	-
Interest and Administrative Fees Paid on Loans	(169,864)	(198,051)
Capital Contributions	2,534	278,061
Net Cash Used in Capital and Related Financing Activities	(1,768,316)	(2,607,130)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(5,469)	(11,019)
Investment Income	37,844	31,820
Net Cash Provided by Investing Activities	32,375	20,801
Net Increase (Decrease) in Cash and Cash Equivalents	1,282,783	(35,178)
Cash and Cash Equivalents - Beginning of Year	5,805,073	5,840,251
Cash and Cash Equivalents - End of Year	<u>\$ 7,087,856</u>	<u>\$ 5,805,073</u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015)

	Business-Type Activities - Enterprise Fund	
	2016	2015
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 2,438,169	\$ 1,892,426
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	793,198	719,550
Provision for Bad Debts	14,617	20,413
Miscellaneous Revenues	25,445	18,649
Miscellaneous Expenses	-	(4,358)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(249,543)	28,201
(Increase) Decrease in Unbilled Utility Sales	(161,689)	193,390
(Increase) Decrease in Due from Other Funds	272,494	(666,912)
(Increase) Decrease in Inventory	(7,344)	(13,365)
(Increase) Decrease in Prepaid Expenses	7,678	(18,554)
Increase (Decrease) in Accounts Payable	45,004	203,841
Increase (Decrease) in Accrued Salaries and Wages	6,350	6,169
Increase (Decrease) in Other Current Liabilities	4,661	(14,484)
Increase (Decrease) in Accumulated Unpaid Vacation	9,684	330
Net Cash Provided by Operating Activities	\$ 3,198,724	\$ 2,365,296
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	\$ 476	\$ 881
Amortization of Bond (Premium) Discount	\$ (3,016)	\$ 314
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 6,753,547	\$ 5,498,333
Cash and Cash Equivalents, Restricted	334,309	306,740
Total Cash and Cash Equivalents	\$ 7,087,856	\$ 5,805,073

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016

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, 2016

- *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, 2016

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, 2016

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, 2016

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 2016 was adopted on December 14, 2015.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

- v. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 12, 2016.
- 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, 2016

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 five percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2016.

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, 2016

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 Plan Note 11. The City also has deferred outflows on the statement of net position that are related to refunding bonds. See Changes in Long-Term Obligations Note 12.

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, 2016, the accrued liability for unpaid vacation benefits amounted to \$231,556. The amount applicable to the Enterprise Fund was \$84,061, and is recorded in that Fund, and the amount of \$147,495 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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Obligations

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

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

N. Fund Equity

Government-Wide Statements

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

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.
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, 2016

Fund Statements

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

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

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

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

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

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

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

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

O. 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, 2016

P. Summary Financial Information for 2015

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, 2015, 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 \$9,870,263 at December 31, 2016. The following is a summary of cash and cash equivalents at December 31, 2016.

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Book Balances	\$ <u>2,782,407</u>	\$ <u>7,087,856</u>	\$ <u>9,870,263</u>
Bank Balances	\$ <u>3,001,232</u>	\$ <u>7,005,489</u>	\$ <u>10,006,721</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, 2016, none of the City's bank balance of \$10,006,721 was exposed to custodial credit risk.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

3. Investments

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

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. 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 net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

At December 31, 2016, the City holds investments totaling \$1,062,304 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>322,997</u>	\$ <u>322,997</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>739,307</u>	\$ <u>739,307</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following fair value measurements as of December 31, 2016: U.S. Government Securities Fund – A – Mutual Funds of \$739,307 are valued using quoted market prices (Level 1 inputs). The LAMP investment is stated at the net asset value of the pool shares, which is the same as the fair value which is permitted per GASB Statement No. 59.

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 GASB 40 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.

Concentration of Credit Risk. Pooled investments are excluded from the five percent disclosure requirement. U.S. Government Securities Fund – A – Mutual Fund investments are 70% of the total investments.

Custodial Credit Risk - Investments. In the case of investments in mutual funds, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To mitigate this risk, state law requires for these investments (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City regardless of its designation by the financial institution in which it is deposited. As of December 31, 2016, none of the City's investments in mutual funds of \$739,307 were exposed to custodial credit risk. In the case of LAMP, participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

4. Ad Valorem Taxes

Normally, ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Normally, 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.

For 2016, taxes were levied in December 2016 and were due by February 24, 2017 and became delinquent on February 25, 2017. The delay was due to the August 2016 flooding event that required the Livingston Parish Assessor to reassess property taxes due to the severe and widespread damage throughout Livingston Parish caused by the flooding.

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, 2016, taxes of 2.20 mills were levied on property with assessed valuations totaling \$52,106,540 and were dedicated to general purposes.

