

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014

**CITY OF WALKER
WALKER, LOUISIANA**
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 504.274.0200 • Fax: 504.274.0201
www.htbcpa.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2014, 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, 2014, 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, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 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 on pages 4 through 11 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 1), Schedule of Number of Customers and Revenue Data Per Customer Per Month (Schedule 2), and Schedule of Utility Rates and Tap Fees (Schedule 3) are presented for purposes of additional analysis and are not a required part of the financial statements. Schedules 1 through Schedule 3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, 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,

Hannis J. Bougeois, CPA

Denham Springs, Louisiana
June 23, 2015

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, 2014. 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 Basic 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 increased governmental fund balance by 10.57% from 2013, continues to fund major infrastructure improvements while minimizing new debt, and increased total net position by \$2,687,030 (17.74%) over 2013.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-60 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2014. The City's net position at December 31, 2014 was \$17,830,296, with a 37.57% increase in unrestricted net position and a 4.01% 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, 2014 with comparative totals for 2013.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2014

	Governmental Activities	Business-Type Activities	Totals 2014	Totals 2013
ASSETS				
Current and Other Assets	\$ 4,171,928	\$ 7,308,344	\$ 11,480,272	\$ 9,272,116
Restricted Assets	-	1,023,537	1,023,537	976,043
Capital Assets	2,748,805	11,704,998	14,453,803	14,030,327
Total assets	<u>\$ 6,920,733</u>	<u>\$ 20,036,879</u>	<u>\$ 26,957,612</u>	<u>\$ 24,278,486</u>
LIABILITIES				
Current Liabilities	\$ 514,438	\$ 1,158,157	\$ 1,672,595	\$ 1,581,391
Long-Term Liabilities	2,237,214	5,217,507	7,454,721	7,553,829
Total Liabilities	2,751,652	6,375,664	9,127,316	9,135,220
NET POSITION				
Net Investment in Capital Assets	2,506,599	6,561,538	9,068,137	8,718,778
Restricted	-	253,286	253,286	239,259
Unrestricted	1,662,482	6,846,391	8,508,873	6,185,229
Total Net Postion	<u>4,169,081</u>	<u>13,661,215</u>	<u>17,830,296</u>	<u>15,143,266</u>
Total Liabilities and Net Position	<u>\$ 6,920,733</u>	<u>\$ 20,036,879</u>	<u>\$ 26,957,612</u>	<u>\$ 24,278,486</u>

The Statement of Activities for 2014 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 2014 were \$15,049,133, with \$10,529,132 derived from program revenues and grants; \$4,379,392 from sales, franchise, and property taxes, occupational licenses, and permits; and the remaining \$140,609 from other miscellaneous income. Total expenses for the City in 2014 were \$12,362,103, leaving a \$2,687,030 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2014 with comparative totals for 2013.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2014

	Governmental Activities	Business-Type Activities	Totals 2014	Totals 2013
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,022,638	\$ 9,025,828	\$ 10,048,466	\$ 8,250,107
Operating Grants and Contributions	126,479	44,727	171,206	178,172
Capital Grants and Contributions	255,340	54,120	309,460	-
General Revenues:				
Taxes	4,379,392	-	4,379,392	4,295,591
Other Grants and Contributions not Restricted to Specific Programs	14,992	-	14,992	14,682
Interest and Investment Income	10,007	49,351	59,358	2,427
Net Gain on Sale of Assets	293	-	293	-
Miscellaneous Income	39,426	26,540	65,966	66,331
Total Revenues	<u>5,848,567</u>	<u>9,200,566</u>	<u>15,049,133</u>	<u>12,807,310</u>
Expenses:				
General Government	1,533,417	-	1,533,417	1,562,414
Public Safety	2,558,847	-	2,558,847	2,372,017
Highways and Streets	1,006,246	-	1,006,246	1,174,473
Parks and Recreation	317,090	-	317,090	393,975
Interest on Long-Term Debt	92,072	-	92,072	94,476
Gas	-	3,770,702	3,770,702	3,282,653
Water	-	1,116,632	1,116,632	892,372
Sewer	-	1,599,664	1,599,664	1,530,114
Sanitation	-	367,433	367,433	381,688
Total Expenses	<u>5,507,672</u>	<u>6,854,431</u>	<u>12,362,103</u>	<u>11,684,182</u>
Net Income (Loss)	340,895	2,346,135	2,687,030	1,123,128
Transfers In (Out)	378,800	(378,800)	-	-
Increase in Net Position	719,695	1,967,335	2,687,030	1,123,128
Net Position - Beginning of Year	3,449,386	11,693,880	15,143,266	14,020,138
Net Position - End of Year	<u>\$ 4,169,081</u>	<u>\$ 13,661,215</u>	<u>\$ 17,830,296</u>	<u>\$ 15,143,266</u>

Governmental activities. Governmental activities net position increased \$719,695 (20.86%). Total revenues before transfers increased \$451,466 (8.36%), primarily due to increase in intergovernmental revenue and fines and forfeitures; while total expenses decreased \$89,683 (1.60%).

Business-type activities. Business-type activities net position increased \$1,967,335 (16.82%). Net income before transfers was \$2,346,135. Major improvements and additions to utility services during 2014 included:

- Juban Road gas main extension
- Juban Crossing Development gas services
- Park Street water main improvements

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 \$3,601,678, an increase of \$344,203 in 2014. The general fund, which is the chief operating fund of the City, reported \$1,077,166 excess expenditures over revenues. The transfer of \$1,000,000 from the gas department, a transfer of \$59,859 from the ½ cent sales tax fund, and \$197,030 in proceeds from municipal lease and disposition of capital asset resulted in a net increase in fund balance of \$179,723. The 2000 ½ cent sales tax fund reported \$845,539 excess revenues over expenditures; and a \$164,480 net increase in fund balance after the \$671,200 transfer to the proprietary fund sewer department to support operations, maintenance, and improvement of the sewerage system and the \$9,859 to the general fund street department.

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 \$2,370,938. Operating income for the gas and water departments were \$2,614,476 and \$294,473, respectively; while the sanitation department reported an operating loss of \$4,261. Operations of the sewer department also resulted in a loss of \$533,750; however, \$671,200 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 five budget amendments during the fiscal year. Final budget adjustments are introduced in November for public hearing at December council meeting.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation for its governmental and business type activities as of December 31, 2014 was \$14,453,803. 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 \$577,140 with depreciation expense of \$296,995 and business-type activities capital assets increased by \$859,758 with depreciation expense of \$720,774, resulting in a \$423,476 net increase of capital assets.

Additional information on the City's capital assets can be found in note 8 on pages 44-46 of this report.

Long-term debt. As of December 31, 2014, the City had total debt outstanding of \$7,454,721, a decrease of \$99,108 (1.31%) from prior year. New debt incurred by the City includes a five year capital lease agreement for both general fund and enterprise fund vehicles and equipment. A breakdown of the long-term debt is as follows:

- 2009 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$6,029,672, with \$1,851,224 payable from the ½ Cent Sales Tax Fund and \$4,178,448 payable from the Enterprise Fund.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$300,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$564,141.
- Capital Leases having an outstanding balance of \$343,077.
- Compensated absences total \$217,831 with \$143,784 payable from the General Fund and \$74,047 payable from the Enterprise Fund.

Additional information on the City's long-term debt can be found in note 12 on pages 48-54.

