

**TOWN OF WALKER, LOUISIANA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

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 7/15/09

**TOWN OF WALKER  
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**TABLE OF CONTENTS**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	Exhibit A-1	10
Statement of Activities	Exhibit A-2	11
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	Exhibit B-2	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	Exhibit B-5	16 - 22
Proprietary Funds:		
Statement of Net Assets	Exhibit C-1	23
Statement of Revenues, Expenses, and Changes in Net Assets	Exhibit C-2	24
Statement of Cash Flows	Exhibit C-3	25 - 26
Notes to Financial Statements		27 - 63

**TOWN OF WALKER  
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**TABLE OF CONTENTS (CONTINUED)**

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<b>Other Supplemental Information:</b>		
2000 ½ Cent Sales Tax Special Revenue Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	Schedule 1	64
Schedule of Expenditures of Federal Awards	Schedule 2	65 - 66
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 <u>Government Auditing Standards</u>		67 - 68
Independent Auditor's Report on Com- pliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		69 - 70
Schedule of Findings and Questioned Costs		71 - 73
Summary Schedule of Prior Findings		74 - 77

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

June 22, 2009

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Walker, Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Walker, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2009, on our consideration of the Town of Walker's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control and financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Walker's basic financial statements. The major special revenue fund budgetary comparison schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of Walker. The major special revenue fund budgetary comparison schedule, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

*Harris J. Bourgeois, CPA*

# TOWN OF WALKER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Walker, Louisiana ("the Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2008. The intent of Management's Discussion and Analysis ("MD&A") is to look at the overall financial performance of the Town using an objective, easily readable analysis of the Town'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 Town's assets exceeded its liabilities at the close of the fiscal year by \$9,852,487 (*net assets*).
- The Town's total net assets compared to prior year total net assets of \$8,732,281 increased by \$1,120,206 or 12.83%.
- The Town's governmental funds net assets have increased from a deficit of (\$1,132,726) for the year ended December 31, 2005 to \$1,582,242 for the year ended December 31, 2008; a \$2,714,968 increase over the three year period.
- Total revenue from both governmental and business-type activities was \$13,873,604. Total expenses were \$12,753,398.
- The Town's governmental funds reported combined ending fund balances of \$2,096,352, an increase of \$175,994 in comparison with the prior year combined ending fund balances of \$1,920,358.
- The Town's total debt decreased by \$756,654 (7.8%) during the fiscal year.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town 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 Town of Walker include general government, public safety, highways and streets, and parks and recreation. The business-type activities of the Town 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 Town, 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 Town 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 Town maintains two individual governmental funds. The *General Fund* is the chief operating fund of the Town. 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 the Series 2000 Sales Tax Bonds, payments into the required Sinking and Reserve Funds, and other expenditures specifically allowed in the bond resolution. 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 Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund (Exhibit B-5) and the special revenue 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 Town 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 Town 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 27 - 63 of this report.

**Other supplementary information.** Other required supplementary information and the individual fund financial statements on non-major funds, if applicable, is presented immediately following the Notes to the Basic Financial Statements.

**Government-wide Financial Analysis**

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2008. The Town's net assets at December 31, 2008 were \$9,852,487. Capital assets of the Business-Type Activities are reported net of accumulated depreciation; and the investment in capital assets is reported net of related debt. However, it should be noted that the capital assets are used to provide services to citizens; and consequently, cannot be used to liquidate the related debt. The resources needed to repay this debt must be provided from other sources.

The table below reflects the condensed Statement of Net Assets as of December 31, 2008 with comparative figures for 2007.

Town of Walker Condensed Statement of Net Assets December 31, 2008 and 2007						
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and Other Assets	\$ 3,353,045	\$ 1,673,481	\$ 2,327,422	\$ 2,353,743	\$ 5,680,467	\$ 4,027,224
Restricted Assets	447,687	548,529	2,073,727	1,731,214	2,521,414	2,279,743
Capital Assets	2,720,707	2,379,394	10,758,378	11,140,374	13,479,085	13,519,768
<b>Total assets</b>	<b>6,521,439</b>	<b>4,601,404</b>	<b>15,159,527</b>	<b>15,225,331</b>	<b>21,680,966</b>	<b>19,826,735</b>
<b>Liabilities:</b>						
Current Liabilities	1,659,172	268,653	1,240,212	1,140,052	2,899,384	1,408,705
Long-Term Liabilities	3,280,025	3,697,524	5,649,070	5,988,225	8,929,095	9,685,749
<b>Total Liabilities</b>	<b>4,939,197</b>	<b>3,966,177</b>	<b>6,889,282</b>	<b>7,128,277</b>	<b>11,828,479</b>	<b>11,094,454</b>
<b>Net assets:</b>						
Invested in Capital Assets						
Net of Debt	2,597,707	1,999,394	5,430,851	5,491,847	8,028,558	7,491,241
Restricted	447,687	548,529	1,117,453	938,840	1,565,140	1,487,369
Unrestricted (Deficit)	(1,463,152)	(1,912,696)	1,721,941	1,666,367	258,789	(246,329)
<b>Total Net Assets</b>	<b>\$ 1,582,242</b>	<b>\$ 635,227</b>	<b>\$ 8,270,245</b>	<b>\$ 8,097,054</b>	<b>\$ 9,852,487</b>	<b>\$ 8,732,281</b>
<p><i>Note: Governmental activities net assets increased by \$947,015 in the current year. Business-type activities net assets increased by \$173,191 in the current year.</i></p>						

The Statement of Activities for 2008 categorizes the Town'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 Town in fiscal year 2008 were \$12,753,398. Of the governmental activities expenses, \$2,459,056 was covered by program revenues and operating and capital grants. The remainder, or \$3,645,588, was funded by general revenues, primarily sales, franchise, and property taxes, occupational licenses, and permits. For business-type activities, program revenues exceeded expenses by \$510,426.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2008 with comparative figures for 2007.

Town of Walker  
Condensed Statement of Activities  
For the Year Ended December 31, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 596,374	\$ 526,661	\$ 7,052,968	\$ 6,522,722	\$ 7,649,342	\$ 7,049,383
Operating Grants and Contributions	1,743,762	131,967	2,280	-	1,746,042	131,967
Capital Grants and Contributions	118,920	-	103,932	-	222,852	-
General Revenues:						
Taxes	4,086,646	3,781,640	-	-	4,086,646	3,781,640
Other Grants and Contributions not Restricted to Specific Programs	11,402	11,015	-	-	11,402	11,015
Interest Income	14,604	53,418	54,562	83,149	69,166	136,567
Net Gain (Loss) on Sale of Assets	19,452	-	(8,049)	-	11,403	-
Miscellaneous Income	35,488	76,277	41,263	41,794	76,751	118,071
Transfers	425,011	347,525	(425,011)	(347,525)	-	-
<b>Total Revenues</b>	<b>7,051,659</b>	<b>4,928,503</b>	<b>6,821,945</b>	<b>6,300,140</b>	<b>13,873,604</b>	<b>11,228,643</b>
Expenses:						
General Government	1,308,123	1,101,941	-	-	1,308,123	1,101,941
Public Safety	1,940,175	1,662,118	-	-	1,940,175	1,662,118
Highways and Streets	2,487,230	946,821	-	-	2,487,230	946,821
Parks and Recreation	230,625	300,279	-	-	230,625	300,279
Interest on Long-Term Debt	138,491	148,202	-	-	138,491	148,202
Gas	-	-	4,464,695	3,963,615	4,464,695	3,963,615
Water	-	-	696,741	678,195	696,741	678,195
Sewer	-	-	1,159,045	1,021,560	1,159,045	1,021,560
Sanitation	-	-	328,273	304,884	328,273	304,884
<b>Total Expenses</b>	<b>6,104,644</b>	<b>4,159,361</b>	<b>6,648,754</b>	<b>5,968,254</b>	<b>12,753,398</b>	<b>10,127,615</b>
Increase (Decrease) in Net Assets	947,015	769,142	173,191	331,886	1,120,206	1,101,028
Net Assets - Beginning of Year	635,227	(133,915)	8,097,054	7,765,168	8,732,281	7,631,253
<b>Net Assets - End of Year</b>	<b>\$ 1,582,242</b>	<b>\$ 635,227</b>	<b>\$ 8,270,245</b>	<b>\$ 8,097,054</b>	<b>\$ 9,852,487</b>	<b>\$ 8,732,281</b>

**Governmental activities.** Governmental activities increased the Town's net assets by \$947,015. Key areas of note are detailed below:

- Sales and other taxes increased by \$305,006 (8.07%) during the year, comparable to the 7.81% for the year ended December 31, 2007.
- Charges for services increased by \$69,713 (13.24%).
- Operating grant from Homeland Security and Emergency Preparedness in the amount of \$1,539,433 to assist with Hurricane Gustav debris pick up and damage. Expenses in Highways and Streets increased by a similar amount.

