

**CITY OF WALKER, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 01 2012

**CITY OF WALKER  
WALKER, LOUISIANA  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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June 18, 2012

Independent Auditor's Report

The Honorable Bobby Font, Mayor  
and Members of the Board of Aldermen  
City of Walker  
Walker, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City of Walker's December 31, 2010 financial statements and, in our report dated May 18, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the respective budgetary comparison statements for the general fund and the 2000 ½ Cent Sales Tax Special Revenue Fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective budgetary comparison statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City of Walker adopted the provisions of Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012, on our consideration of the City of Walker's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's financial statements as a whole. The accompanying schedule of expenditures of federal awards, identified on the Table of Contents as Schedule 1, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

*Thomas J. Bourgeois, CPA*

## 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, 2011. The intent of Management's Discussion and Analysis ("MD&A") is to look at the overall financial performance of the City using an objective, easily readable analysis of the City's financial activities. Therefore, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Basic Financial Statements. Please reference the Table of Contents for the exact location of those items.

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

#### **Financial Highlights**

- Government wide net assets increased \$997,357 (7.62%)
- Governmental activities net assets increased \$534,340 (18.37%)
- Business-type activities net assets increased \$463,017 (4.55%)
- Governmental activities unrestricted net assets increased \$684,714 (698.43%)
- Governmental funds fund balance increased \$523,688 (19.44%)

#### **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 Assets* and the *Statement of Activities*.

The *Statement of Net Assets* (Exhibit A-1) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 long term debt portion of the Refunding Bonds Series 2009, and other expenditures specifically allowed in the tax proposition. 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. A budgetary comparison statement has been provided for the general fund (Exhibit B-5) and the special revenue (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 29 - 59 of this report.

**Government-wide Financial Analysis**

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2011. The City's net assets at December 31, 2011 were \$14,078,635. Capital assets of the Business-Type Activities are reported net of accumulated depreciation; and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Assets as of December 31, 2011 with comparative figures for 2010.

| City of Walker<br>Condensed Statement of Net Assets<br>For the Year Ended December 31, 2011 |                            |                             |                      |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Totals<br>2011       | Totals<br>2010       |
| <b>ASSETS</b>   |                            |                             |                      |                      |
| Current and Other Assets  | \$ 3,714,909               | \$ 5,530,374                | \$ 9,245,283         | \$ 8,259,801         |
| Restricted Assets   | -                          | 905,208                     | 905,208              | 848,605              |
| Deferred Bond Issuance Costs  | 136,066                    | 275,690                     | 411,756              | 406,709              |
| Capital Assets  | 2,660,370                  | 11,271,772                  | 13,932,142           | 12,903,807           |
| Total assets  | <u>\$ 6,511,345</u>        | <u>\$ 17,983,044</u>        | <u>\$ 24,494,389</u> | <u>\$ 22,418,922</u> |
| <b>LIABILITIES</b>  |                            |                             |                      |                      |
| Current Liabilities   | \$ 464,338                 | \$ 2,550,663                | \$ 3,015,001         | \$ 1,704,170         |
| Long-Term Liabilities   | 2,603,887                  | 4,796,866                   | 7,400,753            | 7,633,474            |
| Total Liabilities   | <u>3,068,225</u>           | <u>7,347,529</u>            | <u>10,415,754</u>    | <u>9,337,644</u>     |
| <b>NET ASSETS</b>   |                            |                             |                      |                      |
| Invested in Capital Assets  |                            |                             |                      |                      |
| Net of Debt   | 2,660,370                  | 6,526,940                   | 9,187,310            | 8,074,268            |
| Restricted  | -                          | 72,957                      | 72,957               | 68,916               |
| Unrestricted  | 782,750                    | 4,035,618                   | 4,818,368            | 4,938,094            |
| Total Net Assets  | <u>3,443,120</u>           | <u>10,635,515</u>           | <u>14,078,635</u>    | <u>13,081,278</u>    |
| Total Liabilities and<br>Net Assets   | <u>\$ 6,511,345</u>        | <u>\$ 17,983,044</u>        | <u>\$ 24,494,389</u> | <u>\$ 22,418,922</u> |

The Statement of Activities for 2011 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 expenses for the City in fiscal year 2011 were \$11,494,741. Of the governmental activities expenses, \$1,115,855 was covered by program revenues and operating and capital grants. The remainder, or \$4,716,566, was funded by general revenues, primarily sales, franchise, and property taxes, occupational licenses, and permits. For business-type activities, program revenues exceeded expenses by \$980,849.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2011 with comparative figures for 2010.

| City of Walker<br>Condensed Statement of Activities<br>For the Year Ended December 31, 2011 |                            |                             |                      |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Totals<br>2011       | Totals<br>2010       |
| <b>Revenues</b>   |                            |                             |                      |                      |
| <b>Program Revenues:</b>  |                            |                             |                      |                      |
| Charges for Services  | \$ 753,700                 | \$ 6,542,388                | \$ 7,296,088         | \$ 8,315,654         |
| Operating Grants and Contributions  | 230,552                    | 15,848                      | 246,400              | 287,007              |
| Capital Grants and Contributions  | 131,603                    | 84,933                      | 216,536              | 231,291              |
| <b>General Revenues:</b>  |                            |                             |                      |                      |
| Taxes   | 4,513,963                  | -                           | 4,513,963            | 4,009,521            |
| Other Grants and Contributions not<br>Restricted to Specific Programs                       | 12,817                     | -                           | 12,817               | 13,266               |
| Interest Income   | 10,335                     | 52,652                      | 62,987               | 52,741               |
| Net Gain on Sale of Assets  | 88,690                     | -                           | 88,690               | -                    |
| Miscellaneous Income  | 25,101                     | 29,516                      | 54,617               | 42,147               |
| Transfers   | 600,000                    | (600,000)                   | -                    | -                    |
| <b>Total Revenues</b>   | <b>6,366,761</b>           | <b>6,125,337</b>            | <b>12,492,098</b>    | <b>12,951,627</b>    |
| <b>Expenses:</b>  |                            |                             |                      |                      |
| General Government  | 1,722,650                  | -                           | 1,722,650            | 1,512,504            |
| Public Safety   | 2,298,059                  | -                           | 2,298,059            | 2,262,734            |
| Highways and Streets  | 1,354,563                  | -                           | 1,354,563            | 1,078,968            |
| Parks and Recreation  | 339,915                    | -                           | 339,915              | 278,322              |
| Interest on Long-Term Debt  | 117,234                    | -                           | 117,234              | 125,878              |
| Gas   | -                          | 3,193,220                   | 3,193,220            | 3,669,258            |
| Water   | -                          | 880,852                     | 880,852              | 913,270              |
| Sewer   | -                          | 1,223,669                   | 1,223,669            | 1,133,453            |
| Sanitation  | -                          | 364,579                     | 364,579              | 355,326              |
| <b>Total Expenses</b>   | <b>5,832,421</b>           | <b>5,662,320</b>            | <b>11,494,741</b>    | <b>11,329,713</b>    |
| <b>Increase (Decrease) in Net Assets</b>  | <b>534,340</b>             | <b>463,017</b>              | <b>997,357</b>       | <b>1,621,914</b>     |
| Net Assets - Beginning of Year  | 2,908,780                  | 10,172,498                  | 13,081,278           | 11,459,364           |
| <b>Net Assets - End of Year</b>   | <b>\$ 3,443,120</b>        | <b>\$ 10,635,515</b>        | <b>\$ 14,078,635</b> | <b>\$ 13,081,278</b> |

**Governmental activities.** Governmental activities net assets increased \$534,340 (18.37%). Although expenses increased 10.92%, revenues increased 7.53% primarily due to a 12.58% increase in taxes.

**Business-type activities.** Business-type activities net assets increased \$463,017 (4.55%). Key areas of note are detailed below:

- Gas department revenues exceeded expenses by \$1,342,771 with \$900,000 being transferred to the general fund leaving departmental net income of \$442,771.
- Sewer department expenses exceeded revenues by \$374,240 One of the provisions of the ½ Cent Sales Tax calls for net proceeds (after paying the reasonable and necessary costs of administering and collecting the tax) to be expended for extending, improving, maintaining and operating the sewerage system of the City. \$300,000 was transferred to the sewer activity for fiscal year 2011, resulting in a \$74,240 net loss.
- Water department revenues exceeded expenses by \$126,989; while the Sanitation department expenses exceeded revenues by \$32,503.

### **Analysis of Fund Financial Statements**

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

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,218,209, an increase of \$523,688 in the current year. The general fund, which is the chief operating fund of the City, reported \$1,187,511 excess expenditures over revenues. The transfer of \$900,000 from the Gas department and the sale of capital assets of \$264,911 resulted in \$22,600 net decrease in fund balance. The 2000 ½ Cent Sales Tax Fund reported \$846,288 excess revenues over expenditures; and a \$546,288 net increase in fund balance after a \$300,000 transfer to the Sewer department to support operations of the wastewater treatment plant.

**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 report net operating income of \$1,078,583, an increase in combined net assets of \$463,017, and a net increase in cash and cash equivalents of \$775,788.

### **General Fund Budgetary Summary**

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

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

**Capital assets.** The City's investment in capital assets (net of depreciation) for its governmental and business type activities as of December 31, 2011, amounts to \$13,932,142, an increase of \$1,028,335 from the December 31, 2010 amount. 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. Depreciation expense recorded for the governmental activities for 2011 amounted to \$327,984, while depreciation expense recorded for the business-type activities totaled \$587,198.

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

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$7,981,124, an increase of \$347,650 (4.55%) over prior year. A breakdown of the long-term debt is as follows:

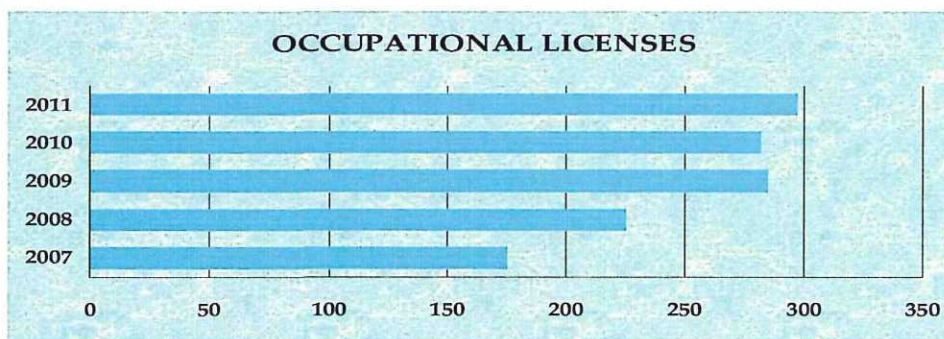
- The 2009 Utility Revenue Bonds have an outstanding balance, net of discounts, of \$6,896,033, with \$2,499,501 payable from the ½ Cent Sales Tax Fund and \$4,396,532 payable from the Enterprise Fund.
- The 2010 Utility Revenue Bonds have an outstanding balance of \$348,300.
- The City issued the 2011 Utility Revenue Bonds in the amount of \$750,000 to fund sewer infrastructure improvements. Construction was not completed as of December 31, 2011; however the balance of the bond anticipation note payable as of the same date was \$580,371.
- Compensated absences total \$156,420.

Additional information on the City's long-term debt can be found in note 13 on pages 48-52.