Future Budget and Economic Outlook

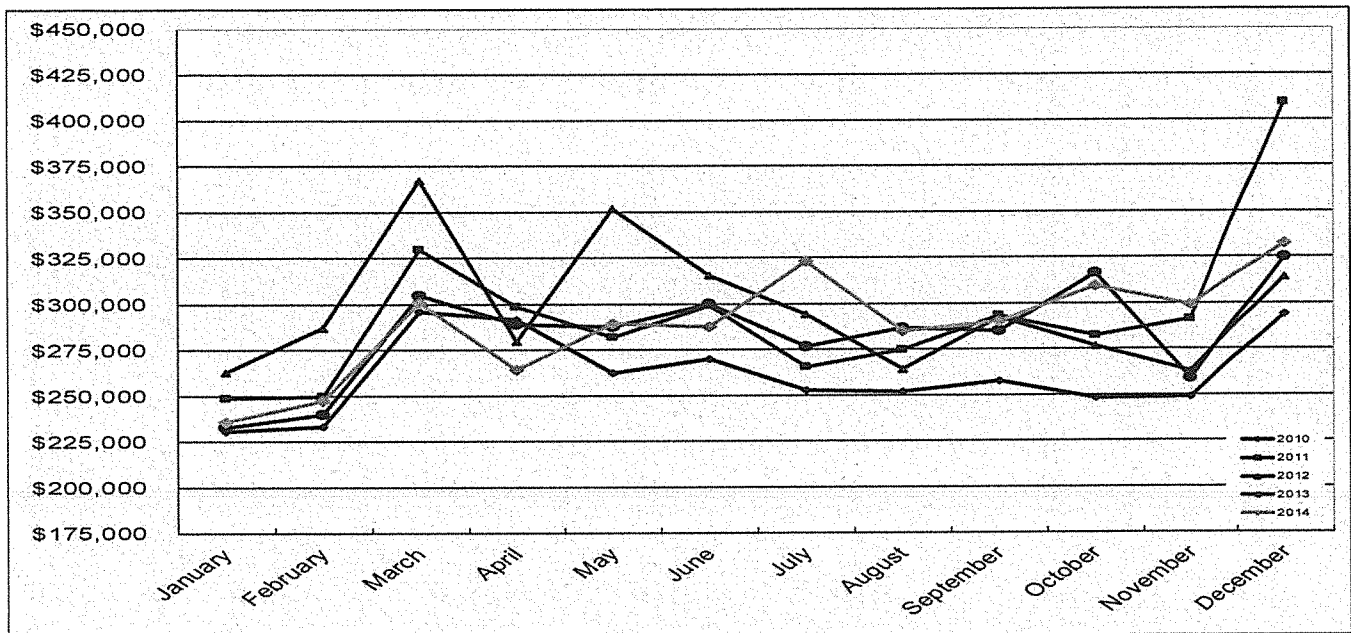
The City began the long-term task of upgrading our infrastructure in 2013. Major improvements completed in 2014 include Juban Road gas main extension, Juban Crossing Development gas services, Park Street water main improvements, and LEDC Industrial Park Road Phase I improvements. The water tower at the Our Lady of the Lake Livingston site and the Fletcher Road sewer force main were started in 2014 and expect to be completed in 2015. Additional major improvements budgeted to begin in 2015:

Description	Utility Revenue	General Revenue	1/2 Cent Sales Tax	Grant Funds	Total
New commercial gas services - Juban Road					
Market Place	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Upgrade gas main - Hwy 447 from Glenn Ellis					
Road to Buddy Ellis Road	109,000	-	-	-	109,000
Upgrade gas main - Hwy 447 from Buddy Ellis					
Road to Bonnie Blue Drive	118,000	-	-	-	118,000
Road Improvements - LEDC Industrial Park Road					
Phase II (federal and state grants; partnered with Parish of Livingston)	-	-	225,405	1,242,487	1,467,892
Upgrade water/sewer infrastructure and					
extend road - LEDC Industrial Park (federal and					
state grants; partnered with Parish of					
Livingston and Livingston Economic					
Development Council)	340,000	-	-	3,211,786	3,551,786
New sidewalks - Sidewalks Phase III - extend from					
existing sidewalks on Burgess Ave. east to LA					
447, north on LA 447 to Ball Park Rd, east on					
Ball Park Road to Sidney Hutchinson Park	-	136,750	-	546,250	683,000
	<u>\$ 717,000</u>	<u>\$ 136,750</u>	<u>\$ 225,405</u>	<u>\$ 5,000,523</u>	<u>\$ 6,079,678</u>

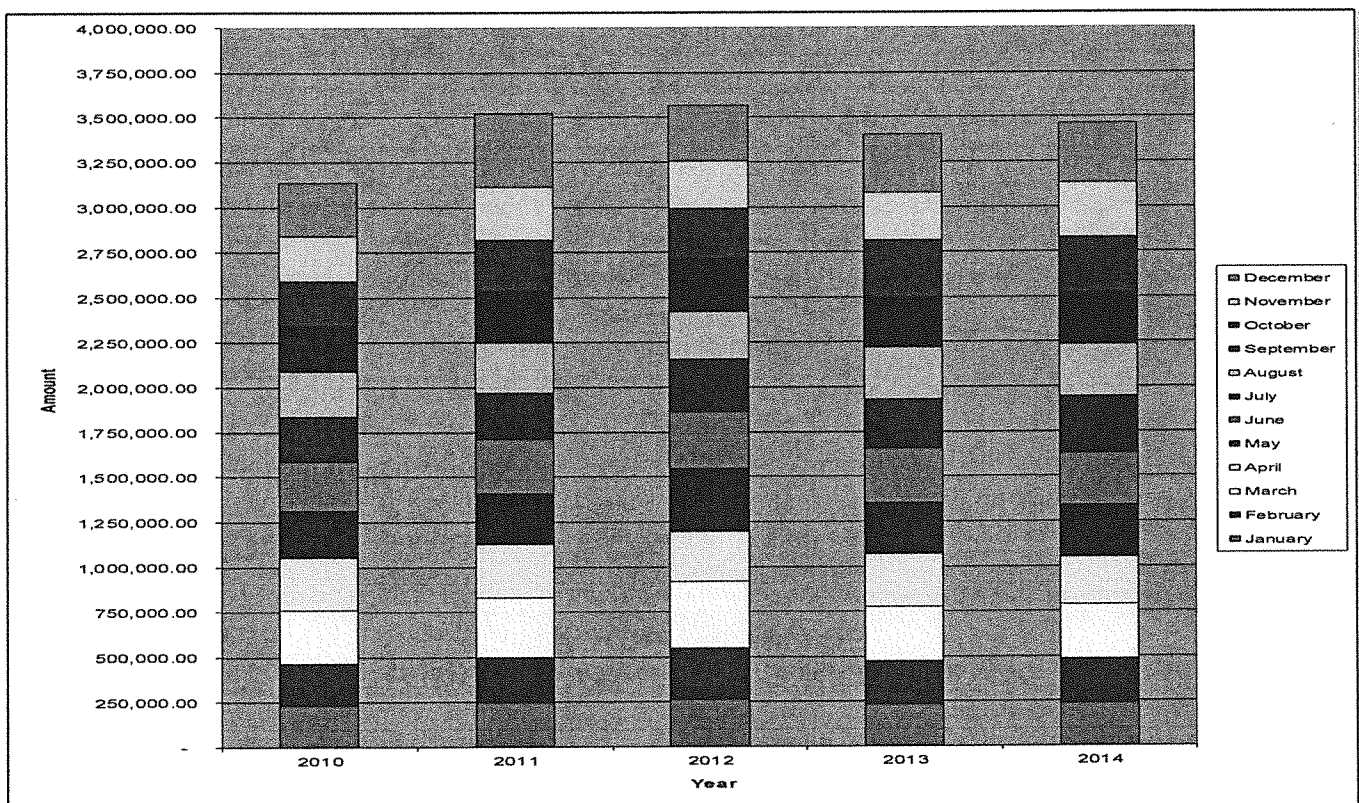
The City continues to work with the Louisiana Department of Transportation and Development to facilitate improvements on state and federal roadways. The widening of I-12 from Juban Road to Walker has been completed, widening of I-12 from Walker to Satsuma is under construction, and the Hwy 447/I-12 overpass improvements environmental phase is in process.

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 1.82% over 2013. To be conservative, the 2015 budget reflects zero growth for all taxes.

CITY OF WALKER GROSS MONTHLY SALES TAX



CITY OF WALKER GROSS ANNUAL SALES TAX



Walker continues to welcome enterprise and entrepreneurship, with two new restaurants that began construction in 2014 opening in 2015. Foo Chow Buffet Hibachi Grill and Sushi opened in early 2015, and Albasha Greek and Lebanese Restaurant will open in mid 2015. New developments set to break ground in 2015 include Martin Brower's \$20 million food distribution facility and Lake Side Apartments, a 165 unit gated complex.