Total taxes levied were \$114,634. Taxes receivable at December 31, 2016, consisted of the following:

Taxes Receivable - Current Roll	\$114,634
Allowance for Uncollectible Taxes	<u>(5,731)</u>
	<u>\$108,903</u>

5. Receivables

Receivables as of December 31, 2016, 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	\$ <u>114,634</u>	\$ <u>136,419</u>	\$ <u>10,991</u>	\$ <u>-</u>	\$ <u>(5,731)</u>	\$ <u>256,313</u>
Total Governmental Activities	114,634	136,419	10,991	-	(5,731)	256,313
<u>Business-Type Activities:</u>						
Utility Fund	<u>-</u>	<u>-</u>	<u>978,255</u>	<u>570,130</u>	<u>(5,000)</u>	<u>1,543,385</u>
Total Receivables	<u>\$114,634</u>	<u>\$136,419</u>	<u>\$ 989,246</u>	<u>\$570,130</u>	<u>\$ (10,731)</u>	<u>\$1,799,698</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

6. Due From Other Governments

Due from Other Governments as of December 31, 2016, consists of the following:

	U.S. Department of Commerce	Livingston Parish School Board	State of Louisiana	<u>Total</u>
<u>Governmental Activities</u>				
General Fund	\$ 254,412	\$ 660,832	\$ 210,054	\$1,125,298
2000 ½ Cent Sales Tax Fund	<u>-</u>	<u>325,288</u>	<u>-</u>	<u>325,288</u>
Total Governmental Activities	254,412	986,120	210,054	1,450,586
<u>Business-Type Activities</u>				
Utility Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Due from Other Governments	<u>\$ 254,412</u>	<u>\$ 986,120</u>	<u>\$ 210,054</u>	<u>\$1,450,586</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2016, reported in the fund financial statements.

	Net Internal Due to	Net Internal Due from	<u>Balances</u>
<u>Governmental Activities</u>			
General Fund	\$ (275,439)	\$ -	\$ (275,439)
2000 ½ Cent Sales Tax Fund	<u>(185,391)</u>	<u>-</u>	<u>(185,391)</u>
Total Governmental Activities	(460,830)	-	(460,830)
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>460,830</u>	<u>460,830</u>
Total Interfund Receivables/Payables	<u>\$ (460,830)</u>	<u>\$ 460,830</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Deletions	Transfers	Balance December 31, 2016
<u>Governmental Activities:</u>					
Capital Assets not being Depreciated:					
Land and Right-of-Ways	\$ 929,347	\$ -	\$ -	\$ -	\$ 929,347
Construction in Progress	338,993	1,990,497	(95,425)	-	2,234,065
Total Capital Assets not being Depreciated	1,268,340	1,990,497	(95,425)	-	3,163,412
Capital Assets being Depreciated:					
Land Improvements	336,892	-	(4,335)	-	332,557
Buildings	994,502	175,952	(44,518)	31,517	1,157,453
Equipment and Vehicles	2,276,564	336,366	(310,552)	8,350	2,310,728
Furniture and Fixtures	163,424	-	(137,263)	-	26,161
Recreational Equipment	350,794	25,317	(7,860)	-	368,251
Infrastructure	1,773,962	27,260	-	-	1,801,222
Total Capital Assets being Depreciated	5,896,138	564,895	(504,528)	39,867	5,996,372
Less: Accumulated Depreciation for:					
Land Improvements	105,103	29,511	(4,335)	-	130,279
Buildings	408,266	38,620	(44,519)	9,954	412,321
Equipment and Vehicles	1,605,560	193,458	(252,896)	8,554	1,554,676
Furniture and Fixtures	163,423	-	(137,262)	-	26,161
Recreational Equipment	272,815	23,970	(7,860)	-	288,925
Infrastructure	1,369,382	45,958	-	-	1,415,340
Total Accumulated Depreciation	3,924,549	331,517	(446,872)	18,508	3,827,702
Total Capital Assets being Depreciated, Net	1,971,589	233,378	(57,656)	21,359	2,168,670
Total Governmental Activities Capital Assets, Net	<u>\$ 3,239,929</u>	<u>\$ 2,223,875</u>	<u>\$ (153,081)</u>	<u>\$ 21,359</u>	<u>\$ 5,332,082</u>