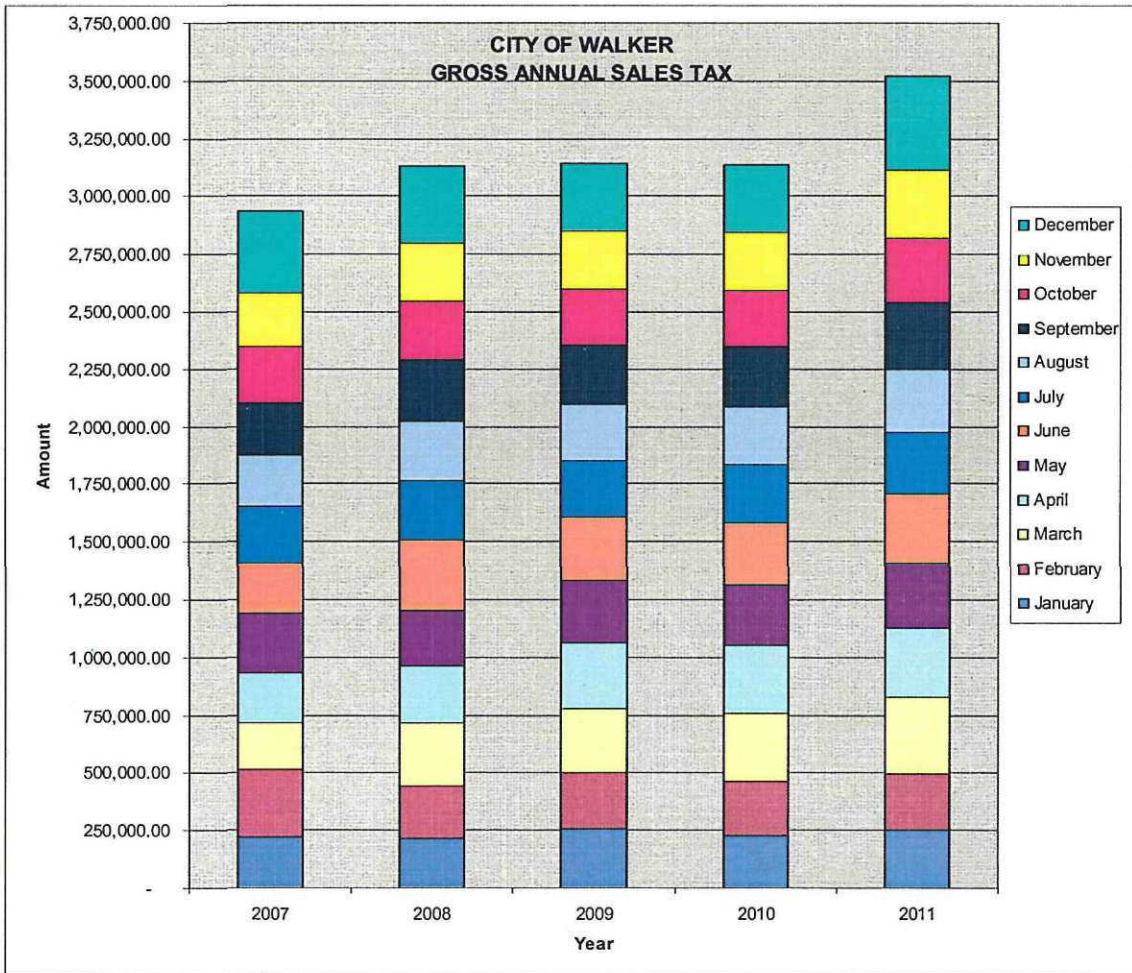
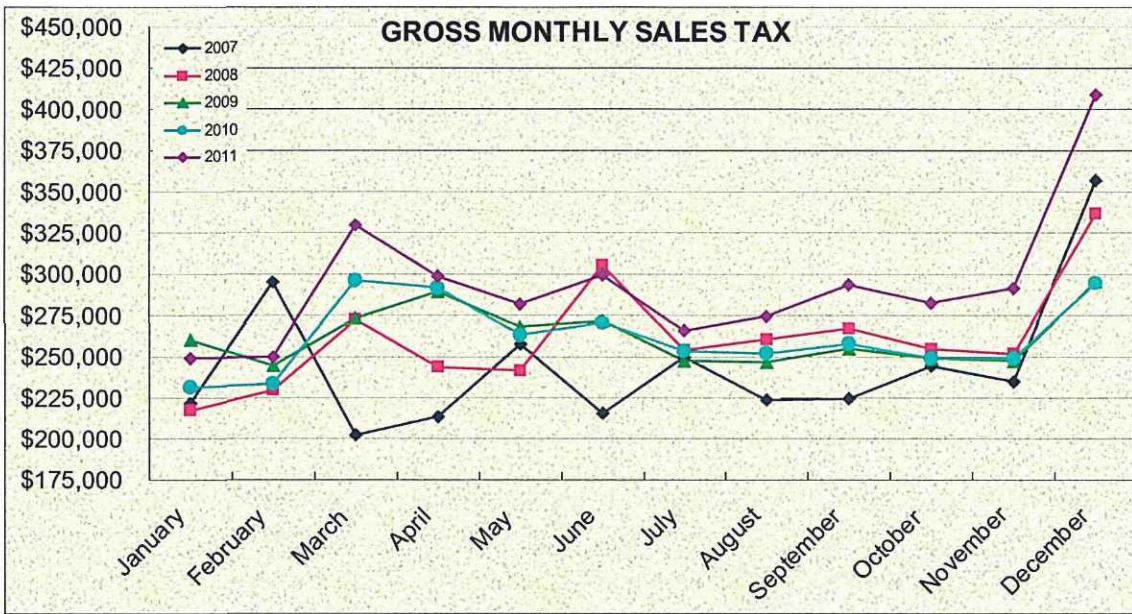
### **Future Budget and Economic Outlook**

The administration spent much of 2011 ensuring Walker is well-prepared for its years ahead as a city. Walker's comprehensive master plan to articulate a shared vision and blueprint for the future of the city was accepted at the May 2012 council meeting. We have begun the long-term task of upgrading our infrastructure. Projects underway include eastside sewer force main improvements, a new UV system at the wastewater treatment plant, additional sidewalk improvements, and Peaks Crossing sewer improvements. We have also been working with the Louisiana Department of Transportation and Development to secure road improvements. Widening of I-12 from Juban Road to Walker is already underway, with plans to continue the widening to just west of Satsuma Road; and construction should begin in August 2012 to add turn lanes at the U.S. 190 and LA 1029 intersection.

Walker continues to welcome enterprise and entrepreneurship, adding another 38 new businesses in 2011. [Walker Works](#) is a resource available to our entrepreneurs, connecting them to our workforce via a free online career opportunities listing.



After two years of little or no growth, the City's 2011 sales tax revenue increased 12.33% over 2010. Additionally, cumulative gross sales tax for January through March 2012 reports a 10.77% increase over the same period for 2011.



The administration continues to evolve Walker's presence in the on-line community, as well as promote community involvement. Information is readily available to residents and visitors via the City's website, *The Walker Report* e-newsletter, Facebook, and Twitter, as well as the *2011 Annual Report*. Numerous community events are held throughout the year, including a Mardi Gras parade, the CityFest Fourth of July Celebration, and our Christmas celebration. The Walker Museum offers Summer Art Camps for Kids which brings hundreds of young people to the museum for wholesome, educational summer activities. The museum is also available for school field trips, offering a wonderful lesson on Walker's history.

Please visit our website at [www.walker.la.us](http://www.walker.la.us). From there you can subscribe to the *Walker Report* e-newsletter, view archives of the newsletter, join our nearly 3,000 fans on Facebook, or our 200+ followers on Twitter. A complete guide to doing business in Walker can be found on the website under Doing Business, and the *2011 Annual Report* under Public Records.

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 ASSETS**

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

|  | Governmental<br>Activities | Business-Type<br>Activities | Totals<br>2011       | Totals<br>2010       |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| <b>ASSETS</b>  |                            |                             |                      |                      |
| Cash and Cash Equivalents                            | \$ 2,256,981               | \$ 3,956,670                | \$ 6,213,651         | \$ 5,344,835         |
| Investments  | 306,750                    | -                           | 306,750              | 300,000              |
| Receivables, Net                                     | 178,421                    | 995,312                     | 1,173,733            | 1,391,523            |
| Due from Other Governments                           | 834,699                    | 435,400                     | 1,270,099            | 845,182              |
| Internal Balances                                    | 80,244                     | (80,244)                    | -                    | -                    |
| Inventories  | -                          | 169,420                     | 169,420              | 218,991              |
| Prepaid Items  | 57,814                     | 53,816                      | 111,630              | 159,270              |
| Restricted Assets:                                   |                            |                             |                      |                      |
| Cash and Cash Equivalents                            | -                          | 207,946                     | 207,946              | 201,634              |
| Investments  | -                          | 697,262                     | 697,262              | 646,971              |
| Deferred Bond Issuance Costs                         | 136,066                    | 275,690                     | 411,756              | 406,709              |
| Capital Assets:                                      |                            |                             |                      |                      |
| Land and Construction in Progress                    | 747,561                    | 1,528,460                   | 2,276,021            | 1,221,606            |
| Other Capital Assets, Net of<br>Depreciation         | 1,912,809                  | 9,743,312                   | 11,656,121           | 11,682,201           |
| <b>Total Assets</b>                                  | <b>\$ 6,511,345</b>        | <b>\$ 17,983,044</b>        | <b>\$ 24,494,389</b> | <b>\$ 22,418,922</b> |
| <b>LIABILITIES</b>                                   |                            |                             |                      |                      |
| Accounts Payable and Accrued<br>Expenses             | \$ 438,886                 | \$ 1,922,954                | \$ 2,361,840         | \$ 1,629,234         |
| Accrued Interest Payable                             | 25,452                     | 47,338                      | 72,790               | 74,936               |
| Bond Anticipation Note Payable                       | -                          | 580,371                     | 580,371              | -                    |
| Non-Current Liabilities:                             |                            |                             |                      |                      |
| Due Within One Year                                  | 233,227                    | 100,659                     | 333,886              | 310,479              |
| Due in More Than One Year                            | 2,370,660                  | 4,696,207                   | 7,066,867            | 7,322,995            |
| <b>Total Liabilities</b>                             | <b>3,068,225</b>           | <b>7,347,529</b>            | <b>10,415,754</b>    | <b>9,337,644</b>     |
| <b>NET ASSETS</b>                                    |                            |                             |                      |                      |
| Investment in Capital Assets, Net of<br>Related Debt | 2,660,370                  | 6,526,940                   | 9,187,310            | 8,074,268            |
| Reserved for<br>Debt Service                         | -                          | 72,957                      | 72,957               | 68,916               |
| Unrestricted   | 782,750                    | 4,035,618                   | 4,818,368            | 4,938,094            |
| <b>Total Net Assets</b>                              | <b>3,443,120</b>           | <b>10,635,515</b>           | <b>14,078,635</b>    | <b>13,081,278</b>    |
| <b>Total Liabilities and Net<br/>    Assets</b>      | <b>\$ 6,511,345</b>        | <b>\$ 17,983,044</b>        | <b>\$ 24,494,389</b> | <b>\$ 22,418,922</b> |

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

| <b><u>Functions/Programs</u></b>                                   | <b><u>Expenses</u></b> | <b><u>Program Revenues</u></b>     |  |  |
|--|------------------------|------------------------------------|--|--|
|  |                        | <b><u>Charges for Services</u></b> | <b><u>Operating Grants and Contributions</u></b> | <b><u>Capital Grants and Contributions</u></b> |
| <b>Primary Government:</b>   |                        |                                    |  |  |
| Governmental Activities:   |                        |                                    |  |  |
| General Government   | \$ 1,722,650           | \$ -                               | \$ 87,053  | \$ -   |
| Public Safety  | 2,298,059              | 580,413                            | 143,499  | -  |
| Highways and Streets   | 1,354,563              | 13,800                             | -  | 118,753  |
| Parks and Recreation   | 339,915                | 159,487                            | -  | 12,850   |
| Interest on Long-Term Debt   | 117,234                | -                                  | -  | -  |
| Total Governmental Activities                                      | <u>5,832,421</u>       | <u>753,700</u>                     | <u>230,552</u>                                   | <u>131,603</u>                                 |
| Business-Type Activities:  |                        |                                    |  |  |
| Gas  | 3,193,220              | 4,441,029                          | 15,848   | -  |
| Water  | 880,852                | 929,519                            | -  | 75,844   |
| Sewer  | 1,223,669              | 839,958                            | -  | 9,089  |
| Sanitation   | 364,579                | 331,882                            | -  | -  |
| Total Business-Type Activities                                     | <u>5,662,320</u>       | <u>6,542,388</u>                   | <u>15,848</u>                                    | <u>84,933</u>                                  |
| Total Primary Government   | <u>\$ 11,494,741</u>   | <u>\$ 7,296,088</u>                | <u>\$ 246,400</u>                                | <u>\$ 216,536</u>                              |
| General Revenues:  |                        |                                    |  |  |
| Taxes:   |                        |                                    |  |  |
| Property   |                        |                                    |  |  |
| Sales  |                        |                                    |  |  |
| Occupational and Permits   |                        |                                    |  |  |
| Franchise  |                        |                                    |  |  |
| Other Grants and Contributions not Restricted to Specific Programs |                        |                                    |  |  |
| Transfers  |                        |                                    |  |  |
| Interest Income  |                        |                                    |  |  |
| Net Gain (Loss) on Sale of Assets                                  |                        |                                    |  |  |
| Miscellaneous Income   |                        |                                    |  |  |
| Total General Revenues   |                        |                                    |  |  |
| Change in Net Assets   |                        |                                    |  |  |
| Net Assets - Beginning of Year                                     |                        |                                    |  |  |
| Net Assets - End of Year   |                        |                                    |  |  |

The accompanying notes constitute an integral part of this statement



**Net (Expense) Revenue and  
Changes in Net Assets (Deficit)**

| <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Totals<br/>2011</u> | <u>Totals<br/>2010</u> |
|------------------------------------|-------------------------------------|------------------------|------------------------|
| \$ (1,635,597)                     | \$ -                                | \$ (1,635,597)         | \$ (1,496,132)         |
| (1,574,147)                        | -                                   | (1,574,147)            | (1,340,111)            |
| (1,222,010)                        | -                                   | (1,222,010)            | (936,845)              |
| (167,578)                          | -                                   | (167,578)              | (124,580)              |
| (117,234)                          | -                                   | (117,234)              | (125,878)              |
| (4,716,566)                        | -                                   | (4,716,566)            | (4,023,546)            |
| -                                  | 1,263,657                           | 1,263,657              | 1,472,778              |
| -                                  | 124,511                             | 124,511                | 97,998                 |
| -                                  | (374,622)                           | (374,622)              | (16,308)               |
| -                                  | (32,697)                            | (32,697)               | (26,683)               |
| -                                  | 980,849                             | 980,849                | 1,527,785              |
| (4,716,566)                        | 980,849                             | (3,735,717)            | (2,495,761)            |
| 111,417                            | -                                   | 111,417                | 104,851                |
| 3,522,832                          | -                                   | 3,522,832              | 3,136,164              |
| 525,561                            | -                                   | 525,561                | 380,727                |
| 354,153                            | -                                   | 354,153                | 387,779                |
| 12,817                             | -                                   | 12,817                 | 13,266                 |
| 600,000                            | (600,000)                           | -                      | -                      |
| 10,335                             | 52,652                              | 62,987                 | 52,741                 |
| 88,690                             | -                                   | 88,690                 | -                      |
| 25,101                             | 29,516                              | 54,617                 | 42,147                 |
| 5,250,906                          | (517,832)                           | 4,733,074              | 4,117,675              |
| 534,340                            | 463,017                             | 997,357                | 1,621,914              |
| 2,908,780                          | 10,172,498                          | 13,081,278             | 11,459,364             |
| \$ 3,443,120                       | \$ 10,635,515                       | \$ 14,078,635          | \$ 13,081,278          |