- Net transfers in from the utility fund of \$425,011.
- Capital grant for \$118,920.

**Business-type activities.** Business-type activities increased the Town's net assets by \$173,191. Key areas of note are detailed below:

- Gas department revenues exceeded expenses by \$967,181 and \$888,344 was transferred to the general fund leaving a net income of \$78,837 in the Gas department.
- Sewer department expenses exceeded program revenues by \$590,360; and \$100,000 of sewer activity revenues was transferred to the general fund, resulting in a total deficit of \$690,360. One of the provisions of the ½ Cent Sales Tax calls for net proceeds (after paying the reasonable and necessary costs of administering and collecting the tax) to be expended for extending, improving, maintaining and operating the sewerage system of the Town. \$663,333 was transferred to the sewer activity for fiscal year 2008, resulting in a remaining deficit of \$27,027.
- Water department program revenues exceeded expenses by \$226,677, with \$100,000 being transferred to the general fund; while the Sanitation department expenses exceeded revenues by \$5,296.

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

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

**Governmental funds.** The focus of the Town's *governmental funds* is to provide information on near-term inflow, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,096,352, an increase of \$175,994 in the current year. The general fund is the chief operating fund of the Town. During the current fiscal year, the fund balance of the general fund increased by \$109,931, due to the transfer of \$888,344 from the Gas department, \$100,000 from the Sewer department, and \$100,000 from the Water department; while the fund balance of the 2000 ½ Cent Sales Tax Fund increased by \$66,063, after the transfer of \$663,333 to the Sewer Department.

**Proprietary funds.** The Town'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 \$685,453, an increase in combined net assets of \$173,191, and a net decrease in cash and cash equivalents of \$(89,439).

### **General Fund Budgetary Summary**

State law requires a budget amendment to maintain a budget variance within 5%. In the current year, management failed to adequately amend the budget for the Highways and Streets Department and the Capital Outlay purchases to maintain less than a 5% variance. All other departments are within the 5% variance allowed by state law.

Town of Walker  
Budget to Actual Variance  
December 31, 2008

General Fund	Original Budget	Final Budget	Actual Expenses	Favorable (Unfavorable) Variance	%
General Government	\$ 1,264,151	\$ 1,240,474	\$ 1,256,845	\$ (16,371)	-1.32%
Public Safety: Animal Control	\$ 118,304	\$ 121,539	\$ 119,627	\$ 1,912	1.57%
Public Safety: Police	\$ 1,389,793	\$ 1,716,418	\$ 1,693,660	\$ 22,758	1.33%
Highway and Streets	\$ 861,048	\$ 2,159,748	\$ 2,406,193	\$ (246,445)	-11.41%
Parks and Recreation	\$ 302,875	\$ 218,125	\$ 207,822	\$ 10,303	4.72%
Capital Outlay	\$ 300,000	\$ 564,327	\$ 605,952	\$ (41,625)	-7.38%
Debt Service	\$ 268,645	\$ 274,595	\$ 274,591	\$ 4	0.00%

**Capital Asset and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental and business type activities as of December 31, 2008, amounts to \$13,479,085, a decrease of \$40,683 from the December 31, 2007 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 2008 amounted to \$252,398, while depreciation expense recorded for the business-type activities totaled \$564,324.

Additional information on the Town's capital assets can be found in note 8 on pages 41 - 43 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town had total debt outstanding of \$8,929,095, a decrease of \$756,654 (7.8%) from prior year. This decrease is a result of timely remittance of required debt payments. A breakdown of the long-term debt is as follows:

- Compensated absences accounts for \$90,748 of the outstanding debt.
- \$298,820 represents a settlement agreement with the Department of Environmental Quality due to past violations.
- The remaining \$8,539,527 is comprised of various certificates of indebtedness and bond issuances payable from Town revenues as noted below:

\$ 123,000	General Fund Revenues
3,089,000	Special Revenue Fund Revenues
5,327,527	Utility Enterprise Fund Revenues
<u>\$ 8,539,527</u>	Total COI and Bonds Payable from Town Revenues

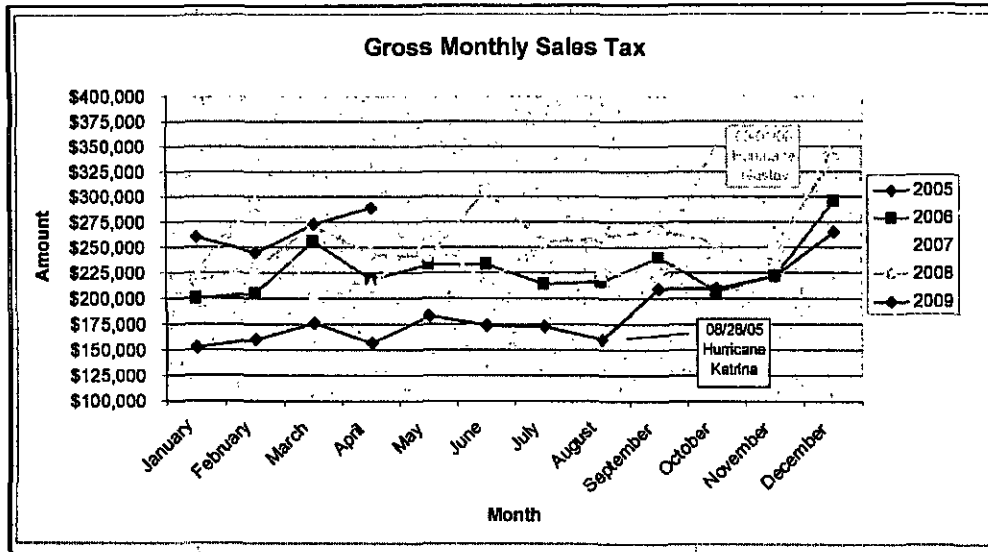
- No new debt has been issued.

Additional information on the Town's long-term debt can be found in note 12 on pages 45 - 56.

## Future Budget and Economic Outlook

The Town's financial outlook continues to improve as Walker is reporting positive unrestricted net assets for the first time on its government wide financial statements.

The current tax revenue is strong with an 8.07% increase over prior year, comparable to the 7.81% increase for the year ended December 31, 2007, and still showing signs of growth through April 2009 as depicted in the chart below.



The Town's commercial development provides promise of increased tax revenues with the recent additions of Stine Lumber and Compressor Engineering, and the development of the Our Lady of the Lake Medical Complex underway.

The new year marks a new beginning for Walker. The Town is under a new regime, with only one returning Alderman and a new Mayor. The new Administration is dedicated to making Walker a better place to live, work, and visit. A master plan for future economic growth is under development. Models of the Town's gas and water systems are being developed to determine the areas where growth and services can be provided. Additionally, annexations of surrounding properties are being considered for future growth of the Town of Walker.

The Town's outstanding bond series are funded by specifically dedicated utility revenue sources. We are scheduled to go before the bond commission in July 2009 for approval to restructure our current bonds into a single bond issuance funded by consolidated utility revenues. Walker has received an 'A' rating from Standard and Poor's for the series 2009 refunding. Although this restructuring will extend the life of the bonds by eight years, it will release approximately \$850,000 in restricted funds immediately, as well as save the Town an average of \$235,000 in principal and interest over the next ten years. The release of the restricted funds will afford the Town the opportunity to set up a rainy day fund to plan for future growth and capital improvements, and better position the Town to recover from potential natural disasters.