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

	Balance January 1, 2016	Additions	Deletions	Transfers	Balance December 31, 2016
<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	214,941	1,304,119	(68,920)	-	1,450,140
Total Capital Assets not being Depreciated	577,765	1,304,119	(68,920)	-	1,812,964
Capital Assets being Depreciated:					
Gas System	5,259,792	-	(12,825)	-	5,246,967
Water System	4,509,111	-	(20,309)	-	4,488,802
Sewer System	13,884,914	68,920	(95,881)	11,925	13,869,878
Buildings	608,459	14,000	(154,097)	(31,517)	436,845
Land Improvements	111,568	-	-	-	111,568
Machinery and Equipment	1,661,256	146,444	(710,822)	(20,275)	1,076,603
Total Capital Assets being Depreciated	26,035,100	229,364	(993,934)	(39,867)	25,230,663
Less: Accumulated Depreciation for:					
Gas System	3,225,375	121,109	(12,825)	-	3,333,659
Water System	2,007,861	130,990	(20,309)	-	2,118,542
Sewer System	6,180,198	408,574	(95,881)	8,515	6,501,406
Buildings	216,571	12,264	(140,845)	(9,954)	78,036
Land Improvements	42,629	8,198	-	-	50,827
Machinery and Equipment	1,418,141	112,063	(710,823)	(17,069)	802,312
Total Accumulated Depreciation	13,090,775	793,198	(980,683)	(18,508)	12,884,782
Total Capital Assets being Depreciated, Net	12,944,325	(563,834)	(13,251)	(21,359)	12,345,881
Total Business-Type Activities Capital Assets, Net	\$ 13,522,090	\$ 740,285	\$ (82,171)	\$ (21,359)	\$ 14,158,845

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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

Governmental Activities:

General Government	\$ 27,084
Public Safety	104,858
Highways and Streets	130,594
Parks and Recreation	68,981
Total Depreciation Expense	
Governmental Activities	\$ 331,517

Business-Type Activities:

Water	\$ 174,059
Gas	186,891
Sewer	432,248
Total Depreciation Expense -	
Business-Type Activities	\$ 793,198

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, 2016, follows:

Governmental Activities:

	Project Authorization	Expended to December 31, 2016	Unexpended Commitment
TEG Sidewalk Phase III	\$ 80,420	\$ 48,272	\$ 32,148
Safe House	7,500	7,500	-
Industrial Park Road Phase II - Rehab	1,252,578	1,238,695	13,883
Industrial Park Road Phase III - Extension	3,381,314	939,598	2,441,716
Total	\$ 4,721,812	\$ 2,234,065	\$ 2,487,747

Business-Type Activities:

	Project Authorization	Expended to December 31, 2016	Unexpended Commitment
Our Lady of Lake Water Well	\$ 1,127,097	\$ 1,003,193	\$ 123,904
Industrial Park Sewer/Water Upgrades	537,996	270,842	267,154
Gas Relocate Hwy 1026 & I-10	83,477	78,843	4,634
Gas Upgrade - Juban 190	24,858	24,858	-
Relocate Gas (Juban)	35,925	4,000	31,925
I-12 to Buddy Ellis Road Gas Extension	75,505	68,404	7,101
Total	\$ 1,884,858	\$ 1,450,140	\$ 434,718

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Governmental Funds – Fund balance and Unexpended Commitments:

	Fund Balance Committed for Construction Contracts at <u>December 31, 2016</u>	Fund Unexpended Commitment <u>December 31, 2016</u>	Actual Committed Fund Balance Less Unexpended Commitment <u>December 31, 2016</u>
General Fund	\$ 1,191,705	\$ 2,487,747	\$ (1,296,042)

At December 31, 2016 the unexpended commitments are recorded in the General Fund as fund balance committed to contracts in the amount of \$1,191,705. The unavailable amount of \$1,296,042 will be resolved in future years by capital project grant funds awarded but not yet received. At December 31, 2016 the City has \$2,011,384 remaining in available grant funds for the Industrial Park Road Phase III Project.

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2016 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 635,411	\$ 583,568	\$1,218,979
Withholdings	124,684	34,760	159,444
Accrued Salaries	106,001	40,601	146,602
Customer Deposits	-	<u>739,047</u>	<u>739,047</u>
Total	<u>\$ 866,096</u>	<u>\$1,397,976</u>	<u>\$2,264,072</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 \$184,147, for the year ended December 31, 2016.

11. Pension Plan

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

General Information about the Pension Plan

Plan Description:

Municipal Police Employees Retirement System of Louisiana (MPERS)

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

Benefits Provided:

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

1. Retirement, Survivor Benefits, and Disability Benefits

Membership Prior to January 1, 2013

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

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

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

Cost of Living Adjustments

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

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

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

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

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, 2016 to June 30, 2016 was 29.50% and was 31.75% for the period July 1, 2016 to December 31, 2016. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$244,373 for the year ended December 31, 2016.

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 \$49,331 for the year ended December 31, 2016.