**FUND FINANCIAL STATEMENTS**

**CITY OF WALKER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2011**

**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)**

|  | General             | 2000 1/2 Cent       | Total               |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  |                     | Sales Tax<br>Fund   | 2011                | 2010                |
| <b>ASSETS</b>                              |                     |                     |                     |                     |
| Cash and Cash Equivalents                  | \$ 554,175          | \$ 1,702,806        | \$ 2,256,981        | \$ 2,157,641        |
| Investments                                | 306,750             | -                   | 306,750             | 300,000             |
| Receivables:                               |                     |                     |                     |                     |
| Ad Valorem Taxes, Net                      | 38,702              | -                   | 38,702              | 47,239              |
| Other                                      | 139,719             | -                   | 139,719             | 150,543             |
| Insurance Deposits                         | -                   | -                   | -                   | 34,046              |
| Due from Other Funds                       | 50,331              | 29,913              | 80,244              | -                   |
| Due from Other Governments                 | 605,298             | 229,401             | 834,699             | 843,175             |
| <b>Total Assets</b>                        | <b>\$ 1,694,975</b> | <b>\$ 1,962,120</b> | <b>\$ 3,657,095</b> | <b>\$ 3,532,644</b> |
| <b>LIABILITIES</b>                         |                     |                     |                     |                     |
| Accounts Payable                           | \$ 192,656          | \$ -                | \$ 192,656          | \$ 308,399          |
| Payroll Liabilities                        | 105,478             | -                   | 105,478             | 99,620              |
| Accrued Salaries and Wages                 | 140,752             | -                   | 140,752             | 123,467             |
| Due to Other Funds                         | -                   | -                   | -                   | 306,637             |
| <b>Total Liabilities</b>                   | <b>438,886</b>      | <b>-</b>            | <b>438,886</b>      | <b>838,123</b>      |
| <b>FUND BALANCES</b>                       |                     |                     |                     |                     |
| <b>Fund Balances:</b>                      |                     |                     |                     |                     |
| <b>    Nonspendable:</b>                   |                     |                     |                     |                     |
| Insurance Deposits                         | -                   | -                   | -                   | 34,046              |
| <b>    Assigned:</b>                       |                     |                     |                     |                     |
| Special Revenue Fund                       | -                   | 1,962,120           | 1,962,120           | 1,415,832           |
| <b>    Unassigned:</b>                     |                     |                     |                     |                     |
| General Fund                               | 1,256,089           | -                   | 1,256,089           | 1,244,643           |
| <b>Total Fund Balances</b>                 | <b>1,256,089</b>    | <b>1,962,120</b>    | <b>3,218,209</b>    | <b>2,694,521</b>    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,694,975</b> | <b>\$ 1,962,120</b> | <b>\$ 3,657,095</b> | <b>\$ 3,532,644</b> |

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

|  | <u>2011</u>                    | <u>2010</u>                    |
|--|--------------------------------|--------------------------------|
| <b>Fund Balances-Total Governmental Funds</b>  | <b>\$ 3,218,209</b>            | <b>\$ 2,694,521</b>            |
| <br><b>Amounts Reported for Governmental<br/>Activities in the Statement of Net<br/>Assets are Different Because:</b>                                |                                |                                |
| <br><b>Capital Assets Used in Governmental Activities<br/>are not Financial Resources and are not<br/>Reported in the Governmental Funds</b>         |                                |                                |
| Governmental Capital Assets  | 5,550,541                      | 5,536,990                      |
| Less Accumulated Depreciation  | <u>(2,890,171)</u>             | <u>(2,726,246)</u>             |
|  | 2,660,370                      | 2,810,744                      |
| <br>Prepaid Insurance  | <br>57,814                     | <br>57,699                     |
| <br>Deferred Bond Issuance Costs   | <br>136,066                    | <br>146,908                    |
| <br><b>Long-Term Liabilities are not Due and<br/>Payable in the Current Period and<br/>Therefore are not Reported in the<br/>Governmental Funds:</b> |                                |                                |
| General Obligation Bonds   | (2,499,501)                    | (2,698,664)                    |
| Compensated Absences Payable   | (104,386)                      | (75,212)                       |
| Accrued Interest Payable   | <u>(25,452)</u>                | <u>(27,216)</u>                |
|  | <u>(2,629,339)</u>             | <u>(2,801,092)</u>             |
| <br>Net Assets of Governmental Activities  | <br><u><u>\$ 3,443,120</u></u> | <br><u><u>\$ 2,908,780</u></u> |

The accompanying notes constitute 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, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

|   | 2000                |                            | Total               |                     |
|---|---------------------|----------------------------|---------------------|---------------------|
|   | General             | 1/2 Cent Sales<br>Tax Fund | Governmental        |                     |
|   |                     |                            | 2011                | 2010                |
| <b>Revenues:</b>                            |                     |                            |                     |                     |
| Taxes                                       | \$ 2,826,942        | \$ 1,174,277               | \$ 4,001,219        | \$ 3,642,060        |
| Licenses and Permits                        | 525,561             | -                          | 525,561             | 380,727             |
| Fines and Forfeits                          | 558,053             | -                          | 558,053             | 651,180             |
| Interest                                    | 9,288               | 1,047                      | 10,335              | 10,058              |
| Fees  | 136,910             | -                          | 136,910             | 127,493             |
| Intergovernmental                           | 349,305             | -                          | 349,305             | 419,530             |
| Miscellaneous                               | 96,688              | -                          | 96,688              | 56,275              |
| <b>Total Revenues</b>                       | <b>4,502,747</b>    | <b>1,175,324</b>           | <b>5,678,071</b>    | <b>5,287,323</b>    |
| <b>Expenditures:</b>                        |                     |                            |                     |                     |
| <b>Current:</b>                             |                     |                            |                     |                     |
| General Government                          | 1,621,994           | 21,717                     | 1,643,711           | 1,460,887           |
| Public Safety                               | 2,179,645           | -                          | 2,179,645           | 2,119,087           |
| Highways and Streets                        | 1,239,643           | -                          | 1,239,643           | 967,032             |
| Parks and Recreation                        | 295,145             | -                          | 295,145             | 241,854             |
| Capital Outlay                              | 353,831             | -                          | 353,831             | 343,562             |
| <b>Debt Service:</b>                        |                     |                            |                     |                     |
| Principal Retirement                        | -                   | 200,000                    | 200,000             | 257,000             |
| Interest and Administration Fees            | -                   | 107,319                    | 107,319             | 125,145             |
| Cost of Issuance                            | -                   | -                          | -                   | -                   |
| <b>Total Expenditures</b>                   | <b>5,690,258</b>    | <b>329,036</b>             | <b>6,019,294</b>    | <b>5,514,567</b>    |
| <b>Excess (Deficiency) of</b>               |                     |                            |                     |                     |
| <b>Revenues over Expenditures</b>           | <b>(1,187,511)</b>  | <b>846,288</b>             | <b>(341,223)</b>    | <b>(227,244)</b>    |
| <b>Other Financing Sources (Uses):</b>      |                     |                            |                     |                     |
| Sale of Capital Assets                      | 264,911             | -                          | 264,911             | -                   |
| Transfers In                                | 900,000             | -                          | 900,000             | 800,000             |
| Transfer Out                                | -                   | (300,000)                  | (300,000)           | (166,667)           |
| <b>Total Other Financing Sources (Uses)</b> | <b>1,164,911</b>    | <b>(300,000)</b>           | <b>864,911</b>      | <b>633,333</b>      |
| <b>Net Change in Fund Balances</b>          | <b>(22,600)</b>     | <b>546,288</b>             | <b>523,688</b>      | <b>406,089</b>      |
| <b>Fund Balances at Beginning of Year</b>   | <b>1,278,689</b>    | <b>1,415,832</b>           | <b>2,694,521</b>    | <b>2,288,432</b>    |
| <b>Fund Balances at End of Year</b>         | <b>\$ 1,256,089</b> | <b>\$ 1,962,120</b>        | <b>\$ 3,218,209</b> | <b>\$ 2,694,521</b> |

The accompanying notes constitute 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, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

|  | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|
| Net Change in Fund Balances - Total Governmental Funds   | \$ 523,688        | \$ 406,089        |
| <b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because</b>   |                   |                   |
| <b>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</b>   |                   |                   |
| Capital Outlay   | 353,831           | 343,562           |
| Depreciation Expense   | <u>(327,984)</u>  | <u>(328,018)</u>  |
|  | 25,847            | 15,544            |
| <b>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 Sale Increase Financial Resources. Thus, the Change in Net Assets Differs from the Change in Fund Balance by the Cost of the Capital Assets Sold</b>    |                   |                   |
| Add Accumulated Depreciation on Capital Assets Retired   | 164,059           | -                 |
| Less Cost Basis of Capital Assets Retired During the Year  | <u>(340,280)</u>  | <u>-</u>          |
|  | (176,221)         | -                 |
| <b>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 Assets as prepaid insurance</b>  |                   |                   |
| Change in Prepaid Insurance  | 115               | (4,688)           |
| <b>The Issuance of Long-Term Debt (e g , bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds Neither Transaction, However, has any Effect on Net Assets</b> |                   |                   |
| Repayment of Principal on Long-Term Debt   | 200,000           | 257,000           |
| <b>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</b>  |                   |                   |
| (Increase) Decrease in Compensated Absences Payable  | (29,174)          | (10,962)          |
| (Increase) Decrease in Accrued Interest Payable  | 1,764             | 10,595            |
| Amortization of Cost of Issuance   | (10,842)          | (10,517)          |
| Amortization of Discount Paid on Issuance of General Obligation Bonds  | <u>(837)</u>      | <u>(811)</u>      |
| Change in Net Assets of Governmental Activities  | <u>\$ 534,340</u> | <u>\$ 662,250</u> |

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER  
GENERAL FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|                              | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual           | Variance With<br>Final Budget |
|------------------------------|---------------------------------|------------------------------|------------------|-------------------------------|
| <b>Revenues</b>              |                                 |                              |                  |                               |
| <b>Taxes:</b>                |                                 |                              |                  |                               |
| Ad Valorem Taxes             | \$ 106,900                      | \$ 106,900                   | \$ 111,417       | \$ 4,517                      |
| Alcoholic Beverage Tax       | 14,300                          | 14,300                       | 12,817           | (1,483)                       |
| Franchise Taxes              | 363,700                         | 363,700                      | 354,153          | (9,547)                       |
| Sales Taxes                  | 2,176,500                       | 2,176,500                    | 2,348,555        | 172,055                       |
|                              | <u>2,661,400</u>                | <u>2,661,400</u>             | <u>2,826,942</u> | <u>165,542</u>                |
| <b>Licenses and Permits:</b> |                                 |                              |                  |                               |
| Occupational Licenses        | 326,900                         | 326,900                      | 349,477          | 22,577                        |
| Other Permits and Licenses   | 44,300                          | 141,800                      | 176,084          | 34,284                        |
|                              | <u>371,200</u>                  | <u>468,700</u>               | <u>525,561</u>   | <u>56,861</u>                 |
| <b>Fines and Forfeits</b>    | 645,400                         | 645,400                      | 558,053          | (87,347)                      |
| <b>Interest Income</b>       | 2,500                           | 2,250                        | 9,288            | 7,038                         |
| <b>Fees:</b>                 |                                 |                              |                  |                               |
| Animal Adoption Fees         | 4,700                           | 4,700                        | 3,502            | (1,198)                       |
| Parks and Recreation Fees    | 88,700                          | 88,700                       | 100,750          | 12,050                        |
| Police Extra Duty Charges    | 18,700                          | 18,700                       | 18,858           | 158                           |
| Road Maintenance             | 9,500                           | 9,200                        | 13,800           | 4,600                         |
|                              | <u>121,600</u>                  | <u>121,300</u>               | <u>136,910</u>   | <u>15,610</u>                 |

(CONTINUED)

CITY OF WALKER  
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|  | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual</u>  | <u>Variance With<br/>Final Budget</u> |
|--|--|---------------------------------------|----------------|---------------------------------------|
| <b>Intergovernmental:</b>                    |  |                                       |                |                                       |
| State and Local Grants:                      |  |                                       |                |                                       |
| Law Enforcement Grants                       | 22,000                                   | 5,000                                 | -              | (5,000)                               |
| Other State and Local Grants                 | 20,000                                   | 10,000                                | 450            | (9,550)                               |
| On Behalf Payments for Salaries              | 99,600                                   | 99,600                                | 100,017        | 417                                   |
| Federal Grants:                              |  |                                       |                |                                       |
| Community Development Block<br>Grant         | -  | 143,600                               | 84,859         | (58,741)                              |
| FEMA   | -  | -                                     | 1,744          | 1,744                                 |
| Street Landscape and<br>Beautification Grant | 320,000                                  | 180,000                               | 118,753        | (61,247)                              |
| Law Enforcement Grants                       | 10,000                                   | 15,500                                | 43,482         | 27,982                                |
|  | <u>471,600</u>                           | <u>453,700</u>                        | <u>349,305</u> | <u>(104,395)</u>                      |
| <b>Miscellaneous:</b>                        |  |                                       |                |                                       |
| Parks and Recreation Concessions             | 38,100                                   | 43,600                                | 58,737         | 15,137                                |
| Miscellaneous                                | 15,000                                   | 27,950                                | 37,951         | 10,001                                |
|  | <u>53,100</u>                            | <u>71,550</u>                         | <u>96,688</u>  | <u>25,138</u>                         |
| <b>Total Revenues</b>                        | 4,326,800                                | 4,424,300                             | 4,502,747      | 78,447                                |

(CONTINUED)



