

CITY OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 JUL 03 2013

**CITY OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
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June 24, 2013

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective budgetary comparison statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, as of December 31, 2012, and the respective changes in financial position and , where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Walker's December 31, 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Walker's basic financial statements. The schedules listed in the Table of Contents as Schedule 1 through Schedule 3 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, identified on the Table of Contents as Schedule 4, 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 not a required part of the financial statements

The schedule of expenditures of federal awards, Schedule 4, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Schedules 1 through Schedule 3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Walker's internal control over financial reporting and compliance.

Respectfully submitted,

Harold 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, 2012. The intent of Management's Discussion and Analysis ("MD&A") is to look at the overall financial performance of the City using an objective, easily readable analysis of the City's financial activities. Therefore, we encourage readers to consider the information presented here in conjunction with additional information furnished in the Notes to the Basic Financial Statements. Please reference the Table of Contents for the exact location of those items.

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

Financial Highlights

The City made major infrastructure improvements in 2012 with incurring minimal new debt and sustaining a positive impact on net position with an increase of \$258,101 (1.83%) over 2011.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2012. The City's net position at December 31, 2012 was \$14,336,736. Capital assets are reported net of accumulated depreciation, and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Position as of December 31, 2012 with comparative figures for 2011.

City of Walker
Condensed Statement of Net Position
For the Year Ended December 31, 2012

	Governmental Activities	Business-Type Activities	Totals 2012	Totals 2011
ASSETS				
Current and Other Assets	\$ 3,563,757	\$ 4,159,730	\$ 7,723,487	\$ 9,245,283
Restricted Assets	-	986,175	986,175	905,208
Unamortized Bond Issuance Cost	124,791	269,936	394,727	411,756
Capital Assets	2,621,848	11,959,289	14,581,137	13,932,142
Total assets	<u>\$ 6,310,396</u>	<u>\$ 17,375,130</u>	<u>\$ 23,685,526</u>	<u>\$ 24,494,389</u>
LIABILITIES				
Current Liabilities	\$ 509,563	\$ 1,083,363	\$ 1,592,926	\$ 3,015,001
Long-Term Liabilities	2,394,060	5,361,804	7,755,864	7,400,753
Total Liabilities	<u>2,903,623</u>	<u>6,445,167</u>	<u>9,348,790</u>	<u>10,415,754</u>
NET POSITION				
Invested in Capital Assets				
Net of Debt	2,621,848	6,664,315	9,286,163	9,187,310
Restricted	-	101,845	101,845	72,957
Unrestricted	784,925	4,163,803	4,948,728	4,818,368
Total Net Position	<u>3,406,773</u>	<u>10,929,963</u>	<u>14,336,736</u>	<u>14,078,635</u>
Total Liabilities and Net Position	<u>\$ 6,310,396</u>	<u>\$ 17,375,130</u>	<u>\$ 23,685,526</u>	<u>\$ 24,494,389</u>

The Statement of Activities for 2012 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 2012 were \$11,323,334. Of the governmental activities expenses, \$1,233,033 was covered by program revenues and operating and capital grants. The remainder, or \$4,718,401, was funded by general revenues, primarily sales, franchise, and property taxes, occupational licenses, and permits. For business-type activities, program revenues exceeded expenses by \$509,517.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2012 with comparative figures for 2011

City of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2012

	Governmental Activities	Business-Type Activities	Totals 2012	Totals 2011
Revenues				
Program Revenues				
Charges for Services	\$ 678,120	\$ 5,512,613	\$ 6,190,733	\$ 7,296,088
Operating Grants and Contributions	257,536	22,000	279,536	246,400
Capital Grants and Contributions	297,377	346,804	644,181	216,536
General Revenues				
Taxes	4,352,434	-	4,352,434	4,513,963
Other Grants and Contributions not Restricted to Specific Programs	14,441	-	14,441	12,817
Interest Income	13,807	20,190	33,997	62,987
Net Gain on Sale of Assets	15,565	1,323	16,888	88,690
Miscellaneous Income	26,951	22,274	49,225	54,617
Total Revenues	5,656,231	5,925,204	11,581,435	12,492,098
Expenses				
General Government	1,713,157	-	1,713,157	1,722,650
Public Safety	2,252,439	-	2,252,439	2,298,059
Highways and Streets	1,490,046	-	1,490,046	1,354,563
Parks and Recreation	385,400	-	385,400	339,915
Interest on Long-Term Debt	110,392	-	110,392	117,234
Gas	-	2,672,043	2,672,043	3,193,220
Water	-	1,005,243	1,005,243	880,852
Sewer	-	1,321,834	1,321,834	1,223,669
Sanitation	-	372,780	372,780	364,579
Total Expenses	5,951,434	5,371,900	11,323,334	11,494,741
Net Income (Loss)	(295,203)	553,304	258,101	997,357
Transfers In (Out)	258,856	(258,856)	-	-
Increase (Decrease) in Net Position	(36,347)	294,448	258,101	997,357
Net Position - Beginning of Year	3,443,120	10,635,515	8,097,054	13,081,278
Net Position - End of Year	\$ 3,406,773	\$ 10,929,963	\$ 8,355,155	\$ 14,078,635

Governmental activities. Governmental activities net position decreased \$36,347 (1.06%). Total revenues before transfers decreased \$110,530 (1.92%); and total expenses increased \$119,013 (2.04%). Major events and non-recurring expenses for 2012 included Hurricane Isaac and a new T-ball field.

Business-type activities. Business-type activities net position increased \$294,448 (2.77%). Net income before transfers was \$553,304. Major improvements and additions to utility services during 2012 included:

- Extended gas and sewer services to the Our Lady of the Lake Livingston (LOL) facility, with LOL constructing a new sewer lift station and donating it to the city.
- Installed an ultraviolet light system and a workstation bridge crane at the wastewater treatment plant.
- Added a fluoride treatment system to city's water system.

Analysis of Fund Financial Statements

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$3,004,379, a decrease of \$213,830 in the current year. The general fund, which is the chief operating fund of the City, reported \$1,353,587 excess expenditures over revenues. The transfer of \$1,000,000 from the gas department, \$80,563 from the ½ cent sales tax fund, and \$15,565 gain on sale of capital assets resulted in reducing the net decrease in fund balance to \$257,459. The 2000 ½ cent sales tax fund reported \$865,336 excess revenues over expenditures; and a \$43,629 net increase in fund balance after the \$741,144 transfer to the proprietary fund sewer department to support operations, maintenance, and improvement of the sewerage system and the \$80,563 to the general fund street department for the purchase of equipment for maintenance of roadside ditches and drainage.

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 \$343,175. Operating income for the gas department was \$1,027,705; while the water and sanitation departments reported operating losses of \$68,722 and \$44,796, respectively. Operations of the sewer department also resulted in a loss of \$571,012; however, \$741,144 was transferred from the ½ cent sales tax fund.

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 one budget amendment 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, 2012, amounts to \$14,581,137, an increase of \$648,995 from the December 31, 2011 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 2012 amounted to \$330,145, while depreciation expense recorded for the business-type activities totaled \$630,864.

Additional information on the City's capital assets can be found in note 8 on pages 45-47 of this report

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$7,755,864, an increase of \$355,111 (4.8%) 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 \$6,617,204, with \$2,292,371 payable from the ½ Cent Sales Tax Fund and \$4,324,833 payable from the Enterprise Fund
- The 2010 Utility Revenue Bonds have an outstanding balance of \$332,000.
- The 2011 Utility Revenue Bonds have an outstanding balance of \$638,141
- Compensated absences total \$168,519.

Additional information on the City's long-term debt can be found in note 12 on pages 49-54

Future Budget and Economic Outlook

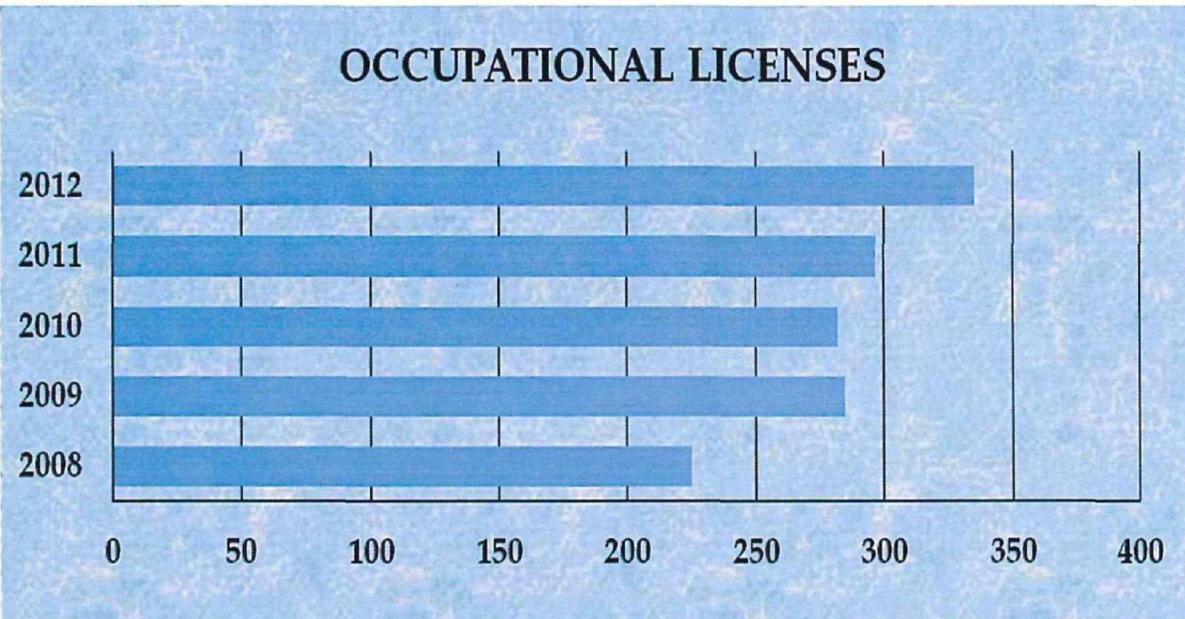
The City began the long-term task of upgrading our infrastructure in 2012. The City's goal is to complete as many of the necessary infrastructure improvements without incurring additional long-term debt. Projects completed in 2012 funded with City revenues and grants include a new t-ball field added to our baseball complex at Sidney Hutchinson Park, the new UV system and bridge crane at the wastewater treatment plant, sidewalk project phase I, Peaks Crossing sewer improvements, fluoride treatment added to the water system, OLOL gas and sewer services Sidewalk project phase II has been completed in 2013 and is pending closeout while planning for phase III has begun. Plans for a new 1200 gallons per minute water well and 250,000 gallon water tower at a site dedicated by OLOL are underway with engineering and design funded in the 2013 budget and construction planned for 2014.