This financial report is designed to provide a general overview of the Town'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:

Financial Director  
Town of Walker  
P.O. Box 217  
Walker, Louisiana 70785

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF WALKER**  
**STATEMENT OF NET ASSETS**  
DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2007)

	Governmental Activities	Business-Type Activities	Totals 2008	Totals 2007
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 738,840	\$ 698,974	\$ 1,437,814	\$ 1,689,115
Receivables, Net	250,029	1,225,037	1,475,066	1,394,168
Due from Other Governments	2,307,600	60,190	2,367,790	587,560
Inventories	-	294,140	294,140	262,611
Prepaid Items	56,576	49,081	105,657	93,770
Restricted Assets:				
Cash and Cash Equivalents	447,687	1,474,491	1,922,178	1,831,627
Investments	-	599,236	599,236	448,116
Capital Assets:				
Land and Construction in Progress	802,052	193,512	995,564	951,184
Other Capital Assets, Net of Depreciation	1,918,655	10,564,866	12,483,521	12,568,584
Total Assets	<u>\$ 6,521,439</u>	<u>\$ 15,159,527</u>	<u>\$ 21,680,966</u>	<u>\$ 19,826,735</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 1,620,202	\$ 1,245,776	\$ 2,865,978	\$ 1,369,448
Accrued Interest Payable	11,368	22,038	33,406	39,257
Internal Balances	27,602	(27,602)	-	-
Non-Current Liabilities:				
Due Within One Year	262,006	340,681	602,687	773,850
Due in More Than One Year	3,018,019	5,308,389	8,326,408	8,911,899
Total Liabilities	4,939,197	6,889,282	11,828,479	11,094,454
<b>NET ASSETS</b>				
Investment in Capital Assets, Net of Related Debt	2,597,707	5,430,851	8,028,558	7,491,241
Reserved for Debt Service	447,687	1,117,453	1,565,140	1,487,369
Unrestricted (Deficit)	(1,463,152)	1,721,941	258,789	(246,329)
Total Net Assets	<u>1,582,242</u>	<u>8,270,245</u>	<u>9,852,487</u>	<u>8,732,281</u>
Total Liabilities and Net Assets	<u>\$ 6,521,439</u>	<u>\$ 15,159,527</u>	<u>\$ 21,680,966</u>	<u>\$ 19,826,735</u>

The accompanying notes constitute an integral part of this statement.

**TOWN OF WALKER**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

<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>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 1,308,123	\$ -	\$ 79,893	\$ -
Public Safety	1,940,175	502,536	174,364	-
Highways and Streets	2,487,230	-	1,482,077	-
Parks and Recreation	230,625	93,838	7,428	118,920
Interest on Long-Term Debt	138,491	-	-	-
Total Governmental Activities	6,104,644	596,374	1,743,762	118,920
Business-Type Activities:				
Gas	4,464,695	5,355,112	2,280	-
Water	696,741	860,993	-	50,963
Sewer	1,159,045	515,517	-	52,969
Sanitation	328,273	321,346	-	-
Total Business-Type Activities	6,648,754	7,052,968	2,280	103,932
Total Primary Government	\$ 12,753,398	\$ 7,649,342	\$ 1,746,042	\$ 222,852
<b>General Revenues:</b>				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Transfers				
Interest Income				
Net Gain (Loss) on Sale of Assets				
Miscellaneous Income				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning of Year				
Net Assets - End of Year				

The accompanying notes constitute an integral part of this statement.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals 2008</u>	<u>Totals 2007</u>
\$ (1,228,230)	\$ -	\$ (1,228,230)	\$ (1,101,941)
(1,263,275)	-	(1,263,275)	(1,106,462)
(1,005,153)	-	(1,005,153)	(946,821)
(10,439)	-	(10,439)	(197,307)
(138,491)	-	(138,491)	(148,202)
<u>(3,645,588)</u>	<u>-</u>	<u>(3,645,588)</u>	<u>(3,500,733)</u>
-	892,697	892,697	886,435
-	215,215	215,215	169,998
-	(590,559)	(590,559)	(516,883)
-	(6,927)	(6,927)	14,918
<u>-</u>	<u>510,426</u>	<u>510,426</u>	<u>554,468</u>
<u>(3,645,588)</u>	<u>510,426</u>	<u>(3,135,162)</u>	<u>(2,946,265)</u>
85,098	-	85,098	71,777
3,132,223	-	3,132,223	2,899,014
425,477	-	425,477	404,973
443,848	-	443,848	405,876
11,402	-	11,402	11,015
425,011	(425,011)	-	-
14,604	54,562	69,166	136,567
19,452	(8,049)	11,403	-
35,488	41,263	76,751	118,071
<u>4,592,603</u>	<u>(337,235)</u>	<u>4,255,368</u>	<u>4,047,293</u>
947,015	173,191	1,120,206	1,101,028
635,227	8,097,054	8,732,281	7,631,253
<u>\$ 1,582,242</u>	<u>\$ 8,270,245</u>	<u>\$ 9,852,487</u>	<u>\$ 8,732,281</u>



FUND FINANCIAL STATEMENTS

**TOWN OF WALKER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2008**

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2007)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental Funds	Totals 2007
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 470,784	\$ 268,056	\$ 738,840	\$ 709,309
Receivables:				
Ad Valorem Taxes, Net	47,222	-	47,222	60,376
Other	202,807	-	202,807	199,297
Due from Other Funds	-	-	-	67,941
Due from Other Governments	2,115,947	191,653	2,307,600	587,560
Cash - Restricted	21,322	426,365	447,687	548,529
<b>Total Assets</b>	<b>\$ 2,858,082</b>	<b>\$ 886,074</b>	<b>\$ 3,744,156</b>	<b>\$ 2,173,012</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,451,456	\$ -	\$ 1,451,456	\$ 100,167
Payroll Liabilities	81,888	-	81,888	79,898
Accrued Salaries and Wages	86,858	-	86,858	72,589
Due to Other Funds	27,602	-	27,602	-
<b>Total Liabilities</b>	<b>1,647,804</b>	<b>-</b>	<b>1,647,804</b>	<b>252,654</b>
<b>FUND BALANCES</b>				
Fund Balances:				
Reserved for Debt Service	21,322	426,365	447,687	548,529
Unreserved, Reported In				
General Fund	1,188,956	-	1,188,956	976,205
Special Revenue Fund	-	459,709	459,709	395,624
<b>Total Fund Balances</b>	<b>1,210,278</b>	<b>886,074</b>	<b>2,096,352</b>	<b>1,920,358</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,858,082</b>	<b>\$ 886,074</b>	<b>\$ 3,744,156</b>	<b>\$ 2,173,012</b>

The accompanying notes constitute an integral part of this statement.

## TOWN OF WALKER

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

DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2007)

	<u>2008</u>	<u>2007</u>
Fund Balances-Total Governmental Funds	\$ 2,096,352	\$ 1,920,358
<p>Amounts Reported for Governmental            Activities in the Statement of Net            Assets 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	5,115,210	4,551,589
Less Accumulated Depreciation	<u>(2,394,503)</u>	<u>(2,172,195)</u>
	2,720,707	2,379,394
Prepaid Insurance	56,576	48,998
<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	(3,212,000)	(3,448,000)
Compensated Absences Payable	(68,025)	(50,524)
General Obligation Certificates of Indebtedness	-	(199,000)
Accrued Interest Payable	<u>(11,368)</u>	<u>(15,999)</u>
	<u>(3,291,393)</u>	<u>(3,713,523)</u>
Net Assets of Governmental Activities	<u>\$ 1,582,242</u>	<u>\$ 635,227</u>

The accompanying notes constitute an integral part of this statement.

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

FOR THE YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	2008	2007	2008	2007
	General	1/2 Cent Sales Tax Fund	Total Governmental Funds	Totals 2007
<b>Revenues:</b>				
Taxes	\$ 2,628,497	\$ 1,044,074	\$ 3,672,571	\$ 3,387,682
Licenses and Permits	425,477	-	425,477	404,973
Fines and Forfeits	490,590	-	490,590	410,355
Interest	6,066	8,538	14,604	53,418
Fees	66,545	-	66,545	70,154
Intergovernmental	1,862,682	-	1,862,682	131,967
Miscellaneous	106,420	-	106,420	122,429
Total Revenues	5,586,277	1,052,612	6,638,889	4,580,978
<b>Expenditures:</b>				
Current:				
General Government	1,256,845	19,685	1,276,530	1,076,173
Public Safety	1,813,287	-	1,813,287	1,572,732
Highways and Streets	2,406,193	-	2,406,193	836,370
Parks and Recreation	207,822	-	207,822	284,394
Capital Outlay	605,952	-	605,952	355,735
Debt Service:				
Principal Retirement	257,000	178,000	435,000	413,000
Interest and Administration Fees	17,591	125,531	143,122	145,759
Total Expenditures	6,564,690	323,216	6,887,906	4,684,163
Excess (Deficiency) of Revenues over Expenditures	(978,413)	729,396	(249,017)	(103,185)
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,088,344	-	1,088,344	975,334
Transfer Out	-	(663,333)	(663,333)	(627,809)
Total Other Financing Sources (Uses)	1,088,344	(663,333)	425,011	347,525
Net Change in Fund Balances	109,931	66,063	175,994	244,340
<b>Fund Balances at Beginning of Year</b>	1,100,347	820,011	1,920,358	1,676,018
<b>Fund Balances at End of Year</b>	<u>\$ 1,210,278</u>	<u>\$ 886,074</u>	<u>\$ 2,096,352</u>	<u>\$ 1,920,358</u>

The accompanying notes constitute an integral part of this statement.