**CITY OF WALKER  
GENERAL FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual           | Variance With<br>Final Budget |
|---|---------------------------------|------------------------------|------------------|-------------------------------|
| <b>Expenditures</b>                               |                                 |                              |                  |                               |
| <b>General Government:</b>                        |                                 |                              |                  |                               |
| <b>General Provisions:</b>                        |                                 |                              |                  |                               |
| Salaries  | 720,300                         | 720,750                      | 746,478          | (25,728)                      |
| Aldermen's Per Diem                               | 60,000                          | 60,000                       | 60,000           | -                             |
| Payroll Taxes, Retirement,<br>and Group Insurance | 271,600                         | 291,050                      | 288,481          | 2,569                         |
| Advertising                                       | 7,000                           | 8,700                        | 9,090            | (390)                         |
| Collection Costs                                  | 48,200                          | 49,200                       | 51,600           | (2,400)                       |
| Bank Charges                                      | 7,200                           | 6,250                        | 6,517            | (267)                         |
| Community Events                                  | 13,700                          | 18,000                       | 17,128           | 872                           |
| Contracted Services                               | 30,300                          | 106,150                      | 101,667          | 4,483                         |
| Coroner Fees                                      | 3,500                           | 3,000                        | 2,950            | 50                            |
| Court Costs                                       | 14,400                          | 11,150                       | 10,800           | 350                           |
| Economic Development                              | 10,000                          | 10,000                       | 10,000           | -                             |
| Insurance   | 70,000                          | 67,300                       | 66,217           | 1,083                         |
| Legal and Professional                            | 66,100                          | 62,900                       | 60,801           | 2,099                         |
| Membership Fees and<br>Educational Training       | 16,800                          | 12,150                       | 12,422           | (272)                         |
| Miscellaneous                                     | 1,700                           | 4,550                        | 2,443            | 2,107                         |
| Printing, Postage and<br>Office Supplies          | 55,600                          | 51,350                       | 51,029           | 321                           |
| Rental Equipment                                  | 14,100                          | 18,500                       | 18,962           | (462)                         |
| Repairs and Maintenance                           | 17,300                          | 76,489                       | 27,593           | 48,896                        |
| Small Tools and Supplies                          | 9,500                           | 2,300                        | 1,876            | 424                           |
| Telephone   | 23,700                          | 24,200                       | 24,967           | (767)                         |
| Utilities   | 24,600                          | 20,000                       | 19,093           | 907                           |
| Uniforms  | 7,900                           | 8,600                        | 8,727            | (127)                         |
| Vehicle Expenses                                  | 17,600                          | 22,150                       | 23,153           | (1,003)                       |
| <b>Total General Government</b>                   | <b>1,511,100</b>                | <b>1,654,739</b>             | <b>1,621,994</b> | <b>32,745</b>                 |
| <b>Public Safety:</b>                             |                                 |                              |                  |                               |
| <b>Animal Control:</b>                            |                                 |                              |                  |                               |
| Salaries  | 96,100                          | 91,300                       | 93,091           | (1,791)                       |

(CONTINUED)

CITY OF WALKER  
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual         | Variance With<br>Final Budget |
|---|---------------------------------|------------------------------|----------------|-------------------------------|
| <b>Public Safety (Continued):</b>                 |                                 |                              |                |                               |
| Animal Control (Continued):                       |                                 |                              |                |                               |
| Payroll Taxes, Retirement,<br>and Group Insurance | 58,900                          | 47,900                       | 48,407         | (507)                         |
| Animal Care Expense                               | 4,000                           | 5,075                        | 5,321          | (246)                         |
| Insurance   | 3,300                           | 4,500                        | 4,688          | (188)                         |
| Legal and Professional                            | 2,500                           | 2,000                        | 1,975          | 25                            |
| Miscellaneous                                     | 6,700                           | 14,400                       | 14,756         | (356)                         |
| Printing, Postage and<br>Office Supplies          | 5,100                           | 10,000                       | 10,684         | (684)                         |
| Small Tools and Supplies                          | 1,000                           | 2,775                        | 2,903          | (128)                         |
| Telephone   | 5,200                           | 3,600                        | 3,762          | (162)                         |
| Utilities   | 6,400                           | 6,650                        | 6,948          | (298)                         |
| Vehicle Expense                                   | 2,300                           | 3,300                        | 3,414          | (114)                         |
| <b>Total Animal Control</b>                       | <b>191,500</b>                  | <b>191,500</b>               | <b>195,949</b> | <b>(4,449)</b>                |
| Police:   |                                 |                              |                |                               |
| Salaries  | 1,079,500                       | 1,079,500                    | 1,094,112      | (14,612)                      |
| Payroll Taxes, Retirement,<br>and Group Insurance | 429,500                         | 436,050                      | 451,173        | (15,123)                      |
| Contracted Services                               | 6,200                           | 5,700                        | 5,826          | (126)                         |
| Equipment Rental                                  | 19,200                          | 12,100                       | 11,614         | 486                           |
| Insurance   | 103,400                         | 127,900                      | 133,718        | (5,818)                       |
| Membership Fees and<br>Educational Training       | 5,500                           | 6,400                        | 6,678          | (278)                         |
| Miscellaneous                                     | 8,100                           | 4,100                        | 3,805          | 295                           |
| Printing, Postage and<br>Office Supplies          | 10,800                          | 18,200                       | 19,074         | (874)                         |
| Professional Fees                                 | 12,900                          | 11,200                       | 11,958         | (758)                         |
| Repairs and Maintenance                           | 39,700                          | 56,100                       | 58,759         | (2,659)                       |
| Small Tools and Supplies                          | 18,100                          | 23,150                       | 23,494         | (344)                         |
| Telephone   | 29,600                          | 29,600                       | 29,632         | (32)                          |

(CONTINUED)

CITY OF WALKER  
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual</u>    | <u>Variance With<br/>Final Budget</u> |
|---|--|---------------------------------------|------------------|---------------------------------------|
| <b>Public Safety (Continued):</b>                 |  |                                       |                  |                                       |
| <b>Police (Continued):</b>                        |  |                                       |                  |                                       |
| Uniforms  | 16,700                                   | 11,700                                | 12,145           | (445)                                 |
| Utilities   | 7,600                                    | 7,600                                 | 7,858            | (258)                                 |
| Vehicle Expense                                   | 103,300                                  | 107,800                               | 113,850          | (6,050)                               |
| <b>Total Police</b>                               | <u>1,890,100</u>                         | <u>1,937,100</u>                      | <u>1,983,696</u> | <u>(46,596)</u>                       |
| <b>Total Public Safety</b>                        | <u>2,081,600</u>                         | <u>2,128,600</u>                      | <u>2,179,645</u> | <u>(51,045)</u>                       |
| <b>Highway and Streets:</b>                       |  |                                       |                  |                                       |
| <b>Streets:</b>                                   |  |                                       |                  |                                       |
| Salaries  | 389,900                                  | 413,900                               | 423,757          | (9,857)                               |
| Payroll Taxes, Retirement,<br>and Group Insurance | 151,200                                  | 186,000                               | 189,062          | (3,062)                               |
| Contract Services                                 | 100,000                                  | 150,000                               | 149,124          | 876                                   |
| Equipment Expense                                 | 39,400                                   | 79,400                                | 73,920           | 5,480                                 |
| Equipment Rental                                  | 1,800                                    | 1,800                                 | 1,621            | 179                                   |
| Insurance   | 70,100                                   | 67,400                                | 67,935           | (535)                                 |
| Landscaping and Beautification                    | 100,000                                  | 177,350                               | 114,906          | 62,444                                |
| Legal and Professional                            | 10,000                                   | 60,000                                | 61,979           | (1,979)                               |
| Streets Maintenance<br>and Materials              | 23,000                                   | 36,300                                | 38,116           | (1,816)                               |
| Membership Fees and<br>Educational Training       | 1,800                                    | 700                                   | 607              | 93                                    |
| Miscellaneous                                     | 1,400                                    | 1,400                                 | 863              | 537                                   |
| Small Tools and Supplies                          | 15,800                                   | 17,950                                | 19,095           | (1,145)                               |
| Telephone   | 12,100                                   | 12,100                                | 11,218           | 882                                   |
| Uniforms  | 7,700                                    | 8,200                                 | 8,489            | (289)                                 |
| Utilities   | 84,500                                   | 84,500                                | 78,951           | 5,549                                 |
| <b>Total Highways and Streets</b>                 | <u>1,008,700</u>                         | <u>1,297,000</u>                      | <u>1,239,643</u> | <u>57,357</u>                         |

(CONTINUED)

**CITY OF WALKER  
GENERAL FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|  | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual             | Variance With<br>Final Budget |
|--|---------------------------------|------------------------------|--------------------|-------------------------------|
| <b>Parks and Recreation:</b>                                 |                                 |                              |                    |                               |
| Salaries   | 42,600                          | 81,850                       | 89,495             | (7,645)                       |
| Payroll Taxes, Retirement,<br>and Group Insurance            | 23,800                          | 23,500                       | 24,629             | (1,129)                       |
| Contract Services  | 800                             | 800                          | -                  | 800                           |
| Concession Supplies  | 37,600                          | 36,300                       | 38,050             | (1,750)                       |
| Equipment Rental   | 4,200                           | 1,700                        | 1,716              | (16)                          |
| Insurance  | 9,100                           | 13,300                       | 13,952             | (652)                         |
| Membership Fees and<br>Educational Training                  | 1,500                           | 1,700                        | 1,775              | (75)                          |
| Miscellaneous  | 3,200                           | 3,450                        | 1,709              | 1,741                         |
| Legal and Professional                                       | 6,500                           | 1,850                        | 1,940              | (90)                          |
| Printing, Postage and<br>Office Supplies                     | 900                             | 2,400                        | 2,442              | (42)                          |
| Recreational Supplies  | 24,600                          | 22,600                       | 23,394             | (794)                         |
| Repairs and Maintenance                                      | 14,300                          | 20,800                       | 21,814             | (1,014)                       |
| Small Tools and Supplies                                     | 6,700                           | 8,450                        | 8,821              | (371)                         |
| Telephone  | 5,800                           | 5,300                        | 5,427              | (127)                         |
| Tournament Expenses  | 34,100                          | 34,500                       | 37,053             | (2,553)                       |
| Utilities  | 24,600                          | 21,000                       | 21,781             | (781)                         |
| Uniforms   | 300                             | 1,100                        | 1,147              | (47)                          |
| <b>Total Parks and Recreation</b>                            | <b>240,600</b>                  | <b>280,600</b>               | <b>295,145</b>     | <b>(14,545)</b>               |
| <b>Capital Outlay</b>  | <b>567,500</b>                  | <b>362,200</b>               | <b>353,831</b>     | <b>8,369</b>                  |
| <b>Total Expenditures</b>                                    | <b>5,409,500</b>                | <b>5,723,139</b>             | <b>5,690,258</b>   | <b>32,881</b>                 |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(1,082,700)</b>              | <b>(1,298,839)</b>           | <b>(1,187,511)</b> | <b>111,328</b>                |

(CONTINUED)

CITY OF WALKER  
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|   | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual</u>       | <u>Variance With<br/>Final Budget</u> |
|---|--|---------------------------------------|---------------------|---------------------------------------|
| <b>Other Financing Sources (Uses):</b>      |  |                                       |                     |                                       |
| Sale of Capital Assets                      | -  | 264,210                               | 264,911             | 701                                   |
| Transfers In                                | <u>900,000</u>                           | <u>900,000</u>                        | <u>900,000</u>      | <u>-</u>                              |
| <b>Total Other Financing Sources (Uses)</b> | <u>900,000</u>                           | <u>1,164,210</u>                      | <u>1,164,911</u>    | <u>701</u>                            |
| <b>Net Change in Fund Balance</b>           | (182,700)                                | (134,629)                             | (22,600)            | 112,029                               |
| <b>Fund Balance at Beginning of Year</b>    | <u>1,278,689</u>                         | <u>1,278,689</u>                      | <u>1,278,689</u>    | <u>-</u>                              |
| <b>Fund Balance at End of Year</b>          | <u>\$ 1,095,989</u>                      | <u>\$ 1,144,060</u>                   | <u>\$ 1,256,089</u> | <u>\$ 112,029</u>                     |

The accompanying notes constitute an integral part of this statement

## CITY OF WALKER

## 2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2011

|  | <u>Original<br/>Budgeted<br/>Amounts</u> | <u>Final<br/>Budgeted<br/>Amounts</u> | <u>Actual</u>       | <u>Variance With<br/>Final Budget</u> |
|--|--|---------------------------------------|---------------------|---------------------------------------|
| <b>Revenues:</b>   |  |                                       |                     |                                       |
| Sales Taxes  | \$ 1,067,100                             | \$ 1,068,250                          | \$ 1,174,277        | \$ 106,027                            |
| Interest   | 2,300                                    | 1,150                                 | 1,047               | (103)                                 |
| <b>Total Revenues</b>  | <b>1,069,400</b>                         | <b>1,069,400</b>                      | <b>1,175,324</b>    | <b>105,924</b>                        |
| <b>Expenditures:</b>   |  |                                       |                     |                                       |
| <b>General Government:</b>                                   |  |                                       |                     |                                       |
| Collection Expenses  | 19,000                                   | 20,300                                | 21,717              | (1,417)                               |
| <b>Total General Government</b>                              | <b>19,000</b>                            | <b>20,300</b>                         | <b>21,717</b>       | <b>(1,417)</b>                        |
| <b>Debt Service:</b>   |  |                                       |                     |                                       |
| Principal Retirement   | 200,000                                  | 194,000                               | 200,000             | (6,000)                               |
| Interest and Administrative Fees                             | 106,250                                  | 110,950                               | 107,319             | 3,631                                 |
| <b>Total Debt Service</b>                                    | <b>306,250</b>                           | <b>304,950</b>                        | <b>307,319</b>      | <b>(2,369)</b>                        |
| <b>Total Expenditures</b>                                    | <b>325,250</b>                           | <b>325,250</b>                        | <b>329,036</b>      | <b>(3,786)</b>                        |
| <b>Excess (Deficiency) of<br/>Revenues over Expenditures</b> | <b>744,150</b>                           | <b>744,150</b>                        | <b>846,288</b>      | <b>102,138</b>                        |
| <b>Other Financing Sources (Uses):</b>                       |  |                                       |                     |                                       |
| Operating Transfers Out                                      | (300,000)                                | (300,000)                             | (300,000)           | -                                     |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(300,000)</b>                         | <b>(300,000)</b>                      | <b>(300,000)</b>    | <b>-</b>                              |
| <b>Net Change in Fund Balance</b>                            | <b>444,150</b>                           | <b>444,150</b>                        | <b>546,288</b>      | <b>102,138</b>                        |
| <b>Fund Balance at Beginning of Year</b>                     | <b>1,415,832</b>                         | <b>1,415,832</b>                      | <b>1,415,832</b>    | <b>-</b>                              |
| <b>Fund Balance at End of Year</b>                           | <b>\$ 1,859,982</b>                      | <b>\$ 1,859,982</b>                   | <b>\$ 1,962,120</b> | <b>\$ 102,138</b>                     |

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF NET ASSETS**

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

|  | <b>Business Type Activities -<br/>Enterprise Fund</b> |                      |
|--|---|----------------------|
|  | <u>2011</u>   | <u>2010</u>          |
| <b>Current Assets:</b>   |   |                      |
| Cash and Cash Equivalents  | \$ 3,956,670  | \$ 3,187,194         |
| Due From Other Funds   | -   | 306,637              |
|  | <u>3,956,670</u>                                      | <u>3,493,831</u>     |
| <b>Receivables:</b>  |   |                      |
| Accounts (Net of Allowance for Uncollectible Accounts of<br>\$5,000 in 2011 and \$5,000 in 2010) | 696,558   | 743,606              |
| Unbilled Utility Sales   | 298,754   | 450,135              |
| Due from Other Governments   | 435,400   | 2,007                |
|  | <u>1,430,712</u>                                      | <u>1,195,748</u>     |
| <b>Inventory, at Cost</b>  | 169,420   | 218,991              |
| <b>Prepaid Expenses</b>  | <u>53,816</u>   | <u>67,525</u>        |
| <b>Total Current Assets</b>  | <b>5,610,618</b>                                      | <b>4,976,095</b>     |
| <b>Noncurrent Assets:</b>  |   |                      |
| <b>Restricted Cash, Cash Equivalents, and Investments:</b>                                       |   |                      |
| Revenue Bond Covenant Accounts   | 207,946   | 201,634              |
| Investments - Customer Deposits  | 697,262   | 646,971              |
| Deferred Bond Issuance Costs   | 275,690   | 259,801              |
| Capital Assets, at Cost (Net of<br>Accumulated Depreciation)                                     | <u>11,271,772</u>                                     | <u>10,093,063</u>    |
| <b>Total Noncurrent Assets</b>   | <b>12,452,670</b>                                     | <b>11,201,469</b>    |
| <b>Total Assets</b>  | <b>\$ 18,063,288</b>                                  | <b>\$ 16,177,564</b> |

The accompanying notes constitute an integral part of this statement.