A consent decree issued by Department of Environmental Quality (DEQ) in 2008 for past sewer violations will be closed in 2013. The decree required the City to complete two beneficial environmental projects (BEPs). The City proposed and DEQ accepted the Greenwich Village water and the eastside sewer force main projects. As of January 2013, both projects have been completed and accepted by DEQ. The City is awaiting the final letter from DEQ lifting the consent decree.

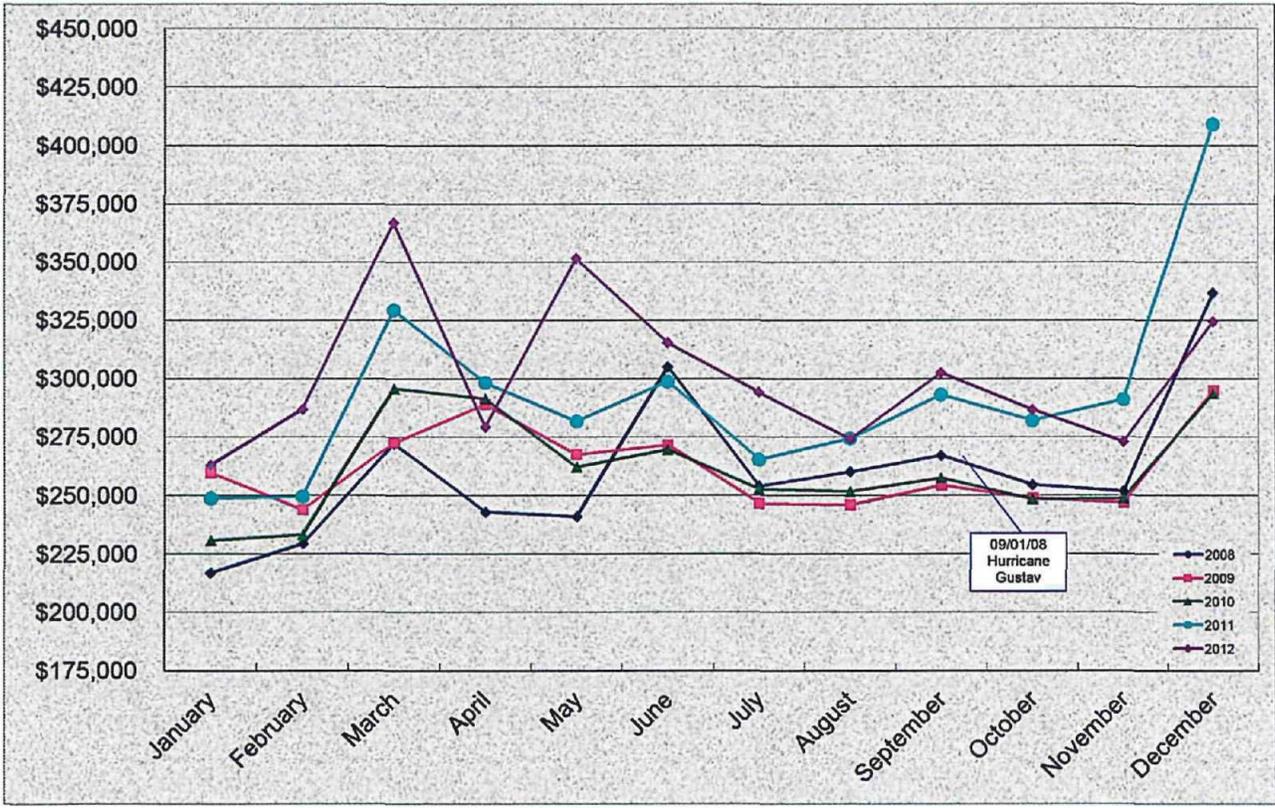
The Louisiana Department of Transportation and Development completed the U.S 190 and LA 1029 intersection improvements, and have approved intersection improvements at U S 190 and LA 449 as well as improvements to the LA 449 railroad crossing. Widening of I-12 from Juban Road to Walker is under construction with bids for widening from Walker to Satsuma to be advertised in late summer 2013. In conjunction with the widening project, the state has agreed to add additional drainage under I-12 with the City and Gravity Drainage working together to clean the drainage within the city limits along the north side of I-12. The initial funding for the planning stage of widening the LA 447 I-12 overpass is also approved in the state budget.

The City's largest revenue source is charges for utilities (gas, water, sewer, and garbage). The last utility rate increase was in 2001. The current rates are not adequate to endure the cost of maintaining and improving the City's existing infrastructure, and constructing new infrastructure to meet the increasing needs of the growing population without incurring additional long term debt. The City began a utility rate study in 2012 and is preparing to update rates for all utilities. The three largest sources of general revenue for the City are a 1% sales tax, fines and forfeitures, and licenses and permits. 2012 sales tax reported only a moderate 2.77% increase over 2011, and January through March 2013 reported a 15% decrease from the same period for 2012

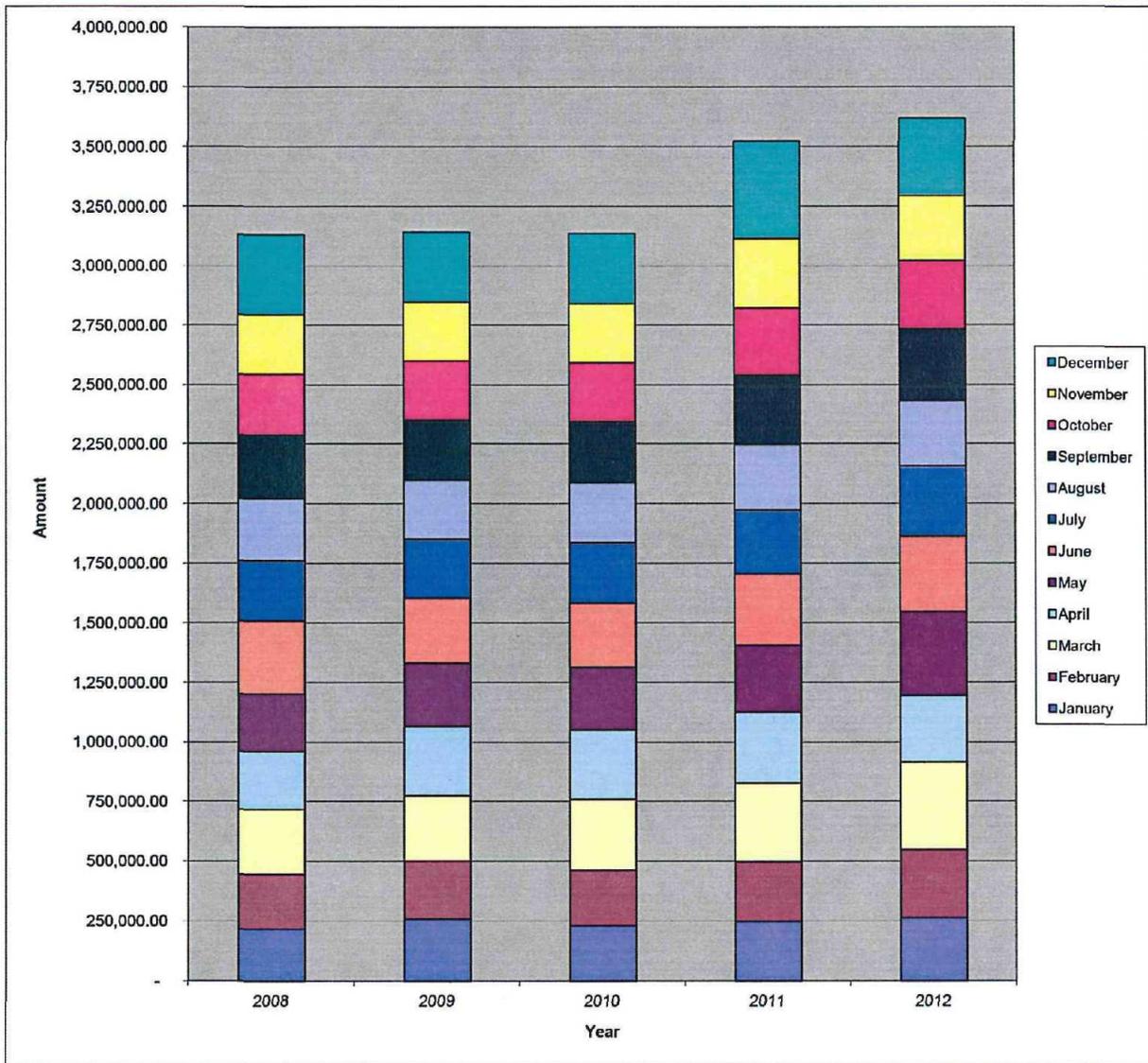
This drastic decrease is seemingly a result of the one time infusion of money from major construction during 2011 - early 2012 and management anticipates a leveling off of the decrease and more stable sales tax collections for the remainder of 2013. Additionally, 2012 fines and forfeitures netted a 10% decrease from 2011. Walker continues to welcome enterprise and entrepreneurship, issuing 335 occupational licenses in 2012 compared to 297 in 2011.



