

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2025

**CITY OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Walker, Louisiana, (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Walker, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and for the 2000 ½ Cent Sales Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2024 financial statements, and we have expressed a unmodified audit opinions on those audited financial statements in our report dated June 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability (Schedule 1), and the schedule of contributions (Schedule 2) on pages 4 through 11 and 68 through 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Schedules 3 through 7 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 3 through 7 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 29, 2026

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, 2025. The intent of Management’s Discussion and Analysis (“MD&A”) is to look at the overall financial performance of the City using an objective, easily readable analysis of the City’s financial activities. Therefore, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Financial Statements. Please reference the Table of Contents for the exact location of those items.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (“GASB”) Statement No. 34. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The City continues to fund major infrastructure improvements with city revenues and grants while improving overall financial health.

- Total net position (assets+deferred outflows-liabilities-deferred inflows) increased to \$54,279,403.
- Increase in total net position of \$4,399,851, 8.82% over 2024, with a three-year increase of 28.58%.
- Total assets increased to \$69,037,723.
- Increase in total assets of \$1,521,766, 2.25% over 2024, with a three-year increase of 12.51%.
- Long-Term liabilities decreased to \$10,132,022.
- Decrease in long-term liabilities of \$1,517,307, 13.02% down from 2024, with a three-year decrease of 24.49%.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-67 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2025. The City's net position at December 31, 2025 increased 8.82% to \$54,279,403, with a 11.67% increase in net investment in net capital assets. Capital assets are reported net of accumulated depreciation and amortization; and the net investment in capital assets is reported net of related debt. However, it should be noted that 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, 2025, with comparative totals for 2024.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2025

	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
ASSETS				
Current and Other Assets	\$ 5,463,700	\$ 10,347,271	\$ 15,810,971	\$ 17,551,331
Restricted Assets	71,847	1,476,724	1,548,571	1,526,012
Capital Assets	28,596,905	23,081,276	51,678,181	48,438,614
Total Assets	34,132,452	34,905,271	69,037,723	67,515,957
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Refunding	-	147,708	147,708	218,163
Deferred Outflows - Related to Pensions	297,472	-	297,472	434,650
Total Deferred Outflows of Resources	297,472	147,708	445,180	652,813
LIABILITIES				
Current Liabilities	1,066,219	1,641,037	2,707,256	3,795,716
Long-Term Liabilities	6,879,988	3,252,034	10,132,022	11,649,329
Net Pension Liability	1,880,195	-	1,880,195	2,683,048
Total Liabilities	9,826,402	4,893,071	14,719,473	18,128,093
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	484,027	-	484,027	161,125
NET POSITION				
Net Investment in Capital Assets	21,990,196	19,965,171	41,955,367	37,570,409
Restricted	71,847	368,165	440,012	489,481
Unrestricted	2,057,452	9,826,572	11,884,024	11,819,662
Total Net Position	\$ 24,119,495	\$ 30,159,908	\$ 54,279,403	\$ 49,879,552

The Statement of Activities for 2025 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 2025 were \$26,196,516, with \$18,248,492 derived from program revenues including grants; \$7,278,930 from sales, franchise, and property taxes, occupational licenses, and permits; \$240,672 from interest and investment income; \$32,582 from gains on disposition of capital assets; and the remaining \$395,840 from other miscellaneous income and grants. Total expenses for the City in 2025 were \$21,796,665, leaving a \$4,399,851 increase in net position.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2025 with comparative totals for 2024.

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2025

	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
Revenues:				
Program Revenues:				
Charges for Services	\$ 556,238	\$ 14,749,035	\$ 15,305,273	\$ 13,650,466
Operating Grants and Contributions	201,028	3,487	204,515	215,146
Capital Grants and Contributions	350,030	2,388,674	2,738,704	2,752,544
General Revenues:				
Taxes	7,278,930	-	7,278,930	6,864,213
Other Grants and Contributions not Restricted to Specific Programs	14,075	-	14,075	17,176
Interest and Investment Income (Loss)	93,195	147,477	240,672	194,289
Net Gain on Disposition of Capital Assets	32,582	-	32,582	442,137
Miscellaneous Income	237,387	144,378	381,765	354,123
Total Revenues	<u>8,763,465</u>	<u>17,433,051</u>	<u>26,196,516</u>	<u>24,490,094</u>
Expenses:				
General Government	3,197,981	-	3,197,981	3,186,475
Public Safety	3,199,600	-	3,199,600	3,534,767
Highways and Streets	2,349,326	-	2,349,326	1,993,252
Parks and Recreation	1,484,943	-	1,484,943	1,444,122
Interest on Long-Term Debt	268,259	-	268,259	267,369
Gas	-	6,383,934	6,383,934	5,052,540
Water	-	2,473,288	2,473,288	2,440,634
Sewer	-	1,973,509	1,973,509	1,877,195
Sanitation	-	465,825	465,825	444,688
Total Expenses	<u>10,500,109</u>	<u>11,296,556</u>	<u>21,796,665</u>	<u>20,241,042</u>
Change in Net Position before Transfers	(1,736,644)	6,136,495	4,399,851	4,249,052
Transfers In (Out)	2,160,154	(2,160,154)	-	-
Change in Net Position	423,510	3,976,341	4,399,851	4,249,052
Net Position - Beginning of Year	23,695,985	26,183,567	49,879,552	45,630,500
Net Position - End of Year	<u>\$ 24,119,495</u>	<u>\$ 30,159,908</u>	<u>\$ 54,279,403</u>	<u>\$ 49,879,552</u>

Governmental activities. Governmental activities net position increased \$423,510 in 2025. Total revenues before transfers decreased (\$382,831) or (4.19%), primarily due to decreased revenues from capital grants and gain on disposition of capital assets. Total expenses increased \$74,124 or 0.71% attributed to increased spending in highways and streets.

Business-type activities. Business-type activities net position increased \$3,976,341 due to \$2,160,154 transferred to governmental activities. The change in net position before transfers was \$6,136,495. Improvements and additions to utility services during 2025 included:

- Manganese filtration project at well four
- Manganese filtration project began at well five
- Water well six engineering has started
- Gas tap replacement completed at Florida Gas transmission line
- Gas line extension completed on Cook Road

- NGDISM grant to replace outdated gas lines began
- Sewer line phase one expansion completed below I-12

Analysis of Fund Financial Statements

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$4,352,910. The general fund, which is the chief operating fund of the City, reported (\$5,700,478) in a deficiency of revenues over expenditures. The transfer of \$3,975,000 from the Enterprise Fund gas department, a transfer of \$602,665 from the ½ cent sales tax fund, proceeds from issuance of long-term debt of \$350,063, and \$28,127 proceeds from disposition of capital assets partially offset the net decrease in fund balance of (\$594,623). The 2000 ½ cent sales tax fund reported \$2,028,436 in excess revenues over expenditures; and a (\$539,075) net decrease in fund balance after the above noted transfer to the general fund street department for drainage and road improvements, and equipment; as well as a \$1,964,846 transfer to the proprietary fund sewer department to support operations and maintenance of the sewerage system.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary funds reported change in net position of \$3,976,341. Operating income for the gas and water departments was \$3,673,555, and \$255,130, respectively. Operations of the sewer and sanitation departments resulted in a loss of \$330,758 and \$973, respectively. However, \$1,521,036 in federal grants were received which increased water department net position to \$1,744,316 and \$1,964,846 was transferred from the ½ cent sales tax fund to support operations and maintenance of the sewer system.

General Fund Budgetary Summary

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

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets (net of accumulated depreciation and amortization) for its governmental and business type activities as of December 31, 2025 was \$51,678,181. 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 as well as lease and subscription right-to-use assets. Governmental activities net capital assets increased by \$836,325 with depreciation and amortization expense of \$1,556,845 and business-type activities net capital assets increased by \$2,403,242 with depreciation and amortization expense of \$1,480,154. Additional information on the City's capital assets can be found in Note 8 on pages 46 - 49 of this report.

Long-term debt. As of December 31, 2025, the City had total debt outstanding of \$10,132,022, a decrease of \$1,517,307 (13.02%) from prior year. A breakdown of the long-term debt is as follows:

- 2016 Revenue Refunding Bonds (maturing October 1, 2027) having an outstanding balance of \$1,195,000.

- 2018 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (maturing November 1, 2048) having an outstanding balance of \$5,815,000.
- 2010 Utility Revenue Bonds (maturing October 1, 2029) having an outstanding balance of \$91,000.
- 2011 Utility Revenue Bonds (maturing October 1, 2030) having an outstanding balance of \$184,764.
- Leases having an outstanding balance of \$2,190,555. \$1,263,989 is attributed to the Utility Meter Solutions contract reported in accordance with the GASB Statement 87.
- Notes Payable direct placement balance of \$60,000.
- Compensated absences total \$409,208 with \$273,278 recorded in Governmental Activities payable from the General Fund and \$135,930 payable from the Enterprise Fund.
- Subscriptions Payable having an outstanding balance of \$151,050.

Additional information on the City's long-term debt can be found in Note 12 on pages 56 - 62.

Future Budget and Economic Outlook

Walker continues to be committed to the long-term task of upgrading infrastructure. Improvements completed in 2025 include completing the manganese filtration project at well four and have begun the same filtration project for well five. These two projects will have a dramatic effect on removing brown water from the City's water system. The City has secured a Hazard Mitigation grant through FEMA and continues to replace approximately 500 manhole covers to reduce inflows and infiltration into its sanitary sewer collection system. The sewer department continues to require backflow preventers on grinder pumps on all new homes which must have grinder pumps to hook up to the City's system. These backflow preventers are necessary to alleviate possible sewer backups into homes. The City has also completed the sewer expansion phase one project below Interstate 12. This is the first of multiple projects to expand the City's sewer system below I-12 which will pave the way for accelerated economic growth in that area. The City also expanded its natural gas system along Cook Road to Gray's Creek. The Taylor Bayou Drainage Project, which is \$8.9 million fully funded through federal flood mitigation funds is continuing to progress. This project will give the residents of Walker a substantial amount of relief during flash floods and other flood events. Large culverts were also replaced underneath Magnolia Drive in 2025 which greatly improved drainage in that area of the city. The City is also progressing with the Aydele Lane bridge replacement project and the Pendarvis widening and overlay projects, as well as a new sidewalk to run from Westside Elementary/Walker High School to Peak Lane. All of these projects are being completed using federal matching grants.

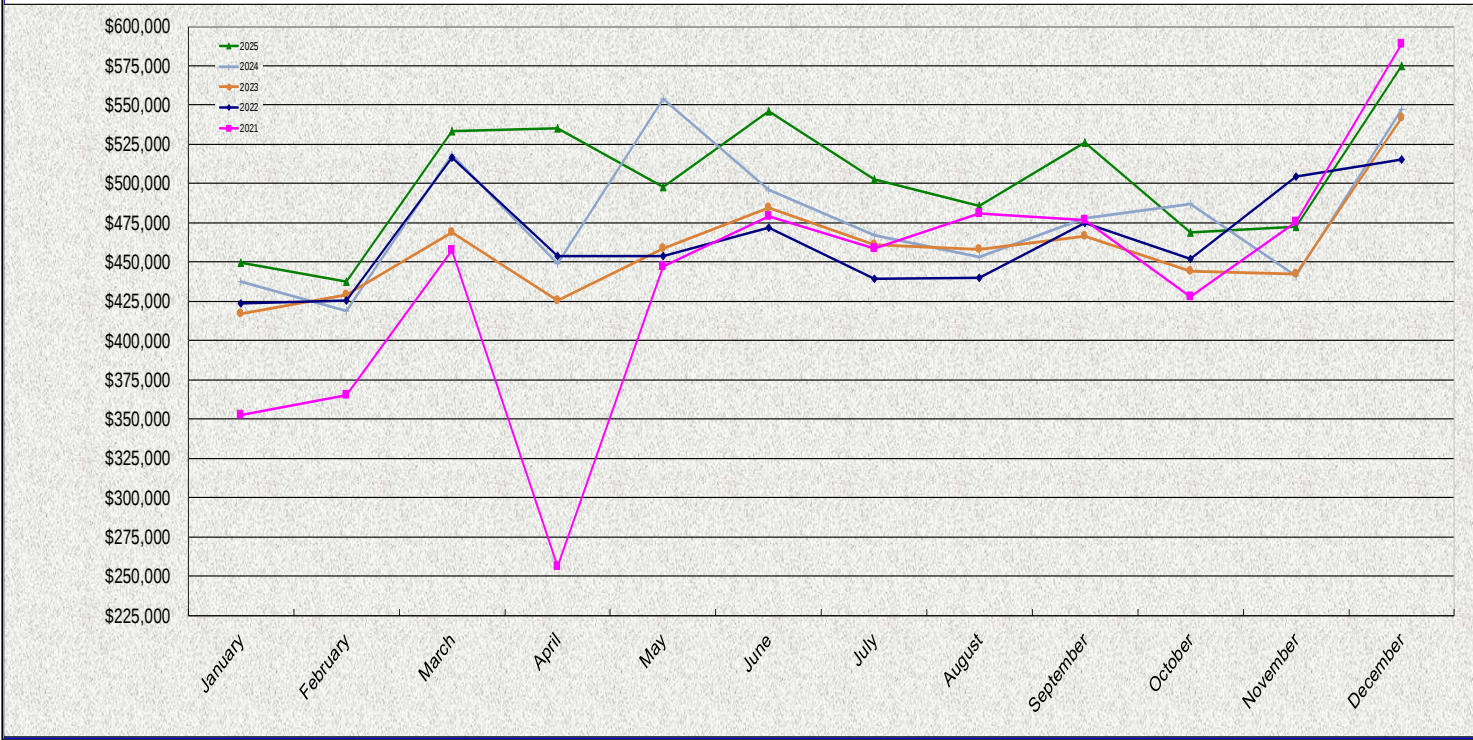
In addition to infrastructure improvements, the City has continued with improvements to Sidney Hutchinson Park with the completion of a large pavilion and new restrooms and is in the process of building more restrooms and concessions to accommodate the soccer fields. The City also partnered with the Livingston Parish Chamber of Commerce's Leadership Livingston class of 2024 to create a new disc golf course. This disc golf course opened in May of 2025 and was recently awarded the 2nd highest rated disc golf course in the state of Louisiana. Walker Community Center was completed in 2020. This multimillion-dollar community center houses a variety of agencies during storm events, but the City uses this building as a community/recreational center and has control over it as long as the building is not being used for an emergency. The building is being used for recreational activities of all types, including basketball, volleyball, pickleball, dancing and others; it is also used for public meetings and community events as well.