## TOWN 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, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	2008	2007
Net Change in Fund Balances - Total Governmental Funds	\$ 175,994	\$ 244,340
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	605,952	355,735
Depreciation Expense	(252,398)	(220,617)
	353,554	135,118
In the Statement of Activities, Only the Gain on the Sale of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Sale Increase Financial Resources. Thus, the Change in Net Assets Differs from the Change in Fund Balance by the Cost of the Capital Assets Sold.		
Add Accumulated Depreciation on Capital Assets Retired	30,090	19,900
Less Cost Basis of Capital Assets Retired During the Year	(42,331)	(19,900)
	(12,241)	-
Governmental funds expense insurance payments when paid. In the Statement of Activities, only the portion applicable to the current year is expensed. The remaining is recorded in the Statement of Net Assets as prepaid insurance.		
Change in Prepaid Insurance	7,578	(1,982)
The Issuance of Long-Term Debt (e.g., bonds, leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of the Governmental Funds. Neither Transaction, However, has any Effect on Net Assets.		
Repayment of Principal on Long-Term Debt	435,000	413,000
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 in Compensated Absences Payable	(17,501)	(18,891)
(Increase) Decrease in Accrued Interest Payable	4,631	(2,443)
Change in Net Assets of Governmental Activities	\$ 947,015	\$ 769,142

The accompanying notes constitute an integral part of this statement.

**TOWN OF WALKER**  
GENERAL FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues</b>				
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 72,438	\$ 72,863	\$ 85,098	\$ 12,235
Alcoholic Beverage Tax	9,307	11,032	11,402	370
Franchise Taxes	415,550	431,075	443,848	12,773
Sales Taxes	1,929,545	2,074,161	2,088,149	13,988
	2,426,840	2,589,131	2,628,497	39,366
<b>Licenses and Permits:</b>				
Occupational Licenses	264,868	316,918	315,388	(1,530)
Other Permits and Licenses	90,220	116,145	110,089	(6,056)
	355,088	433,063	425,477	(7,586)
<b>Fines and Forfeits</b>	381,789	515,264	490,590	(24,674)
<b>Interest Income</b>	44,382	6,657	6,066	(591)
<b>Fees:</b>				
Animal Adoption Fees	13,564	12,339	11,946	(393)
Parks and Recreation Fees	57,598	55,773	54,599	(1,174)
	71,162	68,112	66,545	(1,567)

(CONTINUED)

**TOWN 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, 2008

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Intergovernmental:</b>				
Law Enforcement Grants	40,000	19,925	56,587	36,662
FEMA Hurricane Disaster Grant	-	1,315,150	1,580,963	265,813
Federal Parks and Recreation Grant	-	118,920	118,920	-
Other Federal Grants	-	2,850	2,837	(13)
Other State Grants	285,000	20,000	20,000	-
On Behalf Payments for Salaries	3,600	79,475	83,375	3,900
	<u>328,600</u>	<u>1,556,320</u>	<u>1,852,682</u>	<u>306,362</u>
<b>Miscellaneous:</b>				
Parks and Recreation Concessions	49,423	39,242	39,239	(3)
Miscellaneous	43,293	39,283	67,181	27,898
	<u>92,716</u>	<u>78,525</u>	<u>106,420</u>	<u>27,895</u>
<b>Total Revenues</b>	<b>3,700,577</b>	<b>5,247,072</b>	<b>5,586,277</b>	<b>339,205</b>

(CONTINUED)

**TOWN 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, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Expenditures</b>				
<b>General Government:</b>				
General Provisions:				
Salaries	441,958	488,958	486,066	2,892
Aldermen's Per Diem	44,496	54,396	54,400	(4)
Payroll Taxes, Retirement, and Group Insurance	192,340	207,840	203,106	4,734
Advertising	1,733	2,283	2,668	(385)
Collection Costs	44,071	42,696	46,984	(4,288)
Bank Charges	27,524	5,499	4,934	565
Contracted Services	12,736	23,761	26,155	(2,394)
Coroner Fees	5,562	6,087	5,325	762
Economic Development	-	10,000	10,000	-
Insurance	54,529	60,729	60,020	709
Legal and Professional	167,926	150,312	158,604	(8,292)
Membership Fees and Educational Training	12,434	12,384	13,598	(1,214)
Miscellaneous	136,824	5,748	6,318	(570)
Printing, Postage and Office Supplies	33,789	59,427	62,924	(3,497)
Rental Equipment	17,076	17,001	17,534	(533)
Repairs and Maintenance	2,301	9,851	11,416	(1,565)
Small Tools and Supplies	1,904	14,929	16,306	(1,377)
Telephone	42,695	42,495	41,613	882
Utilities	16,273	17,148	19,729	(2,581)
Uniforms	6,589	6,064	6,464	(400)
Vehicle Expenses	1,391	2,866	2,681	185
Total General Government	1,264,151	1,240,474	1,256,845	(16,371)
<b>Public Safety:</b>				
Animal Control:				
Salaries	48,059	54,534	55,328	(794)
Payroll Taxes, Retirement, and Group Insurance	25,040	28,115	26,597	1,518

(CONTINUED)



**TOWN 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, 2008

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Public Safety (Continued):</b>				
Animal Control (Continued):				
Animal Care Expense	3,798	1,548	1,357	191
Insurance	2,364	2,264	2,283	(19)
Legal and Professional	8,917	6,674	5,942	732
Miscellaneous	6,111	6,879	7,244	(365)
Printing, Postage and Office Supplies	3,151	4,226	3,671	555
Small Tools and Supplies	1,878	578	477	101
Telephone	9,890	7,525	7,527	(2)
Utilities	7,015	6,665	6,583	82
Vehicle Expense	2,081	2,531	2,618	(87)
Total Animal Control	<u>118,304</u>	<u>121,539</u>	<u>119,627</u>	<u>1,912</u>
Police:				
Salaries	726,413	944,575	946,834	(2,259)
Payroll Taxes, Retirement, and Group Insurance	265,768	300,143	290,853	9,290
Contracted Services	8,183	8,433	7,913	520
Court Costs	12,000	12,000	11,000	1,000
Equipment Rental	14,650	17,125	16,786	339
Insurance	112,642	90,667	97,151	(6,484)
Membership Fees and Educational Training	11,446	23,271	20,415	2,856
Miscellaneous	5,280	4,516	5,089	(573)
Printing, Postage and Office Supplies	10,921	2,046	6,410	(4,364)
Professional Fees	30,038	28,963	28,653	310
Repairs and Maintenance	5,528	39,660	44,274	(4,614)
Small Tools and Supplies	37,218	64,643	43,399	21,244
Telephone	32,107	29,332	31,564	(2,232)

(CONTINUED)