CITY OF WALKER GROSS MONTHLY SALES TAX



CITY OF WALKER GROSS ANNUAL SALES TAX



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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WALKER
STATEMENT OF NET POSITION

DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011)

	Governmental Activities	Business-Type Activities	Totals	
			2012	2011
ASSETS				
Cash and Cash Equivalents	\$ 2,816,311	\$ 2,263,290	\$ 5,079,601	\$ 6,213,651
Investments	313,897	-	313,897	306,750
Receivables, Net	187,898	969,082	1,156,980	1,173,733
Due from Other Governments	853,789	2,007	855,796	1,270,099
Internal Balances	(681,548)	681,548	-	-
Inventories	-	180,418	180,418	169,420
Prepaid Items	73,410	63,385	136,795	111,630
Restricted Assets:				
Cash and Cash Equivalents	-	274,252	274,252	207,946
Investments	-	711,923	711,923	697,262
Unamortized Bond Issuance Costs	124,791	269,936	394,727	411,756
Capital Assets:				
Land and Construction in Progress	795,661	1,333,627	2,129,288	2,276,021
Other Capital Assets, Net of Depreciation	1,826,187	10,625,662	12,451,849	11,656,121
Total Assets	\$ 6,310,396	\$ 17,375,130	\$ 23,685,526	\$ 24,494,389
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 485,968	\$ 1,035,655	\$ 1,521,623	\$ 2,361,840
Accrued Interest Payable	23,595	47,708	71,303	72,790
Bond Anticipation Note Payable	-	-	-	580,371
Non-Current Liabilities:				
Due Within One Year	242,511	141,406	383,917	333,886
Due in More Than One Year	2,151,549	5,220,398	7,371,947	7,066,867
Total Liabilities	2,903,623	6,445,167	9,348,790	10,415,754
NET POSITION				
Investment in Capital Assets, Net of Related Debt	2,621,848	6,664,315	9,286,163	9,187,310
Restricted for Debt Service	-	101,845	101,845	72,957
Unrestricted	784,925	4,163,803	4,948,728	4,818,368
Total Net Position	3,406,773	10,929,963	14,336,736	14,078,635
Total Liabilities and Net Position	\$ 6,310,396	\$ 17,375,130	\$ 23,685,526	\$ 24,494,389

The accompanying notes constitute an integral part of this statement

CITY OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,713,157	\$ -	\$ 56,151	\$ 7,500
Public Safety	2,252,439	502,714	140,394	7,896
Highways and Streets	1,490,046	9,200	57,991	236,007
Parks and Recreation	385,400	166,206	3,000	45,974
Interest on Long-Term Debt	110,392	-	-	-
Total Governmental Activities	5,951,434	678,120	257,536	297,377
Business-Type Activities:				
Gas	2,672,043	3,566,358	-	-
Water	1,005,243	897,659	22,000	189,326
Sewer	1,321,834	720,612	-	157,478
Sanitation	372,780	327,984	-	-
Total Business-Type Activities	5,371,900	5,512,613	22,000	346,804
Total Primary Government	\$ 11,323,334	\$ 6,190,733	\$ 279,536	\$ 644,181
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Transfers				
Interest Income				
Net Gain on Sale of Assets				
Miscellaneous Income				
Total General Revenues				
Change in Net Position				
Net Position - Beginning of Year				
Net Position - End of Year				

The accompanying notes constitute an integral part of this statement

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals 2012</u>	<u>Totals 2011</u>
\$ (1,649,506)	\$ -	\$ (1,649,506)	\$ (1,635,597)
(1,601,435)	-	(1,601,435)	(1,574,147)
(1,186,848)	-	(1,186,848)	(1,222,010)
(170,220)	-	(170,220)	(167,578)
(110,392)	-	(110,392)	(117,234)
<u>(4,718,401)</u>	<u>-</u>	<u>(4,718,401)</u>	<u>(4,716,566)</u>
-	894,315	894,315	1,263,657
-	103,742	103,742	124,511
-	(443,744)	(443,744)	(374,622)
<u>-</u>	<u>(44,796)</u>	<u>(44,796)</u>	<u>(32,697)</u>
-	509,517	509,517	980,849
<u>(4,718,401)</u>	<u>509,517</u>	<u>(4,208,884)</u>	<u>(3,735,717)</u>
106,850	-	106,850	111,417
3,567,524	-	3,567,524	3,522,832
371,751	-	371,751	525,561
306,309	-	306,309	354,153
14,441	-	14,441	12,817
258,856	(258,856)	-	-
13,807	20,190	33,997	62,987
15,565	1,323	16,888	88,690
26,951	22,274	49,225	54,617
<u>4,682,054</u>	<u>(215,069)</u>	<u>4,466,985</u>	<u>4,733,074</u>
(36,347)	294,448	258,101	997,357
3,443,120	10,635,515	14,078,635	13,081,278
<u>\$ 3,406,773</u>	<u>\$ 10,929,963</u>	<u>\$ 14,336,736</u>	<u>\$ 14,078,635</u>

FUND FINANCIAL STATEMENTS

CITY OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011)

	<u>General</u>	<u>2000 1/2 Cent Sales Tax Fund</u>	<u>Total Governmental 2012</u>	<u>2011</u>
ASSETS				
Cash and Cash Equivalents	\$ 456,775	\$ 2,359,536	\$ 2,816,311	\$ 2,256,981
Investments	313,897	-	313,897	306,750
Receivables:				
Ad Valorem Taxes, Net	53,035	-	53,035	38,702
Other	134,863	-	134,863	139,719
Due from Other Funds	-	-	-	80,244
Due from Other Governments	664,487	189,302	853,789	834,699
Total Assets	<u>\$ 1,623,057</u>	<u>\$ 2,548,838</u>	<u>\$ 4,171,895</u>	<u>\$ 3,657,095</u>
LIABILITIES				
Accounts Payable	\$ 271,775	\$ -	\$ 271,775	\$ 192,656
Payroll Liabilities	159,481	-	159,481	105,478
Accrued Salaries and Wages	54,712	-	54,712	140,752
Due to Other Funds	138,459	543,089	681,548	-
Total Liabilities	624,427	543,089	1,167,516	438,886
FUND BALANCES				
Fund Balances:				
Committed For:				
Construction Contracts	14,302	-	14,302	-
Assigned To:				
Special Revenue Fund	-	2,005,749	2,005,749	1,962,120
Unassigned:				
General Fund	984,328	-	984,328	1,256,089
Total Fund Balances	<u>998,630</u>	<u>2,005,749</u>	<u>3,004,379</u>	<u>3,218,209</u>
Total Liabilities and Fund Balances	<u>\$ 1,623,057</u>	<u>\$ 2,548,838</u>	<u>\$ 4,171,895</u>	<u>\$ 3,657,095</u>

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 POSITION

DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011)

	<u>2012</u>	<u>2011</u>
Fund Balances - Total Governmental Funds	\$ 3,004,379	\$ 3,218,209
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because.</p>		
<p>Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds</p>		
Governmental Capital Assets	5,822,326	5,550,541
Less Accumulated Depreciation	<u>(3,200,478)</u>	<u>(2,890,171)</u>
	2,621,848	2,660,370
Prepaid Insurance	73,410	57,814
Unamortized Bond Issuance Costs	124,791	136,066
<p>Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds.</p>		
General Obligation Bonds	(2,292,371)	(2,499,501)
Compensated Absences Payable	(101,689)	(104,386)
Accrued Interest Payable	<u>(23,595)</u>	<u>(25,452)</u>
	<u>(2,417,655)</u>	<u>(2,629,339)</u>
Net Position of Governmental Activities	<u>\$ 3,406,773</u>	<u>\$ 3,443,120</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, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	2000		Total	
	General	1/2 Cent Sales Tax Fund	2012	2011
Revenues:				
Taxes	\$ 2,805,950	\$ 1,189,174	\$ 3,995,124	\$ 4,001,219
Licenses and Permits	371,751	-	371,751	525,561
Fines and Forfeits	499,871	-	499,871	558,053
Interest	8,951	4,856	13,807	10,335
Fees	120,867	-	120,867	136,910
Intergovernmental	524,882	-	524,882	349,305
Miscellaneous	114,364	-	114,364	96,688
Total Revenues	4,446,636	1,194,030	5,640,666	5,678,071
Expenditures:				
Current:				
General Government	1,630,277	20,590	1,650,867	1,643,711
Public Safety	2,151,670	-	2,151,670	2,179,645
Highways and Streets	1,391,337	-	1,391,337	1,239,643
Parks and Recreation	335,316	-	335,316	295,145
Capital Outlay	291,623	-	291,623	353,831
Debt Service:				
Principal Retirement	-	208,000	208,000	200,000
Interest and Administration Fees	-	100,104	100,104	107,319
Total Expenditures	5,800,223	328,694	6,128,917	6,019,294
Excess (Deficiency) of				
Revenues over Expenditures	(1,353,587)	865,336	(488,251)	(341,223)
Other Financing Sources (Uses):				
Sale of Capital Assets	15,565	-	15,565	264,911
Transfers In	1,080,563	-	1,080,563	900,000
Transfer Out	-	(821,707)	(821,707)	(300,000)
Total Other Financing Sources (Uses)	1,096,128	(821,707)	274,421	864,911
Net Change in Fund Balances	(257,459)	43,629	(213,830)	523,688
Fund Balances at Beginning of Year	1,256,089	1,962,120	3,218,209	2,694,521
Fund Balances at End of Year	\$ 998,630	\$ 2,005,749	\$ 3,004,379	\$ 3,218,209