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, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	Governmental	Business-Type	Totals	
	Activities	Activities	2014	2013
ASSETS				
Cash and Cash Equivalents	\$ 2,739,358	\$ 5,539,533	\$ 8,278,891	\$ 5,927,008
Investments	321,350	-	321,350	317,540
Receivables, Net	244,236	1,388,774	1,633,010	1,948,588
Due from Other Governments	857,194	-	857,194	698,718
Internal Balances	(66,412)	66,412	-	-
Inventories	-	194,101	194,101	191,326
Prepaid Items	76,202	119,524	195,726	188,936
Restricted Assets:				
Cash and Cash Equivalents	-	300,718	300,718	286,596
Investments	-	722,819	722,819	689,447
Capital Assets:				
Land and Construction in Progress	845,833	695,280	1,541,113	1,219,610
Other Capital Assets, Net of Accumulated Depreciation	1,902,972	11,009,718	12,912,690	12,810,717
Total Assets	\$ 6,920,733	\$ 20,036,879	\$ 26,957,612	\$ 24,278,486
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 494,048	\$ 1,110,725	\$ 1,604,773	\$ 1,512,153
Accrued Interest Payable	20,390	47,432	67,822	69,238
Non-Current Liabilities:				
Due Within One Year	332,185	168,557	500,742	422,692
Due in More Than One Year	1,905,029	5,048,950	6,953,979	7,131,137
Total Liabilities	2,751,652	6,375,664	9,127,316	9,135,220
NET POSITION				
Net Investment in Capital Assets	2,506,599	6,561,538	9,068,137	8,718,778
Restricted for				
Debt Service	-	253,286	253,286	239,259
Unrestricted	1,662,482	6,846,391	8,508,873	6,185,229
Total Net Position	4,169,081	13,661,215	17,830,296	15,143,266
Total Liabilities and Net Position	\$ 6,920,733	\$ 20,036,879	\$ 26,957,612	\$ 24,278,486

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)

<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	\$ 1,533,417	\$ -	\$ -	\$ 145,000
Public Safety	2,558,847	924,574	124,613	21,100
Highways and Streets	1,006,246	9,200	-	-
Parks and Recreation	317,090	88,864	1,866	89,240
Interest on Long-Term Debt	92,072	-	-	-
Total Governmental Activities	5,507,672	1,022,638	126,479	255,340
Business-Type Activities:				
Gas	3,770,702	6,253,651	-	-
Water	1,116,632	1,373,327	-	-
Sewer	1,599,664	1,035,678	44,727	54,120
Sanitation	367,433	363,172	-	-
Total Business-Type Activities	6,854,431	9,025,828	44,727	54,120
Total Primary Government	<u>\$ 12,362,103</u>	<u>\$ 10,048,466</u>	<u>\$ 171,206</u>	<u>\$ 309,460</u>
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Transfers				
Interest and Investment Income				
Net Gain on Disposition of Capital Assets				
Miscellaneous Income				
Total General Revenues				
Change in Net Position				
Net Position - Beginning of Year				
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	
		2014	2013
\$ (1,388,417)	\$ -	\$ (1,388,417)	\$ (1,558,714)
(1,488,560)	-	(1,488,560)	(1,515,644)
(997,046)	-	(997,046)	(1,146,368)
(137,120)	-	(137,120)	(233,931)
(92,072)	-	(92,072)	(94,476)
<u>(4,103,215)</u>	<u>-</u>	<u>(4,103,215)</u>	<u>(4,549,133)</u>
-	2,482,949	2,482,949	1,720,928
-	256,695	256,695	211,255
-	(465,139)	(465,139)	(601,514)
-	(4,261)	(4,261)	(37,439)
<u>-</u>	<u>2,270,244</u>	<u>2,270,244</u>	<u>1,293,230</u>
(4,103,215)	2,270,244	(1,832,971)	(3,255,903)
107,381	-	107,381	112,720
3,462,730	-	3,462,730	3,400,712
413,448	-	413,448	431,583
395,833	-	395,833	350,576
14,992	-	14,992	14,682
378,800	(378,800)	-	-
10,007	49,351	59,358	2,427
293	-	293	-
39,426	26,540	65,966	66,331
<u>4,822,910</u>	<u>(302,909)</u>	<u>4,520,001</u>	<u>4,379,031</u>
719,695	1,967,335	2,687,030	1,123,128
3,449,386	11,693,880	15,143,266	14,020,138
<u>\$ 4,169,081</u>	<u>\$ 13,661,215</u>	<u>\$ 17,830,296</u>	<u>\$ 15,143,266</u>

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2014	2013
ASSETS				
Cash and Cash Equivalents	\$ 456,554	\$ 2,282,804	\$ 2,739,358	\$ 2,939,173
Investments	321,350	-	321,350	317,540
Receivables:				
Ad Valorem Taxes, Net	20,036	-	20,036	35,009
Other	224,200	-	224,200	153,637
Due from Other Funds	246,528	-	246,528	258,881
Due from Other Governments	639,054	218,140	857,194	698,718
Total Assets	<u>\$ 1,907,722</u>	<u>\$ 2,500,944</u>	<u>\$ 4,408,666</u>	<u>\$ 4,402,958</u>
LIABILITIES				
Accounts Payable	\$ 304,080	\$ -	\$ 304,080	\$ 170,264
Payroll Liabilities	108,648	-	108,648	166,224
Accrued Salaries and Wages	81,320	-	81,320	63,062
Due to Other Funds	-	312,940	312,940	745,933
Total Liabilities	494,048	312,940	806,988	1,145,483
FUND BALANCES				
Fund Balances:				
Committed For:				
Construction Contracts	32,148	-	32,148	50,078
Assigned To:				
Special Revenue Fund	-	2,188,004	2,188,004	2,023,524
Unassigned:				
General Fund	1,381,526	-	1,381,526	1,183,873
Total Fund Balances	<u>1,413,674</u>	<u>2,188,004</u>	<u>3,601,678</u>	<u>3,257,475</u>
Total Liabilities and Fund Balances	<u>\$ 1,907,722</u>	<u>\$ 2,500,944</u>	<u>\$ 4,408,666</u>	<u>\$ 4,402,958</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, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
Fund Balances - Total Governmental Funds	\$ 3,601,678	\$ 3,257,475
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	6,557,911	5,980,771
Less Accumulated Depreciation	<u>(3,809,106)</u>	<u>(3,516,458)</u>
	2,748,805	2,464,313
Prepaid Items	76,202	73,735
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
General Obligation Bonds	(1,851,224)	(2,075,283)
Compensated Absences Payable	(143,784)	(107,679)
Capital Lease Payable	(242,206)	(141,274)
Accrued Interest Payable	<u>(20,390)</u>	<u>(21,901)</u>
	<u>(2,257,604)</u>	<u>(2,346,137)</u>
Net Position of Governmental Activities	<u><u>\$ 4,169,081</u></u>	<u><u>\$ 3,449,386</u></u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)

	2000		Total	
	1/2 Cent Sales		Governmental	
	General	Tax Fund	2014	2013
Revenues:				
Taxes	\$ 2,815,509	\$ 1,165,427	\$ 3,980,936	\$ 3,878,690
Licenses and Permits	413,448	-	413,448	431,583
Fines and Forfeits	909,957	-	909,957	729,980
Interest	238	9,769	10,007	14,430
Fees	103,818	-	103,818	123,804
Intergovernmental	375,591	-	375,591	145,540
Miscellaneous	54,517	-	54,517	73,074
Total Revenues	4,673,078	1,175,196	5,848,274	5,397,101
Expenditures:				
Current:				
General Government	1,446,514	20,308	1,466,822	1,479,281
Public Safety	2,454,545	-	2,454,545	2,280,041
Highways and Streets	899,120	-	899,120	1,058,829
Parks and Recreation	267,126	-	267,126	338,580
Capital Outlay	606,121	-	606,121	158,445
Debt Service:				
Principal Retirement	71,171	225,000	296,171	225,145
Interest and Administration Fees	5,647	84,349	89,996	92,695
Total Expenditures	5,750,244	329,657	6,079,901	5,633,016
Excess (Deficiency) of				
Revenues over Expenditures	(1,077,166)	845,539	(231,627)	(235,915)
Other Financing Sources (Uses):				
Proceeds from Capital Asset Disposition	24,927	-	24,927	-
Transfers In	1,059,859	-	1,059,859	1,136,100
Transfer Out	-	(681,059)	(681,059)	(795,508)
Proceeds from Issuance of Long Term Debt	172,103	-	172,103	148,419
Total Other Financing Sources (Uses)	1,256,889	(681,059)	575,830	489,011
Net Change in Fund Balances	179,723	164,480	344,203	253,096
Fund Balances at Beginning of Year	1,233,951	2,023,524	3,257,475	3,004,379
Fund Balances at End of Year	\$ 1,413,674	\$ 2,188,004	\$ 3,601,678	\$ 3,257,475