**TOWN 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, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Public Safety (Continued):</b>				
Police (Continued):				
Uniforms	20,092	17,387	18,490	(1,103)
Utilities	8,597	9,422	9,166	256
Vehicle Expense	88,910	124,235	115,663	8,572
Total Police	1,389,793	1,716,418	1,693,660	22,758
Total Public Safety	1,508,097	1,837,957	1,813,287	24,670
<b>Highway and Streets:</b>				
Streets:				
Salaries	341,464	366,139	371,102	(4,963)
Payroll Taxes, Retirement, and Group Insurance	137,756	115,356	114,994	362
Contract Services	89,565	1,369,390	1,557,270	(187,880)
Equipment Expense	47,299	51,674	48,382	3,292
Equipment Rental	474	361	363	(2)
Insurance	79,472	69,047	76,940	(7,893)
Legal and Professional	20,124	22,199	44,224	(22,025)
Streets Maintenance and Materials	24,071	34,296	51,474	(17,178)
Membership Fees and Educational Training	1,054	779	1,257	(478)
Miscellaneous	5,990	6,990	8,353	(1,363)
Small Tools and Supplies	14,701	21,014	21,487	(473)
Telephone	14,581	12,506	12,685	(179)
Uniforms	7,608	7,983	8,436	(453)
Utilities	76,889	82,014	89,226	(7,212)
Total Highways and Streets	861,048	2,159,748	2,406,193	(246,445)

(CONTINUED)

TOWN 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, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Parks and Recreation:</b>				
Salaries	27,416	35,741	34,218	1,523
Payroll Taxes, Retirement, and Group Insurance	6,791	16,466	15,912	554
Contract Services	2,793	2,093	2,188	(95)
Concession Supplies	45,127	34,652	28,541	6,111
Equipment Rental	5,264	1,414	1,430	(16)
Insurance	4,110	5,010	4,536	474
Membership Fees and Educational Training	3,001	468	813	(345)
Miscellaneous	1,625	1,675	1,526	149
Legal and Professional	75,184	7,030	6,124	906
Printing, Postage and Office Supplies	3,192	217	177	40
Recreational Supplies	24,724	6,724	10,753	(4,029)
Repairs and Maintenance	11,202	30,777	26,155	4,622
Small Tools and Supplies	1,330	5,167	4,757	410
Telephone	9,768	7,493	7,502	(9)
Tournament Expenses	57,680	25,805	26,569	(764)
Utilities	22,215	24,315	25,718	(1,403)
Uniforms	1,453	13,078	10,903	2,175
<b>Total Parks and Recreation</b>	<b>302,875</b>	<b>218,125</b>	<b>207,822</b>	<b>10,303</b>
<b>Capital Outlay</b>	<b>300,000</b>	<b>564,327</b>	<b>605,952</b>	<b>(41,625)</b>
<b>Debt Service:</b>				
Principal Retirement	257,000	265,000	257,000	8,000
Interest and Administration Fees	11,645	9,595	17,591	(7,996)
<b>Total Debt Service</b>	<b>268,645</b>	<b>274,595</b>	<b>274,591</b>	<b>4</b>
<b>Total Expenditures</b>	<b>4,504,816</b>	<b>6,295,226</b>	<b>6,564,690</b>	<b>(269,464)</b>

(CONTINUED)

**TOWN 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, 2008

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(804,239)	(1,048,154)	(978,413)	69,741
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>818,344</u>	<u>1,088,344</u>	<u>1,088,344</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	14,105	40,190	109,931	69,741
<b>Fund Balance at Beginning of Year</b>	<u>1,100,347</u>	<u>1,100,347</u>	<u>1,100,347</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u>\$ 1,114,452</u>	<u>\$ 1,140,537</u>	<u>\$ 1,210,278</u>	<u>\$ 69,741</u>

The accompanying notes constitute an integral part of this statement.

**TOWN OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF NET ASSETS**

DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2007)

	Business Type Activities - Enterprise Fund	
	2008	2007
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 698,974	\$ 979,806
Due From Other Funds	27,602	-
	726,576	979,806
<b>Receivables:</b>		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2008 and \$147,639 in 2007)	780,878	628,201
Unbilled Utility Sales	444,159	506,294
Due from Other Governments	60,190	-
	1,285,227	1,134,495
<b>Inventory, at Cost</b>	294,140	262,611
<b>Prepaid Expenses</b>	49,081	44,772
Total Current Assets	2,355,024	2,421,684
<b>Noncurrent Assets:</b>		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	1,474,491	1,283,098
Investments - Customer Deposits	599,236	448,116
Capital Assets, at Cost (Net of Accumulated Depreciation)	10,758,378	11,140,374
Total Noncurrent Assets	12,832,105	12,871,588
Total Assets	\$ 15,187,129	\$ 15,293,272

The accompanying notes constitute an integral part of this statement.

	Business Type Activities - Enterprise Fund	
	2008	2007
<b>Current Liabilities:</b>		
Accounts Payable	\$ 563,983	\$ 477,177
Accrued Salaries and Wages	36,270	27,696
Accumulated Unpaid Vacation	5,681	5,219
Customers' Deposits	595,492	571,590
Due to Other Funds	-	67,941
Other Current Liabilities	50,031	40,331
Bonds Payable - 1998 Series - Current Portion	335,000	321,000
Accrued Bond Interest	22,038	23,258
Total Current Liabilities	1,608,495	1,534,212
<b>Noncurrent Liabilities:</b>		
Bonds Payable - Less Current Portion	4,992,527	5,327,527
Environmental Assessment Liabilities	298,820	318,820
Accumulated Unpaid Vacation	17,042	15,659
Total Noncurrent Liabilities	5,308,389	5,662,006
Total Liabilities	6,916,884	7,196,218
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	5,430,851	5,491,847
Reserved for Debt Service	1,117,453	938,840
Unrestricted	1,721,941	1,666,367
Total Net Assets	8,270,245	8,097,054
Total Liabilities and Net Assets	\$ 15,187,129	\$ 15,293,272

**TOWN OF WALKER  
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2007)

	Business - Type Activities - Enterprise Fund	
	2008	2007
<b>Operating Revenues:</b>		
Charges for Services	\$ 7,052,968	\$ 6,522,722
Total Operating Revenues	7,052,968	6,522,722
<b>Operating Expenses:</b>		
Personal Services and Benefits	1,022,678	929,141
Contractual Services	589,841	562,121
Cost of Materials	3,094,419	2,540,285
Utilities	257,430	224,463
Repair and Maintenance	500,084	516,450
Supplies	164,927	187,940
Insurance	134,897	135,251
Depreciation	564,324	546,121
Penalties	262	51
Bad Debts	38,651	30,574
Total Operating Expenses	6,367,513	5,672,397
Operating Income	685,455	850,325
<b>Nonoperating Revenues:</b>		
Interest	54,562	83,149
Miscellaneous	41,263	41,794
Total Nonoperating Revenues	95,825	124,943
<b>Nonoperating Expenses:</b>		
Loss on Disposal of Assets	8,049	-
Interest and Administrative Fees	281,241	295,857
Total Nonoperating Expenses	289,290	295,857
Income Before Transfers	491,990	679,411
Capital Contributions	106,212	-
Transfers from Special Revenue Fund	663,333	562,809
Transfers to General Fund	(1,088,344)	(910,334)
Change in Net Assets	173,191	331,886
<b>Total Net Assets at Beginning of Year</b>	8,097,054	7,765,168
<b>Total Net Assets at End of Year</b>	\$ 8,270,245	\$ 8,097,054

The accompanying notes constitute an integral part of this statement.

**TOWN OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	Business-Type Activities - Enterprise Fund	
	2008	2007
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 6,863,585	\$ 6,638,056
Cash Payments to Suppliers for Goods and Services	(4,702,412)	(4,178,168)
Cash Payments to Employees for Services and Benefits	(1,012,259)	(922,653)
Other Receipts (Payments)	(46,231)	701,798
Net Cash Provided by Operating Activities	1,102,683	2,239,033
<b>Cash Flows From Noncapital and Related Financing Activities:</b>		
Transfer From Special Revenue Fund	663,333	562,809
Transfer To General Fund	(1,088,344)	(910,334)
Net Cash Used in Noncapital and Related Financing Activities	(425,011)	(347,525)
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(190,377)	(353,614)
Net Receipts from Customer Deposits	23,902	38,472
Principal Paid on Loans	(321,000)	(302,000)
Interest and Administrative Fees Paid on Loans	(281,241)	(295,857)
Loss on Disposal of Asset	(8,049)	-
Capital Contributions	106,212	-
Net Cash Used in Capital and Related Financing Activities	(670,553)	(912,999)
<b>Cash Flows From Investing Activities:</b>		
Net Purchases of Investments	(151,120)	(25,013)
Interest Income	54,562	83,149
Net Cash Provided by (Used in) Investing Activities	(96,558)	58,136
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(89,439)	1,036,645
<b>Cash and Cash Equivalents - Beginning of Year</b>	2,262,904	1,226,259
<b>Cash and Cash Equivalents - End of Year</b>	\$ 2,173,465	\$ 2,262,904