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, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	<u>2012</u>	<u>2011</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (213,830)	\$ 523,688
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlays as Expenditures However, in the Statement of Activities, the Cost of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense		
Capital Outlay	291,623	353,831
Depreciation Expense	<u>(330,145)</u>	<u>(327,984)</u>
	(38,522)	25,847
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 Position Differs from the Change in Fund Balance by the Cost of the Capital Assets Sold		
Add Accumulated Depreciation on Capital Assets Retired	19,838	164,059
Less Cost Basis of Capital Assets Retired During the Year	<u>(19,838)</u>	<u>(340,280)</u>
	-	(176,221)
Governmental funds expense insurance payments when paid In the Statement of Activities, only the portion applicable to the current year is expensed The remaining is recorded in the Statement of Net Position as prepaid insurance		
Change in Prepaid Insurance	15,596	115
The Issuance of Long-Term Debt (e g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds Neither Transaction, However, has any Effect on Net Position		
Repayment of Principal on Long-Term Debt	208,000	200,000
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds		
(Increase) Decrease in Compensated Absences Payable	2,697	(29,174)
(Increase) Decrease in Accrued Interest Payable	1,857	1,764
Amortization of Cost of Issuance	(11,275)	(10,842)
Amortization of Discount Paid on Issuance of General Obligation Bonds	<u>(870)</u>	<u>(837)</u>
Change in Net Position of Governmental Activities	<u>\$ (36,347)</u>	<u>\$ 534,340</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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 110,700	\$ 110,700	\$ 106,850	\$ (3,850)
Alcoholic Beverage Tax	13,900	13,400	14,441	1,041
Franchise Taxes	389,400	321,400	306,309	(15,091)
Sales Taxes	2,244,700	2,483,200	2,378,350	(104,850)
	<u>2,758,700</u>	<u>2,928,700</u>	<u>2,805,950</u>	<u>(122,750)</u>
Licenses and Permits:				
Occupational Licenses	341,300	336,300	310,789	(25,511)
Other Permits and Licenses	50,500	50,500	60,962	10,462
	<u>391,800</u>	<u>386,800</u>	<u>371,751</u>	<u>(15,049)</u>
Fines and Forfeits	664,600	526,500	499,871	(26,629)
Interest Income	2,000	11,000	8,951	(2,049)
Fees:				
Animal Adoption Fees	4,200	2,450	2,843	393
Parks and Recreation Fees	94,500	102,500	108,824	6,324
Road Maintenance	9,200	9,200	9,200	-
	<u>107,900</u>	<u>114,150</u>	<u>120,867</u>	<u>6,717</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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants				
Law Enforcement Grants	-	14,400	14,400	-
Other State and Local Grants	-	10,040	18,579	8,539
On Behalf Payments for Salaries	1,600	105,600	99,716	(5,884)
Federal Grants				
Community Development Block				
Grant	-	50,000	50,156	156
Public Assistance	-	-	57,991	57,991
Street Landscape and				
Beautification Grant	245,682	240,532	236,007	(4,525)
Federal Parks and Recreation Grant	35,000	35,000	32,431	(2,569)
Law Enforcement Grants	45,873	21,433	15,602	(5,831)
	<u>328,155</u>	<u>477,005</u>	<u>524,882</u>	<u>47,877</u>
Miscellaneous:				
Parks and Recreation Concessions	43,700	54,700	57,382	2,682
Miscellaneous	20,000	21,000	56,982	35,982
	<u>63,700</u>	<u>75,700</u>	<u>114,364</u>	<u>38,664</u>
Total Revenues	4,316,855	4,519,855	4,446,636	(73,219)

(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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures				
General Government:				
General Provisions.				
Salaries	777,800	779,900	781,153	(1,253)
Aldermen's Per Diem	60,000	60,000	59,000	1,000
Payroll Taxes, Retirement, and Group Insurance	321,000	346,800	335,278	11,522
Advertising	8,800	5,500	5,392	108
Collection Costs	53,600	52,100	48,585	3,515
Bank Charges	6,700	9,200	8,202	998
Community Events	21,500	21,500	23,973	(2,473)
Contracted Services	27,640	28,640	32,347	(3,707)
Coroner Fees	2,600	1,000	4,850	(3,850)
Court Costs	14,400	14,400	14,400	-
Economic Development	10,000	10,000	10,000	-
Insurance	75,400	69,400	69,943	(543)
Legal and Professional	41,700	34,200	29,814	4,386
Membership Fees and Educational Training	8,000	16,200	19,339	(3,139)
Miscellaneous	2,400	3,900	2,610	1,290
Printing, Postage and Office Supplies	54,300	60,200	63,482	(3,282)
Rental Equipment	18,700	11,300	10,327	973
Repairs and Maintenance	23,600	24,500	52,994	(28,494)
Small Tools and Supplies	3,300	4,200	3,556	644
Telephone	23,600	15,300	13,772	1,528
Utilities	23,900	8,000	10,733	(2,733)
Uniforms	8,400	10,100	9,591	509
Vehicle Expenses	22,600	23,600	20,936	2,664
Total General Government	1,609,940	1,609,940	1,630,277	(20,337)
Public Safety:				
Animal Control:				
Salaries	90,700	95,700	98,722	(3,022)

(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, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Animal Control (Continued).				
Payroll Taxes, Retirement, and Group Insurance	48,100	29,800	27,250	2,550
Animal Care Expense	5,200	10,700	9,008	1,692
Insurance	2,700	5,400	4,433	967
Legal and Professional	2,000	2,400	2,370	30
Miscellaneous	5,920	14,420	19,297	(4,877)
Printing, Postage and Office Supplies	7,500	7,500	8,018	(518)
Small Tools and Supplies	1,200	2,400	2,409	(9)
Telephone	3,700	3,700	2,594	1,106
Utilities	7,100	7,100	7,084	16
Vehicle Expense	2,700	4,200	3,392	808
Total Animal Control	176,820	183,320	184,577	(1,257)
Police:				
Salaries	1,068,700	1,068,700	1,061,615	7,085
Payroll Taxes, Retirement, and Group Insurance	563,100	503,100	493,374	9,726
Contracted Services	5,820	5,820	6,411	(591)
Equipment Rental	11,970	8,970	10,562	(1,592)
Insurance	125,400	137,400	124,227	13,173
Membership Fees and Educational Training	5,500	5,500	8,416	(2,916)
Miscellaneous	2,800	4,700	4,726	(26)
Printing, Postage and Office Supplies	38,100	7,100	7,744	(644)
Professional Fees	12,700	12,700	12,868	(168)
Repairs and Maintenance	36,400	44,500	49,481	(4,981)
Small Tools and Supplies	11,600	35,800	30,514	5,286
Telephone	26,900	29,900	29,557	343

(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, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Uniforms	13,000	10,700	11,374	(674)
Utilities	8,400	6,600	6,462	138
Vehicle Expense	107,100	107,100	109,762	(2,662)
Total Police	<u>2,037,490</u>	<u>1,988,590</u>	<u>1,967,093</u>	<u>21,497</u>
Total Public Safety	<u>2,214,310</u>	<u>2,171,910</u>	<u>2,151,670</u>	<u>20,240</u>
Highway and Streets:				
Streets:				
Salaries	483,300	477,300	471,263	6,037
Payroll Taxes, Retirement, and Group Insurance	224,750	230,750	233,295	(2,545)
Contract Services	30,000	55,000	61,732	(6,732)
Equipment Expense	65,300	65,300	61,381	3,919
Equipment Rental	1,900	3,900	3,213	687
Insurance	77,600	77,600	76,697	903
Landscaping and Beautification	245,682	245,682	234,651	11,031
Legal and Professional	36,000	56,000	69,685	(13,685)
Streets Maintenance and Materials	45,100	57,100	62,044	(4,944)
Membership Fees and Educational Training	700	700	690	10
Miscellaneous	1,700	2,700	2,744	(44)
Small Tools and Supplies	20,700	17,600	18,870	(1,270)
Telephone	11,000	15,500	14,029	1,471
Uniforms	7,600	11,900	11,489	411
Utilities	79,000	70,300	69,554	746
Total Highways and Streets	<u>1,330,332</u>	<u>1,387,332</u>	<u>1,391,337</u>	<u>(4,005)</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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Parks and Recreation:				
Salaries	81,000	81,000	76,400	4,600
Payroll Taxes, Retirement, and Group Insurance	29,700	30,200	29,394	806
Contract Services	-	10,000	7,891	2,109
Concession Supplies	30,000	42,000	46,571	(4,571)
Equipment Rental	2,400	4,900	6,527	(1,627)
Insurance	11,400	16,800	14,342	2,458
Membership Fees and Educational Training	1,000	500	-	500
Miscellaneous	1,700	3,700	2,290	1,410
Legal and Professional	2,200	3,650	3,387	263
Printing, Postage and Office Supplies	2,500	1,100	741	359
Recreational Supplies	20,000	24,500	31,355	(6,855)
Repairs and Maintenance	13,520	27,520	25,344	2,176
Small Tools and Supplies	7,200	11,100	10,013	1,087
Telephone	5,100	2,800	2,501	299
Tournament Expenses	36,900	46,900	52,117	(5,217)
Utilities	23,500	24,450	25,679	(1,229)
Uniforms	1,100	1,100	764	336
Total Parks and Recreation	<u>269,220</u>	<u>332,220</u>	<u>335,316</u>	<u>(3,096)</u>
Capital Outlay	160,000	246,400	291,623	(45,223)
Total Expenditures	<u>5,583,802</u>	<u>5,747,802</u>	<u>5,800,223</u>	<u>(52,421)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,266,947)	(1,227,947)	(1,353,587)	(125,640)

(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, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	15,565	15,565
Transfers In	1,090,000	1,090,000	1,080,563	(9,437)
Total Other Financing Sources (Uses)	<u>1,090,000</u>	<u>1,090,000</u>	<u>1,096,128</u>	<u>6,128</u>
Net Change in Fund Balance	(176,947)	(137,947)	(257,459)	(119,512)
Fund Balance at Beginning of Year	<u>1,256,089</u>	<u>1,256,089</u>	<u>1,256,089</u>	-
Fund Balance at End of Year	<u>\$ 1,079,142</u>	<u>\$ 1,118,142</u>	<u>\$ 998,630</u>	<u>\$ (119,512)</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, 2012

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Sales Taxes	\$ 1,066,400	\$ 1,241,400	\$ 1,189,174	\$ (52,226)
Interest	1,100	2,800	4,856	2,056
Total Revenues	1,067,500	1,244,200	1,194,030	(50,170)
Expenditures:				
General Government:				
Collection Expenses	20,700	20,700	20,590	110
Total General Government	20,700	20,700	20,590	110
Debt Service:				
Principal Retirement	208,000	208,000	208,000	-
Interest and Administrative Fees	99,100	99,100	100,104	(1,004)
Total Debt Service	307,100	307,100	308,104	(1,004)
Total Expenditures	327,800	327,800	328,694	(894)
Excess (Deficiency) of Revenues over Expenditures	739,700	916,400	865,336	(51,064)
Other Financing Sources (Uses):				
Operating Transfers Out	(865,000)	(865,000)	(821,707)	43,293
Total Other Financing Sources (Uses)	(865,000)	(865,000)	(821,707)	43,293
Net Change in Fund Balance	(125,300)	51,400	43,629	(7,771)
Fund Balance at Beginning of Year	1,962,120	1,962,120	1,962,120	-
Fund Balance at End of Year	\$ 1,836,820	\$ 2,013,520	\$ 2,005,749	\$ (7,771)

The accompanying notes constitute an integral part of this statement.