Exhibit C-1

|   | Business Type Activities -<br>Enterprise Fund |                      |
|---|---|----------------------|
|   | 2011  | 2010                 |
| <b>Current Liabilities:</b>                     |   |                      |
| Accounts Payable                                | \$ 1,178,265                                  | \$ 385,878           |
| Accrued Salaries and Wages                      | 51,014  | 48,194               |
| Accumulated Unpaid Vacation                     | 13,008  | 7,515                |
| Customers' Deposits                             | 656,053                                       | 635,390              |
| Due to Other Funds                              | 80,244  | -                    |
| Other Current Liabilities                       | 37,622  | 28,286               |
| Bond Anticipation Note Payable                  | 580,371                                       | -                    |
| Bonds Payable - 1998 Series - Current Portion   | 87,651  | 84,998               |
| Accrued Bond Interest                           | 47,338  | 47,720               |
| <b>Total Current Liabilities</b>                | <b>2,731,566</b>                              | <b>1,237,981</b>     |
| <b>Noncurrent Liabilities:</b>                  |   |                      |
| Bonds Payable - Less Current Portion            | 4,657,181                                     | 4,744,541            |
| Accumulated Unpaid Vacation                     | 39,026  | 22,544               |
| <b>Total Noncurrent Liabilities</b>             | <b>4,696,207</b>                              | <b>4,767,085</b>     |
| <b>Total Liabilities</b>                        | <b>7,427,773</b>                              | <b>6,005,066</b>     |
| <b>Net Assets:</b>                              |   |                      |
| Invested in Capital Assets, Net of Related Debt | 6,526,940                                     | 5,263,524            |
| Reserved for Debt Service                       | 72,957  | 68,916               |
| Unrestricted                                    | 4,035,618                                     | 4,840,058            |
| <b>Total Net Assets</b>                         | <b>10,635,515</b>                             | <b>10,172,498</b>    |
| <b>Total Liabilities and Net Assets</b>         | <b>\$ 18,063,288</b>                          | <b>\$ 16,177,564</b> |



**CITY OF WALKER  
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

|  | <u>Business - Type Activities -<br/>Enterprise Fund</u> |                      |
|--|---|----------------------|
|  | <u>2011</u>   | <u>2010</u>          |
| <b>Operating Revenues:</b>                   |   |                      |
| Charges for Services                         | \$ 6,542,388  | \$ 7,500,324         |
| Total Operating Revenues                     | 6,542,388   | 7,500,324            |
| <b>Operating Expenses:</b>                   |   |                      |
| Personal Services and Benefits               | 1,191,993   | 1,054,407            |
| Contractual Services                         | 680,722   | 752,776              |
| Cost of Materials                            | 1,715,863   | 2,241,539            |
| Utilities                                    | 215,888   | 224,954              |
| Repair and Maintenance                       | 705,518   | 703,262              |
| Supplies                                     | 173,190   | 142,695              |
| Insurance                                    | 176,261   | 158,937              |
| Depreciation                                 | 587,198   | 573,931              |
| Bad Debts                                    | 17,172  | 26,939               |
| Total Operating Expenses                     | 5,463,805   | 5,879,440            |
| Operating Income                             | 1,078,583   | 1,620,884            |
| <b>Nonoperating Revenues:</b>                |   |                      |
| Interest                                     | 52,652  | 42,683               |
| Miscellaneous                                | 29,516  | 22,529               |
| Total Nonoperating Revenues                  | 82,168  | 65,212               |
| <b>Nonoperating Expenses:</b>                |   |                      |
| Interest and Administrative Fees             | 193,726   | 188,857              |
| Amortization of Bond Costs                   | 4,496   | 2,797                |
| Amortization of Bond Discount                | 293   | 213                  |
| Total Nonoperating Expenses                  | 198,515   | 191,867              |
| Income Before Transfers                      | 962,236   | 1,494,229            |
| Capital Contributions                        | 100,781   | 98,768               |
| Transfers from Special Revenue Fund          | 300,000   | 166,667              |
| Transfers to General Fund                    | (900,000)   | (800,000)            |
| Change in Net Assets                         | 463,017   | 959,664              |
| <b>Total Net Assets at Beginning of Year</b> | <u>10,172,498</u>                                       | <u>9,212,834</u>     |
| <b>Total Net Assets at End of Year</b>       | <u>\$ 10,635,515</u>                                    | <u>\$ 10,172,498</u> |

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

|   | <u>Business-Type Activities -<br/>Enterprise Fund</u> |                     |
|---|---|---------------------|
|   | <u>2011</u>   | <u>2010</u>         |
| <b>Cash Flows From Operating Activities:</b>                        |   |                     |
| Cash Received from Customers  | \$ 6,290,252  | \$ 7,609,507        |
| Cash Payments to Suppliers for Goods and Services                   | (2,802,439)   | (4,548,632)         |
| Cash Payments to Employees for Services and Benefits                | (1,167,198)   | (1,037,604)         |
| Other Receipts (Payments)   | 416,397   | (634,782)           |
| Net Cash Provided by Operating Activities                           | 2,737,012   | 1,388,489           |
| <b>Cash Flows From Noncapital and Related Financing Activities:</b> |   |                     |
| Transfer From Special Revenue Fund                                  | 300,000   | 166,667             |
| Transfer To General Fund  | (900,000)   | (800,000)           |
| Net Cash Used in Noncapital and Related<br>Financing Activities     | (600,000)   | (633,333)           |
| <b>Cash Flows From Capital and Related Financing Activities:</b>    |   |                     |
| Net Proceeds from Issuance of Debt                                  | 559,986   | 347,297             |
| Acquisition and Construction of Capital Assets                      | (1,765,907)   | (323,390)           |
| Net Receipts from Customer Deposits                                 | 20,663  | 19,515              |
| Principal Paid on Loans   | (85,000)  | (51,700)            |
| Interest and Administrative Fees Paid on Loans                      | (194,108)   | (200,198)           |
| Capital Contributions   | 100,781   | 98,768              |
| Net Cash Used in Capital and Related<br>Financing Activities        | (1,363,585)   | (109,708)           |
| <b>Cash Flows From Investing Activities:</b>                        |   |                     |
| Net Purchases of Investments  | (50,291)  | (34,818)            |
| Interest Income   | 52,652  | 42,683              |
| Net Cash Provided by Investing Activities                           | 2,361   | 7,865               |
| <b>Net Increase in Cash and Cash Equivalents</b>                    | <b>775,788</b>  | <b>653,313</b>      |
| <b>Cash and Cash Equivalents - Beginning of Year</b>                | <b>3,388,828</b>                                      | <b>2,735,515</b>    |
| <b>Cash and Cash Equivalents - End of Year</b>                      | <b>\$ 4,164,616</b>                                   | <b>\$ 3,388,828</b> |

(CONTINUED)

**CITY OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

|   | <b>Business-Type Activities -<br/>Enterprise Fund</b> |                     |
|---|---|---------------------|
|   | <u>2011</u>   | <u>2010</u>         |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities:</b> |   |                     |
| Operating Income  | \$ 1,078,583  | \$ 1,620,884        |
| Adjustments to Reconcile Operating Income<br>to Net Cash Provided by Operating Activities:  |   |                     |
| Depreciation  | 587,198   | 573,931             |
| Provision for Bad Debts   | 17,172  | 26,939              |
| Miscellaneous Revenues  | 29,516  | 22,529              |
| Changes in Assets and Liabilities:  |   |                     |
| (Increase) Decrease in Accounts Receivable  | (403,517)   | 39,869              |
| (Increase) Decrease in Unbilled Utility Sales   | 151,381   | 69,314              |
| (Increase) Decrease in Due from Other Funds   | 306,637   | (306,637)           |
| (Increase) Decrease in Inventory  | 49,571  | (16,849)            |
| (Increase) Decrease in Prepaid Expenses   | 13,709  | (17,134)            |
| Increase (Decrease) in Accounts Payable   | 792,387   | (65,296)            |
| Increase (Decrease) in Environmental Liability  | -   | (213,593)           |
| Increase (Decrease) in Accrued Salaries and Wages   | 2,820   | 8,816               |
| Increase (Decrease) in Other Current Liabilities  | 9,336   | (11,597)            |
| Increase (Decrease) in Due to Other Funds   | 80,244  | (350,674)           |
| Increase (Decrease) in Accumulated Unpaid Vacation  | 21,975  | 7,987               |
| Net Cash Provided by Operating Activities   | <u>\$ 2,737,012</u>                                   | <u>\$ 1,388,489</u> |
| <b>Schedule of Noncash Investing, Capital and Financing Activities:</b>                     |   |                     |
| Amortization of Deferred Bond Expense   | <u>\$ 4,496</u>                                       | <u>\$ 2,797</u>     |
| Amortization of Bond Discount   | <u>\$ 293</u>   | <u>\$ 213</u>       |
| <b>Reconciliation of Cash and Cash Equivalents to the<br/>Statement of Net Assets:</b>      |   |                     |
| Cash and Cash Equivalents, Unrestricted   | \$ 3,956,670  | \$ 3,187,194        |
| Cash and Cash Equivalents, Restricted   | <u>207,946</u>  | <u>201,634</u>      |
| Total Cash and Cash Equivalents   | <u>\$ 4,164,616</u>                                   | <u>\$ 3,388,828</u> |

The accompanying notes constitute an integral part of this statement.

# CITY OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

### **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-Board of Aldermen 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 to the industry audit guide, *Audits of State and Local Governmental Units*.

### **1. Summary of Significant Accounting Policies:**

#### **A. Financial Reporting Entity**

This report includes all funds which are controlled by or dependent on the City's Mayor and Board of Aldermen. 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. The criteria in GASB Statement No. 14 has been considered and, accordingly, certain governmental organizations are excluded from the accompanying financial statements. These organizations are the Livingston Parish Fire District # 4, and Livingston Parish Gravity Drainage District # 5, which are staffed by independently elected or appointed officials. Although the City may provide facilities, no control is exercised over their operations. 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. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the City of Walker is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Since the City of Walker has no component units, these financial statements include only information on the primary government.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

#### B. Basis of Presentation

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 statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

##### Government-Wide Financial Statements:

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

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

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

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

*Statement of Activities* - The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, streets and parks, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, streets and parks, etc.) or a business-type activity and include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect expenses.

#### Fund Financial Statements:

The daily accounts and operations of the City are organized on the basis of individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Emphasis of fund financial reporting is on the major fund level in either the governmental or business-type categories. The various funds of the City are grouped into generic fund types and two broad fund categories as follows:

#### *Governmental Funds*

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of general long-term debt. The City of Walker has two governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in other funds. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for services, and interest income. The General Fund may also account for long-term debt issues and repayments of the City.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**Special Revenue Fund** - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed 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 legally restricted 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 restricted for specified purposes.

#### *Proprietary Funds*

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

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

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

##### Government-Wide Financial Statements:

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

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

#### Fund Financial Statements:

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

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

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



## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 Board of Aldermen 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 2011 was adopted on December 13, 2010.

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

- 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 Board of Aldermen.
- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 12, 2011.
- 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 Board of Aldermen.

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

#### E. Cash and Investments

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

#### F. Receivables and Payables

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

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

## CITY OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to two and one-half percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2011.

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.

#### H. Restricted Assets

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

#### I. Capital Assets

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

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

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

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

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

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

**J. Compensated Absences**

Employees of the municipality earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year. Accrued unused sick leave earned by an employee is carried forward to the succeeding calendar year without limitation. Employees that are terminated or resign will not be paid for accumulated sick leave. As of December 31, 2011, the accrued liability for unpaid vacation benefits amounted to \$156,420. The amount applicable to the Enterprise Fund was \$52,034, and is recorded in that Fund, and the amount of \$104,386 applicable to the General Fund is reflected on the Statement of Net Assets.

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

**K. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and 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 are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

**L. Fund Equity**

*Government-Wide Statements*

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

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

*Fund Statements*

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements, effective January 1, 2011. In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

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

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

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

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

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

**M. Estimates**

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

**N. Summary Financial Information for 2010 and Reclassification**

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Certain items in the 2010 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net assets.

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

**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 \$6,421,597 at December 31, 2011. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the City. The following is a summary of cash and investments (bank balances) at December 31, 2011.