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

At December 31, 2016, the City reported a liability of \$2,485,201 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2016 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 .26515% which was an increase of .005477% from its proportion measured as of June 30, 2015.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

For the year ended December 31, 2016, the City recognized pension expense of \$359,582 related to MPERS.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,534
Changes in assumptions	120,832	150
Net difference between projected and actual earnings on pension plan investments	382,407	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	121,522	13,918
Employer contributions subsequent to the measurement date	137,333	-
Total	\$ 762,094	\$ 53,602

\$137,333 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, 2017. 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>	
2017	\$ 146,434
2018	165,536
2019	162,057
2020	97,132
	\$ 571,159

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 for the plan are as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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

For MPERS, mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. 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 8.25% for the year ended June 30, 2016. 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, 2016 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	53.0%	3.69%
Fixed Income	21.0%	0.49%
Alternative	20.0%	1.11%
Other	6.0%	0.21%
Total	100.0%	5.50%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.25%

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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, 2016 for MPERS:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	\$ 3,312,989	\$ 2,485,201	\$ 1,790,201

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

At December 31, 2016, included in liabilities is a payable in the amount of \$30,610 to MPERS. This payable is normal legally required contributions to the pension plan.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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, 2016:

	Debt Payable 1/1/2016	Additions	Deletions	Debt Payable 12/31/2016	Due within 1 year
Governmental Activities:					
Compensated Absences	\$ 116,876	\$ 164,464	\$ 133,845	\$ 147,495	\$ 36,874
Capital Lease Payable	314,977	-	111,985	202,992	85,664
Refunding Bond Payable by Utility Issues, Series 2009	1,624,000	-	828,000	796,000	255,000
Refunding Bond Payable by Utility Issues, Series 2016	-	583,000	-	583,000	-
Discount on Bonds	(6,793)	-	(6,793)	-	-
Premium on Bonds	-	26,994	-	26,994	-
Total Governmental Activities	2,049,060	774,458	1,067,037	1,756,481	377,538
Business-Type Activities:					
Compensated Absences	74,377	64,649	54,965	84,061	21,015
Capital Lease Payable	79,512	-	22,231	57,281	22,601
Refunding Series Bonds, Series 2009 (Gross)	5,745,000	-	4,735,000	1,010,000	330,000
Refunding Series Bonds, Series 2016 (Gross)	-	4,890,000	65,000	4,825,000	135,000
Combined Utilities Revenue Bonds, Series 2010B	283,000	-	17,000	266,000	18,000
Combined Utilities Revenue Bonds, Series 2011	525,764	-	29,000	496,764	33,000
Less: Intragovernmental Payable	(1,624,000)	(583,000)	(828,000)	(1,379,000)	(255,000)
Discount on Bonds	(17,238)	-	(17,238)	-	-
Premium on Bonds	-	199,850	3,016	196,834	6,264
Total Business-Type Activities	5,066,415	4,571,499	4,080,974	5,556,940	310,880
Total Debt	<u>\$ 7,115,475</u>	<u>\$5,345,957</u>	<u>\$5,148,011</u>	<u>\$7,313,421</u>	<u>\$688,418</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Current Year Advance Refunding

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

	Refunding Bonds Series 2016
<u>Sources:</u>	
Principal Proceeds	\$ 4,890,000
Premium	226,844
Transfer from Existing Debt Service Reserve	98,900
	\$ 5,215,744
<u>Uses:</u>	
Deposit to Escrow Fund	\$ 5,026,597
Issuance Cost	189,147
	\$ 5,215,744
<u>Cash Flow Difference:</u>	
Old Debt Service Cash Flows	\$ 6,398,108
Less: New Debt Service Cash Flows	(5,902,901)
Less: Contribution from Sinking Fund	(98,900)
Cash Flow Difference	\$ 396,307
<u>Economic Gain on Refunding:</u>	
Present Value of Old Debt Service Cash Flows	\$ 5,397,385
Less: Present Value of New Debt Service Cash Flows	(5,081,378)
Less: Net Contribution from Sinking Funds	(98,900)
Economic Gain	\$ 217,107

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$604,275, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At December 31, 2016, the unamortized balance is \$596,241. Also, as a result of the advance refunding of the Series 2009 Bonds, \$4,415,000 of the Series 2009 Bonds were considered in-substance defeased and the liability for those bonds was removed from the City's books. At December 31, 2016, \$4,415,000 of the Series 2009 defeased bonds are still outstanding.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Refunding Bonds, Series 2016

City of Walker Series 2016 Revenue Refunding Bonds - \$4,890,000 (\$583,000 payable from Governmental Activities and \$4,307,000 payable from Business-Type Activities) of Refunding Bonds Dated March 31, 2016, due in annual installments of principal and semi-annual installments of interest through October 1, 2027; variable interest rate ranging from 2.000% to 3.000%.