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET POSITION

DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011)

	Business Type Activities - Enterprise Fund	
	2012	2011
Current Assets:		
Cash and Cash Equivalents	\$ 2,263,290	\$ 3,956,670
Due From Other Funds	681,548	-
	2,944,838	3,956,670
 Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2012 and \$5,000 in 2011)	690,965	696,558
Unbilled Utility Sales	278,117	298,754
Due from Other Governments	2,007	435,400
	971,089	1,430,712
Inventory, at Cost	180,418	169,420
Prepaid Expenses	63,385	53,816
Total Current Assets	4,159,730	5,610,618
 Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	274,252	207,946
Investments - Customer Deposits	711,923	697,262
Unamortized Bond Issuance Costs	269,936	275,690
Capital Assets, at Cost (Net of Accumulated Depreciation)	11,959,289	11,271,772
Total Noncurrent Assets	13,215,400	12,452,670
Total Assets	\$ 17,375,130	\$ 18,063,288

The accompanying notes constitute an integral part of this statement

	Business Type Activities - Enterprise Fund	
	2012	2011
Current Liabilities:		
Accounts Payable	\$ 315,575	\$ 1,178,265
Accrued Salaries and Wages	19,824	51,014
Accumulated Unpaid Vacation	16,707	13,008
Customers' Deposits	670,542	656,053
Due to Other Funds	-	80,244
Other Current Liabilities	29,714	37,622
Bond Anticipation Note Payable	-	580,371
Bonds Payable - Current Portion	124,699	87,651
Accrued Bond Interest	47,708	47,338
Total Current Liabilities	1,224,769	2,731,566
 Noncurrent Liabilities:		
Bonds Payable - Less Current Portion	5,170,275	4,657,181
Accumulated Unpaid Vacation	50,123	39,026
Total Noncurrent Liabilities	5,220,398	4,696,207
Total Liabilities	6,445,167	7,427,773
 Net Position:		
Invested in Capital Assets, Net of Related Debt	6,664,315	6,526,940
Reserved for Debt Service	101,845	72,957
Unrestricted	4,163,803	4,035,618
Total Net Position	10,929,963	10,635,515
Total Liabilities and Net Position	\$ 17,375,130	\$ 18,063,288

**CITY OF WALKER
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2011)

	<u>Business - Type Activities - Enterprise Fund</u>	
	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Charges for Services	\$ 5,512,613	\$ 6,542,388
Total Operating Revenues	5,512,613	6,542,388
Operating Expenses:		
Personal Services and Benefits	1,304,263	1,191,993
Contractual Services	758,135	680,722
Cost of Materials	1,155,517	1,715,863
Utilities	213,387	215,888
Repair and Maintenance	786,905	705,518
Supplies	129,666	173,190
Insurance	182,727	176,261
Depreciation	630,864	587,198
Bad Debts	7,974	17,172
Total Operating Expenses	5,169,438	5,463,805
Operating Income	343,175	1,078,583
Nonoperating Revenues:		
Interest	20,190	52,652
Miscellaneous	23,597	29,516
Total Nonoperating Revenues	43,787	82,168
Nonoperating Expenses:		
Interest and Administrative Fees	196,407	193,726
Amortization of Bond Costs	5,754	4,496
Amortization of Bond Discount	301	293
Total Nonoperating Expenses	202,462	198,515
Income Before Transfers	184,500	962,236
Capital and Other Contributions	368,804	100,781
Transfers from Special Revenue Fund	741,144	300,000
Transfers to General Fund	(1,000,000)	(900,000)
Change in Net Position	294,448	463,017
Total Net Position at Beginning of Year	<u>10,635,515</u>	<u>10,172,498</u>
Total Net Position at End of Year	<u>\$ 10,929,963</u>	<u>\$ 10,635,515</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, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	Business-Type Activities - Enterprise Fund	
	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 5,964,262	\$ 6,290,252
Cash Payments to Suppliers for Goods and Services	(4,117,502)	(2,802,439)
Cash Payments to Employees for Services and Benefits	(1,320,657)	(1,167,198)
Other Receipts (Payments)	<u>(739,518)</u>	<u>416,397</u>
Net Cash Provided (Used) by Operating Activities	(213,415)	2,737,012
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	741,144	300,000
Transfer To General Fund	<u>(1,000,000)</u>	<u>(900,000)</u>
Net Cash Used in Noncapital and Related Financing Activities	(258,856)	(600,000)
Cash Flows From Capital and Related Financing Activities:		
Net Proceeds from Issuance of Debt	93,770	559,986
Proceeds from Sale of Assets	10,400	-
Acquisition and Construction of Capital Assets	(1,327,458)	(1,765,907)
Net Receipts from Customer Deposits	14,489	20,663
Principal Paid on Loans	(124,300)	(85,000)
Interest and Administrative Fees Paid on Loans	(196,037)	(194,108)
Capital Contributions	<u>368,804</u>	<u>100,781</u>
Net Cash Used in Capital and Related Financing Activities	(1,160,332)	(1,363,585)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(14,661)	(50,291)
Interest Income	<u>20,190</u>	<u>52,652</u>
Net Cash Provided by Investing Activities	5,529	2,361
Net Increase (Decrease) in Cash and Cash Equivalents	(1,627,074)	775,788
Cash and Cash Equivalents - Beginning of Year	<u>4,164,616</u>	<u>3,388,828</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,537,542</u></u>	<u><u>\$ 4,164,616</u></u>

(CONTINUED)

**CITY OF WALKER
PROPRIETARY FUND**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	Business-Type Activities - Enterprise Fund	
	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$ 343,175	\$ 1,078,583
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation	630,864	587,198
Provision for Bad Debts	7,974	17,172
Miscellaneous Revenues	22,274	29,516
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	431,012	(403,517)
(Increase) Decrease in Unbilled Utility Sales	20,637	151,381
(Increase) Decrease in Due from Other Funds	(80,244)	80,244
(Increase) Decrease in Inventory	(10,998)	49,571
(Increase) Decrease in Prepaid Expenses	(9,569)	13,709
Increase (Decrease) in Accounts Payable	(862,690)	792,387
Increase (Decrease) in Accrued Salaries and Wages	(31,190)	2,820
Increase (Decrease) in Other Current Liabilities	(7,908)	9,336
Increase (Decrease) in Due to Other Funds	(681,548)	306,637
Increase (Decrease) in Accumulated Unpaid Vacation	14,796	21,975
Net Cash Provided (Used) by Operating Activities	<u>\$ (213,415)</u>	<u>\$ 2,737,012</u>
Schedule of Noncash Investing, Capital and Financing Activities:		
Amortization of Deferred Bond Expense	<u>\$ 5,754</u>	<u>\$ 4,496</u>
Amortization of Bond Discount	<u>\$ 301</u>	<u>\$ 293</u>
Gain on Disposal of Assets	<u>\$ 1,323</u>	<u>\$ -</u>
Reconciliation of Cash and Cash Equivalents to the		
Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 2,263,290	\$ 3,956,670
Cash and Cash Equivalents, Restricted	274,252	207,946
Total Cash and Cash Equivalents	<u>\$ 2,537,542</u>	<u>\$ 4,164,616</u>

The accompanying notes constitute an integral part of this statement.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

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 the Governmental Accounting Standards Board.

1. Summary of Significant Accounting Policies:

A Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the City's Mayor and 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. Also, consideration of a component unit was determined based on whether the nature and significance of the organization's relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The criteria in GASB Statement No. 61 has been considered and, accordingly, certain governmental organizations are excluded from the accompanying financial statements. These organizations are the Livingston Parish Fire District # 4 and Livingston Parish Gravity Drainage District # 5, which are staffed by independently elected or appointed officials. Although the City may provide facilities, no control is exercised over their operations. Also, exclusion of these units of government would not cause the financial statements of the City to be misleading or incomplete. These units of government are considered separate reporting entities and issue financial statements separate from those of the City.

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

B. Basis of Presentation

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2012, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

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

Government-Wide Financial Statements:

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

- *Governmental Activities* represent programs which normally are supported by taxes and intergovernmental revenues.
- *Business-Type Activities* are financed in whole or in part by fees charged to external parties for goods and services.

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

Fund Financial Statements:

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

Governmental Funds

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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

Proprietary Funds

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

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

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

Government-Wide Financial Statements

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

Fund Financial Statements

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

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

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

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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

The business-type activities and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental column of the government-wide presentation.

D Budgets and Budgetary Accounting

The City's policies in establishing the budgetary data reflected in these financial statements are as follows:

- i. The City's Finance Director prepares a proposed budget and submits this budget to the Mayor and 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 2012 was adopted on December 12, 2011.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

- 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 10, 2012
- 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, 2012

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, 2012.

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, 2012

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

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

J. Compensated Absences

Employees of the municipality earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year. Accrued unused sick leave earned by an employee is carried forward to the succeeding calendar year without limitation. Employees that are terminated or resign will not be paid for accumulated sick leave. As of December 31, 2012, the accrued liability for unpaid vacation benefits amounted to \$168,519. The amount applicable to the Enterprise Fund was \$66,830, and is recorded in that Fund, and the amount of \$101,689 applicable to the General Fund is reflected on the Statement of Net Position.

In accordance with GASB 16 (Codification 60), *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

K. Long-Term Obligations

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

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

L. **Fund Equity**

Government-Wide Statements

Equity is classified as net position 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 position - Consists of net position with constraints placed on the use either by
 - a External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation
3. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “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, 2012

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 2011 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, 2011, from which the summarized information was derived.

O. Current Year Adoption of New Standards

During 2012, the City adopted the provisions of GASB Statement No. 61 – *The Financial Reporting Entity Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements* and GASB Statement No. 63 - *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources and Net Position*. The adoption of GASB 61 and 62 did not require any changes to the financial statements of the City; however, GASB 63 required the City to use the term Net Position instead of Net Assets.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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 \$5,353,853 at December 31, 2012. 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, 2012.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$ 2,816,311</u>	<u>\$ 2,537,542</u>	<u>\$ 5,353,853</u>
Bank Balances (Category 3 Only).			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>2,647,786</u>	<u>2,288,763</u>	<u>4,936,549</u>
Total Category 3 Bank Balances	<u>\$ 2,647,786</u>	<u>\$ 2,288,763</u>	<u>\$ 4,936,549</u>
Total Bank Balances (Regardless of Category)	<u>\$ 2,884,673</u>	<u>\$ 2,542,645</u>	<u>\$ 5,427,318</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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, 2012, \$4,936,549 of the City's bank balance of \$5,427,318 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, 2012, the City holds investments totaling \$1,025,820 as follows.