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|-------------------------------------|---------------------|
| Deposits in Bank Accounts per<br>Balance Sheet  | <u>\$ 2,256,981</u>                | <u>\$ 4,164,616</u>                 | <u>\$ 6,421,597</u> |
| <b>Bank Balances (Category 3 Only):</b>   |                                    |                                     |                     |
| a. Uninsured and Uncollateralized   | \$ -                               | \$ -                                | \$ -                |
| b. Uninsured and Collateralized with<br>Securities Held by the Pledging<br>Institution  | -                                  | -                                   | -                   |
| c. Uninsured and Collateralized with<br>Securities Held by the Pledging<br>Institution's Trust Department or<br>Agent, but not in the Entities Name | <u>2,100,868</u>                   | <u>3,899,905</u>                    | <u>6,000,773</u>    |
| <b>Total Category 3 Bank Balances</b>   | <u>\$ 2,100,868</u>                | <u>\$ 3,899,905</u>                 | <u>\$ 6,000,773</u> |
| <b>Total Bank Balances (Regardless<br/>of Category)</b>   | <u>\$ 2,288,276</u>                | <u>\$ 4,208,606</u>                 | <u>\$ 6,496,882</u> |

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

*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. As of December 31, 2011, \$6,000,773 of the City's bank balance of \$6,496,882 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

**3. Investments**

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

At December 31, 2011, the City holds investments totaling \$1,004,012 as follows:

|  | <u>Carrying<br/>Amount</u> | <u>Market<br/>Value</u> |
|--|----------------------------|-------------------------|
| <u>Governmental Activities:</u>            |                            |                         |
| First Guaranty Bank Certificate of Deposit | \$ <u>306,750</u>          | \$ <u>306,750</u>       |
| <u>Business-Type Activities:</u>           |                            |                         |
| U.S. Government Securities Fund - A        | \$ <u>697,262</u>          | \$ <u>697,262</u>       |

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

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

**Custodial Credit Risk - Investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.



**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

**4. Ad Valorem Taxes**

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

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

For the year ended December 31, 2011, taxes of 2.20 mills were levied on property with assessed valuations totaling \$51,172,990 and were dedicated to general purposes.

Total taxes levied were \$112,581. Taxes receivable at December 31, 2011, consisted of the following:

|                                   |                  |
|-----------------------------------|------------------|
| Taxes Receivable - Current Roll   | \$ 40,196        |
| Taxes Receivable - Prior Years    | <u>1,321</u>     |
|                                   | 41,517           |
| Allowance for Uncollectible Taxes | <u>(2,815)</u>   |
|                                   | <u>\$ 38,702</u> |

**5. Receivables**

Receivables as of December 31, 2011, including the applicable allowance for uncollectible accounts, are as follows:

|  | <u>Ad Valorem<br/>Taxes</u> | <u>Franchise<br/>Taxes</u> | <u>Accounts</u>  | <u>Unbilled<br/>Sales</u> | <u>Less -<br/>Allowance for<br/>Uncollectibles</u> | <u>Total -<br/>Net<br/>Receivable</u> |
|--|-----------------------------|----------------------------|------------------|---------------------------|--|---------------------------------------|
| <b><u>Governmental Activities</u></b>  |                             |                            |                  |                           |  |                                       |
| General Fund                           | \$41,517                    | \$126,838                  | \$ 12,881        | \$ -                      | \$ (2,815)   | \$ 178,421                            |
| Total Governmental<br>Activities       | 41,517                      | 126,838                    | 12,881           | -                         | (2,815)  | 178,421                               |
| <b><u>Business-Type Activities</u></b> |                             |                            |                  |                           |  |                                       |
| Utility Fund                           | -                           | -                          | 701,558          | 298,754                   | (5,000)  | 995,312                               |
| Total Receivables                      | <u>\$41,517</u>             | <u>\$126,838</u>           | <u>\$714,439</u> | <u>\$298,754</u>          | <u>\$ (7,815)</u>                                  | <u>\$1,173,733</u>                    |

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**6. Due From Other Governments**

Due from Other Governments as of December 31, 2011, consists of the following:

|                                  | <u>Livingston<br/>Parish<br/>School Board</u> | <u>State of<br/>Louisiana</u> | <u>Total</u>       |
|----------------------------------|---|-------------------------------|--------------------|
| <u>Governmental Activities</u>   |   |                               |                    |
| General Fund                     | \$ 460,278                                    | \$ 145,020                    | \$ 605,298         |
| 2000 ½ Cent Sales Tax Fund       | <u>229,401</u>                                | <u>-</u>                      | <u>229,401</u>     |
| Total Governmental Activities    | 689,679                                       | 145,020                       | 834,699            |
| <u>Business-Type Activities</u>  |   |                               |                    |
| Utility Fund                     | <u>-</u>                                      | <u>435,400</u>                | <u>435,400</u>     |
| Total Due from Other Governments | <u>\$ 689,679</u>                             | <u>\$ 580,420</u>             | <u>\$1,270,099</u> |

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances as of December 31, 2011, reported in the fund financial statements.

|                                 | <u>Due to</u>      | <u>Due from</u>  | <u>Net<br/>Internal<br/>Balances</u> |
|---------------------------------|--------------------|------------------|--------------------------------------|
| <u>Governmental Activities</u>  |                    |                  |                                      |
| General Fund                    | \$ -               | \$ 50,331        | \$ 50,331                            |
| 2000 ½ Cent Sales Tax Fund      | <u>-</u>           | <u>29,913</u>    | <u>29,913</u>                        |
| Total Governmental Activities   | -                  | 80,244           | 80,244                               |
| <u>Business-Type Activities</u> |                    |                  |                                      |
| Utility Fund                    | <u>(80,244)</u>    | <u>-</u>         | <u>(80,244)</u>                      |
|                                 | <u>\$ (80,244)</u> | <u>\$ 80,244</u> | <u>\$ -</u>                          |

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**8. Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2011:

|   | <u>Balance</u><br><u>January 1, 2011</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>Balance</u><br><u>December 31, 2011</u> |
|---|--|-------------------|---------------------|--|
| <b><u>Governmental Activities:</u></b>            |  |                   |                     |  |
| <b>Capital Assets not being Depreciated:</b>      |  |                   |                     |  |
| Land  | \$ 766,196                               | \$ -              | \$ (18,635)         | \$ 747,561                                 |
| Construction in Progress                          | <u>190,130</u>                           | <u>1,895</u>      | <u>(192,025)</u>    | <u>-</u>                                   |
| Total Capital Assets not being Depreciated        | 956,326                                  | 1,895             | (210,660)           | 747,561                                    |
| <b>Capital Assets being Depreciated:</b>          |  |                   |                     |  |
| Land Improvements                                 | 137,756                                  | -                 | -                   | 137,756                                    |
| Buildings   | 716,968                                  | 240,000           | -                   | 956,968                                    |
| Equipment and Vehicles                            | 1,721,873                                | 90,584            | (167,103)           | 1,645,354                                  |
| Furniture and Fixtures                            | 163,424                                  | 6,100             | -                   | 169,524                                    |
| Recreational Equipment                            | 212,852                                  | 52,735            | -                   | 265,587                                    |
| Infrastructure                                    | <u>1,627,791</u>                         | <u>154,542</u>    | <u>(154,542)</u>    | <u>1,627,791</u>                           |
| Total Capital Assets being Depreciated            | 4,580,664                                | 543,961           | (321,645)           | 4,802,980                                  |
| <b>Less: Accumulated Depreciation for</b>         |  |                   |                     |  |
| Land Improvements                                 | 40,126                                   | 6,278             | -                   | 46,404                                     |
| Buildings   | 254,619                                  | 30,296            | -                   | 284,915                                    |
| Equipment and Vehicles                            | 1,071,065                                | 201,209           | (164,059)           | 1,108,215                                  |
| Furniture and Fixtures                            | 157,098                                  | 3,282             | -                   | 160,380                                    |
| Recreational Equipment                            | 127,740                                  | 24,015            | -                   | 151,755                                    |
| Infrastructure                                    | <u>1,075,598</u>                         | <u>62,904</u>     | <u>-</u>            | <u>1,138,502</u>                           |
| Total Accumulated Depreciation                    | <u>2,726,246</u>                         | <u>327,984</u>    | <u>(164,059)</u>    | <u>2,890,171</u>                           |
| Total Capital Assets being Depreciated, Net       | <u>1,854,418</u>                         | <u>215,977</u>    | <u>(157,586)</u>    | <u>1,912,809</u>                           |
| Total Governmental Activities Capital Assets, Net | <u>\$ 2,810,744</u>                      | <u>\$ 217,872</u> | <u>\$ (368,246)</u> | <u>\$ 2,660,370</u>                        |

(CONTINUED)

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

|   | <u>Balance</u><br><u>January 1, 2011</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>December 31, 2011</u> |
|---|--|---------------------|---------------------|--|
| <b><u>Business-Type Activities.</u></b>                   |  |                     |                     |  |
| <b>Capital Assets not being Depreciated:</b>              |  |                     |                     |  |
| Land - Gas and Water System                               | \$ 82,231                                | \$ -                | \$ -                | \$ 82,231                                  |
| Land - Sewer System                                       | 17,233                                   | -                   | -                   | 17,233                                     |
| Construction in Progress                                  | 165,816                                  | 1,668,732           | (405,552)           | 1,428,996                                  |
| <b>Total Capital Assets not being Depreciated</b>         | <b>265,280</b>                           | <b>1,668,732</b>    | <b>(405,552)</b>    | <b>1,528,460</b>                           |
| <b>Capital Assets being Depreciated</b>                   |  |                     |                     |  |
| Gas System  | 4,407,852                                | -                   | -                   | 4,407,852                                  |
| Water System  | 2,421,756                                | -                   | -                   | 2,421,756                                  |
| Sewer System  | 11,266,949                               | -                   | -                   | 11,266,949                                 |
| Buildings   | 212,339                                  | 343,508             | -                   | 555,847                                    |
| Land Improvements   | 40,576                                   | 67,972              | -                   | 108,548                                    |
| Machinery and Equipment                                   | 1,421,816                                | 91,247              | (88,703)            | 1,424,360                                  |
| <b>Total Capital Assets being Depreciated</b>             | <b>19,771,288</b>                        | <b>502,727</b>      | <b>(88,703)</b>     | <b>20,185,312</b>                          |
| <b>Less Accumulated Depreciation for</b>                  |  |                     |                     |  |
| Gas System  | 2,705,139                                | 97,455              | -                   | 2,802,594                                  |
| Water System  | 1,644,006                                | 61,991              | -                   | 1,705,997                                  |
| Sewer System  | 4,281,039                                | 341,944             | -                   | 4,622,983                                  |
| Buildings   | 153,371                                  | 8,662               | -                   | 162,033                                    |
| Land Improvements   | 6,893                                    | 2,994               | -                   | 9,887                                      |
| Machinery and Equipment                                   | 1,153,057                                | 74,152              | (88,703)            | 1,138,506                                  |
| <b>Total Accumulated Depreciation</b>                     | <b>9,943,505</b>                         | <b>587,198</b>      | <b>(88,703)</b>     | <b>10,442,000</b>                          |
| <b>Total Capital Assets being Depreciated, Net</b>        | <b>9,827,783</b>                         | <b>(84,471)</b>     | <b>-</b>            | <b>9,743,312</b>                           |
| <b>Total Business Type Activities Capital Assets, Net</b> | <b>\$ 10,093,063</b>                     | <b>\$ 1,584,261</b> | <b>\$ (405,552)</b> | <b>\$ 11,271,772</b>                       |

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

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

**Governmental Activities:**

|                      |               |
|----------------------|---------------|
| General Government   | \$ 66,245     |
| Public Safety        | 110,311       |
| Streets              | 107,936       |
| Parks and Recreation | <u>43,492</u> |

|   |                   |
|---|-------------------|
| Total Depreciation Expense -<br>Governmental Activities | <u>\$ 327,984</u> |
|---|-------------------|

**Business Type Activities:**

|       |                |
|-------|----------------|
| Water | \$ 79,333      |
| Gas   | 148,793        |
| Sewer | <u>359,072</u> |

|  |                   |
|--|-------------------|
| Total Depreciation Expense -<br>Business Type Activities | <u>\$ 587,198</u> |
|--|-------------------|

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

A summary of commitments under construction contracts for the City at December 31, 2011, follows:

**Business Type Activities:**

|                                 | <u>Project<br/>Authorization</u> | <u>Expended to<br/>December 31, 2011</u> | <u>Unexpended<br/>Commitment</u> |
|---------------------------------|----------------------------------|--|----------------------------------|
| DEQ Settlement - Force Main     | \$ 849,133                       | \$ 631,049                               | \$ 218,084                       |
| Storage                         | 13,350                           | 13,350                                   | -                                |
| OLOL Gas & Sewer                | 130,019                          | 117,671                                  | 12,348                           |
| Juban Crossing 6" Gas Extension | 76,053                           | 52,768                                   | 23,285                           |
| Flouride System                 | 50,269                           | 50,269                                   | -                                |
| Wastewater Plant Rehab & UV     | <u>806,551</u>                   | <u>563,889</u>                           | <u>242,662</u>                   |
| Total                           | <u>\$ 1,925,375</u>              | <u>\$ 1,428,996</u>                      | <u>\$ 496,379</u>                |

**CITY OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

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

The payables at December 31, 2011 are as follows:

|                   | Governmental<br>Activities | Business-Type<br>Activities | Total        |
|-------------------|----------------------------|-----------------------------|--------------|
| Accounts Payable  | \$ 192,656                 | \$ 1,178,265                | \$ 1,370,921 |
| Withholdings      | 105,478                    | 37,622                      | 143,100      |
| Accrued Salary    | 140,752                    | 51,014                      | 191,766      |
| Customer Deposits | -                          | 656,053                     | 656,053      |
| Total             | \$ 438,886                 | \$ 1,922,954                | \$ 2,361,840 |

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

The City adopted an unqualified retirement plan in 1992. Employees are eligible to participate upon completion of their sixth month of employment and must be employed full time. The City contributes 9% of the regular gross pay on the employee's behalf. The moneys contributed are used to make payments on annuity contracts for the benefit of the employee. On October 1, 1993, the unqualified retirement plan was terminated and a qualified retirement plan was adopted. The qualified retirement plan has the same contribution terms as the unqualified retirement plan. The City's contributions for the plan amounted to \$194,630, for the year ended December 31, 2011.