\$ 4,825,000

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

Governmental Activities:

<u>Year Ended December 31,</u>	2016 Refunding Series		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 11,660	\$ 11,660
2018	-	11,660	11,660
2019	-	11,660	11,660
2020	285,000	11,660	296,660
2021	298,000	5,960	303,960
	<u>583,000</u>	<u>52,600</u>	<u>635,600</u>

Business-Type Activities:

<u>Year Ended December 31,</u>	2016 Refunding Series		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 135,000	\$ 113,440	\$ 248,440
2018	140,000	110,740	250,740
2019	140,000	107,940	247,940
2020	220,000	105,140	325,140
2021	217,000	100,740	317,740
2022-2026	2,785,000	340,600	3,125,600
2027	605,000	18,150	623,150
	<u>4,242,000</u>	<u>896,750</u>	<u>5,138,750</u>
Total Refunding Bond 2009 Issue	<u>\$ 4,825,000</u>	<u>\$ 949,350</u>	<u>\$5,774,350</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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

A debt service fund designed to achieve proper remittance of principal and interest payments as due on the Revenue Bond. The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2016, the Debt Service Fund requirement for the interest and principal accounts of the 2016 Revenue Refunding Bonds were fully funded with an actual balance of \$65,027, and is reported on the Proprietary Fund as restricted cash.

The City issued \$4,890,000 Series 2016 Revenue Refunding Bonds 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>Principal Refunded</u>
<u>Governmental Activities Bond Refunded</u>	
Refunding Bonds, Series 2009	
Refunding Bonds, Series 2009. \$2,904,000 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%.	\$ 583,000
Total Governmental Activities Bond Refunded	<u>583,000</u>
<u>Business-Type Activities Bond Refunded</u>	
Refunding Bonds, Series 2009	
Refunding Bonds, Series 2009. \$4,536,000 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%.	3,832,000
Total Business-Type Activities Bonds Refunded	<u>3,832,000</u>
Total Bonds Refunded	<u><u>\$ 4,415,000</u></u>
Refunding Bonds, Series 2009 – Unrefunded Portion	
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%.	<u><u>\$ 1,010,000</u></u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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 portion of these bonds was refunded in the Refunding Bonds, Series 2016. A schedule of the outstanding principal and interest requirements of the unrefunded portion of the Refunding Series 2009 Bonds are as follows:

Governmental Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2017	\$ 255,000	\$ 29,416	\$ 284,416
2018	265,000	18,568	283,568
2019	276,000	6,819	282,819
	796,000	54,803	850,803

Business-Type Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2017	\$ 70,000	\$ 6,822	\$ 76,822
2018	70,000	6,700	76,700
2019	74,000	6,306	80,306
	214,000	19,828	233,828
Total Refunding Bond 2009 Issue	\$1,010,000	\$ 74,631	\$1,084,631

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 remittance of principal and interest payments as due on the Revenue Bond. The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2016, the Debt Service Fund requirements for the interest and principal accounts on the Series 2009 Refunding Bonds were fully funded with an actual balance of \$90,394, and is reported on the Proprietary Fund as restricted cash.

Combined Utilities Revenue Bonds, 2010B

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

\$ 266,000

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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
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	19,000	5,664	960	25,624
2022-2026	104,000	19,529	3,310	126,839
2027-2029	69,000	4,130	700	73,830
	<u>\$ 266,000</u>	<u>\$ 57,496</u>	<u>\$ 9,745</u>	<u>\$ 333,241</u>

Combined Utilities Revenue Bonds, 2011

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

\$ 496,764

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
2017	\$ 33,000	\$ 2,235	\$ 2,484	\$ 37,719
2018	34,000	2,087	2,319	38,406
2019	34,000	1,934	2,149	38,083
2020	34,000	1,781	1,979	37,760
2021	35,000	1,628	1,809	38,437
2022-2026	178,000	5,764	6,404	190,168
2027-2030	148,764	1,679	1,865	152,308
	<u>\$ 496,764</u>	<u>\$ 17,108</u>	<u>\$ 19,009</u>	<u>\$ 532,881</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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

The City is also required to deposit funds into a “Reserve Fund” and a “Contingencies Fund” on a monthly basis. At December 31, 2016, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$178,888 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2016.

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, 2016, are as follows:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2016</u>
Capital lease to finance the purchase of five police vehicles and equipment	\$ 155,192	3.44%	9/11/18	\$ 16,958
Capital lease to finance the purchase of six pick-up trucks and equipment	\$ 277,652	2.00%	4/9/19	141,842
Capital lease to finance the purchase of five police vehicles and equipment	\$ 150,571	3.28%	7/1/19	<u>101,473</u>
				<u>\$ 260,273</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>
2017	\$ 108,265	\$ 5,983	\$ 114,248
2018	93,602	2,985	96,587
2019	<u>58,406</u>	<u>687</u>	<u>59,093</u>
	<u>\$ 260,273</u>	<u>\$ 9,655</u>	<u>\$ 269,928</u>

Leased equipment and vehicles under capital lease in capital assets at December 31, 2016, include the following:

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

<u>Governmental Activities:</u>	
Equipment and Vehicles	\$ 405,275
Less: Accumulated Depreciation	<u>(137,292)</u>
	<u>\$ 267,983</u>
 <u>Business-Type Activities:</u>	
Equipment and Vehicles	\$ 116,207
Less: Accumulated Depreciation	<u>(45,347)</u>
	<u>\$ 70,860</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, 2016, the State of Louisiana made on-behalf payments in the form of supplemental pay to the City’s policemen. In accordance with GASB 24, the City has recorded \$111,718 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, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Restricted for Challenger Field	\$224,909	\$ -	\$ 224,909
Refunding Bonds, Series 2009 - Debt Service	-	90,394	90,394
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	-	178,888	178,888
Refunding Bonds, Series 2016 - Debt Service	<u>-</u>	<u>65,027</u>	<u>65,027</u>
Total Cash and Cash Equivalents	224,909	334,309	559,218
Investments:			
Customers Deposits	<u>-</u>	<u>739,307</u>	<u>739,307</u>
Total Restricted Assets	<u>\$224,909</u>	<u>\$1,073,616</u>	<u>\$1,298,525</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2016**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Operating Revenues:					
Charges for Services	\$ 5,201,509	\$ 1,468,479	\$ 972,840	\$ 363,115	\$ 8,005,943
Delinquent Charges	63,354	18,996	10,600	4,108	97,058
Miscellaneous	168,950	89,260	32,866	-	291,076
Total Operating Revenues	5,433,813	1,576,735	1,016,306	367,223	8,394,077
Operating Expenses:					
Direct	2,552,346	1,346,468	1,338,663	367,834	5,605,311
General and Administrative	158,456	96,707	93,476	1,958	350,597
Total Operating Expenses	2,710,802	1,443,175	1,432,139	369,792	5,955,908
Operating Income (Loss) by Department	2,723,011	133,560	(415,833)	(2,569)	2,438,169
Nonoperating Revenues	47,058	3,536	2,079	149	52,822
Nonoperating Expenses	(191,191)	(56,540)	(58,359)	-	(306,090)
Federal Grant	-	277	1,270	-	1,547
State Grant	-	987	-	-	987
Transfers from Special Revenue	-	-	820,000	-	820,000
Transfers to General Fund	(1,000,000)	-	-	-	(1,000,000)
Change in Net Position					<u>\$ 2,007,435</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 1,578,878</u>	<u>\$ 81,820</u>	<u>\$ 349,157</u>	<u>\$ (2,420)</u>	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2016**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 1,183,690	\$ -	\$ -	\$ -	\$ 1,183,690
Salaries and Wages	459,770	315,218	307,041	-	1,082,029
Payroll Taxes, Retirement and Group Insurance	252,559	154,354	126,662	-	533,575
Contract Services	160,647	80,684	13,195	367,834	622,360
Depreciation	186,891	174,059	432,248	-	793,198
Equipment Expenses	45,863	11,865	7,230	-	64,958
Equipment Rental	10,075	8,802	43,908	-	62,785
Lab Fees	-	-	23,699	-	23,699
Maintenance	227,152	550,865	245,245	-	1,023,262
Small Tools and Supplies	16,272	4,737	7,563	-	28,572
Utilities	9,427	45,884	131,872	-	187,183
	<u>2,552,346</u>	<u>1,346,468</u>	<u>1,338,663</u>	<u>367,834</u>	<u>5,605,311</u>
General and Administrative Expenses:					
Insurance	86,720	52,673	22,617	99	162,109
Miscellaneous	23,808	21,556	9,157	-	54,521
Office Expense	5,559	4,233	959	-	10,751
Professional Fees	21,981	9,560	52,171	1,500	85,212
Telephone	11,191	4,683	7,513	-	23,387
Bad Debts	9,197	4,002	1,059	359	14,617
	<u>158,456</u>	<u>96,707</u>	<u>93,476</u>	<u>1,958</u>	<u>350,597</u>
Total Operating Expenses	<u><u>\$ 2,710,802</u></u>	<u><u>\$ 1,443,175</u></u>	<u><u>\$ 1,432,139</u></u>	<u><u>\$ 369,792</u></u>	<u><u>\$ 5,955,908</u></u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2016**

Personal Services and Benefits:

Direct Labor	\$ 1,082,029
Payroll Taxes, Retirement and Group Insurance	<u>533,575</u>
	1,615,604

Contractual Services:

Equipment Rental	62,785
Lab Fees	23,699
Subcontract Services	622,360
Professional Fees	<u>85,212</u>
	794,056

Cost of Materials:

Natural Gas Purchases	1,183,690
-----------------------	-----------

Utilities:

Utilities	187,183
Telephone	<u>23,387</u>
	210,570

Repair and Maintenance:

Equipment Expenses	64,958
Maintenance	<u>1,023,262</u>
	1,088,220

Supplies:

Small Tools and Supplies	28,572
Office Expense	10,751
Miscellaneous	<u>54,521</u>
	93,844

Insurance

162,109

Depreciation

793,198

Bad Debts

14,617

Total Operating Expenses \$ 5,955,908

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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 indicated \$1,374,347 owed to LDOTD by the City of Walker. Since it could not be determined if LDOTD will enforce payment of these liabilities, this amount was recorded as a debit (increase) to capital assets and a credit to contributed capital in a prior year.