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, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 344,203	\$ 253,096
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	606,121	158,445
Depreciation Expense	<u>(296,995)</u>	<u>(315,980)</u>
	309,126	(157,535)
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	4,347	-
Less Cost Basis of Capital Assets Retired During the Year	<u>(28,981)</u>	<u>-</u>
	(24,634)	-
Governmental funds expense insurance payments when paid. In the Statement of Activities, only the portion applicable to the current year is expensed. The remaining is recorded in the Statement of Net Position as prepaid insurance.		
Change in Prepaid Insurance	5,113	(24,178)
The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Position.		
Proceeds from the Issuance of Capital Lease	(172,103)	(148,419)
Repayment of Principal on Long-Term Debt	296,171	225,145
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	(36,105)	(5,990)
(Increase) Decrease in Accrued Interest Payable	1,511	1,694
Amortization of Bond Insurance Costs	(2,646)	(2,563)
Amortization of Discount Paid on Issuance of General Obligation Bonds	<u>(941)</u>	<u>(912)</u>
Change in Net Position of Governmental Activities	<u>\$ 719,695</u>	<u>\$ 140,338</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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 111,800	\$ 111,800	\$ 107,381	\$ (4,419)
Alcoholic Beverage Tax	15,700	15,700	14,992	(708)
Franchise Taxes	343,300	343,300	395,833	52,533
Sales Taxes	2,307,000	2,287,000	2,297,303	10,303
	2,777,800	2,757,800	2,815,509	57,709
Licenses and Permits:				
Occupational Licenses	342,900	342,900	317,138	(25,762)
Other Permits and Licenses	84,100	84,100	96,310	12,210
	427,000	427,000	413,448	(13,552)
Fines and Forfeits	667,700	717,700	909,957	192,257
Interest Income	1,700	1,700	238	(1,462)
Fees:				
Animal Adoption Fees	2,300	2,300	4,400	2,100
Parks and Recreation Fees	101,600	101,600	80,001	(21,599)
Police Extra Duty Charges	-	-	10,217	10,217
Road Maintenance	9,200	9,200	9,200	-
	113,100	113,100	103,818	(9,282)

(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, 2014

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants:				
Other State and Local Grants	-	145,000	166,100	21,100
On Behalf Payments for Salaries	102,000	102,000	103,732	1,732
Federal Grants:				
Street Landscape and Beautification Grant	576,100	-	-	-
Federal Parks and Recreation Grant	89,200	89,200	89,240	40
Law Enforcement Grants	20,400	20,400	16,519	(3,881)
	787,700	356,600	375,591	18,991
Miscellaneous:				
Parks and Recreation Concessions	49,500	8,500	8,863	363
Miscellaneous	13,300	25,800	45,654	19,854
	62,800	34,300	54,517	20,217
Total Revenues	4,837,800	4,408,200	4,673,078	264,878

(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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	772,800	772,800	761,558	11,242
Aldermen's Per Diem	60,000	60,000	60,000	-
Payroll Taxes, Retirement, and Group Insurance	338,800	332,000	314,917	17,083
Advertising	4,100	7,100	7,298	(198)
Collection Costs	49,900	49,900	48,422	1,478
Bank Charges	6,400	6,400	5,539	861
Community Events	9,800	9,800	10,211	(411)
Contracted Services	7,200	7,200	6,446	754
Coroner Fees	7,000	7,000	4,250	2,750
Court Costs	14,400	14,400	14,400	-
Insurance	47,400	51,900	37,403	14,497
Legal and Professional	19,900	23,400	23,101	299
Membership Fees and Educational Training	16,500	16,500	22,674	(6,174)
Miscellaneous	1,300	2,600	2,790	(190)
Printing, Postage and Office Supplies	32,300	47,300	31,812	15,488
Rental Equipment	1,600	2,300	2,077	223
Repairs and Maintenance	33,000	34,800	39,318	(4,518)
Small Tools and Supplies	1,000	-	-	-
Telephone	14,900	14,900	23,331	(8,431)
Utilities	16,000	16,000	18,717	(2,717)
Uniforms	1,000	1,000	-	1,000
Vehicle Expenses	17,100	15,100	12,250	2,850
Total General Government	1,472,400	1,492,400	1,446,514	45,886
Public Safety:				
Animal Control:				
Salaries	102,500	102,500	104,133	(1,633)

(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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Animal Control (Continued):				
Payroll Taxes, Retirement, and Group Insurance	43,500	43,500	43,260	240
Animal Care Expense	8,500	8,500	7,943	557
Insurance	7,900	5,900	4,748	1,152
Legal and Professional	1,100	1,300	1,266	34
Miscellaneous	17,600	12,400	6,633	5,767
Printing, Postage and Office Supplies	1,400	1,400	1,092	308
Small Tools and Supplies	5,000	12,000	11,932	68
Telephone	3,300	3,300	2,951	349
Utilities	6,100	6,100	9,363	(3,263)
Vehicle Expense	3,300	3,300	2,355	945
Total Animal Control	200,200	200,200	195,676	4,524
Police:				
Salaries	1,186,300	1,196,300	1,211,033	(14,733)
Payroll Taxes, Retirement, and Group Insurance	587,200	602,200	599,099	3,101
Contracted Services	5,800	5,800	5,820	(20)
Equipment Rental	13,800	13,800	13,707	93
Insurance	122,600	122,600	145,936	(23,336)
Membership Fees and Educational Training	8,500	9,000	10,472	(1,472)
Miscellaneous	4,900	4,900	5,556	(656)
Printing, Postage and Office Supplies	6,400	13,100	15,096	(1,996)
Professional Fees	14,700	13,700	14,715	(1,015)
Repairs and Maintenance	18,100	18,600	32,485	(13,885)
Small Tools and Supplies	19,800	19,800	28,432	(8,632)
Telephone	17,600	17,600	22,880	(5,280)

(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, 2014

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety (Continued):				
Police (Continued):				
Uniforms	14,000	14,000	12,267	1,733
Utilities	6,300	6,300	7,962	(1,662)
Vehicle Expense	108,000	108,000	133,409	(25,409)
Total Police	<u>2,134,000</u>	<u>2,165,700</u>	<u>2,258,869</u>	<u>(93,169)</u>
Total Public Safety	<u>2,334,200</u>	<u>2,365,900</u>	<u>2,454,545</u>	<u>(88,645)</u>
Highway and Streets:				
Streets:				
Salaries	483,600	483,600	409,039	74,561
Payroll Taxes, Retirement, and Group Insurance	281,300	259,300	167,437	91,863
Contract Services	15,000	10,000	7,658	2,342
Equipment Expense	79,000	69,000	67,484	1,516
Equipment Rental	2,600	2,600	2,365	235
Insurance	65,700	65,700	54,274	11,426
Landscaping and Beautification	227,200	-	-	-
Legal and Professional	40,500	35,500	17,042	18,458
Streets Maintenance and Materials	165,500	78,500	72,765	5,735
Membership Fees and Educational Training	400	1,900	1,687	213
Miscellaneous	2,500	2,500	2,862	(362)
Small Tools and Supplies	15,000	15,000	13,541	1,459
Telephone	5,300	5,300	5,841	(541)
Uniforms	5,400	4,200	306	3,894
Utilities	67,200	67,200	76,819	(9,619)
Total Highways and Streets	<u>1,456,200</u>	<u>1,100,300</u>	<u>899,120</u>	<u>201,180</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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	62,400	62,400	57,814	4,586
Payroll Taxes, Retirement, and Group Insurance	16,400	24,900	27,004	(2,104)
Concession Supplies	35,000	1,400	1,603	(203)
Equipment Rental	1,500	2,800	1,448	1,352
Insurance	16,500	16,500	9,542	6,958
Membership Fees and Educational Training	300	1,000	935	65
Miscellaneous	3,300	3,800	8,297	(4,497)
Legal and Professional	1,600	2,000	1,761	239
Printing, Postage and Office Supplies	700	700	729	(29)
Recreational Supplies	25,000	11,100	10,507	593
Repairs and Maintenance	30,000	37,300	38,831	(1,531)
Small Tools and Supplies	6,200	4,900	3,899	1,001
Telephone	2,000	2,000	2,053	(53)
Tournament Expenses	57,000	57,000	77,402	(20,402)
Utilities	27,200	23,700	24,934	(1,234)
Uniforms	500	500	367	133
Total Parks and Recreation	285,600	252,000	267,126	(15,126)
Capital Outlay	645,300	588,800	606,121	(17,321)
Debt Service:				
Principal Retirement	29,200	78,500	71,171	7,329
Interest	4,700	6,500	5,647	853
Total Debt Service	33,900	85,000	76,818	8,182
Total Expenditures	6,227,600	5,884,400	5,750,244	134,156