(CONTINUED)



**TOWN OF WALKER  
PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2007)

	Business-Type Activities - Enterprise Fund	
	<u>2008</u>	<u>2007</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 685,455	\$ 850,325
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	564,324	546,121
Provision for Bad Debts	38,651	30,574
Loss on Disposal of Assets	8,049	-
Miscellaneous Revenues	41,263	41,794
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(251,518)	176,025
(Increase) Decrease in Unbilled Utility Sales	62,135	(60,691)
(Increase) Decrease in Due from Other Funds	(27,602)	592,063
(Increase) Decrease in Inventory	(31,529)	63,607
(Increase) Decrease in Prepaid Expenses	(4,309)	(1,995)
Increase (Decrease) in Accounts Payable	86,806	(109,707)
Increase (Decrease) in Environmental Liability	(20,000)	-
Increase (Decrease) in Accrued Salaries and Wages	8,574	483
Increase (Decrease) in Other Current Liabilities	9,700	38,214
Increase (Decrease) in Accrued Bond Interest	(1,220)	(1,726)
Increase (Decrease) in Due to Other Funds	(67,941)	67,941
Increase (Decrease) in Accumulated Unpaid Vacation	1,845	6,005
Net Cash Provided by Operating Activities	<u>\$ 1,102,683</u>	<u>\$ 2,239,033</u>

The accompanying notes constitute an integral part of this statement.

# TOWN OF WALKER

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008

### **Introduction:**

The Town of Walker was incorporated in 1909, under the provisions of Louisiana R.S. 33:321-348. The Town operates under a Mayor-Board of Aldermen form of government, and provides the following services as authorized by its charter: public safety (police), 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 Town of Walker conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, *Audits of State and Local Governmental Units*.

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

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

This report includes all funds which are controlled by or dependent on the Town's Mayor and Board of Aldermen. Control by or dependence on the Town 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 Town and potential component unit. The criteria in GASB Statement No. 14 has been considered and, accordingly, certain governmental organizations are excluded from the accompanying financial statements. These organizations are the Livingston Parish Fire District # 4, and Livingston Gravity Drainage District # 5, which are staffed by independently elected or appointed officials. Although the Town may provide facilities, no control is exercised over their operations. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Walker is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town 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.

Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, establishes new requirements for the annual financial reports of state and local governments. The statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

*Management's Discussion and Analysis* – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

*Government-Wide Financial Statements* – The reporting model includes financial statements 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.

*Statement of Net Assets* – The Statement of Net Assets is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and will report depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Activities* – The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

*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. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

#### B. Government-Wide and Fund Accounting

The basic financial statements include both government-wide (based on the Town as a whole) and fund types (the total of all funds of a particular type). In the new reporting model, the focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) 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 Town generally first uses restricted assets for expenses incurred for which both *restricted and unrestricted assets are available*.

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. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. These funds are normally budgeted in this manner. 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*.

The focus of the revised model is on the Town as a whole and the fund financial statements, including funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and / or other financial resources together with all related liabilities and residual equities or balances, and *changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations*.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

#### *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 general fixed assets, and the servicing of general long-term debt. The Town of Walker has two governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources, except those required to be accounted for 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 Town.

**Special Revenue Fund** – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Fund of the Town (2000 ½ Cent Sales Tax Fund) is considered a major fund for reporting 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. In accordance with Governmental Accounting Standards Board (GASB Statement No. 20), the Town has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for proprietary funds.

**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 Town's Enterprise Fund accounts for the operations of providing natural gas services, water services, sewer services, and sanitation services.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *2000 ½ Cent Sales Tax Fund* is used to account for the proceeds of a ½ cent sales tax levied in the year 2000. These proceeds are legally restricted for 1) payment of principal and interest on the Series 2000 Sales Tax Bonds, 2) payments into the required "Sinking Fund" and Reserve Fund and 3) expenditures restricted for specified purposes.

The Town reports the following major proprietary fund:

The *utility enterprise fund* accounts for the provision of gas, water, sewer and sanitation services to the residents of the Town 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.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's utility functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's utility fund are charges to customers for sales and services. The Town 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Budgets and Budgetary Accounting

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

- i. The Town Treasurer 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. The original budget for 2008 was adopted on December 3, 2007.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

- 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.
- 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 8, 2008.
- 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.

#### E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Town 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 Town 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. At December 31, 2008, there were no advances between funds.



## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to five percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2008.

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 Town'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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

<u>Description</u>	<u>Estimated 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, 2008, the accrued liability for unpaid vacation benefits amounted to \$90,748. The amount applicable to the Enterprise Fund was \$22,723, and is recorded in that Fund, and the amount of \$68,025 applicable to the General Fund is reflected on the Statement of Net Assets.

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

K. Long-Term Obligations

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

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

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

#### L. Fund Equity

##### *Government-Wide Statements*

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

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

##### *Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. 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.

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**2. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Town 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 Town 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 Town of Walker has cash and cash equivalents totaling \$3,359,992 at December 31, 2008. 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 Town. The following is a summary of cash and investments (bank balances) at December 31, 2008.

	Governmental Activities	Business-Type Activities	Total
Deposits in Bank Accounts per Balance Sheet	\$ 1,186,527	\$ 2,173,465	\$ 3,359,992
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	1,174,024	2,059,382	3,233,406
Total Category 3 Bank Balances	\$ 1,174,024	\$ 2,059,382	\$ 3,233,406
Total Bank Balances (Regardless of Category)	\$ 1,269,292	\$ 2,218,398	\$ 3,487,690

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

*Custodial Credit Risk – Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As of December 31, 2008, \$3,233,406 of the Town's bank balance of \$3,487,690 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.

At December 31, 2008, the Town holds investments totaling \$599,236 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government Securities Fund - A	\$ <u>599,236</u>	\$ <u>599,236</u>

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

**Credit Risk.** Under state law, the Town may invest in United States bonds, treasury notes, or certificates. The Town 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.

**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 Town 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.

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

For the year ended December 31, 2008, taxes of 2.01 mills were levied on property with assessed valuations totaling \$41,094,650 and were dedicated to general purposes.

Total taxes levied were \$82,601. Taxes receivable at December 31, 2008, consisted of the following:

Taxes Receivable - Current Roll	\$ 44,221
Taxes Receivable - Prior Years	<u>7,131</u>
	51,352
Allowance for Uncollectible Taxes	<u>(4,130)</u>
	<u>\$ 47,222</u>

**5. Receivables**

Receivables as of December 31, 2008, 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	\$51,352	\$170,719	\$ 32,088	\$ -	\$ (4,130)	\$ 250,029
Total Governmental Activities	51,352	170,719	32,088	-	(4,130)	250,029
<u>Business-Type Activities:</u>						
Utility Fund	-	-	785,878	444,159	(5,000)	1,225,037
Total Receivables	<u>\$51,352</u>	<u>\$170,719</u>	<u>\$817,966</u>	<u>\$444,159</u>	<u>\$(9,130)</u>	<u>\$1,475,066</u>

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**6. Due From Other Governments -**

Due from Other Governments as of December 31, 2008, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 383,306	\$ 1,732,641	\$ 2,115,947
2000 ½ Cent Sales Tax Fund	<u>191,653</u>	<u>-</u>	<u>191,653</u>
Total Governmental Activities	574,959	1,732,641	2,307,600
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>60,190</u>	<u>60,190</u>
Total Due from Other Governments	<u>\$ 574,959</u>	<u>\$ 1,792,831</u>	<u>\$ 2,367,790</u>

**7. Interfund Receivables/Payables**

The following is a detailed list of interfund balances reported in the fund financial statements.