	Carrying Amount	Market Value
<u>Governmental Activities</u>		
Certificate of Deposit	\$ <u>313,897</u>	\$ <u>313,897</u>
<u>Business-Type Activities:</u>		
U.S. Government Securities Fund – A – Mutual Fund	\$ <u>711,923</u>	\$ <u>711,923</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. Of the investments in Time Certificates of Deposits of \$313,897, the government has a custodial credit risk exposure of \$162,391 because the related Time Certificates of Deposits are uninsured. However, \$162,391 of the uninsured amount was collateralized with securities held by the pledging institution's trust department or agent, but not in the entities' name.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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, 2012, taxes of 2.20 mills were levied on property with assessed valuations totaling \$49,813,410 and were dedicated to general purposes.

Total taxes levied were \$109,590. Taxes receivable at December 31, 2012, consisted of the following:

Taxes Receivable - Current Roll	\$ 52,946
Taxes Receivable - Prior Years	<u>2,829</u>
	55,775
Allowance for Uncollectible Taxes	<u>(2,740)</u>
	<u>\$ 53,035</u>

5. Receivables

Receivables as of December 31, 2012, including the applicable allowance for uncollectible accounts, are as follows.

	<u>Ad Valorem Taxes</u>	<u>Franchise Taxes</u>	<u>Accounts</u>	<u>Unbilled Sales</u>	<u>Less Allowance for Uncollectibles</u>	<u>Total - Net Receivable</u>
<u>Governmental Activities</u>						
General Fund	\$55,775	\$122,327	\$ 12,536	\$ -	\$ (2,740)	\$ 187,898
Total Governmental Activities	55,775	122,327	12,536	-	(2,740)	187,898
<u>Business-Type Activities</u>						
Utility Fund	-	-	695,965	278,117	(5,000)	969,082
Total Receivables	<u>\$55,775</u>	<u>\$122,327</u>	<u>\$708,501</u>	<u>\$278,117</u>	<u>\$ (7,740)</u>	<u>\$1,156,980</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

6. Due From Other Governments

Due from Other Governments as of December 31, 2012, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 378,603	\$ 285,884	\$ 664,487
2000 ½ Cent Sales Tax Fund	<u>189,302</u>	<u>-</u>	<u>189,302</u>
Total Governmental Activities	567,905	285,884	853,789
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>2,007</u>	<u>2,007</u>
Total Due from Other Governments	<u>\$ 567,905</u>	<u>\$ 287,891</u>	<u>\$ 855,796</u>

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances as of December 31, 2012, reported in the fund financial statements

	<u>Due to</u>	<u>Due from</u>	<u>Net Internal Balances</u>
<u>Governmental Activities</u>			
General Fund	\$(138,459)	\$ -	\$ (138,459)
2000 ½ Cent Sales Tax Fund	<u>(543,089)</u>	<u>-</u>	<u>(543,089)</u>
Total Governmental Activities	(681,548)	-	(681,548)
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>681,548</u>	<u>681,548</u>
	<u>\$(681,548)</u>	<u>\$ 681,548</u>	<u>\$ -</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2012:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 747,561	\$ -	\$ -	\$ 747,561
Construction in Progress	-	72,787	(24,687)	48,100
Total Capital Assets not being Depreciated	747,561	72,787	(24,687)	795,661
Capital Assets being Depreciated.				
Land Improvements	137,756	29,825	-	167,581
Buildings	956,968	-	-	956,968
Equipment and Vehicles	1,645,354	132,001	(19,838)	1,757,517
Furniture and Fixtures	169,524	-	-	169,524
Recreational Equipment	265,587	81,697	-	347,284
Infrastructure	1,627,791	-	-	1,627,791
Total Capital Assets being Depreciated	4,802,980	243,523	(19,838)	5,026,665
Less. Accumulated Depreciation for.				
Land Improvements	46,404	9,447	-	55,851
Buildings	284,915	34,520	-	319,435
Equipment and Vehicles	1,108,215	191,066	(19,838)	1,279,443
Furniture and Fixtures	160,380	3,892	-	164,272
Recreational Equipment	151,755	30,602	-	182,357
Infrastructure	1,138,502	60,618	-	1,199,120
Total Accumulated Depreciation	2,890,171	330,145	(19,838)	3,200,478
Total Capital Assets being Depreciated, Net	1,912,809	(86,622)	-	1,826,187
Total Governmental Activities Capital Assets, Net	\$ 2,660,370	\$ (13,835)	\$ (24,687)	\$ 2,621,848

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2012</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated.				
Land - Gas and Water System	\$ 82,231	\$ 160,000	\$ -	\$ 242,231
Land - Sewer System	17,233	37,478	-	54,711
Construction in Progress	<u>1,428,996</u>	<u>783,660</u>	<u>(1,175,971)</u>	<u>1,036,685</u>
Total Capital Assets not being Depreciated	1,528,460	981,138	(1,175,971)	1,333,627
Capital Assets being Depreciated:				
Gas System	4,407,852	209,345	-	4,617,197
Water System	2,421,756	58,034	-	2,479,790
Sewer System	11,266,949	991,641	-	12,258,590
Buildings	555,847	49,784	-	605,631
Land Improvements	108,548	3,020	-	111,568
Machinery and Equipment	<u>1,424,360</u>	<u>210,467</u>	<u>(46,223)</u>	<u>1,588,604</u>
Total Capital Assets being Depreciated	20,185,312	1,522,291	(46,223)	21,661,380
Less: Accumulated Depreciation for				
Gas System	2,802,594	98,764	-	2,901,358
Water System	1,705,997	67,345	-	1,773,342
Sewer System	4,622,983	344,280	-	4,967,263
Buildings	162,033	14,857	-	176,890
Land Improvements	9,887	8,147	-	18,034
Machinery and Equipment	<u>1,138,506</u>	<u>97,471</u>	<u>(37,146)</u>	<u>1,198,831</u>
Total Accumulated Depreciation	<u>10,442,000</u>	<u>630,864</u>	<u>(37,146)</u>	<u>11,035,718</u>
Total Capital Assets being Depreciated, Net	<u>9,743,312</u>	<u>891,427</u>	<u>(9,077)</u>	<u>10,625,662</u>
Total Business Type Activities Capital Assets, Net	<u>\$ 11,271,772</u>	<u>\$ 1,872,565</u>	<u>\$ (1,185,048)</u>	<u>\$ 11,959,289</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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

Governmental Activities.

General Government	\$ 70,708
Public Safety	102,229
Streets	105,759
Parks and Recreation	<u>51,449</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 330,145</u></u>

Business Type Activities:

Water	\$ 96,982
Gas	168,148
Sewer	<u>365,734</u>
Total Depreciation Expense - Business Type Activities	<u><u>\$ 630,864</u></u>

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

A summary of commitments under construction contracts for the City at December 31, 2012, follows:

Governmental Activities

	<u>Project Authorization</u>	<u>Expended to December 31, 2012</u>	<u>Unexpended Commitment</u>
Walking Trail Extension	\$ 5,025	\$ 5,025	\$ -
TEG Sidewalk Phase III	<u>57,377</u>	<u>43,075</u>	<u>14,302</u>
Total	<u><u>\$ 62,402</u></u>	<u><u>\$ 48,100</u></u>	<u><u>\$ 14,302</u></u>

Business-Type Activities

	<u>Project Authorization</u>	<u>Expended to December 31, 2012</u>	<u>Unexpended Commitment</u>
DEQ Settlement - Force Main	\$ 724,819	\$ 724,819	\$ -
Juban Crossing 6" Gas Extension	76,053	57,960	18,093
Wastewater Plant Generator	278,382	245,146	33,236
Wastewater Plant Bar Screen	<u>131,235</u>	<u>8,760</u>	<u>122,475</u>
Total	<u><u>\$ 1,210,489</u></u>	<u><u>\$ 1,036,685</u></u>	<u><u>\$ 173,804</u></u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

9. Accounts, Salaries, and Other Payables

The payables at December 31, 2012 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Payable	\$ 271,775	\$ 315,575	\$ 587,350
Withholdings	159,481	29,714	189,195
Accrued Salary	54,712	19,824	74,536
Customer Deposits	-	670,542	670,542
Total	\$ 485,968	\$1,035,655	\$1,521,623

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 \$202,474, for the year ended December 31, 2012.

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 31.00% 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, 2012 was \$153,897, which was equal to the required contributions for the year.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

12. Changes in Long-Term Obligations

The following is a summary of debt transactions of the City of Walker for the year ended December 31, 2012:

	<u>Debt Payable</u> <u>1/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> <u>12/31/2012</u>	<u>Due within</u> <u>1 year</u>
Governmental Activities:					
Compensated Absences	\$ 104,386	\$ 122,155	\$ 124,852	\$ 101,689	\$ 25,422
Refunding Bond Payable by Utility Issues	2,510,000	-	208,000	2,302,000	218,000
Deferred Discount on Bonds	<u>(10,499)</u>	<u>-</u>	<u>(870)</u>	<u>(9,629)</u>	<u>(911)</u>
Total Governmental Activities	2,603,887	122,155	331,982	2,394,060	242,511
Business-Type Activities:					
Compensated Absences	52,034	59,412	44,616	66,830	16,707
Refunding Series Bonds, Series 2009 (Gross)	6,925,000	-	280,000	6,645,000	290,000
Combined Utilities Revenue Bonds, Series 2010B	348,300	-	16,300	332,000	16,000
Combined Utilities Revenue Bonds, Series 2011	-	674,141	36,000	638,141	37,000
Less. Intragovernmental Payable	<u>(2,510,000)</u>	<u>-</u>	<u>(208,000)</u>	<u>(2,302,000)</u>	<u>(218,000)</u>
Deferred Discount on Bonds	<u>(18,468)</u>	<u>-</u>	<u>(301)</u>	<u>(18,167)</u>	<u>(301)</u>
Total Business-Type Activities	4,796,866	733,553	168,615	5,361,804	141,406
Total Debt	<u>\$ 7,400,753</u>	<u>\$ 855,708</u>	<u>\$ 500,597</u>	<u>\$7,755,864</u>	<u>\$383,917</u>

Refunding Bonds, Series 2009

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

\$ 6,645,000

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

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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>
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	255,000	55,535	310,535
2018-2021	1,124,000	104,693	1,228,693
	<u>\$2,302,000</u>	<u>\$ 475,009</u>	<u>\$2,777,009</u>

Business-Type Activities:

<u>Year Ended December 31,</u>	<u>2009 Refunding Series</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	70,000	178,502	248,502
2018-2022	691,000	878,432	1,569,432
2023-2027	2,240,000	566,389	2,806,389
2028-2029	1,045,000	76,388	1,121,388
	<u>4,343,000</u>	<u>2,415,360</u>	<u>6,758,360</u>
Total Refunding Bond 2009 Issue	<u>\$6,645,000</u>	<u>\$2,890,369</u>	<u>\$ 9,535,369</u>

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

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

The City is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the City is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2012, the Debt Service Fund requirement for the interest and principal accounts were fully funded with an actual balance of \$140,240, and is reported on the Proprietary Fund as restricted cash.