(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, 2014

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,389,800)	(1,476,200)	(1,077,166)	399,034
Other Financing Sources (Uses):				
Transfers In	1,189,000	1,079,700	1,059,859	(19,841)
Proceeds from Capital				
Asset Disposition	-	-	24,927	24,927
Proceeds from Issuance of Debt	-	172,100	172,103	3
Total Other Financing Sources (Uses)	<u>1,189,000</u>	<u>1,251,800</u>	<u>1,256,889</u>	<u>5,089</u>
Net Change in Fund Balance	(200,800)	(224,400)	179,723	404,123
Fund Balance at Beginning of Year	<u>1,233,951</u>	<u>1,233,951</u>	<u>1,233,951</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 1,033,151</u></u>	<u><u>\$ 1,009,551</u></u>	<u><u>\$ 1,413,674</u></u>	<u><u>\$ 404,123</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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,260,500	\$ 1,143,500	\$ 1,165,427	\$ 21,927
Interest	9,600	9,600	9,769	169
Total Revenues	1,270,100	1,153,100	1,175,196	22,096
Expenditures:				
General Government:				
Collection Expenses	19,100	19,100	20,308	(1,208)
Total General Government	19,100	19,100	20,308	(1,208)
Debt Service:				
Principal Retirement	225,000	225,000	225,000	-
Interest and Administrative Fees	84,300	84,300	84,349	(49)
Total Debt Service	309,300	309,300	309,349	(49)
Total Expenditures	328,400	328,400	329,657	(1,257)
Excess (Deficiency) of Revenues over Expenditures	941,700	824,700	845,539	20,839
Other Financing Sources (Uses):				
Operating Transfers Out	(1,360,200)	(700,900)	(681,059)	19,841
Total Other Financing Sources (Uses)	(1,360,200)	(700,900)	(681,059)	19,841
Net Change in Fund Balance	(418,500)	123,800	164,480	40,680
Fund Balance at Beginning of Year	2,023,524	2,023,524	2,023,524	-
Fund Balance at End of Year	<u>\$ 1,605,024</u>	<u>\$ 2,147,324</u>	<u>\$ 2,188,004</u>	<u>\$ 40,680</u>

The accompanying notes are an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	Business Type Activities - Enterprise Fund	
	2014	2013
Current Assets:		
Cash and Cash Equivalents	\$ 5,539,533	\$ 2,987,835
Due From Other Funds	66,412	487,052
	<u>5,605,945</u>	<u>3,474,887</u>
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2014 and \$5,000 in 2013)	786,943	1,235,601
Unbilled Utility Sales	<u>601,831</u>	<u>524,341</u>
	1,388,774	1,759,942
Inventory, at Cost	194,101	191,326
Prepaid Expenses	<u>70,190</u>	<u>64,985</u>
Total Current Assets	7,259,010	5,491,140
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	300,718	286,596
Investments - Customer Deposits	722,819	689,447
Prepaid Items	49,334	50,216
Capital Assets, at Cost (Net of Accumulated Depreciation)	<u>11,704,998</u>	<u>11,566,014</u>
Total Noncurrent Assets	<u>12,777,869</u>	<u>12,592,273</u>
Total Assets	<u>\$ 20,036,879</u>	<u>\$ 18,083,413</u>

The accompanying notes are an integral part of this statement.

		Business Type Activities - Enterprise Fund	
		2014	2013
Current Liabilities:			
Accounts Payable	\$	334,723	\$ 373,857
Accrued Salaries and Wages		28,082	22,823
Accumulated Unpaid Vacation		18,512	14,829
Customers' Deposits		703,337	687,517
Other Current Liabilities		44,583	28,406
Bonds Payable - Current Portion		150,045	127,686
Accrued Bond Interest		47,432	47,337
Total Current Liabilities		1,326,714	1,302,455
Noncurrent Liabilities:			
Bonds Payable - Less Current Portion		4,993,415	5,042,589
Accumulated Unpaid Vacation		55,535	44,489
Total Noncurrent Liabilities		5,048,950	5,087,078
Total Liabilities		6,375,664	6,389,533
Net Position:			
Net Investment in Capital Assets		6,561,538	6,395,739
Reserved for Debt Service		253,286	239,259
Unrestricted		6,846,391	5,058,882
Total Net Position		13,661,215	11,693,880
Total Liabilities and Net Position	\$	20,036,879	\$ 18,083,413

**CITY OF WALKER
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)

	Business - Type Activities - Enterprise Fund	
	2014	2013
Operating Revenues:		
Charges for Services	\$ 9,025,828	\$ 7,350,657
Total Operating Revenues	9,025,828	7,350,657
Operating Expenses:		
Personal Services and Benefits	1,334,976	1,285,245
Contractual Services	757,646	746,483
Cost of Materials	2,327,069	1,770,562
Utilities	242,612	235,720
Repair and Maintenance	911,692	793,516
Supplies	136,963	145,306
Insurance	197,555	199,595
Depreciation	720,774	697,486
Bad Debts	25,603	13,440
Total Operating Expenses	6,654,890	5,887,353
Operating Income	2,370,938	1,463,304
Nonoperating Revenues:		
Interest and Investment Income	49,351	(12,003)
Miscellaneous	26,540	42,155
Total Nonoperating Revenues	75,891	30,152
Nonoperating Expenses:		
Interest and Administrative Fees	198,345	198,326
Amortization of Bond Insurance Costs	882	847
Amortization of Bond Discount	314	301
Total Nonoperating Expenses	199,541	199,474
Income Before Transfers	2,247,288	1,293,982
Capital and Other Contributions	98,847	29,400
Transfers from Special Revenue Fund	671,200	659,408
Transfers to General Fund	(1,050,000)	(1,000,000)
Change in Net Position	1,967,335	982,790
Total Net Position at Beginning of Year	11,693,880	10,711,090
Total Net Position at End of Year	\$ 13,661,215	\$ 11,693,880

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, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)

	<u>Business-Type Activities - Enterprise Fund</u>	
	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 9,371,393	\$ 6,548,364
Cash Payments to Suppliers for Goods and Services	(4,604,474)	(3,846,716)
Cash Payments to Employees for Services and Benefits	(1,314,988)	(1,289,758)
Other Receipts (Payments)	447,180	236,651
Net Cash Provided by Operating Activities	3,899,111	1,648,541
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	671,200	659,408
Transfer To General Fund	(1,050,000)	(1,000,000)
Net Cash Used in Noncapital and Related Financing Activities	(378,800)	(340,592)
Cash Flows From Capital and Related Financing Activities:		
Net Proceeds from Issuance of Debt	112,322	-
Acquisition and Construction of Capital Assets	(859,758)	(304,211)
Net Receipts from Customer Deposits	15,820	16,975
Principal Paid on Loans	(139,451)	(125,000)
Interest and Administrative Fees Paid on Loans	(198,250)	(198,697)
Capital Contributions	98,847	29,400
Net Cash Used in Capital and Related Financing Activities	(970,470)	(581,533)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(33,372)	22,476
Investment Income	49,351	(12,003)
Net Cash Provided by Investing Activities	15,979	10,473
Net Increase in Cash and Cash Equivalents	2,565,820	736,889
Cash and Cash Equivalents - Beginning of Year	3,274,431	2,537,542
Cash and Cash Equivalents - End of Year	\$ 5,840,251	\$ 3,274,431

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)