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

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

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

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the City of Walker is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll. The contribution requirements of plan members and the City of Walker are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Walker contributions to the System for the year ending December 31, 2011 was \$152,614, which was equal to the required contributions for the year.

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**12. Short-Term Debt**

On April 20, 2011, the City issued \$750,000 Combined Utilities Revenue Bonds, Series 2011. The bond proceeds were provided by the Clean Water State Revolving Loan Fund administered by the Louisiana Department of Environmental Quality (LADEQ) in accordance with applicable State and Federal laws. The LADEQ provided the loan under the provisions of the Clean Water Act of 1972, as amended by the Water Quality Act of 1987. The proceeds of this loan will be used to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to the City's wastewater system. The loan will bear interest at 0.95% per annum (including the LADEQ's administrative fee) and will be repaid over twenty years. The final bond payment schedule will be revised by LADEQ after final payment of the bonds to the City.

For the fiscal year ending December 31, 2011, the project is in the construction phase, with total bond proceeds received reported as Bond Anticipation Note Payable with a balance of \$580,371.

**13. Changes in Long-Term Obligations**

The following is a summary of debt transactions of the City of Walker for the year ended December 31, 2011:

|   | <u>Debt Payable<br/>1/1/2011</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Debt Payable<br/>12/31/2011</u> | <u>Due within<br/>1 year</u> |
|---|----------------------------------|-------------------|-------------------|------------------------------------|------------------------------|
| <b>Governmental Activities:</b>                   |                                  |                   |                   |                                    |                              |
| Compensated Absences                              | \$ 75,212                        | \$ 121,391        | \$ 92,217         | \$ 104,386                         | \$ 26,097                    |
| Refunding Bond Payable<br>by Utility Issues       | 2,710,000                        | -                 | 200,000           | 2,510,000                          | 208,000                      |
| Deferred Discount on Bonds                        | <u>(11,336)</u>                  | <u>-</u>          | <u>(837)</u>      | <u>(10,499)</u>                    | <u>(870)</u>                 |
| Total Governmental<br>Activities                  | 2,773,876                        | 121,391           | 291,380           | 2,603,887                          | 233,227                      |
| <b>Business-Type Activities:</b>                  |                                  |                   |                   |                                    |                              |
| Compensated Absences                              | 30,059                           | 53,359            | 31,384            | 52,034                             | 13,008                       |
| Refunding Series Bonds,<br>Series 2009 (Gross)    | 7,195,000                        | -                 | 270,000           | 6,925,000                          | 280,000                      |
| Combined Utilities Revenue<br>Bonds, Series 2010B | 363,300                          | -                 | 15,000            | 348,300                            | 15,952                       |
| Less. Intragovernmental<br>Payable                | (2,710,000)                      | -                 | (200,000)         | (2,510,000)                        | (208,000)                    |
| Deferred Discount on Bonds                        | <u>(18,761)</u>                  | <u>-</u>          | <u>(293)</u>      | <u>(18,468)</u>                    | <u>(301)</u>                 |
| Total Business-Type<br>Activities                 | <u>4,859,598</u>                 | <u>53,359</u>     | <u>116,091</u>    | <u>4,796,866</u>                   | <u>100,659</u>               |
| Total Debt  | <u>\$ 7,633,474</u>              | <u>\$ 174,750</u> | <u>\$ 407,471</u> | <u>\$ 7,400,753</u>                | <u>\$ 333,886</u>            |

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**Refunding Bonds, Series 2009**

City of Walker Utilities Project Series 2009 Refunding Bonds - \$7,440,000 (\$2,904,000 payable from Governmental Activities and \$4,536,000 payable from Business-Type Activities) of Refunding Bonds Dated September 3, 2009, due in annual installments of principal and semi-annual installments of interest through October 1, 2029; variable interest rate ranging from 3.000% to 4 875%.

\$ 6,925,000

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

**Governmental Activities:**

| <u>Year Ended December 31,</u> | <u>2009 Refunding Series</u> |                   |                    |
|--------------------------------|------------------------------|-------------------|--------------------|
|                                | <u>Principal</u>             | <u>Interest</u>   | <u>Total</u>       |
| 2012                           | \$ 208,000                   | \$ 99,016         | \$ 307,016         |
| 2013                           | 218,000                      | 91,361            | 309,361            |
| 2014                           | 225,000                      | 83,260            | 308,260            |
| 2015                           | 235,000                      | 74,673            | 309,673            |
| 2016                           | 245,000                      | 65,487            | 310,487            |
| 2017-2021                      | 1,379,000                    | 160,229           | 1,539,229          |
|                                | <u>\$2,510,000</u>           | <u>\$ 574,026</u> | <u>\$3,084,026</u> |

**Business-Type Activities:**

| <u>Year Ended December 31,</u>             | <u>2009 Refunding Series</u> |                    |                     |
|--|------------------------------|--------------------|---------------------|
|  | <u>Principal</u>             | <u>Interest</u>    | <u>Total</u>        |
| 2012                                       | \$ 72,000                    | \$ 180,342         | \$ 252,342          |
| 2013                                       | 72,000                       | 179,597            | 251,597             |
| 2014                                       | 75,000                       | 178,997            | 253,997             |
| 2015                                       | 75,000                       | 178,585            | 253,585             |
| 2016                                       | 75,000                       | 178,470            | 253,470             |
| 2017-2021                                  | 366,000                      | 889,003            | 1,255,003           |
| 2022-2026                                  | 2,145,000                    | 661,351            | 2,806,351           |
| 2027-2029                                  | 1,535,000                    | 149,356            | 1,684,356           |
|  | <u>4,415,000</u>             | <u>2,595,701</u>   | <u>7,010,701</u>    |
| <b>Total Refunding Bond<br/>2009 Issue</b> | <u>\$6,925,000</u>           | <u>\$3,169,727</u> | <u>\$10,094,727</u> |



**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

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

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2011, the Debt Service Fund requirement for the interest and principal accounts were fully funded with an actual balance of \$143,152, and is reported on the Proprietary Fund as restricted cash.

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**Series Revenue Bonds, Series 2001**

Sewer Revenue Bonds, Series 2001. \$2,400,000 Sewer Revenue

Bonds due in annual installments of principal and semi-annual installments of interest through June 20, 2021, interest rate at 3.95%.

1,522,458

**Total Business-Type Activities Bonds Refunded**

4,536,000

**Total Bonds Refunded**

\$ 7,440,000

The sources and uses of the refunding issue are summarized as follows:

Sources and Uses of Funds:

Sources:

|                          |                     |
|--------------------------|---------------------|
| Par Amount of Bonds      | \$ 7,440,000        |
| Proprietary Fund Payment | 1,254,855           |
| Original Issue Discount  | <u>(31,121)</u>     |
|                          | <u>\$ 8,663,734</u> |

Uses:

|                                |                     |
|--------------------------------|---------------------|
| Deposits with Escrow Fund      | \$ 3,346,544        |
| Deposits to Refunding Fund     | 4,910,601           |
| Underwriters Discount          | 111,600             |
| Bond Insurance Premium         | 87,476              |
| Deposit Issuance Costs Account | <u>207,513</u>      |
|                                | <u>\$ 8,663,734</u> |

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

**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%.

\$ 348,300

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

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

| <u>Year Ended December 31,</u> | <u>2010B Utilities Revenue Bonds</u> |                   |                   |
|--------------------------------|--------------------------------------|-------------------|-------------------|
|                                | <u>Principal</u>                     | <u>Interest</u>   | <u>Total</u>      |
| 2012                           | \$ 15,952                            | \$ 10,275         | \$ 26,227         |
| 2013                           | 16,039                               | 9,804             | 25,843            |
| 2014                           | 16,426                               | 9,331             | 25,757            |
| 2015                           | 16,823                               | 8,847             | 25,670            |
| 2016                           | 17,230                               | 8,350             | 25,580            |
| 2017-2021                      | 92,608                               | 33,877            | 126,485           |
| 2022-2026                      | 104,356                              | 19,540            | 123,896           |
| 2027-2029                      | 68,866                               | 4,095             | 72,961            |
|                                | <u>\$ 348,300</u>                    | <u>\$ 104,119</u> | <u>\$ 452,419</u> |

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, 2011, the Debt Service Fund requirement for the interest and principal accounts and for contingencies were fully funded with an actual balance of \$64,794, and is reported on the Proprietary Fund as restricted cash.

**14. Compensated Absences**

At December 31, 2011, employees of the City have accumulated and vested \$156,420 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$104,386 is recorded as an obligation of the Governmental Activities, and \$52,034 is recorded as an obligation of the Business-Type Activities.

**15. Reserves and Dedications of Fund Equity**

The City records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use.

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

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

For the year ended December 31, 2011, 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 \$100,017 of on-behalf payments as revenue and as expenses in the General Fund

**17. Restricted Assets**

Restricted assets were applicable to the following at December 31, 2011:

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>      |
|---|------------------------------------|-------------------------------------|-------------------|
| <b>Cash and Cash Equivalents:</b>                     |                                    |                                     |                   |
| Refunding Bonds, Series 2009 - Debt Service           | \$ -                               | \$ 143,152                          | \$ 143,152        |
| Combined Utility Bonds, Series 2010 -<br>Debt Service | <u>-</u>                           | <u>64,794</u>                       | <u>64,794</u>     |
| Total Cash and Cash Equivalents                       | -                                  | 207,946                             | 207,946           |
| <b>Investments:</b>                                   |                                    |                                     |                   |
| Customers Deposits                                    | <u>-</u>                           | <u>697,262</u>                      | <u>697,262</u>    |
| Total Restricted Assets                               | <u>\$ -</u>                        | <u>\$ 905,208</u>                   | <u>\$ 905,208</u> |

**CITY OF WALKER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**18. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations  
by Department for the Year Ended December 31, 2011**

|  | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Sewer<br/>Department</u> | <u>Sanitation<br/>Department</u> | <u>Total<br/>Utility<br/>Enterprise<br/>Fund</u> |
|--|---------------------------|-----------------------------|-----------------------------|----------------------------------|--|
| <b>Operating Revenues:</b>                       |                           |                             |                             |                                  |  |
| Charges for Services                             | \$ 4,158,172              | \$ 820,944                  | \$ 818,607                  | \$ 324,796                       | \$ 6,122,519                                     |
| Delinquent Charges                               | 91,256                    | 19,979                      | 10,245                      | 7,086                            | 128,566  |
| Miscellaneous                                    | 191,601                   | 88,596                      | 11,106                      | -                                | 291,303  |
| <b>Total Operating Revenues</b>                  | <b>4,441,029</b>          | <b>929,519</b>              | <b>839,958</b>              | <b>331,882</b>                   | <b>6,542,388</b>                                 |
| <b>Operating Expenses:</b>                       |                           |                             |                             |                                  |  |
| Direct   | 2,830,373                 | 732,269                     | 1,120,344                   | 361,653                          | 5,044,639  |
| General and Administrative                       | 231,475                   | 109,644                     | 75,121                      | 2,926                            | 419,166  |
| <b>Total Operating Expenses</b>                  | <b>3,061,848</b>          | <b>841,913</b>              | <b>1,195,465</b>            | <b>364,579</b>                   | <b>5,463,805</b>                                 |
| <b>Operating Income (Loss) by<br/>Department</b> | <b>1,379,181</b>          | <b>87,606</b>               | <b>(355,507)</b>            | <b>(32,697)</b>                  | <b>1,078,583</b>                                 |
| Nonoperating Revenues                            | 79,114                    | 2,478                       | 382                         | 194                              | 82,168   |
| Nonoperating Expenses                            | (131,372)                 | (38,939)                    | (28,204)                    | -                                | (198,515)  |
| Federal Grant                                    | 15,848                    | 75,844                      | 6,905                       | -                                | 98,597   |
| State Grant                                      | -                         | -                           | 2,184                       | -                                | 2,184  |
| Transfers from Special Revenue                   | -                         | -                           | 300,000                     | -                                | 300,000  |
| Transfers to General Fund                        | (900,000)                 | -                           | -                           | -                                | (900,000)  |
| <b>Change in Net Assets</b>                      |                           |                             |                             |                                  | <b>\$ 463,017</b>                                |
| <b>Business-Type Activities</b>                  |                           |                             |                             |                                  |  |
| <b>Departmental Net Income (Loss)</b>            | <b>\$ 442,771</b>         | <b>\$ 126,989</b>           | <b>\$ (74,240)</b>          | <b>\$ (32,503)</b>               |  |

**CITY OF WALKER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**19. Schedule of Utility Fund Operating Expenses by Department  
for the Year Ended December 31, 2011**

|  | <u>Gas<br/>Department</u>  | <u>Water<br/>Department</u> | <u>Sewer<br/>Department</u> | <u>Sanitation<br/>Department</u> | <u>Total<br/>Utility<br/>Enterprise<br/>Fund</u> |
|--|----------------------------|-----------------------------|-----------------------------|----------------------------------|--|
| <b>Direct Expenses:</b>                          |                            |                             |                             |                                  |  |
| Natural Gas Purchases                            | \$ 1,715,863               | \$ -                        | \$ -                        | \$ -                             | \$ 1,715,863                                     |
| Salaries and Wages                               | 466,277                    | 213,431                     | 169,241                     | 6,355                            | 855,304  |
| Payroll Taxes, Retirement<br>and Group Insurance | 188,601                    | 95,041                      | 52,563                      | 484                              | 336,689  |
| Contract Services                                | 117,410                    | 54,906                      | 9,424                       | 353,142                          | 534,882  |
| Depreciation                                     | 148,793                    | 79,333                      | 359,072                     | -                                | 587,198  |
| Equipment Expenses                               | 60,503                     | 12,169                      | 21,459                      | -                                | 94,131   |
| Equipment Rental                                 | 8,939                      | 6,585                       | 37,869                      | 479                              | 53,872   |
| Lab Fees   | -                          | -                           | 40,718                      | -                                | 40,718   |
| Maintenance                                      | 103,089                    | 214,058                     | 293,047                     | 1,193                            | 611,387  |
| Small Tools and Supplies                         | 14,960                     | 8,668                       | 9,360                       | -                                | 32,988   |
| Utilities  | 5,938                      | 48,078                      | 127,591                     | -                                | 181,607  |
|  | <u>2,830,373</u>           | <u>732,269</u>              | <u>1,120,344</u>            | <u>361,653</u>                   | <u>5,044,639</u>                                 |
| <b>General and Administrative<br/>Expenses:</b>  |                            |                             |                             |                                  |  |
| Insurance  | 113,552                    | 38,017                      | 24,078                      | 614                              | 176,261  |
| Miscellaneous                                    | 37,608                     | 29,419                      | 15,277                      | -                                | 82,304   |
| Office Expense                                   | 45,636                     | 6,482                       | 5,780                       | -                                | 57,898   |
| Professional Fees                                | 10,213                     | 23,502                      | 15,665                      | 1,870                            | 51,250   |
| Telephone  | 11,806                     | 9,035                       | 13,440                      | -                                | 34,281   |
| Bad Debts  | 12,660                     | 3,189                       | 881                         | 442                              | 17,172   |
|  | <u>231,475</u>             | <u>109,644</u>              | <u>75,121</u>               | <u>2,926</u>                     | <u>419,166</u>                                   |
| <b>Total Operating Expenses</b>                  | <u><u>\$ 3,061,848</u></u> | <u><u>\$ 841,913</u></u>    | <u><u>\$ 1,195,465</u></u>  | <u><u>\$ 364,579</u></u>         | <u><u>\$ 5,463,805</u></u>                       |