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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

	<u>Principal Refunded</u>
Governmental Activities Bond Refunded	
Sales Tax Bonds, Series 2000	
Sales Tax Bonds, Series 2000. \$4,200,000 Sales Tax Bonds, dated June 7, 2000, due in annual installments of principal and semi-annual installments of interest through June 1, 2021; interest rate at 3.45%.	<u>\$ 2,904,000</u>
Total Governmental Activities Bond Refunded	<u>2,904,000</u>
Business-Type Activities Bond Refunded	
Natural Gas and Water Revenue Bonds, Series 1999	
Natural Gas and Water Revenue Bonds, Series 1999. \$4,650,000 of Gas & Water Revenue Bonds, dated December 22, 1999, due in annual installments of principal and semi-annual installments of interest through December 1, 2019; interest rate at 5.70%.	2,832,538
Sewer Revenue Bonds, Series 2000	
Sewer Revenue Bonds, Series 2000. \$300,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 1, 2021, interest rate at 3 45%	181,004
Series Revenue Bonds, Series 2001	
Sewer Revenue Bonds, Series 2001 \$2,400,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 20, 2021, interest rate at 3 95%	<u>1,522,458</u>
Total Business-Type Activities Bonds Refunded	<u>4,536,000</u>
Total Bonds Refunded	<u>\$ 7,440,000</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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%.

\$ 332,000

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

Year Ended December 31,	2010B Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2013	\$ 16,000	\$ 9,794	\$ 1,660	\$ 27,454
2014	16,000	9,322	1,580	26,902
2015	17,000	8,850	1,500	27,350
2016	17,000	8,349	1,415	26,764
2017	18,000	7,847	1,330	27,177
2018-2022	95,000	31,093	5,270	131,363
2023-2027	106,000	16,461	2,790	125,251
2028-2029	47,000	2,095	355	49,450
	<u>\$ 332,000</u>	<u>\$ 93,811</u>	<u>\$ 15,900</u>	<u>\$ 441,711</u>

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

Combined Utilities Revenue Bonds, 2011

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

\$ 638,141

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

Year Ended December 31,	2011 Utilities Revenue Bonds			
	Principal	Interest	Fees	Total
2013	\$ 37,000	\$ 2,872	\$ 6,213	\$ 46,085
2014	37,000	2,705	6,011	45,716
2015	37,000	2,539	5,641	45,180
2016	38,000	2,372	5,271	45,643
2017	38,000	2,201	4,891	45,092
2018-2022	195,000	8,414	18,697	222,111
2023-2027	204,000	3,950	8,777	216,727
2028-2030	52,141	280	623	53,044
	<u>\$ 638,141</u>	<u>\$ 25,333</u>	<u>\$ 56,124</u>	<u>\$ 719,598</u>

The 2010 Series Bonds and the 2011 Series Bonds require the maintenance of a separately identifiable fund or account designated as the "Debt Service Fund" into which deposits are required in sufficient amount to pay promptly and fully the interest and principal installments of the Bonds as the required payments become due, by transferring from the Revenue Fund to the Debt Service Fund monthly on or before the 20th day of each month of each year, a sum equal to 1/6 of the interest and administrative fee falling due on the Bonds on the next interest payment date, and a sum equal to 1/12 of the principal falling due on the Bonds on any principal date within the next twelve months. The City is also required to deposit funds into a "Reserve Fund" and a "Contingencies Fund" on a monthly basis. At December 31, 2012, the Debt Service Fund, Reserve Fund, and Contingencies Fund requirements were fully funded with an actual balance of \$134,012 and are reported on the Proprietary Fund as restricted cash.

Bond covenants of the outstanding parity obligations require the City to fix, establish, maintain, levy and collect, so long as any principal and interest is unpaid on the Bonds, such rates, fees, rents, or other charges for services and facilities of the System and all parts thereof, and revise the same from time to time whenever necessary as will always provide revenues in each fiscal year sufficient to pay operations and maintenance expenses in each fiscal year and provide net revenues in each fiscal year in an amount equal to at least one hundred ten percent of the annual debt service requirements in the then

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

current Fiscal Year of the Bonds. The covenants require that such rates, fees, rents, or other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for the foregoing purposes. The calculated bond debt coverage ratio for existing Bonds exceeded the 110 percent ratio for the fiscal year ended December 31, 2012.

13. Compensated Absences

At December 31, 2012, employees of the City have accumulated and vested \$168,519 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$101,689 is recorded as an obligation of the Governmental Activities, and \$66,830 is recorded as an obligation of the Business-Type Activities.

14. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2012, the State of Louisiana made on-behalf payments in the form of supplemental pay to the City's policemen. In accordance with GASB 24, the City has recorded \$99,716 of on-behalf payments as revenue and as expenses in the General Fund.

15. Restricted Assets

Restricted assets were applicable to the following at December 31, 2012:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Refunding Bonds, Series 2009 - Debt Service	\$ -	\$ 140,240	\$ 140,240
Combined Utility Bonds, Series 2010 and Series 2011 - Debt Service	<u>-</u>	<u>134,012</u>	<u>134,012</u>
Total Cash and Cash Equivalents	-	274,252	274,252
Investments:			
Customers Deposits	<u>-</u>	<u>711,923</u>	<u>711,923</u>
Total Restricted Assets	<u>\$ -</u>	<u>\$ 986,175</u>	<u>\$ 986,175</u>

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

**16. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2012**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 3,325,877	\$ 798,299	\$ 702,131	\$ 321,029	\$ 5,147,336
Delinquent Charges	61,970	19,761	10,417	6,955	99,103
Miscellaneous	178,511	79,599	8,064	-	266,174
Total Operating Revenues	3,566,358	897,659	720,612	327,984	5,512,613
Operating Expenses:					
Direct	2,327,261	876,099	1,170,510	370,011	4,743,881
General and Administrative	211,392	90,282	121,114	2,769	425,557
Total Operating Expenses	2,538,653	966,381	1,291,624	372,780	5,169,438
Operating Income (Loss) by Department	1,027,705	(68,722)	(571,012)	(44,796)	343,175
Nonoperating Revenues	41,161	1,074	1,141	411	43,787
Nonoperating Expenses	(133,390)	(38,862)	(30,210)	-	(202,462)
Donations	-	160,000	157,478	-	317,478
Federal Grant	-	29,326	-	-	29,326
State Grant	-	22,000	-	-	22,000
Transfers from Special Revenue	-	-	741,144	-	741,144
Transfers to General Fund	(1,000,000)	-	-	-	(1,000,000)
Change in Net Assets	-	-	-	-	\$ 294,448
Business-Type Activities					
Departmental Net Income (Loss)	\$ (64,524)	\$ 104,816	\$ 298,541	\$ (44,385)	

CITY OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

**17. Schedule of Utility Fund Operating Expenses by Department
for the Year Ended December 31, 2012**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Direct Expenses:					
Natural Gas Purchases	\$ 1,155,517	\$ -	\$ -	\$ -	\$ 1,155,517
Salaries and Wages	467,835	248,196	181,863	6,997	904,891
Payroll Taxes, Retirement and Group Insurance	212,126	126,202	60,504	540	399,372
Contract Services	129,511	54,876	10,283	360,847	555,517
Depreciation	168,148	96,982	365,734	-	630,864
Equipment Expenses	71,153	13,602	19,553	-	104,308
Equipment Rental	9,402	13,239	46,781	439	69,861
Lab Fees	-	-	41,778	-	41,778
Maintenance	96,099	275,850	309,460	1,188	682,597
Small Tools and Supplies	9,080	9,726	6,678	-	25,484
Utilities	8,390	37,426	127,876	-	173,692
	<u>2,327,261</u>	<u>876,099</u>	<u>1,170,510</u>	<u>370,011</u>	<u>4,743,881</u>
General and Administrative Expenses:					
Insurance	116,271	41,815	24,044	597	182,727
Miscellaneous	13,892	21,073	18,522	-	53,487
Office Expense	38,619	8,526	3,550	-	50,695
Professional Fees	11,422	10,316	67,298	1,943	90,979
Telephone	25,373	7,158	7,164	-	39,695
Bad Debts	5,815	1,394	536	229	7,974
	<u>211,392</u>	<u>90,282</u>	<u>121,114</u>	<u>2,769</u>	<u>425,557</u>
Total Operating Expenses	<u><u>\$ 2,538,653</u></u>	<u><u>\$ 966,381</u></u>	<u><u>\$ 1,291,624</u></u>	<u><u>\$ 372,780</u></u>	<u><u>\$ 5,169,438</u></u>

CITY OF WALKER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

**18. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2012**

Personal Services and Benefits:

Direct Labor	\$ 904,891
Payroll Taxes, Retirement and Group Insurance	399,372
	1,304,263

Contractual Services:

Equipment Rental	69,861
Lab Fees	41,778
Subcontract Services	555,517
Professional Fees	90,979
	758,135

Cost of Materials:

Natural Gas Purchases	1,155,517
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Utilities:

Utilities	173,692
Telephone	39,695
	213,387

Repair and Maintenance:

Equipment Expenses	104,308
Maintenance	682,597
	786,905

Supplies:

Small Tools and Supplies	25,484
Office Expense	50,695
Miscellaneous	53,487
	129,666

Insurance

182,727

Depreciation

630,864

Bad Debts

7,974

Total Operating Expenses

\$ 5,169,438

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

19. 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

20. 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.

21. Compensation Paid Mayor and Council Members

Bobby Font, Mayor 13791 AydeLL Lane P.O. Box 218 Walker, LA 70785 (225) 667-0972	\$ 72,616
Elton Burns, Board Member 30034 Corbin Ave Walker, LA 70785 (225) 665-6605	1,000
Jack Summerell, Board Member 28351 Red Oak Dr Walker, LA 70785 (225) 665-7738	12,000

(CONTINUED)

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

Scarlett Major, Board Member 13699 Aydell Lane Walker, LA 70785 (225) 665-6695	12,000
James Phillips, Board Member 28081 Foxfire Ave Walker, LA 70785 (225) 664-7046	12,000
Richard Wales, Board Member 13964 Guy Street Walker, LA 70785 (225) 664-3085	12,000
Arthur Israel, Board Member P.O. Box 253 Walker, LA 70785 (225) 665-2140	<u>10,000</u>
	<u>\$ 131,616</u>

Terms end December 31, 2012.