	Business-Type Activities - Enterprise Fund	
	2014	2013
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Operating Income	\$ 2,370,938	\$ 1,463,304
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	720,774	697,486
Provision for Bad Debts	25,603	13,440
Miscellaneous Revenues	26,540	42,155
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	423,055	(556,069)
(Increase) Decrease in Unbilled Utility Sales	(77,490)	(246,224)
(Increase) Decrease in Due from Other Funds	420,640	194,496
(Increase) Decrease in Inventory	(2,775)	(10,908)
(Increase) Decrease in Prepaid Expenses	(5,205)	(1,600)
Increase (Decrease) in Accounts Payable	(39,134)	58,282
Increase (Decrease) in Accrued Salaries and Wages	5,259	2,999
Increase (Decrease) in Other Current Liabilities	16,177	(1,308)
Increase (Decrease) in Accumulated Unpaid Vacation	14,729	(7,512)
Net Cash Provided by Operating Activities	<u>\$ 3,899,111</u>	<u>\$ 1,648,541</u>
Schedule of Noncash Investing, Capital and Financing Activities:		
Amortization of Bond Insurance Cost	\$ 882	\$ 847
Amortization of Bond Discount	\$ 314	\$ 301
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 5,539,533	\$ 2,987,835
Cash and Cash Equivalents, Restricted	300,718	286,596
Total Cash and Cash Equivalents	<u>\$ 5,840,251</u>	<u>\$ 3,274,431</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014

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:

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

- *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, 2014

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, 2014

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. Proprietary funds distinguish

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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 2014 was adopted on December 9, 2013.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

- 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 8, 2014.
- 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, 2014

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to two and one-half percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2014.

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, 2014

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. 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, 2014, the accrued liability for unpaid vacation benefits amounted to \$217,831. The amount applicable to the Enterprise Fund was \$74,047, and is recorded in that Fund, and the amount of \$143,784 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.

K. 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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

L. 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."

Fund Statements

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

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

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

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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.

M. 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.

N. Summary Financial Information for 2013

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, 2013, from which the summarized information was derived.

2. **Cash and Cash Equivalents**

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

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

The City of Walker has cash and cash equivalents totaling \$8,579,609 at December 31, 2014. The following is a summary of cash and cash equivalents at December 31, 2014.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

	Governmental Activities	Business- Type Activities	Total
Book Balances	\$ <u>2,739,358</u>	\$ <u>5,840,251</u>	\$ <u>8,579,609</u>
Bank Balances	\$ <u>2,787,895</u>	\$ <u>5,853,856</u>	\$ <u>8,641,751</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, 2014, none of the City's bank balance of \$8,641,751 was exposed to custodial credit risk.

3. Investments

All investments are stated on the balance sheet (carrying value) at market value. All investments are in mutual funds that are held by a broker or certificates of deposit with maturity dates greater than 90 days when purchased.

At December 31, 2014, the City holds investments totaling \$1,044,169 as follows:

	Carrying Amount	Market Value
<u>Governmental Activities:</u>		
Certificate of Deposit	\$ <u>321,350</u>	\$ <u>321,350</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>722,819</u>	\$ <u>722,819</u>

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.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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.

Custodial Credit Risk - Investments. For an investment, 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, 2014, none of the City's investments of \$1,044,169 were exposed to custodial credit risk.

4. **Ad Valorem Taxes**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City's property taxes are billed and collected by the City of Walker from information on assessed values received from the Livingston Parish Assessor's Office.

For the year ended December 31, 2014, taxes of 2.20 mills were levied on property with assessed valuations totaling \$49,468,330 and were dedicated to general purposes.

Total taxes levied were \$108,830. Taxes receivable at December 31, 2014, consisted of the following:

Taxes Receivable - Current Roll	\$ 22,757
Allowance for Uncollectible Taxes	<u>(2,721)</u>
	<u>\$ 20,036</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

5. Receivables

Receivables as of December 31, 2014, 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	\$22,757	\$137,316	\$ 86,884	\$ -	\$ (2,721)	\$ 244,236
Total Governmental Activities	22,757	137,316	86,884	-	(2,721)	244,236
<u>Business-Type Activities:</u>						
Utility Fund	-	-	791,943	601,831	(5,000)	1,388,774
Total Receivables	\$22,757	\$137,316	\$ 878,827	\$601,831	\$ (7,721)	\$1,633,010

6. Due From Other Governments

Due from Other Governments as of December 31, 2014, consists of the following:

	<u>Livingston Parish</u>	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>				
General Fund	\$ 70,000	\$ 446,526	\$ 122,528	\$ 639,054
2000 ½ Cent Sales Tax Fund	-	218,140	-	218,140
Total Governmental Activities	70,000	664,666	122,528	857,194
<u>Business-Type Activities</u>				
Utility Fund	-	-	-	-
Total Due from Other Governments	\$ 70,000	\$ 664,666	\$ 122,528	\$ 857,194

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2014, reported in the fund financial statements.

	<u>Due to</u>	<u>Net Internal Due from</u>	<u>Balances</u>
<u>Governmental Activities</u>			
General Fund	\$ -	\$ 246,528	\$ 246,528
2000 ½ Cent Sales Tax Fund	(312,940)	-	(312,940)
Total Governmental Activities	(312,940)	246,528	(66,412)
<u>Business-Type Activities</u>			
Utility Fund	-	66,412	66,412
	\$(312,940)	\$ 312,940	\$ -

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 747,561	\$ 50,000	\$ -	\$ 797,561
Construction in Progress	53,297	-	(5,025)	48,272
Total Capital Assets not being Depreciated	800,858	50,000	(5,025)	845,833
Capital Assets being Depreciated:				
Land Improvements	167,581	138,156	-	305,737
Buildings	956,968	20,836	-	977,804
Equipment and Vehicles	1,910,765	252,473	(28,981)	2,134,257
Furniture and Fixtures	169,524	-	-	169,524
Recreational Equipment	347,284	3,510	-	350,794
Infrastructure	1,627,791	146,171	-	1,773,962
Total Capital Assets being Depreciated	5,179,913	561,146	(28,981)	5,712,078
Less: Accumulated Depreciation for:				
Land Improvements	67,334	11,155	-	78,489
Buildings	351,172	31,225	-	382,397
Equipment and Vehicles	1,456,913	169,714	(4,347)	1,622,280
Furniture and Fixtures	166,327	1,366	-	167,693
Recreational Equipment	214,974	28,628	-	243,602
Infrastructure	1,259,738	54,907	-	1,314,645
Total Accumulated Depreciation	3,516,458	296,995	(4,347)	3,809,106
Total Capital Assets being Depreciated, Net	1,663,455	264,151	(24,634)	1,902,972
Total Governmental Activities Capital Assets, Net	<u>\$ 2,464,313</u>	<u>\$ 314,151</u>	<u>\$ (29,659)</u>	<u>\$ 2,748,805</u>

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 242,231	\$ 20,718	\$ -	\$ 262,949
Land - Sewer System	54,711	45,164	-	99,875
Construction in Progress	121,810	700,811	(490,165)	332,456
Total Capital Assets not being Depreciated	418,752	766,693	(490,165)	695,280
Capital Assets being Depreciated:				
Gas System	4,617,197	406,277	-	5,023,474
Water System	2,557,435	40,721	-	2,598,156
Sewer System	13,397,731	20,026	-	13,417,757
Buildings	605,631	-	-	605,631
Land Improvements	111,568	-	-	111,568
Machinery and Equipment	1,590,904	116,206	-	1,707,110
Total Capital Assets being Depreciated	22,880,466	583,230	-	23,463,696
Less: Accumulated Depreciation for:				
Gas System	3,004,046	106,106	-	3,110,152
Water System	1,844,115	79,729	-	1,923,844
Sewer System	5,370,437	408,805	-	5,779,242
Buildings	190,039	13,148	-	203,187
Land Improvements	26,232	8,199	-	34,431
Machinery and Equipment	1,298,335	104,787	-	1,403,122
Total Accumulated Depreciation	11,733,204	720,774	-	12,453,978
Total Capital Assets being Depreciated, Net	11,147,262	(137,544)	-	11,009,718
Total Business Type Activities Capital Assets, Net	\$ 11,566,014	\$ 629,149	\$ (490,165)	\$ 11,704,998

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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

Governmental Activities:

General Government	\$ 45,977
Public Safety	97,909
Streets	102,168
Parks and Recreation	50,941
Total Depreciation Expense - Governmental Activities	<u><u>\$ 296,995</u></u>

Business Type Activities:

Water	\$ 116,326
Gas	176,936
Sewer	427,512
Total Depreciation Expense - Business Type Activities	<u><u>\$ 720,774</u></u>