	<u>Due from</u>	<u>Due to</u>	<u>Net Internal Balances</u>
<u>Governmental Activities</u>			
General Fund	\$ -	\$ (27,602)	\$ (27,602)
2000 ½ Cent Sales Tax Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	-	(27,602)	(27,602)
<u>Business-Type Activities</u>			
Utility Fund	<u>27,602</u>	<u>-</u>	<u>27,602</u>
	<u>\$ 27,602</u>	<u>\$ (27,602)</u>	<u>\$ -</u>

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**8. Changes in Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2008:

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 766,196	\$ -	\$ -	\$ 766,196
Construction in Progress	69,147	5,268	(38,559)	35,856
Total Capital Assets not being Depreciated	835,343	5,268	(38,559)	802,052
Capital Assets being Depreciated:				
Land Improvements	127,661	-	-	127,661
Buildings	366,345	308,123	-	674,468
Equipment and Vehicles	1,322,403	229,818	(42,331)	1,509,890
Furniture and Fixtures	150,062	10,434	-	160,496
Recreational Equipment	121,984	90,868	-	212,852
Infrastructure	1,627,791	-	-	1,627,791
Total Capital Assets being Depreciated	3,716,246	639,243	(42,331)	4,313,158
Less: Accumulated Depreciation for:				
Land Improvements	23,851	4,259	-	28,110
Buildings	172,429	21,804	-	194,233
Equipment and Vehicles	852,749	154,007	(30,090)	976,666
Furniture and Fixtures	150,062	1,838	-	151,900
Recreational Equipment	86,218	7,586	-	93,804
Infrastructure	886,886	62,904	-	949,790
Total Accumulated Depreciation	2,172,195	252,398	(30,090)	2,394,503
Total Capital Assets being Depreciated, Net	1,544,051	386,845	(12,241)	1,918,655
Total Governmental Activities Capital Assets, Net	<u>\$ 2,379,394</u>	<u>\$ 392,113</u>	<u>\$ (50,800)</u>	<u>\$ 2,720,707</u>

(CONTINUED)



**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

	<u>Balance</u>			<u>Balance</u>
	<u>January 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
<b><u>Business-Type Activities:</u></b>				
<b>Capital Assets not being Depreciated:</b>				
Land - Gas and Water System	\$ 82,231	\$ -	\$ -	\$ 82,231
Land - Sewer System	17,233	-	-	17,233
Construction in Progress	16,377	140,202	(62,531)	94,048
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets not being Depreciated	115,841	140,202	(62,531)	193,512
<b>Capital Assets being Depreciated:</b>				
Gas System	4,265,169	62,531	-	4,327,700
Water System	2,421,756	-	-	2,421,756
Sewer System	11,136,990	-	-	11,136,990
Buildings	213,195	-	-	213,195
Land Improvements	29,000	-	-	29,000
Machinery and Equipment	1,410,568	50,175	(142,542)	1,318,201
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated	19,476,678	112,706	(142,542)	19,446,842
<b>Less: Accumulated Depreciation for:</b>				
Gas System	2,419,974	93,367	-	2,513,341
Water System	1,458,033	61,991	-	1,520,024
Sewer System	3,299,102	323,274	-	3,622,376
Buildings	128,547	8,357	-	136,904
Land Improvements	-	1,933	-	1,933
Machinery and Equipment	1,146,489	75,402	(134,493)	1,087,398
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	8,452,145	564,324	(134,493)	8,881,976
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets being Depreciated, Net	11,024,533	(451,618)	(8,049)	10,564,866
	<hr/>	<hr/>	<hr/>	<hr/>
Total Business Type Activities Capital Assets, Net	<u>\$ 11,140,374</u>	<u>\$ (311,416)</u>	<u>\$ (70,580)</u>	<u>\$ 10,758,378</u>

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

Governmental Activities:

General Government	\$ 34,908
Public Safety	108,907
Streets	85,868
Parks and Recreation	<u>22,715</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 252,398</u>
---	-------------------

Business Type Activities:

Water	\$ 74,107
Gas	144,725
Sewer	<u>345,492</u>

Total Depreciation Expense - Business Type Activities	<u>\$ 564,324</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.

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

The payables at December 31, 2008 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 1,451,456	\$ 563,983	\$ 2,015,439
Withholdings	81,888	47,972	129,860
Accrued Salary	86,858	36,270	123,128
Sales Tax Payable	-	2,059	2,059
Customer Deposits	<u>-</u>	<u>595,492</u>	<u>595,492</u>
Total	<u>\$ 1,620,202</u>	<u>\$ 1,245,776</u>	<u>\$ 2,865,978</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

The Town 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 Town 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 Town's contributions for the plan amounted to \$144,930, for the year ended December 31, 2008.

**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 7.5% of their annual covered salary and the Town of Walker is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the Town 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 Town of Walker contributions to the System for the year ending December 31, 2008 was \$61,113, which was equal to the required contributions for the year.

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

The following is a summary of debt transactions of the Town of Walker for the year ended December 31, 2008:

	<u>Debt Payable 1/1/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable 12/31/2008</u>	<u>Due within 1 year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 50,524	\$ 88,995	\$ 71,494	\$ 68,025	\$ 17,006
Certificate of Indebtedness, Series 1998	199,000	-	199,000	-	-
Sales Tax Bonds, Series 2000	3,267,000	-	178,000	3,089,000	185,000
Refunding Series Bonds, Series 2004	181,000	-	58,000	123,000	60,000
Total Governmental Activities	<u>3,697,524</u>	<u>88,995</u>	<u>506,494</u>	<u>3,280,025</u>	<u>262,006</u>
<b>Business-Type Activities:</b>					
Compensated Absences	20,878	26,564	24,719	22,723	5,681
Environmental Assessment Liabilities	318,820	-	20,000	298,820	-
Gas & Water Revenue Bonds, Series 1999	3,465,000	-	210,000	3,255,000	220,000
Sewer Revenue Bonds, Series 2000	234,000	-	13,000	221,000	13,000
Sewer Revenue Bonds, Series 2001	1,949,527	-	98,000	1,851,527	102,000
Total Business-Type Activities	<u>5,988,225</u>	<u>26,564</u>	<u>365,719</u>	<u>5,649,070</u>	<u>340,681</u>
Total Debt	<u>\$ 9,685,749</u>	<u>\$ 115,559</u>	<u>\$ 872,213</u>	<u>\$8,929,095</u>	<u>\$602,687</u>

Long-term debt payable from Governmental Activities at December 31, 2008, is comprised of the following:

**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%.

\$ 3,089,000

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

A schedule of the outstanding Sales Tax Bonds, Series 2000 principal and interest requirements are as follows:

Year Ended December 31,	Sales Tax Bonds, Series 2000		
	Principal	Interest	Total
2009	\$ 185,000	\$ 103,379	\$ 288,379
2010	194,000	96,842	290,842
2011	200,000	90,045	290,045
2012	208,000	83,007	291,007
2013	218,000	75,668	293,668
2014 – 2018	1,225,000	218,507	1,443,507
2019 - 2021	859,000	45,214	904,214
	\$3,089,000	\$ 712,662	\$3,801,662

The Sales Tax Revenue Bond Indenture, Series 2000 requires the following funds to be maintained.

- (a) To create a fund or account with the regularly designated Fiscal Agent Bank of the Borrower designated as the Sewer Sales Tax Bond Sinking Fund (the "Sinking Fund") by separating physically or through accounting, moneys sufficient in amount to pay promptly and fully the principal of and the interest on the Borrower Bonds, and any Parity Obligations issued hereafter in the manner provided by the Authorizing Ordinance, as the same severally become due and payable, by transferring from the Sales Tax Fund to the Sinking Fund, on or before the 20<sup>th</sup> day of the month of each year (i) during the Interim Loan Period an amount equal to the interest accruing on the Borrower Bonds for such calendar month and (ii) during the Permanent Loan Period, an amount equal to the principal and interest accruing on the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said agent bank or banks of all obligations payable from the Sinking Fund, at least three (3) days in advance of the date on which payment of principal or interest falls due, funds fully sufficient to pay promptly the principal and interest so falling due on such date. At December 31, 2008, the Sales Tax Bond, Series 2000 Sinking Fund balance was fully funded with an actual balance of \$118,084.
  
- (b) To create a fund or account with the regularly designated Fiscal Agent Bank of the Borrower designated as the Sewer Sales Tax Bond Debt Service Reserve Fund (the "Reserve Fund"), by separating physically or by accounting into the Reserve Fund monthly on or before the 20<sup>th</sup> day of each month of each year, a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month with respect to the Borrower Bonds, the payments into said Reserve Fund to continue until such time as there has been accumulated therein a sum equal to the Reserve Fund Requirement. In the event that additional Parity Obligations are issued hereafter in the manner

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

provided by the Authorizing Ordinance, there shall be transferred from bond proceeds at closing or the Sales Tax Fund or from other available moneys into said Reserve Fund monthly or annually, such amounts (as may be designated in the resolution or ordinance authorizing the issuance of such Parity Obligations) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years from the date of issue of such Parity Obligations to a sum equal to the Reserve Fund Requirement. At December 31, 2008, the Sales Tax Bond, Series 2000 Reserve Fund balance was fully funded with an actual balance of \$308,281.