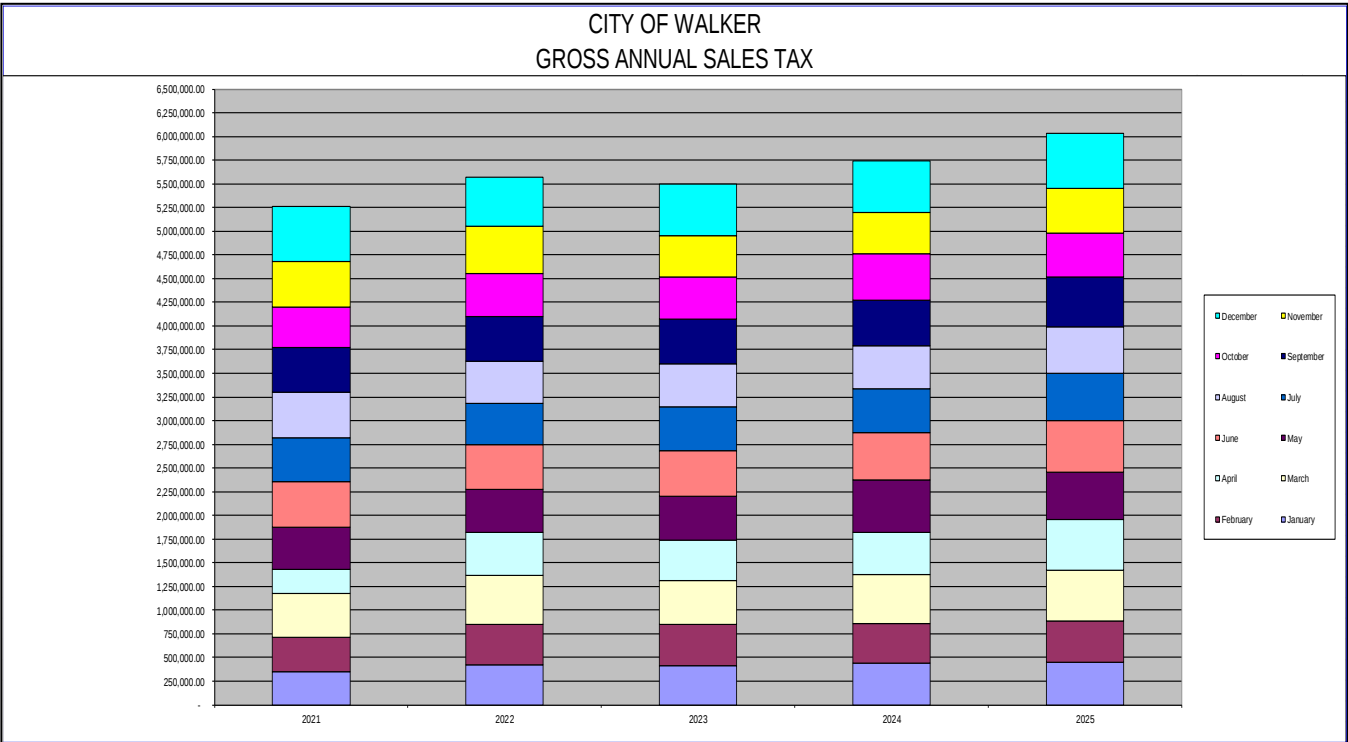
A new state of the art 5,000 square foot animal control shelter was completed in 2024. This new animal control shelter is located in the Comar Industrial Park off Florida Boulevard. The new shelter is climate controlled with a meet-and-greet room for animals and potential adopters, as well as a very large fenced in play area for dogs to get out and get exercise.

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

The four largest sources of general revenue for the City are taxes, fines and forfeitures, and licenses and permits. The largest source of tax revenue is the 1% general sales tax, which yielded a 4.95% increase over 2025. The 2026 budget reflects a conservative (-0.52%) decrease from full-year 2025 sales tax revenues. This conservative estimate was made due to the uncertainty in the macro economy as well as monetary policy moves from the federal reserve.

CITY OF WALKER
GROSS MONTHLY SALES TAX





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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WALKER
STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	Governmental Activities	Business-Type Activities	2025	2024
ASSETS				
Cash and Cash Equivalents	\$ 4,862,690	\$ 5,025,877	\$ 9,888,567	\$ 11,197,762
Investments	402,496	-	402,496	385,511
Receivables, Net	310,573	2,213,595	2,524,168	2,398,305
Due from Other Governments	1,163,798	640,257	1,804,055	2,817,256
Internal Balances	(1,431,405)	1,431,405	-	-
Inventories	-	495,253	495,253	483,194
Prepaid Items	155,548	540,884	696,432	269,303
Restricted Assets:				
Cash and Cash Equivalents	71,847	384,214	456,061	510,026
Investments	-	1,092,510	1,092,510	1,015,986
Capital Assets:				
Land and Construction in Progress	5,577,838	1,924,978	7,502,816	9,591,448
Other Capital Assets, Net of Accumulated Depreciation/Amortization	23,019,067	21,156,298	44,175,365	38,847,166
Total Assets	34,132,452	34,905,271	69,037,723	67,515,957
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows on Refunding	-	147,708	147,708	218,163
Deferred Outflows - Related to Pensions	297,472	-	297,472	434,650
Total Deferred Outflows of Resources	297,472	147,708	445,180	652,813
LIABILITIES				
Accounts Payable, Accrued Expenses, and Unearned Revenue	1,027,089	1,624,988	2,652,077	3,735,041
Accrued Interest Payable	39,130	16,049	55,179	60,675
Non-Current Liabilities:				
Due Within One Year	570,150	1,228,343	1,798,493	1,770,808
Due in More Than One Year:				
Other Amounts Due in More Than One Year	6,309,838	2,023,691	8,333,529	9,878,521
Net Pension Liability	1,880,195	-	1,880,195	2,683,048
Total Liabilities	9,826,402	4,893,071	14,719,473	18,128,093
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Related to Pensions	484,027	-	484,027	161,125
NET POSITION				
Net Investment in Capital Assets	21,990,196	19,965,171	41,955,367	37,570,409
Restricted for:				
Flood Mitigation	-	-	-	74,341
Debt Service	71,847	368,165	440,012	415,140
Unrestricted	2,057,452	9,826,572	11,884,024	11,819,662
Total Net Position	\$ 24,119,495	\$ 30,159,908	\$ 54,279,403	\$ 49,879,552

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2025	2024
Primary Government:								
Governmental Activities:								
General Government	\$ 3,197,981	\$ -	\$ -	\$ -	\$ (3,197,981)	\$ -	\$ (3,197,981)	\$ (3,186,475)
Public Safety	3,199,600	305,259	201,028	-	(2,693,313)	-	(2,693,313)	(2,989,065)
Highways and Streets	2,349,326	8,850	-	350,030	(1,990,446)	-	(1,990,446)	(1,544,121)
Parks and Recreation	1,484,943	242,129	-	-	(1,242,814)	-	(1,242,814)	(817,449)
Interest on Long-Term Debt	268,259	-	-	-	(268,259)	-	(268,259)	(267,369)
Total Governmental Activities	10,500,109	556,238	201,028	350,030	(9,392,813)	-	(9,392,813)	(8,804,479)
Business-Type Activities:								
Gas	6,383,934	9,976,477	-	36,969	-	3,629,512	3,629,512	4,002,986
Water	2,473,288	2,680,560	-	1,521,036	-	1,728,308	1,728,308	1,782,542
Sewer	1,973,509	1,627,146	3,487	830,669	-	487,793	487,793	(583,985)
Sanitation	465,825	464,852	-	-	-	(973)	(973)	(19,950)
Total Business-Type Activities	11,296,556	14,749,035	3,487	2,388,674	-	5,844,640	5,844,640	5,181,593
Total Primary Government	\$ 21,796,665	\$ 15,305,273	\$ 204,515	\$ 2,738,704	(9,392,813)	5,844,640	(3,548,173)	(3,622,886)
General Revenues:								
Taxes:								
Property					145,590	-	145,590	145,331
Sales					6,031,526	-	6,031,526	5,746,964
Occupational and Permits					568,364	-	568,364	501,967
Franchise					533,450	-	533,450	469,951
Other Grants and Contributions not Restricted to Specific Programs					14,075	-	14,075	17,176
Net Interest and Investment Income (Loss)					93,195	147,477	240,672	194,289
Net Gain on Disposition of Capital Assets					32,582	-	32,582	442,137
Miscellaneous Income					237,387	144,378	381,765	354,123
Transfers					2,160,154	(2,160,154)	-	-
Total General Revenues and Transfers					9,816,323	(1,868,299)	7,948,024	7,871,938
Change in Net Position					423,510	3,976,341	4,399,851	4,249,052
Net Position - Beginning of Year					23,695,985	26,183,567	49,879,552	45,630,500
Net Position - End of Year					\$ 24,119,495	\$ 30,159,908	\$ 54,279,403	\$ 49,879,552

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

AS OF DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental Funds 2025	2024
ASSETS				
Cash and Cash Equivalents	\$ 811,561	\$ 4,051,129	\$ 4,862,690	\$ 5,536,927
Investments	402,496	-	402,496	385,511
Receivables:				
Ad Valorem Taxes, Net	132,424	-	132,424	143,793
Other	178,149	-	178,149	187,590
Due from Other Governments	819,864	343,934	1,163,798	1,139,603
Cash - Restricted	71,847	-	71,847	139,580
Total Assets	<u>\$ 2,416,341</u>	<u>\$ 4,395,063</u>	<u>\$ 6,811,404</u>	<u>\$ 7,533,004</u>
LIABILITIES				
Accounts Payable	\$ 389,259	\$ -	\$ 389,259	\$ 459,957
Payroll Liabilities	271,672	-	271,672	236,449
Accrued Salaries and Wages	119,993	-	119,993	93,571
Other Liabilities	114	-	114	114
Unearned Revenue	246,051	-	246,051	359,613
Due to Other Funds	558,408	872,997	1,431,405	896,692
Total Liabilities	1,585,497	872,997	2,458,494	2,046,396
FUND BALANCES				
Fund Balances:				
Restricted For:				
Debt Service	71,847	-	71,847	65,239
Flood Mitigation	-	-	-	74,341
Committed For:				
Construction Contracts	758,997	-	758,997	1,285,887
Assigned To:				
Special Revenue Fund	-	3,522,066	3,522,066	4,061,141
Total Fund Balances	<u>830,844</u>	<u>3,522,066</u>	<u>4,352,910</u>	<u>5,486,608</u>
Total Liabilities and Fund Balances	<u>\$ 2,416,341</u>	<u>\$ 4,395,063</u>	<u>\$ 6,811,404</u>	<u>\$ 7,533,004</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

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

AS OF DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	<u>2025</u>	<u>2024</u>
Fund Balances - Total Governmental Funds	\$ 4,352,910	\$ 5,486,608
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	38,246,162	36,123,071
Less Accumulated Depreciation/Amortization	<u>(9,649,257)</u>	<u>(8,362,491)</u>
	28,596,905	27,760,580
Prepaid Items	155,548	150,598
Long-Term Liabilities are not Due and Payable from current resources and therefore are not reported in the Governmental Funds:		
Net Pension Liability	(1,880,195)	(2,683,048)
General Obligation Bonds	(5,794,997)	(5,944,481)
Compensated Absences Payable	(273,279)	(539,001)
Lease Payable/Subscriptions Payable/ Note Payable	(811,712)	(768,666)
Accrued Interest Payable	<u>(39,130)</u>	<u>(40,130)</u>
	(8,799,313)	(9,975,326)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	297,472	434,650
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(484,027)</u>	<u>(161,125)</u>
Net Position of Governmental Activities	<u>\$ 24,119,495</u>	<u>\$ 23,695,985</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, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