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

A summary of commitments under construction contracts for the City at December 31, 2014, follows:

Governmental Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2014</u>	<u>Unexpended Commitment</u>
TEG Sidewalk Phase III	<u><u>\$ 80,420</u></u>	<u><u>\$ 48,272</u></u>	<u><u>\$ 32,148</u></u>

Business-Type Activities:

	<u>Project Authorization</u>	<u>Expended to December 31, 2014</u>	<u>Unexpended Commitment</u>
Fletcher Road Force Main	\$ 399,581	\$ 15,751	\$ 383,830
Our Lady of Lake Water Tower and Water Well	1,881,348	276,158	1,605,190
Industrial Park Sewer/Water Upgrades	44,868	28,568	16,300
Water Well 2 Generator	11,979	11,979	-
Total	<u><u>\$ 2,337,776</u></u>	<u><u>\$ 332,456</u></u>	<u><u>\$ 2,005,320</u></u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2014 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 304,080	\$ 334,723	\$ 638,803
Withholdings	108,648	44,583	153,231
Accrued Salary	81,320	28,082	109,402
Customer Deposits	<u>-</u>	<u>703,337</u>	<u>703,337</u>
Total	<u>\$ 494,048</u>	<u>\$1,110,725</u>	<u>\$1,604,773</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 \$174,123, for the year ended December 31, 2014.

11. Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the City of Walker is required to contribute at an actuarially determined rate. The current rate is 31.50% of annual covered payroll. The contribution requirements of plan members and the City of Walker are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Walker contributions to the System for the year ending December 31, 2014 was \$209,137, which was equal to the required contributions for the year.

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, 2014:

	Debt Payable 1/1/2014	Additions	Deletions	Debt Payable 12/31/2014	Due within 1 year
Governmental Activities:					
Compensated Absences	\$ 107,679	\$ 199,974	\$ 163,869	\$ 143,784	\$ 35,946
Capital Lease Payable	141,274	172,103	71,171	242,206	62,222
Refunding Bond Payable by Utility Issues	2,084,000	-	225,000	1,859,000	235,000
Discount on Bonds	(8,717)	-	(941)	(7,776)	(983)
Total Governmental Activities	2,324,236	372,077	459,099	2,237,214	332,185
Business-Type Activities:					
Compensated Absences	59,318	68,815	54,086	74,047	18,512
Capital Lease Payable	-	112,322	11,451	100,871	21,359
Refunding Series Bonds, Series 2009 (Gross)	6,355,000	-	300,000	6,055,000	310,000
Combined Utilities Revenue Bonds, Series 2010B	316,000	-	16,000	300,000	17,000
Combined Utilities Revenue Bonds, Series 2011	601,141	-	37,000	564,141	37,000
Less: Intragovernmental Payable	(2,084,000)	-	(225,000)	(1,859,000)	(235,000)
Discount on Bonds	(17,866)	-	(314)	(17,552)	(314)
Total Business-Type Activities	5,229,593	181,137	193,223	5,217,507	168,557
Total Debt	<u>\$ 7,553,829</u>	<u>\$ 553,214</u>	<u>\$ 652,322</u>	<u>\$7,454,721</u>	<u>\$500,742</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

Refunding Bonds, Series 2009

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

\$ 6,055,000

The principal and interest on the refunding bonds, series 2009, was allocated between governmental activities and business type activities based on balances of the old debt net of the cash contributed by the proprietary fund. A schedule of the outstanding Refunding Series 2009 Bonds principal and interest requirements are as follows:

Governmental Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2015	\$ 235,000	\$ 74,673	\$ 309,673
2016	245,000	65,487	310,487
2017	255,000	55,535	310,535
2018	265,000	44,688	309,688
2019	276,000	32,938	308,938
2020-2021	583,000	27,067	610,067
	<u>\$1,859,000</u>	<u>\$ 300,388</u>	<u>\$2,159,388</u>

Business-Type Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2015	\$ 75,000	\$ 178,585	\$ 253,585
2016	75,000	178,470	253,470
2017	70,000	178,502	248,502
2018	70,000	178,381	248,381
2019	74,000	177,987	251,987
2020-2024	1,382,000	806,517	2,188,517
2025-2029	2,450,000	358,324	2,808,324
	<u>4,196,000</u>	<u>2,056,766</u>	<u>6,252,766</u>
Total Refunding Bond 2009 Issue	<u>\$6,055,000</u>	<u>\$2,357,154</u>	<u>\$8,412,154</u>

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

A debt service fund designed to achieve proper mailing of principal and interest payments as due on the Revenue Bond.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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, 2014, the Debt Service Fund requirement for the interest and principal accounts were fully funded with an actual balance of \$140,856, and is reported on the Proprietary Fund as restricted cash.

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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

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%.

\$ 300,000

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

Year Ended December 31,	2010B Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2015	\$ 17,000	\$ 8,850	\$ 1,500	\$ 27,350
2016	17,000	8,349	1,415	26,764
2017	18,000	7,847	1,330	27,177
2018	18,000	7,316	1,240	26,556
2019	19,000	6,785	1,150	26,935
2020-2024	99,000	25,429	4,310	128,739
2025-2029	112,000	10,119	1,715	123,834
	<u>\$ 300,000</u>	<u>\$ 74,695</u>	<u>\$ 12,660</u>	<u>\$ 387,355</u>

Combined Utilities Revenue Bonds, 2011

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

\$ 564,141

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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
2015	\$ 37,000	\$ 2,539	\$ 2,821	\$ 42,360
2016	38,000	2,372	2,636	43,008
2017	38,000	2,201	2,446	42,647
2018	38,000	2,030	2,256	42,286
2019	39,000	1,859	2,066	42,925
2020-2024	198,000	6,650	7,389	212,039
2025-2029	176,141	2,105	2,339	180,585
	<u>\$ 564,141</u>	<u>\$ 19,756</u>	<u>\$ 21,953</u>	<u>\$ 605,850</u>

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

The City is also required to deposit funds into a "Reserve Fund" and a "Contingencies Fund" on a monthly basis. At December 31, 2014, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$159,862 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide revenues in each fiscal year sufficient to pay operations and maintenance expenses in each fiscal year and provide net revenues in each fiscal year in an amount equal to at least one hundred ten percent of the annual debt service requirements in the then current Fiscal Year of the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 110 percent ratio for the fiscal year ended December 31, 2014.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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. Both 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, 2014, are as follows:

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2014</u>
Capital lease to finance the purchase of five police vehicles and equipment	\$ 155,192	3.44%	9/11/18	\$ 93,786
Capital lease to finance the purchase of six pick-up trucks and equipment	\$ 277,652	2.00%	4/9/19	249,291
				<u>\$ 343,077</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>
2015	\$ 83,581	\$ 7,637	\$ 91,218
2016	86,759	5,451	92,210
2017	86,814	3,132	89,946
2018	56,983	1,311	58,294
2019	28,940	227	29,167
	<u>\$ 343,077</u>	<u>\$ 17,758</u>	<u>\$ 360,835</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

Leased equipment and vehicles under capital lease in capital assets at December 31, 2014, include the following:

<u>Governmental Activities:</u>	
Equipment and Vehicles	\$ 286,548
Less: Accumulated Depreciation	<u>(35,810)</u>
	<u>\$ 250,738</u>
<u>Business-Type Activities:</u>	
Equipment and Vehicles	\$ 116,207
Less: Accumulated Depreciation	<u>(9,798)</u>
	<u>\$ 106,409</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, 2014, 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 \$103,732 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, 2014:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Refunding Bonds, Series 2009 - Debt Service	\$ -	\$ 140,856	\$ 140,856
Combined Utility Bonds, Series 2010 and Series 2011 - Debt Service	<u>-</u>	<u>159,862</u>	<u>159,862</u>
Total Cash and Cash Equivalents	-	300,718	300,718
Investments:			
Customers Deposits	<u>-</u>	<u>722,819</u>	<u>722,819</u>
Total Restricted Assets	<u>\$ -</u>	<u>\$1,023,537</u>	<u>\$1,023,537</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