During 2016, the City negotiated a partial settlement with LDOTD, in which the City accepted ownership of a state owned road within its City limits, Burgess Avenue. In return, LDOTD applied road transfer credits of \$888,282 to reduce the contingent liability.

<u>Department</u>	<u>Balance as of December 31, 2015</u>	<u>Road Transfer Credits in 2016</u>	<u>Balance as of December 31, 2016</u>
Gas Department	\$ 293,136	\$ (189,471)	\$ 103,665
Water Department	427,445	(276,256)	151,189
Sewer Department	653,766	(422,555)	231,211
Total DOTD Contingent Liabilities	<u>\$ 1,374,347</u>	<u>\$ (888,282)</u>	<u>\$ 486,065</u>

Upon determination that the remaining liability is enforceable and the City must reimburse LDOTD, the City must reduce the capital account by any amounts reimbursed to the LDOTD.

20. Compensation Paid Mayor and Council Members

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 (Resigned January 11, 2016) 28300 Magnolia Dr. Walker, LA 70785 (225) 243-4341	645

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

James Eric Cook, Council Member (Appointed January 19, 2016)	
30272 Sunset Lane	
Walker, LA 70785	
(225) 667-7218	11,355
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 expired 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, 2016:

	<u>Rick Ramsey</u>
Salary	\$ 68,000
Benefit Retirement	6,120
Benefit Insurance	-
Registration Fees	60
Travel Reimbursements	-
Conferences	-
Meals	<u>-</u>
Total Compensation and Benefits	<u>\$ 74,180</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

22. Current Year Adoption of New Accounting Standards

The City adopted the following recently issued GASB Standard in the preparation of these financial statements:

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.

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.

The adoption of these standards had no impact on the government wide or the governmental fund financial statements, but provide for guidance, clarification, and/or additional disclosures in the notes to the basic financial statements.

23. Subsequent Events -

From August 11, 2016 through August 15, 2016, the City of Walker and surrounding areas experienced record-breaking rainfall resulting in significant flooding in certain areas. The City incurred expenses related to this event. This flooding event was declared a natural disaster by the State of Louisiana and the federal government which enabled the City to apply for federal financial assistance. While management feels the City will receive some additional federal financial assistance related to emergency protective measures they performed, there are no amounts recorded as revenue or receivable as of December 31, 2016 which in accordance with federal guidelines related to the timing of approval of FEMA project worksheets. Revenues will be recorded in a future period when approved.

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 25, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2016*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	0.23749%	\$ 1,485,737	\$ 689,545	215.47%	75.10%
2015	0.25967%	2,034,266	694,836	292.77%	70.73%
2016	0.26515%	2,485,201	743,310	334.34%	66.04%

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, 2016

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Municipal Police Employees Retirement System of Louisiana:					
2014	\$ 209,014	\$ 209,014	\$ -	\$ 668,802	31.25%
2015	223,956	223,956	-	734,913	30.47%
2016	244,373	244,373	-	798,757	30.59%

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, 2016
(UNAUDITED)

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Policy Period</u>
Essex Insurance Co. LMA1600074	Auto Physical Damage	Per Schedule on File	05/28/2016 to 05/28/2017
EMC Insurance Co. 3X1-18-93-16	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2016 to 05/28/2017
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2016 to 08/06/2017
American Strategic Insurance FLD186993	Municipal Building Flood Insurance Building (\$1,000 Deductible) Contents (\$1,000 Deductible)	250,000 100,000	12/08/2016 to 12/07/2017
LMA Risk Management 100-0466-00015968	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurrence Aggregate Law Enforcement Officer Personal Injury or Property Damage (\$1,000 Deductible) Errors and Omissions (\$1,000 Deductible) Automobile Liability Bodily Injury and Property Damage (\$0 Deductible)	500,000 500,000 included 500,000 500,000 500,000 500,000	05/28/2016 to 05/28/2017
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/10/2016 to 03/10/2017
Hartford Life & Accident 43SR841655	Volunteer Police Officers Accident Accidental Death Accidental Dismemberment Accident Medical Expense (\$0 Deductible) Maximum Dental Accident Total Disability Maximum Payment per Week Waiting Period Maximum Payment Period	10,000 10,000 10,000 250 100 7 days 104 weeks	03/10/2016 to 03/10/2017

See independent auditor's report.