		2000	Total	
		1/2 Cent Sales	Governmental Funds	
	General	Tax Fund	2025	2024
Revenues:				
Taxes	\$ 4,712,813	\$ 2,011,828	\$ 6,724,641	\$ 6,379,422
Licenses and Permits	568,364	-	568,364	501,967
Fines and Forfeits	301,099	-	301,099	340,768
Interest	44,217	48,978	93,195	99,888
Fees	172,626	-	172,626	163,260
Intergovernmental	470,308	-	470,308	972,389
Miscellaneous	319,900	-	319,900	268,840
Total Revenues	6,589,327	2,060,806	8,650,133	8,726,534
Expenditures:				
Current:				
General Government	2,703,905	32,370	2,736,275	2,585,096
Public Safety	3,326,368	-	3,326,368	3,175,704
Highways and Streets	1,973,304	-	1,973,304	1,653,584
Parks and Recreation	1,171,825	-	1,171,825	1,098,892
Capital Outlay	2,388,715	-	2,388,715	2,884,664
Debt Service:				
Principal Retirement	457,015	-	457,015	481,410
Interest and Administration Fees	268,673	-	268,673	267,770
Total Expenditures	12,289,805	32,370	12,322,175	12,147,120
Excess (Deficiency) of				
Revenues over Expenditures	(5,700,478)	2,028,436	(3,672,042)	(3,420,586)
Other Financing Sources (Uses):				
Transfers In	4,727,665	-	4,727,665	4,216,892
Transfer Out	-	(2,567,511)	(2,567,511)	(1,613,784)
Proceeds from Capital Asset Disposition	28,127	-	28,127	361,722
Proceeds from Issuance of Long Term Debt	350,063	-	350,063	322,748
Total Other Financing Sources (Uses)	5,105,855	(2,567,511)	2,538,344	3,287,578
Net Change in Fund Balances	(594,623)	(539,075)	(1,133,698)	(133,008)
Fund Balances at Beginning of Year	1,425,467	4,061,141	5,486,608	5,619,616
Fund Balances at End of Year	\$ 830,844	\$ 3,522,066	\$ 4,352,910	\$ 5,486,608

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, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025	2024
Net Change in Fund Balances - Total Governmental Funds	\$ (1,133,698)	\$ (133,008)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of Those Assets is Allocated Over their Estimated Useful Lives and Reported as Depreciation Expense.		
Capital Outlay Additions	2,388,715	2,884,665
Depreciation/Amortization Expense	(1,556,845)	(1,490,389)
	831,870	1,394,276
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is Reported. However, in the Governmental Funds, the Proceeds from the Capital Asset Dispositions Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in Fund Balance by the Cost of the Capital Assets Disposed.		
Add Accumulated Depreciation/Amortization on Capital Assets Retired	270,079	450,419
Less Cost Basis of Capital Assets Retired During the Year	(265,624)	(469,397)
	4,455	(18,978)
Governmental Funds Expense Insurance Payments When Paid. In the Statement of Activities, Only the Portion Applicable to the Current Year is Expensed. The Remaining is Recorded in the Statement of Net Position as Prepaid Insurance.		
Change in Prepaid Items	4,950	22,606
The Issuance of Long-Term Debt (e.g., bonds, leases, SBITA's) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Position. Also, Governmental Funds Report the Effect of Premiums, Discounts, and Similar Items when Debt is First Issued, Whereas These Amounts are Deferred and Amortized in the Statement of Activities.		
Proceeds from the Issuance of Long-Term Debt	(350,063)	(322,748)
Repayment of Principal on Long-Term Debt	457,015	481,410
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	265,722	(62,723)
(Increase) Decrease in Pension Expense	261,508	(115,400)
(Increase) Decrease in Accrued Interest Payable	1,000	967
Proportionate Share of Non-employer Contributions to the Pension Plans do not Provide Current Financial Resources and, therefore, are not Reported as Revenues in the Governmental Funds.	80,751	77,017
Change in Net Position of Governmental Activities	<u>\$ 423,510</u>	<u>\$ 1,323,419</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 140,000	\$ 140,000	\$ 145,590	\$ 5,590
Alcoholic Beverage Tax	18,500	18,500	14,075	(4,425)
Franchise Taxes	380,000	380,000	533,450	153,450
Sales Taxes	3,600,000	3,600,000	4,019,698	419,698
	<u>4,138,500</u>	<u>4,138,500</u>	<u>4,712,813</u>	<u>574,313</u>
Licenses and Permits:				
Occupational Licenses	370,000	370,000	417,667	47,667
Other Permits and Licenses	145,000	85,000	150,697	65,697
	<u>515,000</u>	<u>455,000</u>	<u>568,364</u>	<u>113,364</u>
Fines and Forfeits	420,000	340,000	301,099	(38,901)
Interest Income	45,000	45,000	44,217	(783)
Fees:				
Animal Adoption Fees	5,000	5,000	4,160	(840)
Parks and Recreation Fees	183,000	168,000	159,616	(8,384)
Road Maintenance	8,850	8,850	8,850	-
	<u>196,850</u>	<u>181,850</u>	<u>172,626</u>	<u>(9,224)</u>

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants:				
On Behalf Payments for Salaries	108,000	108,000	99,240	(8,760)
Federal Grants:				
Street Planning and Construction Grant	12,193,463	205,000	350,030	145,030
Law Enforcement Grants	2,000	2,000	21,038	19,038
	<u>12,303,463</u>	<u>315,000</u>	<u>470,308</u>	<u>155,308</u>
Miscellaneous:				
Parks and Recreation Concessions	85,000	85,000	82,513	(2,487)
Miscellaneous	167,050	167,050	237,387	70,337
	<u>252,050</u>	<u>252,050</u>	<u>319,900</u>	<u>67,850</u>
Total Revenues	<u>17,870,863</u>	<u>5,727,400</u>	<u>6,589,327</u>	<u>861,927</u>
Expenditures				
General Government:				
General Provisions:				
Salaries	1,182,600	1,247,600	1,225,527	22,073
Aldermen's Per Diem	72,000	72,000	72,000	-
Payroll Taxes, Retirement, and Group Insurance	538,900	538,900	511,248	27,652
Advertising	7,000	7,000	6,891	109
Collection Costs	103,200	103,200	93,209	9,991
Bank Charges	200	200	519	(319)
Community Events	50,000	85,000	82,890	2,110

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures (Continued)				
General Government (Continued):				
Contracted Services	65,000	65,000	44,327	20,673
Coroner Fees	4,000	4,000	2,900	1,100
Court Costs	18,000	18,000	18,000	-
Economic Development	20,000	20,000	19,500	500
Insurance	157,000	157,000	146,609	10,391
Legal and Professional	51,300	51,300	44,641	6,659
Membership Fees and Educational Training	40,000	40,000	38,597	1,403
Miscellaneous	10,500	10,500	11,871	(1,371)
Printing, Postage and Office Supplies	67,500	67,500	34,701	32,799
Rental Equipment	27,400	27,400	24,252	3,148
Repairs and Maintenance	80,000	130,000	133,595	(3,595)
Small Tools and Supplies	200	200	-	200
Telephone	49,000	49,000	48,117	883
Utilities	122,500	122,500	121,324	1,176
Uniforms	5,000	5,000	3,429	1,571
Vehicle Expenses	20,000	20,000	19,758	242
Total General Government	2,691,300	2,841,300	2,703,905	137,395
Public Safety:				
Animal Control:				
Salaries	156,000	156,000	149,970	6,030
Payroll Taxes, Retirement, and Group Insurance	114,500	129,500	122,376	7,124
Animal Care Expense	20,000	20,000	15,794	4,206
Insurance	19,500	19,500	11,105	8,395
Legal and Professional	4,900	4,900	1,933	2,967
Miscellaneous	18,200	18,200	14,467	3,733

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued)::				
Animal Control (Continued):				
Printing, Postage and Office Supplies	4,000	4,000	4,381	(381)
Small Tools and Supplies	12,500	12,500	6,255	6,245
Telephone	4,200	4,200	3,625	575
Utilities	14,400	14,400	13,724	676
Vehicle Expense	3,700	3,700	3,452	248
Total Animal Control	371,900	386,900	347,082	39,818
Police:				
Salaries	1,388,000	1,508,000	1,477,636	30,364
Payroll Taxes, Retirement, and Group Insurance	879,700	879,700	850,561	29,139
Contracted Services	8,500	8,500	5,328	3,172
Equipment Rental	77,400	102,400	100,768	1,632
Insurance	171,000	196,000	154,892	41,108
Membership Fees and Educational Training	32,000	32,000	25,220	6,780
Miscellaneous	17,500	17,500	10,841	6,659
Printing, Postage and Office Supplies	21,400	21,400	26,670	(5,270)
Professional Fees	35,500	35,500	25,892	9,608
Repairs and Maintenance	126,000	136,000	60,517	75,483
Small Tools and Supplies	36,800	36,800	30,896	5,904

(CONTINUED)

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Telephone	41,000	41,000	36,598	4,402
Uniforms	20,000	20,000	13,778	6,222
Utilities	23,000	23,000	20,694	2,306
Vehicle Expense	120,000	120,000	138,995	(18,995)
Total Police	2,997,800	3,177,800	2,979,286	198,514
Total Public Safety	3,369,700	3,564,700	3,326,368	238,332
Highways and Streets:				
Streets:				
Salaries	695,000	760,000	768,753	(8,753)
Payroll Taxes, Retirement, and Group Insurance	241,500	286,500	289,310	(2,810)
Contract Services	104,000	179,000	171,455	7,545
Equipment Expense	100,000	137,000	118,063	18,937
Equipment Rental	8,000	8,000	6,472	1,528
Insurance	119,000	131,000	102,752	28,248
Legal and Professional	105,500	105,500	74,759	30,741
Streets Maintenance and Materials	159,000	294,665	253,093	41,572
Membership Fees and Educational Training	3,500	3,500	1,692	1,808
Miscellaneous	6,500	6,500	99	6,401
Small Tools and Supplies	36,000	36,000	38,252	(2,252)
Telephone	9,000	9,000	9,994	(994)
Uniforms	10,400	10,400	9,265	1,135
Utilities	101,000	120,000	129,345	(9,345)
Total Highways and Streets	1,698,400	2,087,065	1,973,304	113,761

(CONTINUED)

CITY OF WALKER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	265,000	315,000	324,750	(9,750)
Payroll Taxes, Retirement, and Group Insurance	150,200	170,200	169,678	522
Contract Services	8,000	8,000	5,362	2,638
Concession Supplies	75,000	75,000	63,131	11,869
Equipment Rental	4,500	19,500	17,736	1,764
Insurance	40,700	40,700	32,223	8,477
Membership Fees and Educational Training	3,500	3,500	3,043	457
Miscellaneous	29,000	44,000	44,120	(120)
Legal and Professional	10,300	10,300	3,679	6,621
Printing, Postage and Office Supplies	3,800	3,800	7,076	(3,276)
Recreational Supplies	85,000	100,000	83,562	16,438
Repairs and Maintenance	107,500	127,500	122,288	5,212
Small Tools and Supplies	22,000	22,000	25,869	(3,869)
Telephone	10,600	10,600	9,445	1,155
Tournament Expenses	225,000	225,000	190,334	34,666
Utilities	47,000	47,000	67,423	(20,423)
Uniforms	2,200	2,200	2,106	94
Total Parks and Recreation	1,089,300	1,224,300	1,171,825	52,475
Capital Outlay	14,409,383	2,314,257	2,388,715	(74,458)
Debt Service:				
Principal Retirement	431,000	481,000	457,015	23,985
Interest	277,081	277,081	268,673	8,408
Total Debt Service	708,081	758,081	725,688	32,393
Total Expenditures	23,966,164	12,789,703	12,289,805	499,898

(CONTINUED)

CITY OF WALKER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Excess (Deficiency) of Revenues Over Expenditures	(6,095,301)	(7,062,303)	(5,700,478)	1,361,825
Other Financing Sources (Uses):				
Transfers In	6,109,000	4,727,665	4,727,665	-
Sale of Capital Assets	160,000	20,000	28,127	8,127
Proceeds from Issuance of Debt	-	285,901	350,063	64,162
Total Other Financing Sources (Uses)	<u>6,269,000</u>	<u>5,033,566</u>	<u>5,105,855</u>	<u>72,289</u>
Net Change in Fund Balance	173,699	(2,028,737)	(594,623)	1,434,114
Fund Balance at Beginning of Year	<u>1,425,467</u>	<u>1,425,467</u>	<u>1,425,467</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,599,166</u>	<u>\$ (603,270)</u>	<u>\$ 830,844</u>	<u>\$ 1,434,114</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues:				
Sales Taxes	\$ 1,800,000	\$ 1,800,000	\$ 2,011,828	\$ 211,828
Interest	40,000	40,000	48,978	8,978
Total Revenues	1,840,000	1,840,000	2,060,806	220,806
Expenditures:				
General Government:				
Collection Expenses	36,000	36,000	32,370	3,630
Total Expenditures	36,000	36,000	32,370	3,630
Excess of Revenues over Expenditures	1,804,000	1,804,000	2,028,436	224,436
Other Financing Sources (Uses):				
Operating Transfers Out	(4,554,000)	(2,567,511)	(2,567,511)	-
Total Other Financing Sources (Uses)	(4,554,000)	(2,567,511)	(2,567,511)	-
Net Change in Fund Balance	(2,750,000)	(763,511)	(539,075)	224,436
Fund Balance at Beginning of Year	4,061,141	4,061,141	4,061,141	-
Fund Balance at End of Year	<u>\$ 1,311,141</u>	<u>\$ 3,297,630</u>	<u>\$ 3,522,066</u>	<u>\$ 224,436</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