22. Current Accounting Pronouncements

The Governmental Accounting Standards Board issued GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*." This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the City of Walker for fiscal year ending December 31, 2013.

The Governmental Accounting Standards Board issued GASB Statement No. 66 - "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity

CITY OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement will be required to be adopted by the City of Walker for fiscal year ending December 31, 2013.

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

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending December 31, 2013. Management currently believes the implementation of GASB 65 and 66 will not have a material effect on the City's financial statements.

OTHER SUPPLEMENTAL INFORMATION

CITY OF WALKER
SCHEDULE OF INSURANCE COVERAGE IN FORCE
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Policy Period</u>
Essex Insurance Co. 5TRD5209	Auto Physical Damage	Per Schedule on File	05/28/2012 to 05/28/2013
EMC Insurance Co 3A1-18-93-13	Business Protection - Property and Inland Marine	Per Schedule on File	05/28/2012 to 05/28/2013
EMC Insurance Co. T230013	Government Crime Employee Theft (\$10,000 Deductible) Forgery and Alteration (\$10,000 Deductible)	100,000 100,000	08/06/2012 to 08/06/2013
American Strategic Insurance FLD186979	Police Department Flood Insurance Building (\$1,000 Deductible) Contents (\$1,000 Deductible)	250,000 100,000	12/07/2012 to 12/07/2013
American Strategic Insurance FLD186993	Municipal Building Flood Insurance Building (\$1,000 Deductible) Contents (\$1,000 Deductible)	250,000 100,000	12/07/2012 to 12/07/2013
LMA Risk Management 100-0466-00014244	Commercial Package Policy: Commercial General Liability Bodily Injury and Property Damage Premises Operations (per occurrence) Products Completed Operations Per Occurance Aggregate Law Enforcement Officer Personal Injury or Property Damage Deductible Errors and Omissions Errors and Omissions Deductible Automobile Liability Bodily Injury and Property Damage Deductible	500,000 500,000 included 500,000 500,000 1,000 500,000 1,000 500,000 none	05/28/2012 to 05/28/13
Western Surety Company 69486003	Clerk Surety Bond	50,000	03/10/2012 to 03/10/2013

See auditor's report

CITY OF WALKER

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

FOR THE YEAR ENDED DECEMBER 31, 2012

Number of Customers

	December 31, 2012	December 31, 2011	Increase (Decrease)
Gas Customers	8,186	7,969	217
Water Customers	4,466	4,397	69
Sewer Customers	2,408	2,382	26
Sanitation Customers	2,083	2,040	43

Revenue Data Per Customer Per Month

	December 31, 2012	December 31, 2011	Increase (Decrease)	Percentage Change
Gas Sales	33.86	43.48	(9.62)	(22%)
Water Sales	14.90	15.56	(0.66)	(4%)
Sewer Sales	24.30	28.64	(4.34)	(15%)
Sanitation Sales	12.84	13.27	(0.43)	(3%)

See auditor's report.

CITY OF WALKER
SCHEDULE OF UTILITY RATES AND TAP FEES
FOR THE YEAR ENDED DECEMBER 31, 2012

Fees	Tap Fees	
	Type	Fee
<u>Gas</u>	Gas Taps	\$ 295
Residential and Commercial		
First 500 cft	\$ 9.60	
Per Next 100 CFT of Gas up to 700 CFT	0.95	
Per Next 100 CFT of Gas over 700 CFT	0.94	
<u>Water</u>	Water Taps	\$ 185
Residential		
First 2,000 Gallons	\$ 4.70	
Per Next 1,000 Gallons of Water up to 5,000 Gallons	2.10	
Per Next 1,000 Gallons of Water up to 10,000 Gallons	1.50	
Per Next 1,000 Gallons of Water over 10,000 Gallons	1.00	
Commercial		
First 20,000 Gallons	\$ 30.18	
Per Next 1,000 Gallons of Water over 20,000 Gallons	0.80	
<u>Sewer</u>	Sewer Taps	\$ 500
Residential	Tie-in Fee	200
Flat Rate	\$ 14.75	
Ginder Pump	13.25	
Commercial		
Minimum Flat Rate	\$ 10.00	
Per 1,000 Gallons of Water Used	0.15	
<u>Garbage</u>		
Residential and Commercial		
Flat Rate per Cart	\$ 12.50	
Senior Citizens		
Flat Rate per Cart	\$ 8.00	

Sewer, Gas & Water Misc Fees

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

See auditor's report

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>Federal Grants</u>			
<u>United States Department of Energy</u>			
Passed Through Livingston Parish Council:			
Energy Efficiency and Conservation Block Grant Program	81.128	N/A	\$ <u>44,440</u>
Total United States Department of Energy			44,440
<u>United States Department of Justice</u>			
Passed Through Louisiana Commission on Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant – Criminal Patrols [2]	16.738	B11-5-023	1,800
Edward Byrne Memorial Justice Assistance Grant – Criminal Patrols [2]	16.738	B10-5-034	<u>1,591</u>
Total United States Department of Justice			3,391
<u>United States Department of Transportation</u>			
Passed Through Louisiana Department of Transportation and Development			
Highway Planning and Construction [3]	20.205	N/A	64,375
Local Road Safety Program - Street Signage	20.607	N/A	4,743
Safe Routes to Schools Grant – Sidewalks Phase I [3]	20.205	N/A	5,885
Safe Routes to Schools Grant – Sidewalks Phase II [3]	20.205	N/A	161,004
Passed Through Louisiana Department of Public Safety and Corrections – Louisiana Highway Safety Commission:			
Highway Planning and Construction [3]	20 205	2012-30-58	5,617
State and Community Highway Safety [4]	20 600	2012-30-58	602
Alcohol Impaired Driving Countermeasures Incentives Grant [4]	20 601	2012-30-58	<u>5,617</u>
Total United States Department of Transportation			247,843

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Environmental Protection Agency</u>			
Passed Through Louisiana Department of Environmental Quality. Capitalization Grants for Clean Water State Revolving Funds	66.458	N/A	<u>93,770</u>
Total United States Environmental Protection Agency			93,770
<u>United States Department of Health and Human Services</u>			
Passed Through Louisiana Department of Health and Hospitals: Maternal and Child Health Services Block Grant to the States	93 994	N/A	<u>16,000</u>
Total United States Department of Health and Human Services			16,000
<u>United States Department of Homeland Security</u>			
Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:			
Disaster Grant – Debris Removal	97.036	N/A	56,973
Disaster Grant – Protective Measures	97.036	N/A	56,703
Disaster Grant – Police Unit	97.036	N/A	375
Disaster Grant – Ball Park Lighting	97 036	N/A	<u>951</u>
Total United States Department of Homeland Security			115,002
<u>United States Department of Housing and Urban Development</u>			
Passed Through Louisiana Division of Administration Office of Community Development Community Development Block Grant [1]	14 228	N/A	<u>5,716</u>
Total United States Department of Housing and Urban Development			5,716

CITY OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of the Interior</u>			
Passed Through Louisiana Department of Culture Recreation and Tourism, Division of Outdoor Recreation, Office of State Parks: Outdoor Recreation, Acquisition, Development and Planning (Land and Water Conservation Fund)			
	15 916	22-00898	<u>31,480</u>
Total United States Department of the Interior			31,480
Total Federal Grants			<u>557,642</u>
 <u>American Recovery and Reinvestment Act</u>			
<u>United States Environmental Protection Agency</u>			
Passed Through Louisiana Department of Health and Hospitals. Capitalization Grants for Drinking Water State Revolving Funds			
	66.468	N/A	<u>13,326</u>
Total United States Environmental Protection Agency			<u>13,326</u>
Total American Recovery and Reinvestment Act (ARRA)			<u>13,326</u>
Total Expenditures of Federal Awards			<u>\$ 570,968</u>

- [1] CDBG – State-Administered CDBG Cluster
- [2] JAG Program Cluster
- [3] Highway Planning and Construction Cluster
- [4] Highway Safety 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, 2012

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*

Note B – Reconciliation to Financial Statements -

Total per Schedule of Expenditures of Federal Awards	\$	570,968
<hr/>		
Total Federal Expenditures Reported in Financial Statements:		
General Fund		
Total Federal Grants	\$	392,187
Write Off of Public Assistance Grant Receivable in 2012		<u>58,685</u>
		450,872
Proprietary Fund		
Federal Loan		93,770
Total Federal Grants		<u>26,326</u>
		<u>120,096</u>
Total Reported in Financial Statements	\$	<u>570,968</u>

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 24, 2013

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparative statements of the General Fund and of the 2000 ½ Cent Sales Tax Special Revenue Fund of the City of Walker, Louisiana (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Walker, Louisiana's basic financial statements, and have issued our report thereon dated June 24, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Henri J. Bourgeois, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

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June 24, 2013

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Walker's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Walker complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Harris J. Bourgeois, CPA

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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 x No
- Significant deficiencies identified? _____ Yes x None Reported
- Noncompliance material to financial statements _____ Yes x No

Federal Awards

Internal control over major programs:

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

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

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

_____ Yes x No

- The following programs were tested as Type "B" major programs:

Federal Grantor/ Pass - Through Grantor/ <u>Program Name</u>	<u>CFDA Number</u>
<u>United States Department of Transportation</u>	
Passed Through Louisiana Department of Public Safety and Corrections, Louisiana Highway Safety Commission:	
Highway Planning and Construction	20 205
Passed Through Louisiana Department Of Transportation and Development:	
Safe Routes to Schools Grants	20.205
Highway Planning and Construction	20 205

- The threshold for distinguishing Types A and B programs was \$300,000
- The City of Walker was determined to be a low-risk auditee.

CITY OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012

(A) Findings-Internal Control Over Financial Reporting

None

(B) Findings-Compliance and Other Matters-

Reference Number: 2004M-9

Category: Contingent Liabilities

Description of Finding:

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

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

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

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

Recommendations:

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

CITY OF WALKER

SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

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.

Management's Response:

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