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

DECEMBER 31, 2011

**20. Schedule of Utility Enterprise Fund Operating Expenses by  
Function for the Year Ended December 31, 2011**

**Personal Services and Benefits:**

|   |            |
|---|------------|
| Direct Labor                                  | \$ 855,304 |
| Payroll Taxes, Retirement and Group Insurance | 336,689    |
|   | 1,191,993  |

**Contractual Services:**

|                      |         |
|----------------------|---------|
| Equipment Rental     | 53,872  |
| Lab Fees             | 40,718  |
| Subcontract Services | 534,882 |
| Professional Fees    | 51,250  |
|                      | 680,722 |

**Cost of Materials:**

|                       |           |
|-----------------------|-----------|
| Natural Gas Purchases | 1,715,863 |
|-----------------------|-----------|

**Utilities:**

|           |         |
|-----------|---------|
| Utilities | 181,607 |
| Telephone | 34,281  |
|           | 215,888 |

**Repair and Maintenance:**

|                    |         |
|--------------------|---------|
| Equipment Expenses | 94,131  |
| Maintenance        | 611,387 |
|                    | 705,518 |

**Supplies:**

|                          |         |
|--------------------------|---------|
| Small Tools and Supplies | 32,988  |
| Office Expense           | 57,898  |
| Miscellaneous            | 82,304  |
|                          | 173,190 |

**Insurance**

176,261

**Depreciation**

587,198

**Bad Debts**

17,172

|                          |              |
|--------------------------|--------------|
| Total Operating Expenses | \$ 5,463,805 |
|--------------------------|--------------|

**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

**21. 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.

**22. Contingent Liabilities**

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

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

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

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

|  |           |
|--|-----------|
| Bobby Font, Mayor<br>13791 Aydell Lane<br>P.O. Box 218<br>Walker, LA 70785<br>(225) 667-0972 | \$ 67,047 |
| Elton Burns, Board Member<br>30034 Corbin Ave<br>Walker, LA 70785<br>(225) 665-6605          | 12,000    |
| Jack Summerell, Board Member<br>28351 Red Oak Dr.<br>Walker, LA 70785<br>(225) 665-7738      | 12,000    |

(CONTINUED)



**CITY OF WALKER**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2011**

|  |                   |
|--|-------------------|
| Scarlett Major, Board Member<br>13699 Aydell Lane<br>Walker, LA 70785<br>(225) 665-6695  | 12,000            |
| James Phillips, Board Member<br>28081 Foxfire Ave.<br>Walker, LA 70785<br>(225) 664-7046 | 12,000            |
| Richard Wales, Board Member<br>13964 Guy Street<br>Walker, LA 70785<br>(225) 664-3085    | <u>12,000</u>     |
|  | <u>\$ 127,047</u> |

Terms end December 31, 2012.

**24. Current Accounting Pronouncements**

In December 2010, the Governmental Accounting Standards Board issued GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement supersedes GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. This Statement will be required to be adopted by the City for fiscal year ending December 31, 2012.

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the City for fiscal year ending December 31, 2012.

**OTHER SUPPLEMENTAL INFORMATION**

## CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2011

| <u>Federal Grantor/<br/>Pass - Through Grantor/<br/>Program Name</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| <b><u>Federal Grants</u></b>  |                                    |  |                                 |
| <b><u>United States Department of Housing<br/>and Urban Development</u></b>                                       |                                    |  |                                 |
| Passed Through Louisiana Division of<br>Administration Office of Community<br>Development:                        |                                    |  |                                 |
| Community Development Block Grant [1]   | 14.228                             | 107-001484                                   | \$ <u>84,859</u>                |
| Total United States Department of Housing<br>Urban Development  |                                    |  | 84,859                          |
| <b><u>United States Department of Justice</u></b>   |                                    |  |                                 |
| Passed Through Louisiana Commission<br>on Law Enforcement:  |                                    |  |                                 |
| Bulletproof Vest Partnership Program  | 16.607                             | N/A  | 268                             |
| Edward Byrne Memorial Justice Assistance<br>Grant – Criminal Records Improvement [2]                              | 16.738                             | B09-8-0088                                   | 11,200                          |
| Edward Byrne Memorial Justice Assistance<br>Grant – Criminal Patrols [2]  | 16.738                             | B10-5-034                                    | <u>7,374</u>                    |
| Total United States Department of Justice   |                                    |  | 18,842                          |
| <b><u>United States Department of Transportation</u></b>  |                                    |  |                                 |
| Passed Through Louisiana Department of<br>Transportation and Development:   |                                    |  |                                 |
| Highway Planning and Construction [3]   | 20.205                             | N/A  | 22,252                          |
| Safe Routes to Schools Grant [3]  | 20.205                             | N/A  | 91,481                          |
| Passed Through Louisiana Department of<br>Public Safety and Corrections – Louisiana<br>Highway Safety Commission: |                                    |  |                                 |
| Highway Planning and Construction [3]   | 20.205                             | 2011-30-93                                   | 3,253                           |
| State and Community Highway Safety [4]<br>Alcohol Impaired Driving  | 20.600                             | 2011-30-93                                   | 6,505                           |
| Countermeasures Incentives Grant [4]  | 20.601                             | 2011-30-93                                   | 4,783                           |
| Alcohol Open Container Requirements   | 20.607                             | 2011-30-93                                   | 3,253                           |
| Highway Planning and Construction [3]   | 20.205                             | 2012-30-58                                   | 1,481                           |
| State and Community Highway Safety [4]  | 20.600                             | 2012-30-58                                   | 1,481                           |

**CITY OF WALKER**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(Continued)**

FOR THE YEAR ENDED DECEMBER 31, 2011

| <u>Federal Grantor/<br/>Pass - Through Grantor/<br/>Program Name</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| <b>Passed Through Louisiana Department of<br/>Public Safety and Corrections -- Louisiana<br/>Highway Safety Commission (continued):</b> |                                    |  |                                 |
| Alcohol Impaired Driving  |                                    |  |                                 |
| Countermeasures Incentives Grant [4]  | 20.601                             | 2012-30-58                                   | 159                             |
| State and Community Highway Safety [4]  | 20.600                             | 2011-30-01-01                                | <u>1,626</u>                    |
| <b>Total United States Department of<br/>Transportation</b>   |                                    |  | <b>136,274</b>                  |
| <b><u>United States Environmental Protection Agency</u></b>   |                                    |  |                                 |
| <b>Passed Through Louisiana Department<br/>of Environmental Quality:</b>  |                                    |  |                                 |
| Capitalization Grants for Clean Water<br>State Revolving Funds  | 66.458                             | N/A  | 581,371                         |
| <b>Passed Through University of New Orleans<br/>Research and Technology Foundation:</b>   |                                    |  |                                 |
| Congressionally Mandated Projects   | 66.202                             | N/A  | <u>6,905</u>                    |
| <b>Total United States Environmental<br/>Protection Agency</b>  |                                    |  | <b>588,276</b>                  |
| <b><u>United States Department of Health and<br/>Human Services</u></b>   |                                    |  |                                 |
| <b>Passed Through Louisiana Department<br/>of Health and Hospitals:</b>   |                                    |  |                                 |
| Maternal and Child Health Services Block<br>Grant to the States   | 93.994                             | N/A  | <u>1,974</u>                    |
| <b>Total United States Department of<br/>Health and Human Services</b>  |                                    |  | <b>1,974</b>                    |
| <b><u>United States Department of Homeland Security</u></b>   |                                    |  |                                 |
| <b>Passed Through Louisiana Governor's Office of<br/>Homeland Security and Emergency Preparedness:</b>                                  |                                    |  |                                 |
| Emergency Management Performance Grant  | 97.042                             | N/A  | 2,099                           |
| Homeland Security Grant [5]   | 97.067                             | N/A  | 15,848                          |

**CITY OF WALKER**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(Continued)**

FOR THE YEAR ENDED DECEMBER 31, 2011

| <u>Federal Grantor/<br/>Pass - Through Grantor/<br/>Program Name</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| Passed Through Louisiana Governor's Office of<br>Homeland Security and Emergency<br>Preparedness (continued): |                                    |  |                                 |
| Disaster Management Performance Grant   | 97.036                             | N/A  | 5,020                           |
| Hazard Mitigation Grant   | 97.039                             | N/A  | <u>1,744</u>                    |
| Total United States Department of<br>Homeland Security  |                                    |  | <u>24,711</u>                   |
| Total Federal Grants  |                                    |  | <u>854,936</u>                  |
| <br><b><u>American Recovery and Reinvestment Act</u></b>  |                                    |  |                                 |
| <b><u>United States Environmental Protection Agency</u></b>   |                                    |  |                                 |
| Passed Through Louisiana Department<br>of Health and Hospitals:   |                                    |  |                                 |
| Capitalization Grants for Drinking Water<br>State Revolving Funds   | 66.468                             | N/A  | <u>73,870</u>                   |
| Total United States Environmental<br>Protection Agency  |                                    |  | <u>73,870</u>                   |
| Total American Recovery and Reinvestment Act (ARRA)   |                                    |  | <u>73,870</u>                   |
| Total Expenditures of Federal Awards  |                                    |  | <u><u>\$ 928,806</u></u>        |

- [1] CDBG – State-Administered CDBG Cluster
- [2] JAG Program Cluster
- [3] Highway Planning and Construction Cluster
- [4] Highway Safety Cluster
- [5] Homeland Security Cluster

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

**CITY OF WALKER**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See auditor's report.

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

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June 18, 2012

The Honorable Mayor, Bobby Font  
and Members of the Board of Aldermen  
City of Walker  
Walker, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparative statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the City of Walker, Louisiana's basic financial statements, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Aldermen, others within the entity, and the Office of the Legislative Auditor, State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Harold J. Bourgeois, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

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June 18, 2012

The Honorable Mayor, Bobby Font  
and Members of the Board of Aldermen  
City of Walker  
Walker, Louisiana

Compliance

We have audited the City of Walker's compliance of with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

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 its major federal program for the year ended December 31, 2011.

## Internal Control Over Compliance

Management of the City of Walker is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

This report is intended solely for the information of management, the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*

**CITY OF WALKER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

A. As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit:

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

|           |                 |
|-----------|-----------------|
| _____ Yes | <u>  x  </u> No |
|-----------|-----------------|

• The following program was tested as Type "A" major program:

Federal Grantor/  
Pass - Through Grantor/  
Program Name

CFDA  
Number

United States Environmental Protection Agency  
Passed Through Louisiana Department  
of Environmental Quality:  
Capitalization Grants for Clean Water  
State Revolving Funds

66.458

- The threshold for distinguishing Types A and B programs was \$300,000
- The City of Walker was not determined to be a low-risk auditee.

**CITY OF WALKER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**B. Internal Control Over Financial Reporting**

None

**C. Compliance and Other Matters**

None

**CITY OF WALKER**

**SCHEDULE OF PRIOR YEAR FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**(A) Findings-Internal Control Over Financial Reporting**

None

**(B) Findings-Compliance and Other Matters-**

**Finding 2010-1 Failure to Amend Budget (LSA-R.S. 39:1310):**

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. Actual expenses of the general fund exceeded budgeted expenditures by a greater than 5% variance in the following departments:

| <u>General Fund</u>           | <u>Unfavorable Variance</u> | <u>Variance %</u> |
|-------------------------------|-----------------------------|-------------------|
| • Capital Outlay Expenditures | \$ 80,091                   | 30 40%            |

**Recommendation:**

We recommended that the management of the City monitor actual costs accumulated by department and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

**Management's Response:**

The City was awarded a Safe Routes to School Grant from the United States Department of Transportation, passed through the Louisiana Department of Transportation and Development. As of the time the budget amendment was prepared, only engineering design and planning work was expected to be completed during 2010 with the actual construction to begin in 2011. Therefore, construction expenses associated with this project were not included in the 2010 budget amendment. Excluding these construction costs, the capital outlay would have had a favorable variance of \$52,290 (19.85%).

As per R.S. 39:1311, the budget is required to be amended when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more, or total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

**Corrective Action Taken:**

For 2011, management was in compliance of the State Budget Act.

**CITY OF WALKER**

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

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Reference Number: 2004M-9**

**Category: Contingent Liabilities**

**Description of Finding:**

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

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

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

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

**Recommendations:**

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

**Corrective Action Taken:**

The possible liability due to the Louisiana Department of Transportation has not been determined and is still reported as a contingent liability in these financial statements.



**CITY OF WALKER**

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

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Management's Response:**

The City of Walker will seek the opinion of its attorney relative to the liability created when utilities were relocated by the Louisiana Department of Transportation and Development. We will determine the appropriate disclosure in accordance with the legal opinion. As of December 31, 2011 any liability is still not determined. The Louisiana Department of Transportation has not enforced the collection of the balances due; however, the City has been notified that utility services adjacent to state right of ways will not be approved until the liability is paid.