STATEMENT OF NET POSITION
PROPRIETARY FUND

AS OF DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	Enterprise Fund	
	2025	2024
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 5,025,877	\$ 5,660,835
Due from Other Funds	1,431,405	896,692
	6,457,282	6,557,527
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$15,000 in 2025 and \$15,000 in 2024)	1,409,193	1,199,715
Unbilled Utility Sales	804,402	844,738
Other	-	22,469
Due from Other Governments	640,257	1,677,653
	2,853,852	3,744,575
Inventory, at Cost	495,253	483,194
Prepaid Expenses	532,124	105,767
Total Current Assets	10,338,511	10,891,063
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Cash Revenue Bond Covenant Accounts	384,214	370,446
Investments - Customer Deposits	1,092,510	1,015,986
Prepaid Items	8,760	12,938
Capital Assets:		
Land and Construction in Progress	1,924,978	3,539,915
Other Capital Assets, Net of Accumulated Depreciation/Amortization	21,156,298	17,138,119
Total Capital Assets	23,081,276	20,678,034
Total Noncurrent Assets	24,566,760	22,077,404
Total Assets	34,905,271	32,968,467
Deferred Outflows of Resources:		
Deferred Amount on Refunding of Debt	147,708	218,163
Total Deferred Outflows of Resources	147,708	218,163
Total Assets and Deferred Outflows of Resources	\$ 35,052,979	\$ 33,186,630

(CONTINUED)

CITY OF WALKER

STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUND

AS OF DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	Enterprise Fund	
	2025	2024
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 572,796	\$ 1,551,351
Accrued Salaries and Wages	52,878	49,289
Compensated Absences Payable	33,982	60,531
Customers' Deposits	918,546	907,319
Other Current Liabilities	80,768	77,378
Bonds and Lease Payable - Current Portion	1,194,361	1,144,357
Accrued Bond Interest	16,049	20,545
Total Current Liabilities	2,869,380	3,810,770
Noncurrent Liabilities:		
Bonds and Lease Payable - Less Current Portion	1,921,744	3,010,701
Compensated Absences Payable	101,947	181,592
Total Noncurrent Liabilities	2,023,691	3,192,293
Total Liabilities	4,893,071	7,003,063
Net Position:		
Net Investment in Capital Assets	19,965,171	16,522,976
Restricted for Debt Service	368,165	349,901
Unrestricted	9,826,572	9,310,690
Total Net Position	30,159,908	26,183,567
Total Liabilities and Net Position	\$ 35,052,979	\$ 33,186,630

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2024)

	Enterprise Fund	
	2025	2024
Operating Revenues:		
Charges for Services	\$ 14,749,035	\$ 13,078,367
Total Operating Revenues	14,749,035	13,078,367
Operating Expenses:		
Personnel Services and Benefits	2,580,593	2,493,176
Contractual Services	1,109,440	1,193,955
Cost of Materials	3,166,988	2,291,428
Utilities	325,342	310,642
Repair and Maintenance	1,974,034	1,443,091
Supplies	205,992	213,003
Insurance	290,503	276,138
Depreciation	939,668	885,085
Amortization	540,486	518,348
Penalties	-	375
Bad Debts	19,035	21,071
Total Operating Expenses	11,152,081	9,646,312
Operating Income	3,596,954	3,432,055
Nonoperating Revenues:		
Net Interest and Investment Income (Loss)	147,477	94,401
Gain on Capital Asset Dispositions	-	99,393
Miscellaneous	144,378	153,354
Total Nonoperating Revenues	291,855	347,148
Nonoperating Expenses:		
Interest and Administrative Fees	96,291	121,828
Amortization of Bond Insurance Costs	4,178	4,069
Amortization of Bond Discount (Premium)	(26,449)	(25,752)
Amortization of Deferred Amount on Refunding	70,455	68,600
Total Nonoperating Expenses	144,475	168,745
Income Before Contributions and Transfers	3,744,334	3,610,458
Capital and Other Contributions	2,392,161	1,918,283
Transfers from Special Revenue Fund	1,964,846	1,261,892
Transfers to General Fund	(4,125,000)	(3,865,000)
Change in Net Position	3,976,341	2,925,633
Total Net Position at Beginning of Year	26,183,567	23,257,934
Total Net Position at End of Year	\$ 30,159,908	\$ 26,183,567

The accompanying notes are an integral part of this statement.

CITY OF WALKER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	Enterprise Fund	
	2025	2024
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 15,631,950	\$ 11,262,643
Cash Payments to Suppliers for Goods and Services	(8,485,880)	(4,914,760)
Cash Payments to Employees for Services and Benefits	(2,683,198)	(2,461,268)
Other Receipts (Payments)	(390,335)	174,478
Net Cash Provided by Operating Activities	4,072,537	4,061,093
Cash Flows From Noncapital Financing Activities:		
Transfer From Special Revenue Fund	1,964,846	1,261,892
Transfer To General Fund	(4,125,000)	(3,865,000)
Net Cash Used in Noncapital Financing Activities	(2,160,154)	(2,603,108)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Disposition of Assets	-	148,303
Acquisition and Construction of Capital Assets	(3,883,396)	(3,151,072)
Proceeds from Issuance of Debt	109,924	163,294
Principal Paid on Debt	(1,122,428)	(1,115,738)
Interest and Administrative Fees Paid on Debt	(100,787)	(126,211)
Capital Contributions/Grants	2,392,161	1,918,283
Net Cash Used in Capital and Related Financing Activities	(2,604,526)	(2,163,141)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(76,524)	(6,217)
Net Investment Income (Loss)	147,477	94,401
Net Cash Provided by Investing Activities	70,953	88,184
Net Decrease in Cash and Cash Equivalents	(621,190)	(616,972)
Cash and Cash Equivalents - Beginning of Year	6,031,281	6,648,253
Cash and Cash Equivalents - End of Year	\$ 5,410,091	\$ 6,031,281

(CONTINUED)

CITY OF WALKER

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2025

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	Enterprise Fund	
	2025	2024
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 3,596,954	\$ 3,432,055
Adjustments to Reconcile Operating Income		
to Net Cash Provided by Operating Activities:		
Depreciation	939,668	885,085
Amortization	540,486	518,348
Provision for Bad Debts	19,035	21,071
Miscellaneous Revenues	144,378	153,354
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	831,352	(1,549,358)
(Increase) Decrease in Unbilled Utility Sales	40,336	(277,621)
(Increase) Decrease in Due from Other Funds	(534,713)	21,124
(Increase) Decrease in Inventory	(12,059)	20,036
(Increase) Decrease in Prepaid Expenses	(426,357)	(16,515)
Increase (Decrease) in Accounts Payable	(978,555)	874,606
Increase (Decrease) in Accrued Salaries and Wages	3,589	18,768
Increase (Decrease) in Unearned Revenue	-	(68,615)
Increase (Decrease) in Other Current Liabilities	3,390	4,360
Increase (Decrease) in Customers' Deposits	11,227	11,255
Increase (Decrease) in Compensated Absences	(106,194)	13,140
Net Cash Provided by Operating Activities	<u>\$ 4,072,537</u>	<u>\$ 4,061,093</u>
Schedule of Noncash Investing, Capital, and Financing Activities:		
Amortization of Bond Insurance Cost	<u>\$ 4,178</u>	<u>\$ 4,069</u>
Amortization of Bond (Premium) Discount	<u>\$ (26,449)</u>	<u>\$ (25,752)</u>
Amortization of Deferred Amount on Refunding	<u>\$ 70,455</u>	<u>\$ 68,600</u>
Gain on Capital Asset Dispositions	<u>\$ -</u>	<u>\$ 99,393</u>
Reconciliation of Cash and Cash Equivalents to the		
Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 5,025,877	\$ 5,660,835
Cash and Cash Equivalents, Restricted	<u>384,214</u>	<u>370,446</u>
Total Cash and Cash Equivalents	<u>\$ 5,410,091</u>	<u>\$ 6,031,281</u>

The accompanying notes are an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Introduction:

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

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

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

A. Financial Reporting Entity

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

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

B. Basis of Presentation

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

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

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

Government-Wide Financial Statements:

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

Statement of Net Position - In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. The 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.
- *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.

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

Proprietary Funds

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

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

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

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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

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

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

The proprietary fund is accounted for on an economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 2025 was adopted on December 12, 2024.
- 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, 2025.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.

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

E. Cash and Investments

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

F. Receivables and Payables

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

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to one percent of the current year property tax levy at December 31, 2025.

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

G. Inventories and Prepaid Items

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

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

H. Restricted Assets

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

J. Deferred Outflows and Inflows of Resources

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

The City has deferred outflows and inflows of resources on the statement of net position that related to pensions and refunding bonds. See Pension Plans Note 11 and Changes in Long-Term Obligations Note 12.

K. Compensated Absences

Employees of the city earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year and is paid out upon termination with certain limitation based on years of service. 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. The cost of leave privileges is computed in accordance with GASB Codification Section C60. During the year ending December 31, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. In accordance with GASB 101 and the City's compensated absences policies, the City's compensated absences liabilities are recognized as earned for vacation (limited to max based on years of service) and as earned and determined more likely than not to be used for time off for sick leave. The City uses the LIFO method for compensated absences. As of December 31, 2025, the accrued liability for compensated absences amounted to \$409,208. The amount applicable to the Enterprise Fund was \$135,929 and is recorded in that Fund, and the amount of \$273,279 applicable to the General Fund is reflected on the Statement of Net Position in Governmental Activities.

L. Pensions

The City is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 11. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as it is reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Obligations

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

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

N. Net Position and Fund Balance

Government-Wide Statements

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

1. Net investment in capital assets - Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.
2. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either: (a) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) Imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Statements - Governmental Funds

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

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

Restricted - Amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes. Assigned fund balance includes (a) all remaining amounts (except for negative balances), that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose based on the discretion of the Council.

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

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Exhibit B-1). The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted first then unrestricted as needed. 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. When restricted, committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment actions.

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

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences may be material.

P. Current Year Adoption of New Accounting Standards

During the year, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*. This new accounting standard had no material effect on the District's financial statements.

2. Cash and Cash Equivalents

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

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

The City of Walker has cash and cash equivalents totaling \$10,344,628 at December 31, 2025. The following is a summary of cash and cash equivalents at December 31, 2025.

	Governmental Activities	Business-Type Activities	Total
Book Balances	\$ <u>4,934,537</u>	\$ <u>5,410,091</u>	\$ <u>10,344,628</u>
Bank Balances	\$ <u>5,148,675</u>	\$ <u>5,396,682</u>	\$ <u>10,545,357</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. The City does not have a formal policy on custodial credit risk. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds on demand. As of the December 31, 2025, the City has cash and cash equivalents in two banks. In one bank, the City has \$241,601 in restricted bank trust accounts which are all secured by the trust department of the respective bank. In the other bank, the City has \$10,303,756 in demand deposits and savings accounts (collected bank balances). \$500,000 of the \$10,303,756 in the demand deposits and savings are secured from risk by \$250,000 of federal deposit insurance on the demand deposits and \$250,000 of federal deposit insurance on the savings accounts. The remaining \$9,803,756 of demand deposits and savings accounts are secured by pledged securities. The \$9,803,756 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. Investments

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

At December 31, 2025, the City holds investments totaling \$1,495,006 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
<u>Governmental Activities:</u>		
Louisiana Asset Management Pool (LAMP)	\$ <u>402,496</u>	\$ <u>402,496</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund - A - Mutual Fund	\$ <u>1,092,510</u>	\$ <u>1,092,510</u>

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

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

LAMP:

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

- **Credit risk:** LAMP is rated AAAm by Standards and Poor's.
- **Custodial credit risk:** In the case of LAMP participants, investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of credit risk:** Pooled investments are excluded from the five percent disclosure requirement.
- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 73 days as of December 31, 2025.
- **Foreign currency risk:** Not applicable.

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact LAMP administrative offices at 800-249-5267.

Other Investments:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2025, U.S. Government Securities Fund - A - Mutual Funds of \$1,092,510 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. As a means of limiting its exposure to fair value changes arising from fluctuations in interest rates, the City invests in mutual funds that have underlying investments in government backed securities.

Credit Risk. Under state law, the City may invest in United States bonds, treasury notes, or certificates. The City invests in mutual funds with underlying securities that are in compliance with the state law.

Concentration of Credit Risk. U.S. Government Securities Fund - A - Mutual Fund investments are 73% of the total investments.

Custodial Credit Risk - Investments. In the case of investments in mutual funds, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy on custodial credit risk. 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, 2025, none of the City's investment in mutual funds of \$1,092,510 were exposed to custodial credit risk.

4. Ad Valorem Taxes

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

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

For the year ended December 31, 2025, taxes of 1.83 mills were levied on property with assessed valuations totaling \$80,096,227 and were dedicated to general purposes.