CITY OF WALKER**SCHEDULE OF NUMBER OF CUSTOMERS AND
REVENUE DATA PER CUSTOMER PER MONTH**

FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Number of Customers

	December 31, 2016	December 31, 2015	Increase (Decrease)
Gas Customers	8,641	8,477	164
Water Customers	4,715	4,632	83
Sewer Customers	2,509	2,470	39
Sanitation Customers	2,103	2,091	12

Revenue Data Per Customer Per Month

	December 31, 2016	December 31, 2015	Increase (Decrease)	Percentage Change
Gas Sales	\$50.16	\$48.59	\$1.57	3%
Water Sales	\$25.95	\$24.11	\$1.84	8%
Sewer Sales	\$32.31	\$28.99	\$3.32	11%
Sanitation Sales	\$14.39	\$14.00	\$0.39	3%

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2016
(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	\$	13.12
Per Next 1,000 Gallons of Water Used		2.60
Commercial		
First 3,000 Gallons	\$	36.04
Per Next 1,000 Gallons of Water Used		2.60
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
First 3,000 Gallons (Gravity)	\$	18.63
First 3,000 Gallons (Grinder Pump)		17.06
Per Next 1,000 Gallons of Water Used		2.08
Commercial		
First 3,000 Gallons	\$	24.67
Per Next 1,000 Gallons of Water Used		2.96
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart	\$	13.70
Senior Citizens		
Flat Rate per Cart	\$	9.02

Sewer, Gas & Water Misc. Fees

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

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>Federal Grants</u>			
<u>United States Department of Commerce</u>			
Direct Program:			
Investments for Public Works and Economic Development Facilities	11.300	N/A	\$ <u>382,671</u>
Total United States Department of Commerce			382,671
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation and Development:			
Highway Planning and Construction [1]	20.205	N/A	769,103
Passed Through Louisiana Department of Public Safety and Corrections – Louisiana Highway Safety Commission:			
National Highway Traffic Safety Administration Discretionary Safety Grants	20.614	N/A	<u>893</u>
Total United States Department of Transportation			769,996
<u>United States Department of Homeland Security</u>			
Passed Through Louisiana Governor’s Office of Homeland Security and Emergency Preparedness:			
Disaster Grant - Public Assistance	97.036	N/A	<u>9,244</u>
Total United States Department of Homeland Security			<u>9,244</u>
Total Expenditures of Federal Awards			<u><u>\$1,161,911</u></u>

[1] Highway Planning and Construction Cluster

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

CITY OF WALKER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2016

Note A - Significant Accounting Policies -

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

Note B - Indirect Cost Rate Election -

The City did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2016.

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



2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary 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, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 25, 2017.

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,



Denham Springs, Louisiana
September 25, 2017

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

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Walker’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Walker’s (“the City”) major federal programs for the year ended December 31, 2016. The major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Programs

In our opinion, the City of Walker complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hennis T. Bourgeois, CPA

Denham Springs, Louisiana
September 25, 2017

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COST

FOR THE YEAR ENDED DECEMBER 31, 2016

A. Summary of Auditor’s Results

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

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

• Material weaknesses identified?	_____	Yes	_____	x	No
• Significant deficiencies identified?	_____	Yes	_____	x	None Reported
Noncompliance material to financial statements	_____	Yes	_____	x	No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____	x	No
--	-------	-----	-------	---	----

The following program was tested as a Type “A” major program:

Federal Grantor/ Pass - Through Grantor/ <u>Program Name</u>	<u>CFDA Number</u>
<u>United States Department of Transportation</u>	
Passed Through Louisiana Department of Transportation and Development: Highway Planning and Construction [1]	20.205

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

[1] Highway Planning and Construction Cluster

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2016

(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 recorded. Some of those contingent liabilities are as follows:

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

<u>Department</u>	<u>Balance as of December 31, 2015</u>	<u>Road Transfer Credits in 2016</u>	<u>Balance as of December 31, 2016</u>
Gas Department	\$ 293,136	\$ (189,471)	\$ 103,665
Water Department	427,445	(276,256)	151,189
Sewer Department	653,766	(422,555)	231,211
Total DOTD Contingent Liabilities	<u>\$ 1,374,347</u>	<u>\$ (888,282)</u>	<u>\$ 486,065</u>

- Many local communities in Louisiana have obligations to the Louisiana Department of Transportation and Development, but the nature and disposition of this liability must be disclosed. It is not determinable if LDOTD will enforce payment of these liabilities 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 reduce the capital accounts by any amounts reimbursed to the LDOTD.

Recommendations:

It was recommended 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, 2016

Corrective Action Taken:

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

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.