**15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2014**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 5,930,106	\$ 1,246,899	\$ 1,015,612	\$ 357,063	\$ 8,549,680
Delinquent Charges	119,825	24,134	11,347	6,109	161,415
Miscellaneous	<u>203,720</u>	<u>102,294</u>	<u>8,719</u>	<u>-</u>	<u>314,733</u>
Total Operating Revenues	6,253,651	1,373,327	1,035,678	363,172	9,025,828
Operating Expenses:					
Direct	3,400,518	968,066	1,490,737	364,758	6,224,079
General and Administrative	<u>238,657</u>	<u>110,788</u>	<u>78,691</u>	<u>2,675</u>	<u>430,811</u>
Total Operating Expenses	<u>3,639,175</u>	<u>1,078,854</u>	<u>1,569,428</u>	<u>367,433</u>	<u>6,654,890</u>
Operating Income (Loss) by Department	2,614,476	294,473	(533,750)	(4,261)	2,370,938
Nonoperating Revenues	71,035	1,707	2,858	291	75,891
Nonoperating Expenses	(131,527)	(37,778)	(30,236)	-	(199,541)
Donations	-	-	18,495	-	18,495
Federal Grant	-	-	35,625	-	35,625
State Grant	-	-	44,727	-	44,727
Transfers from Special Revenue	-	-	671,200	-	671,200
Transfers to General Fund	<u>(1,050,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,050,000)</u>
Change in Net Position	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>\$ 1,967,335</u>
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 1,503,984</u>	<u>\$ 258,402</u>	<u>\$ 208,919</u>	<u>\$ (3,970)</u>	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

**16. Schedule of Utility Fund Operating Expenses by Department
for the Year Ended December 31, 2014**

	<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	\$ 2,327,069	\$ -	\$ -	\$ -	\$ 2,327,069
Salaries and Wages	391,128	231,311	282,050	-	904,489
Payroll Taxes, Retirement and Group Insurance	195,908	123,508	111,071	-	430,487
Contract Services	148,069	73,828	12,676	364,758	599,331
Depreciation	176,936	116,326	427,512	-	720,774
Equipment Expenses	53,819	15,661	11,447	-	80,927
Equipment Rental	8,491	7,010	43,274	-	58,775
Lab Fees	-	-	31,368	-	31,368
Maintenance	80,633	341,650	408,482	-	830,765
Small Tools and Supplies	6,514	5,791	3,222	-	15,527
Utilities	11,951	52,981	159,635	-	224,567
	<u>3,400,518</u>	<u>968,066</u>	<u>1,490,737</u>	<u>364,758</u>	<u>6,224,079</u>
General and Administrative Expenses:					
Insurance	118,270	55,910	23,375	-	197,555
Miscellaneous	34,440	33,174	15,650	-	83,264
Office Expense	29,109	6,633	2,430	-	38,172
Professional Fees	30,588	4,810	30,946	1,828	68,172
Telephone	8,259	4,911	4,875	-	18,045
Bad Debts	17,991	5,350	1,415	847	25,603
	<u>238,657</u>	<u>110,788</u>	<u>78,691</u>	<u>2,675</u>	<u>430,811</u>
Total Operating Expenses	<u><u>\$ 3,639,175</u></u>	<u><u>\$ 1,078,854</u></u>	<u><u>\$ 1,569,428</u></u>	<u><u>\$ 367,433</u></u>	<u><u>\$ 6,654,890</u></u>

CITY OF WALKER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2014**

Personal Services and Benefits:

Direct Labor	\$ 904,489
Payroll Taxes, Retirement and Group Insurance	<u>430,487</u>
	1,334,976

Contractual Services:

Equipment Rental	58,775
Lab Fees	31,368
Subcontract Services	599,331
Professional Fees	<u>68,172</u>
	757,646

Cost of Materials:

Natural Gas Purchases	2,327,069
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Utilities:

Utilities	224,567
Telephone	<u>18,045</u>
	242,612

Repair and Maintenance:

Equipment Expenses	80,927
Maintenance	<u>830,765</u>
	911,692

Supplies:

Small Tools and Supplies	15,527
Office Expense	38,172
Miscellaneous	<u>83,264</u>
	136,963

Insurance

197,555

Depreciation

720,774

Bad Debts

25,603

Total Operating Expenses	<u><u>\$ 6,654,890</u></u>
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CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

18. Litigation

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

19. Contingent Liabilities

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

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

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

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

20. Compensation Paid Mayor and Council Members

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

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

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

12,000

\$ 128,000

Terms end December 31, 2016.

21. Schedule of Compensation, Benefits, and Other Payments to Mayor

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Rick Ramsey, Mayor, who was the acting agency head for the year ended December 31, 2014:

	<u>Rick Ramsey</u>
Salary	\$ 68,000
Benefit Retirement	6,120
Benefit Insurance	-
Registration Fees	1,534
Travel Reimbursements	-
Conferences	-
Meals	<u>-</u>
Total Compensation	<u>\$ 75,654</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2014

22. Current Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the City of Walker for fiscal year ending December 31, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending December 31, 2015. Management currently does not have an estimate of the impact on the financial statements of implementing the provisions of GASB 68.

OTHER SUPPLEMENTAL INFORMATION

CITY OF WALKER
SCHEDULE OF INSURANCE COVERAGE IN FORCE
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Insurance Company / Policy Number	Coverage	Amount	Policy Period
Essex Insurance Co. 5TRD6502	Auto Physical Damage	Per Schedule on File	05/28/2014 to 05/28/2015
EMC Insurance Co. 3X1-18-93-15	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2014 to 05/28/2015
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2014 to 08/06/2015
American Strategic Insurance FLD186993	Municipal Building Flood Insurance Building (\$1,000 Deductible) Contents (\$1,000 Deductible)	250,000 100,000	12/07/2014 to 12/07/2015
LMA Risk Management 100-0466-00015131	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 500,000 500,000 500,000 500,000 500,000	05/28/2014 to 05/28/2015
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/10/2014 to 03/10/2015
Hartford Life & Accident 43SR841655	Volunteer Police Officers Accident Accidental Death Accidental Dismemberment Accident Medical Expense (\$0 Deductible) Maximum Dental Accident Total Disability Waiting Period Maximum Payment Period	10,000 10,000 10,000 250 100 7 days 104 weeks	03/11/2014 to 03/11/2015

See auditor's report.

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Number of Customers

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>Increase (Decrease)</u>
Gas Customers	8,389	8,220	169
Water Customers	4,554	4,529	25
Sewer Customers	2,430	2,434	(4)
Sanitation Customers	2,074	2,033	41

Revenue Data Per Customer Per Month

	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Gas Sales	\$58.91	\$47.90	\$11.01	23%
Water Sales	\$22.82	\$17.53	\$5.29	30%
Sewer Sales	\$34.83	\$31.13	\$3.70	12%
Sanitation Sales	\$14.35	\$13.83	\$0.52	4%

See auditor's report.

CITY OF WALKER
SCHEDULE OF UTILITY RATES AND TAP FEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(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		\$ 10.61
Per Next 1,000 Gallons of Water Used		2.50
Commercial		
First 3,000 Gallons		\$ 34.34
Per Next 1,000 Gallons of Water Used		2.50
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
First 3,000 Gallons (Gravity)		\$ 16.92
First 3,000 Gallons (Grinder Pump)		15.41
Per Next 1,000 Gallons of Water Used		1.50
Commercial		
First 3,000 Gallons		\$ 21.72
Per Next 1,000 Gallons of Water Used		2.35
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart		\$ 13.19
Senior Citizens		
Flat Rate per Cart		\$ 8.68
Sewer, Gas & Water Misc. Fees	Fees for extensions, road bores, etc. are based on each account.	

See 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
Phone: 225.928.4770 • Fax: 225.926.0945
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 504.274.0200 • Fax: 504.274.0201
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, Rick Ramsey
and Members of the City Council
City of Walker
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparative statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2015.

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,

James L. Bourgeois, CPA

Denham Springs, Louisiana
June 23, 2015

CITY OF WALKER

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2014

A. Internal Control Over Financial Reporting

None

B. Compliance and Other Matters

None

CITY OF WALKER

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2014

(A) Findings-Internal Control Over Financial Reporting

None

(B) Findings-Compliance and Other Matters-

Reference Number: 2004M-9

Category: Contingent Liabilities

Description of Finding:

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

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

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

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

Recommendations:

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

CITY OF WALKER

SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

Corrective Action Taken:

The possible liability due to the Louisiana Department of Transportation has not been determined and is still reported as a contingent liability in these financial statements. The City is currently negotiating a settlement with the LDOTD which they hope is complete within the next year.

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.