Total taxes levied were \$146,576. Taxes receivable at December 31, 2025, consisted of the following:

Taxes Receivable - Current Roll	\$133,890
Allowance for Uncollectible Taxes	<u>(1,466)</u>
	<u>\$132,424</u>

5. Receivables

Receivables as of December 31, 2025, including the applicable allowance for uncollectible accounts, are as follows:

	Ad Valorem Taxes	Franchise Taxes	Accounts	Enterprise	Unbilled Sales	Less: Allowance for Credit Losses	Total - Net Receivable
<u>Governmental Funds:</u>							
General Fund	\$ 133,890	\$ 143,942	\$ 34,207	\$ -	\$ -	\$ (1,466)	\$ 310,573
<u>Proprietary Fund:</u>							
Utility Fund	-	-	1,424,193	-	804,402	(15,000)	2,213,595
Total Receivables	<u>\$ 133,890</u>	<u>\$ 143,942</u>	<u>\$ 1,458,400</u>	<u>\$ -</u>	<u>\$ 804,402</u>	<u>\$ (16,466)</u>	<u>\$ 2,524,168</u>

6. Due From Other Governments

Due from Other Governments as of December 31, 2025, consists of the following:

	Livingston Parish School Board	FEMA	State of Louisiana	Louisiana Watershed Initiative	DWRLF	NGDISM	Total
<u>Governmental Funds:</u>							
General Fund	\$ 687,906	\$ -	\$ 3,123	\$ 128,835	\$ -	\$ -	\$ 819,864
2000 ½ Cent Sales Tax Fund	343,934	-	-	-	-	-	343,934
Total Governmental Activities	<u>1,031,840</u>	<u>-</u>	<u>3,123</u>	<u>128,835</u>	<u>-</u>	<u>-</u>	<u>1,163,798</u>
<u>Proprietary Fund:</u>							
Utility Fund	-	-	-	-	627,110	13,147	640,257
Total Due from Other Governments	<u>\$ 1,031,840</u>	<u>\$ -</u>	<u>\$ 3,123</u>	<u>\$ 128,835</u>	<u>\$ 627,110</u>	<u>\$ 13,147</u>	<u>\$ 1,804,055</u>

7. Interfund Receivables/Payables - Transfers In/Transfers Out

The following is a detailed list of interfund balances as of December 31, 2025, reported in the fund financial statements.

	Net Internal Due To	Net Internal Due From	Total
<u>Governmental Funds:</u>			
General Fund	\$ (558,408)	\$ -	\$ (558,408)
2000 ½ Cent Sales Tax Fund	(872,997)	-	(872,997)
Total Governmental Activities	(1,431,405)	-	(1,431,405)
<u>Proprietary Fund:</u>			
Utility Fund	-	1,431,405	1,431,405
Total Interfund Receivables (Payables)	<u>\$ (1,431,405)</u>	<u>\$ 1,431,405</u>	<u>\$ -</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Transfers In	Transfers Out	Total
<u>Governmental Funds:</u>			
General Fund:			
2000 ½ Cent Sales Tax Fund	\$ 602,665	\$ -	\$ 602,665
Utility Fund	4,125,000	-	4,125,000
Total General Fund	4,727,665	-	4,727,665
2000 ½ Cent Sales Tax Fund:			
General Fund	-	(602,665)	(602,665)
Utility Fund	-	(1,964,846)	(1,964,846)
Total 2000 ½ Cent Sales Tax Fund:	-	(2,567,511)	(2,567,511)
Total Governmental Activities	4,727,665	(2,567,511)	2,160,154
<u>Proprietary Fund:</u>			
General Fund	-	(4,125,000)	(4,125,000)
2000 ½ Cent Sales Tax Fund	1,964,846	-	1,964,846
Total Utility Fund	1,964,846	(4,125,000)	(2,160,154)
Total Transfers In (Out)	\$ 6,692,511	\$ (6,692,511)	\$ -

The transfers out of the 2000 ½ Cent Sales Tax Fund and transfers into the General Fund and Utility Fund are to cover the cost that are not covered by other funding. The transfers out of the Utility Fund and transfers into the General Fund are to cover the cost that are not covered by other funding.

8. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2025:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Right-of-Ways	\$ 3,022,150	\$ 384,250	\$ -	\$ 3,406,400
Construction in Progress	3,029,383	1,518,843	(2,376,788)	2,171,438
Total Capital Assets not being Depreciated	6,051,533	1,903,093	(2,376,788)	5,577,838
Capital Assets being Depreciated:				
Land Improvements	4,551,951	98,911	-	4,650,862
Buildings	15,582,317	736,902	-	16,319,219
Equipment and Vehicles	3,123,930	104,832	(231,554)	2,997,208
Furniture and Fixtures	46,593	-	-	46,593
Recreational Equipment	468,114	-	-	468,114
Infrastructure	4,938,449	1,540,975	-	6,479,424
Total Capital Assets being Depreciated	28,711,354	2,481,620	(231,554)	30,961,420
Less: Accumulated Depreciation for:				
Land Improvements	767,633	255,321	-	1,022,954
Buildings	2,219,984	605,695	-	2,825,679
Equipment and Vehicles	2,168,922	152,996	(231,554)	2,090,364
Furniture and Fixtures	27,353	2,043	-	29,396
Recreational Equipment	399,874	9,986	-	409,860
Infrastructure	2,241,311	167,724	-	2,409,035
Total Accumulated Depreciation	7,825,077	1,193,765	(231,554)	8,787,288
Total Capital Assets being Depreciated, Net	20,886,277	1,287,855	-	22,174,132
Lease Assets:				
Vehicles	1,113,826	380,790	(34,070)	1,460,546
Less: Accumulated Amortization for:				
Vehicles	500,460	313,808	(38,525)	775,743
Total Lease Assets Being Amortized, Net	613,366	66,982	4,455	684,803
Subscription Assets:				
Subscription Assets	246,358	-	-	246,358
Less: Accumulated Amortization for:				
Subscription Assets	36,954	49,272	-	86,226
Total Subscription Assets Being Amortized, Net	209,404	(49,272)	-	160,132
Total Governmental Activities Capital Assets, Net	\$ 27,760,580	\$ 3,208,658	\$ (2,372,333)	\$ 28,596,905

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 287,949	\$ -	\$ -	\$ 287,949
Land - Sewer System	99,875	-	-	99,875
Construction in Progress	3,152,091	3,618,912	(5,233,849)	1,537,154
Total Capital Assets not being Depreciated	3,539,915	3,618,912	(5,233,849)	1,924,978
Capital Assets being Depreciated:				
Gas System	8,369,677	821,585	-	9,191,262
Water System	9,530,923	3,406,412	-	12,937,335
Sewer System	14,272,225	916,252	-	15,188,477
Buildings	436,845	-	-	436,845
Land Improvements	332,944	-	-	332,944
Machinery and Equipment	1,405,650	232,754	-	1,638,404
Total Capital Assets being Depreciated	34,348,264	5,377,003	-	39,725,267
Less: Accumulated Depreciation for:				
Gas System	4,651,209	196,869	-	4,848,078
Water System	3,784,507	245,453	-	4,029,960
Sewer System	9,604,623	345,422	-	9,950,045
Buildings	170,853	9,832	-	180,685
Land Improvements	88,841	10,101	-	98,942
Machinery and Equipment	946,385	131,991	-	1,078,376
Total Accumulated Depreciation	19,246,418	939,668	-	20,186,086
Total Capital Assets being Depreciated, Net	15,101,846	4,437,335	-	19,539,181
Lease Assets:				
Equipment & Vehicles	3,373,748	121,330	(23,538)	3,471,540
Total Lease Assets being Amortization	3,373,748	121,330	(23,538)	3,471,540
Less: Accumulated Amortization for:				
Equipment and Vehicles	1,337,475	540,486	(23,538)	1,854,423
Total Accumulated Amortization	1,337,475	540,486	(23,538)	1,854,423
Total Lease Assets Being Amortized, Net	2,036,273	(419,156)	-	1,617,117
Total Business-Type Activities Capital Assets, Net	\$ 20,678,034	\$ 7,637,091	\$ (5,233,849)	\$ 23,081,276

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

Governmental Activities:

General Government	\$ 593,522
Public Safety	242,427
Highways and Streets	386,002
Parks and Recreation	334,894
Total Depreciation and Amortization Expense	
Governmental Activities	<u>\$ 1,556,845</u>

Business-Type Activities:

Water	\$ 654,272
Gas	390,511
Sewer	435,371
Total Depreciation and Amortization Expense -	
Business -Type Activities	<u>\$ 1,480,154</u>

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation expense is computed using the straight line method over the estimated useful lives of the assets as described in the Summary of Significant Accounting Policies. Lease and subscription assets are measured at the amount of the initial measurement of the liability, plus any payments made at or before the commencement of the term and certain direct costs. Lease and subscription assets are amortized using the straight line method over a period of the shorter of the term of the agreement or the useful life of the asset.

A summary of commitments under construction contracts for the City at December 31, 2025, follows:

Governmental Activities:

	Project Commitment	Expended to December 31, 2025	Unexpended Commitment
Pendarvis Lane Phase I	\$ 522,697	\$ 522,697	\$ -
Safe Routes Sidewalks	51,989	37,219	14,770
Aydell LN Bridge Replacement	327,140	210,815	116,325
Disc Golf Course	182,211	182,211	-
Sidney Hutchinson Park Dance Floor and Stage	48,001	48,001	-
Taylor Bayou Drainage Project	931,290	511,190	420,100
Pendarvis Phase II	435,020	230,510	204,510
Pendarvis Phase III	746,937	353,097	393,840
Parking Lot @ Sidney Hutchinson Park	73,650	73,650	-
Challenger's Field 4	2,048	2,048	-
Total	<u>\$ 3,320,983</u>	<u>\$ 2,171,438</u>	<u>\$ 1,149,545</u>

Business-Type Activities:

	Project Commitment	Expended to December 31, 2025	Unexpended Commitment
Water Well 6	\$ 415,496	\$ 133,497	\$ 281,999
Sewer Expansion Along 447 South of I-12	1,375,515	1,375,515	-
Gas System Ext on Springfield Rd	6,099	6,099	-
Water Well 5	660	660	-
NGDISM Gas Line Improvements	21,383	21,383	-
Total	<u>\$ 1,819,153</u>	<u>\$ 1,537,154</u>	<u>\$ 281,999</u>

Governmental Funds - Fund balance and Unexpended Commitments:

	Fund Balance Committed for Construction Contracts at December 31, 2025	Fund Unexpended Commitment December 31, 2025	Actual Committed Fund Balance Less Unexpended Commitment December 31, 2025
General Fund	<u>\$ 758,997</u>	<u>\$ 1,149,545</u>	<u>\$ (390,548)</u>

The \$390,548 deficit for committed construction contracts in the General Fund will be covered by future revenues.

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2025 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Payable	\$ 389,259	\$ 572,796	\$ 962,055
Unearned Revenue	246,051	-	246,051
Payroll Liabilities	271,672	80,768	352,440
Accrued Salaries	119,993	52,878	172,871
Other Liabilities	114	-	114
Customer Deposits	<u>-</u>	<u>918,546</u>	<u>918,546</u>
Total	<u>\$1,027,089</u>	<u>\$1,624,988</u>	<u>\$2,652,077</u>

For Governmental Activities, the unearned revenue balance is related to the completion of the 3rd floor of the new City Hall building. The sheriff's office paid for the finishing out of the 3rd floor (\$567,810 total) as they started leasing it for a five year term beginning March 2023. In exchange for the Sheriff's office paying for the 3rd floor to be finished, The City will treat this as payment for the first 5 years of rent. The City created this unearned revenue liability account to track this "rent" and will be reduced each month by the amount of the monthly rent due (\$9,463). This monthly rent will be recognized in other income. The balance as of December 31, 2025 is \$246,051.

10. Retirement Benefits (Other Than Police Officers)

The City has a qualified retirement plan (the City of Walker 401(K) Profit Sharing Plan) with employees eligible to participate upon completion of their sixth month of employment and must be employed full time. For employees hired prior to January 1, 2014, the City contributes 9% of the regular gross pay on the employee's behalf. Effective January 1, 2014, for employees hired after December 31, 2013, the City contributes 50% of the first six percent of employee contribution upon completion of 30 days of employment and the employee must be employed full time. The moneys contributed are used to make payments on annuity contracts for the benefit of the employee. The City's contributions to the plan amounted to \$143,159, for the year ended December 31, 2025.

11. Pension Plan

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

General Information about the Pension Plan

Plan Description:

Municipal Police Employees Retirement System of Louisiana (MPERS)

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

Benefits Provided:

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

A. Retirement, Survivor Benefits, and Disability Benefits

Membership Prior to January 1, 2013

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

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

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

Membership Commencing January 1, 2013

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

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

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. Surviving spouses of active members killed in the line of duty under the Hazardous Duty sub plan shall receive a benefit equal to 100% of the member's average final compensation less any surviving benefits payable to surviving children. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

Under Act 170 of the 2013 Regular Session of the Legislature, the Board of Trustees may not take action to authorize a COLA during any calendar year prior to the end of the legislative session for that year, during the first six months of any year, or in any calendar year in which the legislature has granted a COLA unless the legislation granting such COLA specifically allows the Board to also take COLA action.

Pursuant to R.S. 11:2225.5, the Board of Trustees may provide a nonrecurring lump sum payment (subject to frequency limitations) or permanent benefit increase only from funds set aside in the System's funding deposit account. The funding deposit account may be credited with up to 0.85% of plan payroll in any year in which the Board of Trustees elects to require that employers contribute an amount in excess of the rate determined under R.S. 11:103. In such years as the Board sets the employer contribution rate above the rate determined under R.S. 11:103 (the minimum net direct actuarially determined employer contribution rate) for the purpose of funding additional benefits for retirees, survivors, and beneficiaries, a contribution to the funding deposit account will be determined within the system's actuarial valuation. The funds in the account shall earn interest annually at the board approved valuation interest rate.

B. DROP Benefits

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 60 months or less for those employees who enter DROP subsequent to June 30, 2024. Prior to June 30, 2024, the duration of participation in the DROP was 36 months or less. Any employee who began participation in the DROP on or before June 30, 2024, who elected a participation of 36 months, and is participating in the plan on July 1, 2025, may elect to extend participation in the DROP for a total participation of not more than 60 months. If employment is terminated after the DROP period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money.

For those eligible to enter DROP subsequent to January 1, 2004 but before July 1, 2019, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate. If the member elects a money market investment account the funds are transferred to a government money market account. Pursuant to Act 78 of the 2019 Regular Session of the Louisiana Legislature, DROP members can self-direct their DROP funds. For those members who elected to self-direct their DROP funds, the System transferred lump sum distributions to a third party. The third-party acts as an agent of the System to allow participants to self-direct the investment of their lump sum balances. Participants can irrevocably elect to participate in the self-directed portion of the program.

C. Initial Benefit Option Plan

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

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The City's required contribution rate for the period January 1, 2025 to June 30, 2025 was 35.60% and was 33.48% for the period July 1, 2025 to December 31, 2025. The employee rate for both periods was 10% for hazardous duty members. Contributions to MPERS from the City were \$373,945 for the year ended December 31, 2025.

MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$80,750 for the year ended December 31, 2025.

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

At December 31, 2025, the City reported a liability of \$1,880,195 for its proportionate share of the net pension liability of MPERS. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the City's proportion was 0.272260% which was a decrease of 0.023833% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized pension expense of \$116,037 related to MPERS.

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,166	\$ 49,745
Changes in assumptions	-	86,357
Net difference between projected and actual earnings on pension plan investments	-	148,109
Changes in proportion and differences between employer contributions and proportionate share of contributions	19,120	199,816
Employer contributions subsequent to the measurement date	187,186	-
Total	<u>\$ 297,472</u>	<u>\$ 484,027</u>

\$187,186 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2026	\$ 104,452
2027	(239,585)
2028	(176,562)
2029	(62,046)
	\$ (373,741)

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 for the plan are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years
Inflation	2.50%
Investment rate of return	6.750% (net of investment expense)
Salary increases	Vary from 13.00% in first two years of service to 4.75% after 2 years

For MPERS, mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019 through June 30, 2024. The Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was selected for active members. The Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 sale was selected for healthy annuitants and beneficiaries. The Pub-2016 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 was selected for disabled annuitants.

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

For MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rates of return is 8.12% for the year ended June 30, 2025. Best estimates of arithmetic real rates of return for each major asset class included in the MPERS's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	51.0%	3.20%
Fixed Income	35.0%	1.21%
Alternative	14.0%	1.04%
Total	100.0%	5.45%
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

Discount Rate

The discount rate used to measure the total pension liability was 6.750%, which was the same from the prior measurement date of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2025 for MPERS:

	Changes in Discount Rate		
	1% Decrease	Current	1% Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 3,084,256	\$ 1,880,195	\$ 871,948

Pension Plans Fiduciary Net Position

MPERS issued a stand-alone audit report on its financial statements for the year ended June 30, 2025. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plan

At December 31, 2025, included in liabilities is a payable in the amount of \$39,997 to MPERS. This payable is normal legally required contributions to the pension plan.

12. Long-Term Obligations

The following is a summary of long-term obligations transactions of the City of Walker for the year ended December 31, 2025:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025	Due within 1 year
Governmental Activities:					
<u>Revenue Bonds</u>					
City Hall Construction Bond, Series 2018	\$ 5,965,000	\$ -	\$ 150,000	\$ 5,815,000	\$ 160,000
Discount on Bonds	(20,519)	-	(516)	(20,003)	(551)
Total Revenue Bonds	5,944,481	-	149,484	5,794,997	159,449
Compensated Absences	539,001	-	265,722	* 273,279	68,319
Lease Payable	491,735	350,063	241,135	600,663	274,335
Subscriptions Payable	196,931	-	45,882	151,049	48,047
Note Payable - Direct Borrowing	80,000	-	20,000	60,000	20,000
Total Governmental Activities	7,252,148	350,063	722,223	6,879,988	570,150
Business-Type Activities:					
<u>Revenue Bonds</u>					
Refunding Series Bonds, Series 2016 (Gross)	1,765,000	-	570,000	1,195,000	590,000
Combined Utilities Revenue Bonds, Series 2010B	112,000	-	21,000	91,000	22,000
Combined Utilities Revenue Bonds, Series 2011	220,764	-	36,000	184,764	36,000
Premium on Bonds	81,897	-	26,448	55,449	27,376
Total Revenue Bonds	2,179,661	-	653,448	1,526,213	675,376
Compensated Absences	242,123	-	106,194	* 135,929	33,982
Lease Payable	1,975,397	109,924	495,429	1,589,892	518,985
Total Business-Type Activities	4,397,181	109,924	1,255,071	3,252,034	1,228,343
Total Debt	<u>\$11,649,329</u>	<u>\$ 459,987</u>	<u>\$1,977,294</u>	<u>\$10,132,022</u>	<u>\$1,798,493</u>

* Presented Net

The general fund liquidates the obligations in the governmental activities and the enterprise fund liquidates the obligations in the business-type activities.

Prior Year Advance Refunding

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

The advance refunding of the Series 2009 Bonds resulted in differences between the reacquisition price and the net carrying amount of the old debt of \$604,275, which was deferred and is being amortized over the life of the new bonds. This difference is reported in the accompanying financial statements as Deferred Outflow of Resources and is to be charged to operations as a component of interest expense. At December 31, 2025, the unamortized balance is \$218,163. Also, as a result of the advance refunding, the Series 2009 bonds are paid off.

Refunding Bonds, Series 2016

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

\$ 1,195,000

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

<u>Year Ended December 31,</u>	<u>2016 Refunding Series - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 590,000	\$ 35,850	\$ 625,850
2027	605,000	18,150	623,150
	<u>\$ 1,195,000</u>	<u>\$ 54,000</u>	<u>\$ 1,249,000</u>

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

A debt service fund designed to achieve proper remittance of principal and interest payments as due on the Revenue Bond. The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2025, the Debt Service Fund requirement for the interest and principal accounts of the 2016 Revenue Refunding Bonds were fully funded with an actual balance of \$169,754, and is reported on the Proprietary Fund as restricted cash.

Combined Utilities Revenue Bonds, 2010B

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

\$ 91,000

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

Year Ended December 31,	2010B Utilities Revenue Bonds - Business-Type Activities			
	Principal	Interest	Fees	Total
2026	\$ 22,000	\$ 2,685	\$ 455	\$ 25,140
2027	22,000	2,036	345	24,381
2028	23,000	1,387	235	24,622
2029	24,000	708	120	24,828
	<u>\$ 91,000</u>	<u>\$ 6,816</u>	<u>\$ 1,155</u>	<u>\$ 98,971</u>

Combined Utilities Revenue Bonds, 2011

City of Walker Combined Utilities Revenue Bonds, Series 2011 - \$675,141 of Combined Utility Revenue Bonds Dated April 20, 2011, due in annual installments of principal and semi-annual installments of interest through October 1, 2030; interest rate of 0.45% \$ 184,764

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

Year Ended December 31,	2011 Utilities Revenue Bonds - Business-Type Activities			
	Principal	Interest	Fees	Total
2026	\$ 36,000	\$ 831	\$ 924	\$ 37,755
2027	37,000	669	744	38,413
2028	37,000	503	559	38,062
2029	37,000	336	374	37,710
2030	37,764	170	189	38,123
	<u>\$ 184,764</u>	<u>\$ 2,509</u>	<u>\$ 2,790</u>	<u>\$ 190,063</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, 2025, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$214,460 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal

Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2025.

Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, 2018

City of Walker Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds, Series 2018 - \$6,775,000 of Revenue Bonds Dated November 15, 2018, due in annual installments of principal and semi-annual installments of interest through November 1, 2048; variable interest rate ranging from 3.000% to 4.000%.

\$ 5,815,000

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

Year Ended December 31,	2018 Authority Revenue Bonds - Governmental Activities		
	Principal	Interest	Total
2026	\$ 160,000	\$ 234,781	\$ 394,781
2027	165,000	228,381	393,381
2028	170,000	221,781	391,781
2029	180,000	214,981	394,981
2030	185,000	207,781	392,781
2031-2035	1,045,000	921,306	1,966,306
2036-2040	1,275,000	694,906	1,969,906
2041-2045	1,545,000	418,906	1,963,906
2046-2048	1,090,000	90,956	1,180,956
	<u>\$ 5,815,000</u>	<u>\$ 3,233,779</u>	<u>\$ 9,048,779</u>

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

The City is also required to deposit funds into a "Reserve Fund" and a "Contingencies Fund" on a monthly basis. At December 31, 2025, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$71,847 and are reported on the General Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide system revenues in each Fiscal Year plus tax revenues, if any, sufficient to pay reasonable and necessary operations and

maintenance expenses in each Fiscal Year and provide in an amount equal to at least one hundred twenty-five percent of the maximum annual debt service requirements on the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 125 percent ratio for the fiscal year ended December 31, 2025.

Notes Payable - Direct Borrowing

The City entered into a cooperative endeavor agreement on December 27, 2018 for a donation and purchase of a building and 4.03 acres of land. The total appraised value of the building and land was \$570,000. As part of the agreement, 65% or \$370,000 of the value of the property was donated to the City and the remaining 35% was sold to the City for \$200,000. The \$200,000 purchase price is to be paid in 10 annual payments of principal only of \$20,000 due within 20 days of January 1st each year at 0% interest with the final payment due January 20, 2028. As per the agreement for a minimum of ten years, the property is restricted to be used for the direct benefit of the residents of Walker for the purpose of recreation, meetings space, education, community gardens, counseling, food bank, and or the housing of offices for non-profits providing services for children, disabled adults, senior citizens, or domestic abuse victims, or any other community service related purpose. After the 10-year period, there are no restrictions on how the City can use the property.

Direct Borrowing for the Year	Notes Payable - Governmental Activities		
Ended December 31,	Principal	Interest	Total
2026	\$ 20,000	\$ -	\$ 20,000
2027	20,000	-	20,000
2028	20,000	-	20,000
	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>

Bond Anticipation Note

On June 18, 2024, the City entered into a loan agreement with the Louisiana Department of Health (LDH) to borrow funds available in the Drinking Water Revolving Loan Fund not to exceed \$2,500,000. The funds will be used to finance a portion of the costs of constructing and acquiring improvements, extensions, and replacements to the drinking water component of the system, including equipment and fixtures. The loan is non-interest bearing and is entitled to 100% principal forgiveness. On December 11, 2024, the City signed an amendment to this loan agreement increasing the maximum sum to \$3,750,000 still entitled to 100% forgiveness. For the year ended December 31, 2025, the project was not yet complete. There is no bond anticipation note balance as the \$3,437,035 of bond draws is netted with the \$3,437,035 of forgiveness.

Lease Payable

The City records leases in accordance with GASB statement No. 87, *Leases*. Leases greater than 12 months are recorded as a right-of-use asset and a lease liability. At December 31, 2025, the City had a lease liability of \$2,190,555. See Note 8 for a recap of lease assets.

The City entered into a master fleet lease agreement with Enterprise on September 13, 2018 for financing the leasing of vehicles. The City has continued to finance the leasing of additional vehicles during 2025. As of December 31, 2025, this master lease agreement encompassed 63 vehicles with interest rates ranging from .78% - 4.65%, monthly payments ranging from \$37 - \$1,461, and final maturities ranging from May 1, 2026 - November 23, 2030.

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

The future leases payments under lease agreements and in the aggregate are as follows at December 31, 2025:

Description/Purpose	Lease Amount	Interest Rate	Final Maturity	Balance December 31, 2025
Agreement for the leasing of Utility Metering Solutions meter system	\$ 2,784,430	1.55%	6/30/2029	\$ 1,263,989
Agreement for the leasing of sixty three vehicles	\$ 1,974,795	.78% - 4.65%	11/23/2030	926,566
				<u>\$ 2,190,555</u>

Lease expense for the year ending December 31, 2025 is as follows:

	Governmental Activities	Business-Type
Lease expense		
Amortization expense by class of underlying asset		
Vehicle	\$ 313,808	\$ 189,756
Equipment	-	350,730
Total amortization expense	313,808	540,486
Interest on lease liabilities	18,675	34,106
Total	<u>\$ 332,483</u>	<u>\$ 574,592</u>

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

Year Ended December 31,	Principal	Interest	Total
2026	\$ 793,320	\$ 44,091	\$ 837,411
2027	574,448	25,704	600,152
2028	489,983	13,902	503,885
2029	277,834	4,822	282,656
2030	54,970	770	55,740
	<u>\$2,190,555</u>	<u>\$ 89,289</u>	<u>\$ 2,279,844</u>

Subscription-Based Information Technology Agreement (SBITA)

The City implemented GASB Statement No. 96 in fiscal year 2023 and now recognizes subscription-based information technology agreements (SBITAs) as right-to-use assets and related subscription liabilities. SBITA liabilities are recorded as the present value of the lease payments over expected the term of the agreement. SBITA assets are measured at the initial measurement of the lease liability plus any payments associated with the SBITA contract made to the SBITA vendor

at the commencement of the subscription term and capitalizable initial implementation costs, less any SBITA vendor incentives. The subscription asset is amortized in a systematic and rational manner over the short of the subscription term or the useful life of the underlying IT assets. The City uses the straight-line method for amortizing subscription assets.

In 2024, the City entered into a SBITA with a term of five years. The five year daily treasury par yield curve of 4.62% was used to calculate the present value of lease payments at the commencement date of the contract. The agreement requires yearly payments of \$50,375 for the first year and \$55,175 for the remaining four years with a final payment date of April 30, 2028.

The future SBITA payments are as follows at December 31, 2025:

Description/Purpose	Original SBITA	Interest Rate	Final Maturity	Balance December 31, 2025
SBITA for Law Enforcement Software	\$ 271,075	4.62%	3/31/2029	\$ 151,049

Subscription expense for the year ending December 31, 2025 is as follows:

Subscription Expense	Governmental Activities
Amortization expense by class of underlying asset	
SBITA - GASB 96	\$ 49,272
Total amortization expense	49,272
Interest on lease liabilities	7,861
Variable lease expense	-
Total	\$ 57,133

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

Year Ended December 31,	Principal	Interest	Total
2026	\$ 48,047	\$ 7,128	\$ 55,175
2027	50,314	4,861	55,175
2028	52,688	2,486	55,174
	<u>\$ 151,049</u>	<u>\$ 14,475</u>	<u>\$ 165,524</u>

13. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2025, 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 \$99,240 of on-behalf payments as revenue and as expenditures in the General Fund.

14. Restricted Assets

Restricted assets were applicable to the following at December 31, 2025:

	Governmental Activities	Business-Type Activities
Cash and Cash Equivalents:		
Combined Utility Bonds, Series 2010B and Series 2011 - Debt Service	\$ -	\$ 214,460
Refunding Bonds, Series 2016 - Debt Service	-	169,754
Revenue Bonds, Series 2018 - Debt Service	71,847	-
Total Cash and Cash Equivalents	71,847	384,214
Investments:		
Customers Deposits	-	1,092,510
Total Restricted Assets	\$ 71,847	\$ 1,476,724

15. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations by Department for the Year Ended December 31, 2025

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Operating Revenues:					
Charges for Services	\$ 9,129,882	\$ 2,408,060	\$ 1,272,647	\$ 458,743	\$ 13,269,332
Delinquent Charges	111,361	30,354	18,496	6,109	166,320
Miscellaneous	735,234	242,146	336,003	-	1,313,383
Total Operating Revenues	9,976,477	2,680,560	1,627,146	464,852	14,749,035
Operating Expenses:					
Direct	5,929,132	2,221,364	1,727,461	462,412	10,340,369
General and Administrative	373,790	204,066	230,443	3,413	811,712
Total Operating Expenses	6,302,922	2,425,430	1,957,904	465,825	11,152,081
Operating Income (Loss) by Department	3,673,555	255,130	(330,758)	(973)	3,596,954
Nonoperating Revenues	206,822	16,008	68,840	185	291,855
Nonoperating Expenses	(81,012)	(47,858)	(15,605)	-	(144,475)
Federal Grant	36,969	1,521,036	3,487	-	1,561,492
Capital Contribution	-	-	830,669	-	830,669
Transfers from Special Revenue	-	-	1,964,846	-	1,964,846
Transfers to General Fund	(4,125,000)	-	-	-	(4,125,000)
Change in Net Position					\$ 3,976,341
Business-Type Activities					
Departmental Net Income (Loss)	\$ (288,666)	\$ 1,744,316	\$ 2,521,479	\$ (788)	

**16. Schedule of Utility Enterprise Fund Operating Expenses by Department
for the Year Ended December 31, 2025**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 3,166,988	\$ -	\$ -	\$ -	\$ 3,166,988
Salaries and Wages	849,240	476,263	395,093	-	1,720,596
Payroll Taxes, Retirement and Group Insurance	509,249	179,957	170,791	-	859,997
Contract Services	120,948	79,796	19,967	462,412	683,123
Depreciation	271,757	255,226	412,685	-	939,668
Amortization	118,754	399,046	22,686	-	540,486
Equipment Expenses	55,112	19,125	21,942	-	96,179
Equipment Rental	16,799	15,553	54,656	-	87,008
Lab Fees	-	-	42,757	-	42,757
Maintenance	775,682	704,588	397,585	-	1,877,855
Small Tools and Supplies	24,899	6,087	17,644	-	48,630
Utilities	19,704	85,723	171,655	-	277,082
	5,929,132	2,221,364	1,727,461	462,412	10,340,369
General and Administrative Expenses:					
Insurance	121,128	78,372	91,003	-	290,503
Miscellaneous	48,448	54,673	23,469	-	126,590
Office Expense	14,775	9,451	6,546	-	30,772
Professional Fees	155,963	40,234	97,516	2,839	296,552
Telephone	23,633	15,364	9,263	-	48,260
Bad Debts	9,843	5,972	2,646	574	19,035
	373,790	204,066	230,443	3,413	811,712
Total Operating Expenses	<u>\$ 6,302,922</u>	<u>\$ 2,425,430</u>	<u>\$ 1,957,904</u>	<u>\$ 465,825</u>	<u>\$ 11,152,081</u>

**17. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2025**

Personal Services and Benefits:

Direct Labor	\$ 1,720,596
Payroll Taxes, Retirement and Group Insurance	859,997
	2,580,593

Contractual Services:

Equipment Rental	87,008
Lab Fees	42,757
Subcontract Services	683,123
Professional Fees	296,552
	1,109,440

Cost of Materials:

Natural Gas Purchases	3,166,988
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Utilities:

Utilities	277,082
Telephone	48,260
	325,342

Repair and Maintenance:

Equipment Expenses	96,179
Maintenance	1,877,855
	1,974,034

Supplies:

Small Tools and Supplies	48,630
Office Expense	30,772
Miscellaneous	126,590
	205,992

Insurance

290,503

Depreciation

939,668

Amortization - Leases

540,486

Bad Debts

19,035

Total Operating Expenses	\$ 11,152,081
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18. Litigation

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

19. Contingencies

DOTD Liability

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

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

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

20. Compensation Paid Mayor and Council Members

Jimmy Watson, Mayor 13561 Graham Lane Walker, LA 70785 (225) 665-5705	\$ 79,655
David Clark, Council Member P.O. Box 1407 Walker, LA 70785	14,400
James Eric Cook, Council Member 30272 Sunset Lane Walker, LA 70785 (225) 667-7218	14,400
Gary Griffin, Council Member P.O. Box 951 Walker, LA 70785 (225) 665-9125	14,400
Scarlett Major, Council Member 13699 AydeLL Lane Walker, LA 70785 (225) 665-6695	14,400
Tracy Girlinghouse, Council Member 28300 Magnolia Drive Walker, LA 70785 (225) 362-2345	<u>14,400</u>
	<u>\$151,655</u>

Terms expire December 31, 2028

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

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Jimmy Watson, Mayor, who was the acting agency head for the year ended December 31, 2025:

Salary	\$ 79,655
Benefits - Insurance	25,269
Benefits - Retirement	<u>7,169</u>
Total Compensation and Benefits	<u><u>\$ 112,093</u></u>

22. Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board will be effective for years subsequent to the City’s 2025 fiscal year.

1. Statement No. 103 - *Financial Reporting Model Improvements* (2026)
2. Statement No. 104 - *Disclosure of Certain Capital Assets* (2026)
3. Statement No. 105 - *Subsequent Events* (2027)

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

23. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements as of June 29, 2026, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

LAST TEN FISCAL YEARS*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees Retirement System of Louisiana:					
2016	0.26515%	\$ 2,485,201	\$ 743,310	334.34%	66.04%
2017	0.28638%	2,500,180	859,300	290.96%	70.08%
2018	0.28035%	2,370,298	830,426	285.43%	71.89%
2019	0.27631%	2,509,583	868,313	289.02%	71.01%
2020	0.29043%	2,683,969	897,146	299.17%	70.94%
2021	0.30330%	1,616,994	925,314	174.75%	84.09%
2022	0.29730%	3,038,688	883,279	344.02%	70.80%
2023	0.30668%	3,241,010	928,550	349.04%	71.30%
2024	0.29609%	2,683,048	963,366	278.51%	75.84%
2025	0.27226%	1,880,195	941,229	199.76%	81.94%

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

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF CONTRIBUTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Municipal Police Employees Retirement System of Louisiana:					
2016	\$ 244,373	\$ 244,373	\$ -	\$ 798,757	30.59%
2017	259,259	259,259	-	831,643	31.17%
2018	268,411	268,411	-	852,564	31.48%
2019	285,480	285,480	-	881,794	32.37%
2020	313,159	313,159	-	944,790	33.15%
2021	293,647	293,647	-	928,272	31.63%
2022	290,180	290,180	-	863,682	33.60%
2023	337,142	337,142	-	937,875	35.95%
2024	353,301	353,301	-	939,339	37.61%
2025	373,945	373,945	-	1,001,819	37.33%

See independent auditor's report.

CITY OF WALKER

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

Municipal Police Employees' Retirement System:

Changes in Actuarial Assumptions

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

Valuation Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016																																																																				
Investment Rate of Return	6.750%	6.750%	6.750%	6.750%	6.750%	6.950%	7.125%	7.20%	7.325%	7.50%																																																																				
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.875%																																																																				
Mortality Rate - Annuitant and Beneficiary	The Pub-2016 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP 2021 scale.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA set back 1 year for females	RP-2000 Healthy Annuitant Mortality Table set back 4 year for males and 3 years for females																																																																				
Mortality Rate - Employees	The Pub-2016 Public Retirement Plans Mortality Table for Safety Below - Median Employees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP 2021 scale.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Below - Median Healthy Retirees multiplied by 115% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females	RP-2000 Employee table set back 4 years for males and 3 years for females																																																																				
Mortality Rate - Disabled Annuitants	The Pub-2016 Public Retirement Plans Mortality Table Total Dataset for Safety Disabled Retirees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP 2021 scale.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	The Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale was used.	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females	RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females																																																																				
Salary increases, including inflation and merit	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>13.00%</td><td>4.75%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	13.00%	4.75%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>12.30%</td><td>4.70%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	12.30%	4.70%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>12.30%</td><td>4.70%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	12.30%	4.70%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>12.30%</td><td>4.70%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	12.30%	4.70%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>12.30%</td><td>4.70%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	12.30%	4.70%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>Above 2</td></tr><tr><td>12.30%</td><td>4.70%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	Above 2	12.30%	4.70%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>Above 23</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>Above 23</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>Above 23</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	Above 23	4.25%	<table><tr><th>Years of Service</th><th>Salary Growth Rate</th></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>Above 23</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	Above 23	4.25%
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13.00%	4.75%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	Above 2																																																																													
12.30%	4.70%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	Above 2																																																																													
12.30%	4.70%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	Above 2																																																																													
12.30%	4.70%																																																																													
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Years of Service	Salary Growth Rate																																																																													
1-2	Above 2																																																																													
12.30%	4.70%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	9.75%																																																																													
3-23	4.75%																																																																													
Above 23	4.25%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	9.75%																																																																													
3-23	4.75%																																																																													
Above 23	4.25%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	9.75%																																																																													
3-23	4.75%																																																																													
Above 23	4.25%																																																																													
Years of Service	Salary Growth Rate																																																																													
1-2	9.75%																																																																													
3-23	4.75%																																																																													
Above 23	4.25%																																																																													

Changes of Benefit Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2025.

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WALKER

SCHEDULE OF INSURANCE COVERAGE IN FORCE

FOR THE YEAR ENDED DECEMBER 31, 2025

Insurance Company / Policy Number	Coverage	Amount	Policy Period
Gallegher Public Entity IMP4003026	Auto Physical Damage	Per Schedule on File	10/07/2025 to 10/07/2026
EMC Insurance Co. 6A56447 / 6C34200	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2025 to 05/28/2026
EMC Insurance Co. 6F34200	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	\$ 100,000 \$ 100,000	05/28/25 to 05/28/26
LMA Risk Management 100-1285-2025-18709	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurrence Aggregate Law Enforcement Officer Personal Injury or Property Damage (\$1,000 Deductible) Errors and Omissions (\$1,000 Deductible) Automobile Liability Bodily Injury and Property Damage (\$0 Deductible)	\$ 1,000,000 \$ 1,000,000 included \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000	05/28/2025 to 05/28/2026
Hartford Life & Accident 43SR841655	Volunteer Police Officers Accident Accidental Death Accidental Dismemberment Accident Medical Expense (\$0 Deductible) Maximum Dental Accident Total Disability Maximum Payment per Week Waiting Period Maximum Payment Period Aggregate Limit of Liability Purchased	\$ 10,000 \$ 10,000 \$ 10,000 \$ 250 \$ 100.00 7 days 104 weeks \$ 1,000,000 \$ 1,000,000	03/11/2025 to 03/11/2026
Player's Health Cover USA PLH02GL00000774	NFL FLAG Aggregate Per Occurrence Sexual Abuse / Molestation Aggregate Per Occurance Accidental Medical Coverage	\$ 5,000,000 \$ 1,000,000 \$ 2,000,000 \$ 1,000,000 \$ 25,000	08/28/2025 to 8/28/2026

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

FOR THE YEAR ENDED DECEMBER 31, 2025

Number of Customers

	December 31, 2025	December 31, 2024	Increase (Decrease)
Gas Customers	11,007	10,859	148
Water Customers	5,178	5,162	16
Sewer Customers	2,600	2,591	9
Sanitation Customers	2,097	2,085	12

Revenue Data Per Customer Per Month

	December 31, 2025	December 31, 2024	Increase (Decrease)	Percentage Change
Gas Sales	\$69.12	\$63.53	\$5.59	9%
Water Sales	\$38.75	\$32.92	\$5.83	18%
Sewer Sales	\$40.79	\$40.40	\$0.39	1%
Sanitation Sales	\$18.23	\$16.77	\$1.46	9%

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF UTILITY RATES AND TAP FEES

FOR THE YEAR ENDED DECEMBER 31, 2025

Fees		Connection Fees	
		Type	Fee
<u>Gas</u>		Gas Taps	
Residential and Commercial		3/4 in	\$ 1,070.40
Minimum Flat Rate	\$ 10.49	1 in	\$ 1,309.67
Per 100 CFT of Gas Used	0.99		
<u>Water</u>		Water Taps	Inside City Outside City
Residential		3/4 in	\$ 1,340.72 \$ 1,529.61
First 2,000 Gallons	\$ 21.08	1 in	\$ 1,559.29 \$ 1,735.59
Per Next 1,000 Gallons of Water Used	3.50	1 1/2 in	\$ 2,710.82 \$ 2,887.11
Commercial		2 in	\$ 2,829.80 \$ 3,006.10
First 2,000 Gallons	\$ 52.34	3 in	\$ 5,771.53 \$ 6,048.57
Per Next 1,000 Gallons of Water Used	5.50	>3 in	varies varies
<u>Sewer</u>		Sewer Taps	Inside City Outside City
Residential			\$ 1,385.23 \$ 1,637.09
First 3,000 Gallons (Gravity)	\$ 25.95		
First 3,000 Gallons (Grinder Pump)	23.76	Tie-in Fee	\$ 200
Per Next 1,000 Gallons of Water Used	2.50		
Commercial		Sewer Impact Fee	\$ 2,203.78
First 3,000 Gallons	\$ 34.34		
Per Next 1,000 Gallons of Water Used	3.55		
<u>Sanitation</u>			
Residential and Commercial			
Flat Rate per Cart	\$ 16.85		
Senior Citizens			
Flat Rate per Cart	\$ 12.42		

Sewer, Gas and Water Misc. Fees

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

See independent auditor's report.

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor/Pass - Through Grantor/Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<u>United States Department of the Interior</u>				
<i>Passed Through Louisiana Department of Transportation and Development</i>				
Natural Gas Distribution Infrastructure Safety and Modernization Grant Program	20.708	693JK32540083NGDI	\$ -	\$ 36,969
Total United States Department of the Interior			-	36,969
<u>United States Department of Justice</u>				
<i>Passed Through Louisiana Department of Justice</i>				
Bulletproof Vest Partnership Program	16.607	N/A	-	2,431
<i>Passed Through Louisiana Local Emergency Planning Committee</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	7756	-	15,830
Total United States Department of Justice			-	18,261
<u>United States Environmental Protection Agency</u>				
<i>Passed Through Louisiana Department of Health and Hospitals</i>				
Drinking Water State Revolving Funds	66.468	1063017-02	-	1,521,036
Total United States Department of Health			-	1,521,036
<u>United States Department of Transportation</u>				
<i>Passed Through Louisiana Highway Safety Commission</i>				
State and Community Highway Safety (Highway Safety Cluster)	20.600	N/A	-	2,777
Total United States Department of Transportation			-	2,777
<u>United States Department of Housing and Urban Development</u>				
<i>Passed Through Louisiana Office of Community Development</i>				
Community Development Block Grants	14.228	B-16-DL-22-0001	-	3,487
Community Development Block Grants	14.228	B-18-DP-22-30001	-	350,030
Total Community Development Block Grants			-	353,517
Total United States Department of Housing and Urban Development			-	353,517
Total Expenditures of Federal Awards			\$ -	\$ 1,932,560

See independent auditor's report.

CITY OF WALKER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2025

Note A - Significant Accounting Policies -

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

Note B - Indirect Cost Rate Election -

The City did not elect to use the de minimis indirect cost rate up to 15% during the year ended December 31, 2025.

Note C - Reconciliation of Federal Expenditures -

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

\$ 1,932,560

Federal Grant Revenues as reported on:

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

\$ 371,068

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

1,561,492

\$ 1,932,560

See independent auditor's report.

CITY OF WALKER

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY

FOR THE YEAR ENDED DECEMBER 31, 2025

	First Six Month Period Ended 06/30/25	Second Six Month Period Ended 12/31/25
Cash Basis Presentation		
Beginning Cash Balance	\$ 31,731	\$ 38,556
Add: Collections		
Cash Bonds	4,400	3,900
Criminal Court Costs/Fees	62,909	49,477
Criminal Fines - Other/Non-Contempt	184,545	144,122
Subtotal Collections	<u>251,854</u>	<u>197,499</u>
Less: Amounts Retained by City of Walker		
Criminal Court Costs/Fees	62,909	49,477
Criminal Fines - Other/Non-Contempt	105,708	95,301
Subtotal Retained by City of Walker	<u>168,617</u>	<u>144,778</u>
Less: Disbursements To Other Governments & Nonprofits:		
Florida Parishes Juvenile Justice District (Criminal Court Costs/Fees)	6,257	4,610
21st Judicial District Court Judicial Expense Fund (Criminal Fines - Other/Non-Contempt)	56,704	42,379
LA Commission on Law Enforcement and Administration of Criminal Justice (Criminal Court Costs/Fees)	3,026	2,163
Louisiana Department of Health (Criminal Court Costs/Fees)	2,520	1,745
Department of the Treasury (Criminal Court Costs/Fees)	150	25
Supreme Court (Criminal Court Costs/Fees)	658	508
Capital Region Crime Stoppers Inc (Criminal Court Costs/Fees)	2,532	1,986
Department of the Treasury (Criminal Court Costs/Fees)	3,966	3,039
Subtotal Disbursements to Other Governments & Nonprofits	<u>75,813</u>	<u>56,455</u>
Less: Disbursements to Individuals and Entities, Excluding Governments and Nonprofits		
Collection/Processing Fees Paid to Third Party Entities	-	220
Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	599	561
Subtotal Disbursements to Individuals and Entities, Excluding Governments and Nonprofits	<u>599</u>	<u>781</u>
Subtotal Disbursements/Retainage	<u>245,029</u>	<u>202,014</u>
Ending Cash Balance	<u>\$ 38,556</u>	<u>\$ 34,041</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected
Total Waivers During the Fiscal Period

- -
- -

See independent auditor's report.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2025, 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 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 29, 2026

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Walker's ("the City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Walker complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Hannis T. Bourgeois, LLP

Denham Springs, Louisiana
June 29, 2026

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Type of auditor's report issued: unmodified

- | | | |
|---|-----------------------|---------------------------------|
| • Material weaknesses identified? | <u> </u> Yes | <u> x </u> No |
| • Significant deficiencies identified? | <u> </u> Yes | <u> x </u> None Noted |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> x </u> No |

Internal control over major federal programs:

- | | | |
|--|-----------------------|-------------------------|
| • Material weaknesses identified? | <u> </u> Yes | <u> x </u> No |
| • Significant deficiencies identified? | Yes | x None Noted |

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes	☒	No
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Identification of major federal program:

	Assistance Listing Number
<u>Name of Federal Programs or Cluster</u>	

United States Environmental Protection Agency

Passed Through Louisiana Department of Health and Hospitals

Drinking Water State Revolving Funds	66.468
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- The dollar threshold used to distinguish between Types A and B programs:

- Auditee qualified as a low-risk auditee?	x	Yes	No
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CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2025

Section II: Financial Statement Findings

1. Internal control Over Financial Reporting

None

2. Compliance and Other Matters

None

Section III: Federal Awards Findings

1. Internal Control Over Compliance

None

2. Compliance

None

CITY OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

Section I: Financial Statement Findings

1. Internal control Over Financial Reporting
None
2. Compliance and Other Matters
None

Section II: Federal Awards Findings

1. Internal Control Over Compliance
None
2. Compliance
None

CITY OF WALKER
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
DECEMBER 31, 2025

Independent Accountant's Report
on Applying Agreed-Upon Procedures
For the Year Ended December 31, 2025

To the Honorable Jimmy Watson, Mayor
and Members of the City Council
City of Walker
Walker, Louisiana
and to the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The City of Walker's (the City) management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. – **No exceptions noted.**
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes. – **No exceptions noted.**
 - iii. ***Disbursements***, including processing, reviewing, and approving. – **No exceptions noted.**

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). – **No exceptions noted.**
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules. – **No exceptions noted.**
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. – **No exceptions noted.**
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. – **No exceptions noted.**
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). – **No exceptions noted.**
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. – **No exceptions noted.**
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **No exceptions noted.**
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. – **No exceptions noted.**
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. – **No exceptions noted.**

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. – **No exceptions noted.**

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.* – **No exceptions noted.**
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. – **Per review of the prior year audit report, there was no negative unassigned fund balance in the general fund.**
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved. – **There were no audit findings in the prior year.**

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); – **No exceptions noted.**
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and – **No exceptions noted.**
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **No exceptions noted.**

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). – **No exceptions noted.**
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers. – **No exceptions noted.**

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit; and – **No exceptions noted.**
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. – **No exceptions noted.**
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation. – **No exceptions noted.**
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period. – **No exceptions noted.**
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered. – **No exceptions noted.**
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. – **No exceptions noted.**
 - iii. Trace the deposit slip total to the actual deposit per the bank statement. – **No exceptions noted.**
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). –
- Finding** – For one item selected deposit, the deposit was made three days after receipt at the collection location.
- v. Trace the actual deposit per the bank statement to the general ledger. – **No exceptions noted.**

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). – **No exceptions noted.**
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. – **No exceptions noted.**
 - ii. At least two employees are involved in processing and approving payments to vendors. – **No exceptions noted.**

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files. – **No exceptions noted.**
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and – **No exceptions noted.**
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. – **No exceptions noted.**
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and: – **No exceptions noted.**
- i. Observe whether the disbursement, whether by paper or electronic, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity; and – **No exceptions noted.**
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable. – **No exceptions noted.**
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.* – **No exceptions noted.**

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. – **No exceptions noted.**
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and – **No exceptions noted.**
 - ii. Observe that finance charges and late fees were not assessed on the selected statements. – **No exceptions noted.**

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions noted.**
- D. Using the listing of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed. – **No exceptions.**

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected: – **No exceptions noted.**
- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide) or the U.S. General Services Administration (www.gsa.gov). – **No exceptions noted.**
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. – **No exceptions noted.**
 - iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures #1A(vii); and – **No exceptions noted.**
 - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No exceptions noted.**

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. – **No exceptions noted.**
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). – **No exceptions noted.**

- iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and – **No exceptions noted.**
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract. – **No exceptions noted.**

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. – **No exceptions noted.**
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). – **No exceptions noted.**
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials. – **No exceptions noted.**
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and – **No exceptions noted.**
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file. – **No exceptions noted.**
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy. – **No exceptions noted.**
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. – **No exceptions noted.**

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A above obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and – **No exceptions noted.**
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. – **No exceptions noted.**

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. – **No exceptions noted.**

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution. – **Obtained management's representation that the City did not issue any debt during the fiscal period.**
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). – **No exceptions noted.**

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. – **No exceptions noted.**
- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. – **No exceptions noted.**

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted. – **We performed the procedure and discussed the results with management.**
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. – **We performed the procedure and discussed the results with management.**
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor. – **We performed the procedure and discussed the results with management.**

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. – **We performed the procedure and discussed the results with management.**
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- a) Hired before June 9, 2020 - completed the training; and
 - b) Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343. – **No exceptions noted.**
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website). – **No exceptions noted.**
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions noted.

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Respectfully submitted,

Hannis T. Boudgeois, LLP

Denham Springs, Louisiana
June 29, 2026

MAYOR
Jimmy Watson

CITY ATTORNEY
Bobby King

**CHIEF OF
OPERATIONS**
Jamie Etheridge

CITY CLERK
Kelsey Murray



MAYOR PRO TEM
Scarlett Milton Major

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June 29, 2026

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City of Walker
Management's Response to 2025 AUP Exceptions

4) Collections (excluding electronic funds transfers)

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

EXCEPTION - HTB noted a \$940 Parks & Rec daily cash report that was dated 4/14/25 but not deposited until 4/17/25.

Management's Response/Corrective Action – The City's management will continue to monitor deposit activity and reinforce established cash-handling and deposit procedures with staff to promote timely processing of deposits.

Signature: _____

Signature: _____

Title: _____

Title: _____