**Refunding Bonds, Series 2004**

Refunding Bonds, Series 2004. \$340,000 of Refunding Bonds, dated September 1, 2004, due in annual installments of principal and semi-annual installments of interest through September 10, 2010; interest rate at 3.190%.

\$ 123,000

A schedule of the outstanding Refunding Series 2004 Bonds principal and interest requirements are as follows:

Year Ended December 31,	2004 Refunding Series		
	Principal	Interest	Total
2009	\$ 60,000	\$ 3,924	\$ 63,924
2010	63,000	2,010	65,010
	\$123,000	\$ 5,934	\$ 128,934

The Refunding Bonds, Series 2004, were issued for the purpose of refunding the September 1, 2007 to September 1, 2010 maturities of the Town's outstanding Certificates of Indebtedness, Series 2000, and paying the costs of issuance of the bonds. The Refunding Bonds of \$340,000, dated September 1, 2004, were issued at \$340,000 and are due in annual installments of principal and semi-annual installments of interest through September 10, 2010; interest rate at 3.190%.

The Refunding Bonds, Series 2004, provided a total of \$340,000 in bond proceeds (Source of Funds). Uses of funds totaled \$340,000 and included a \$334,000 deposit to redeem the Certificates of Indebtedness, Series 1998, funds of \$5,521 for Costs of Issuance, and \$479 for other costs related to the refunding. The total net savings from refunding was estimated at \$24,334, with a \$22,351 present value of the net savings. The average annual debt service reduction totaled \$3,766.

Pursuant to the Ordinance the Issuer is to establish and maintain the Refunding Bonds (2004) Sinking Fund (the "Debt Service Fund"). The Debt Service Fund is designed to achieve a proper matching of revenues and debt service on the Bonds within each bond year. For purposes of this Arbitrage Certificate and compliance with Arbitrage Regulations, "Bond Year" shall mean the 1-year period ending on each principal payment date

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

of the Bonds, which is September 1 of each year. Amounts deposited in the Debt Service Fund will be applied to the next payment of principal or interest on the Bonds following such transfer. All amounts deposited in the Debt Service Fund are expected to be depleted at least once each Bond Year, except for a reasonable carryover amount which will not exceed the greater of (i) the earnings on the Debt Service Fund for the immediately preceding Bond Year, or (ii) ½ of the principal and interest payments on the Bonds for the immediately preceding Bond Year. At December 31, 2008, the Refunding Bonds, Series 2004 sinking fund was fully funded with an actual balance of \$21,322.

The annual requirements to amortize all outstanding debt of the governmental activities at December 31, 2008, including interest payments of \$718,596 are as follows:

<u>Year Ending December 31,</u>	<u>Sales Tax Bonds, Series 2000</u>	<u>Refunding Bonds, Series 2004</u>	<u>Total</u>
2009	\$ 288,379	\$ 63,924	\$ 352,303
2010	290,842	65,010	355,852
2011	290,045	-	290,045
2012	291,007	-	291,007
2013	293,668	-	293,668
2014 - 2018	1,443,507	-	1,443,507
2019 - 2021	<u>904,214</u>	<u>-</u>	<u>904,214</u>
	<u>\$3,801,662</u>	<u>\$128,934</u>	<u>\$3,930,596</u>

Long-term debt payable from the Business-Type Activities at December 31, 2008, is comprised of the following:

**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%.

\$ 3,255,000

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

A schedule of the outstanding Natural Gas and Water Revenue Bonds, Series 1999 principal and interest requirements are as follows:

<u>Year Ended December 31,</u>	<u>1999 Gas and Water Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 220,000	\$ 185,535	\$ 405,535
2010	235,000	172,995	407,995
2011	245,000	159,600	404,600
2012	260,000	145,635	405,635
2013	275,000	130,816	405,816
2014 – 2018	1,635,000	399,856	2,034,856
2019	385,000	21,946	406,946
	<u>\$ 3,255,000</u>	<u>\$1,216,383</u>	<u>\$4,471,383</u>

The 1999 Natural Gas and Water Revenue Bonds, dated December 22, 1999, were issued at \$4,650,000 and are due in annual principal installments and semi-annual installments of interest at 5.7% through December, 2019.

The 1999 Natural Gas and Water Revenue bond Indenture requires the following funds to be maintained.

- (a) The establishment and maintenance of a separately identifiable fund or account designated as the "1999 Utility Revenue Bond Sinking Fund" (the "Sinking Fund"), to be held by the regularly designated fiscal agent of the Issuer, sufficient in amount to pay promptly and fully the principal of and the interest on the bonds by transferring from the Revenue Fund to the fiscal agent of the Issuer, monthly in advance on or before the 20<sup>th</sup> day of each month of each year, commencing December, 1999, a sum equal to 1/6 of the interest falling due on the next Interest Payment Date and 1/12th of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same become due. If additional Parity Bonds are hereafter issued by the Issuer in the manner provided by this Ordinance, monthly payments into the Sinking Fund for the Additional Parity Bonds shall be in accordance with the provisions of the ordinances authorizing the issuance of such Additional Parity bond and moneys in the Sinking Fund shall be equally available to pay principal and interest on the Bonds and such Additional Parity Bonds. The Issuer shall transfer from said Sinking Funds to the paying agent bank or banks for all Bonds payable from the Sinking Fund at least three (3) days in advance of each Interest Payment Date, funds fully sufficient to pay promptly the principal and interest so falling due on such date. At December 31, 2008, the 1999 Natural Gas and Water Revenue Bonds Sinking Fund balance was fully funded with an actual balance of \$34,000.



## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

- (b) The establishment and maintenance of the "1999 Natural Gas and Water Revenue Bond Reserve Fund" (the "Reserve Fund"), to be held by the regularly designated fiscal agent of the Issuer, by depositing into the Reserve Fund from the proceeds of the Bonds and the moneys in the reserve fund maintained in connection with Series 1987 Bond and designated for the Series 1987 Bond, upon the delivery of the Bonds, an amount equal to the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the Bonds and any Additional Parity Bonds as to which there would otherwise be default. In the event that Additional Parity Bonds are issued there shall be transferred from the proceeds of such Additional Parity Bonds or from the Revenue Fund into the Reserve Fund monthly, such amounts (as may be designated in the ordinance authorizing the issuance of such Additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years to a sum equal to the Reserve Fund Requirement for all outstanding bonds payable from the Sinking Fund as provided in the ordinances for the issuance of the Additional Parity Bonds. At December 31, 2008, the 1999 Natural Gas and Water Revenue Bonds Reserve Fund balance was fully funded with an actual balance of \$412,581.
- (c) The establishment and maintenance of the "1999 Natural Gas and Water Depreciation and Contingency Fund" (the "Contingency Fund") to be held by the regularly designated fiscal agent of the Issuer, to care for depreciation, extensions, additions, improvements and replacements necessary to operate properly the System, by transferring from the Revenue Fund to the regularly designated fiscal agent bank of the Issuer, monthly in advance on or before the 20<sup>th</sup> day of each month of the each year, a sum of at least equal to five percent (5%) of the gross revenues of the System collected in cash during the preceding month, provided that such sum is available after provision is made for the payments required under paragraphs (a) and (b) above. The payments in said Contingency Fund shall continue as long as any of the Bonds or any Additional Parity Bonds are outstanding. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the Bonds and any additional *pari passu* bonds issued hereafter in the manner provided by this Ordinance, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Fund described in paragraphs (a) or (b) above, but the money in said Contingency Funds shall never be used for the making of extensions and additions to the System or for the payment of principal or interest on bonds if such use of said money will leave in said Contingency Fund for the making of emergency repairs, renewals and replacements less than the sum of Fifty Thousand Dollars (\$50,000).

At December 31, 2008 the 1999 Natural Gas and Water Revenue Bonds Depreciation and Contingency Fund balance was \$606,185 compared to a balance of \$516,783 at December 31, 2002. Sufficient financial data was not available to determine if the increase of \$89,402 in the account balance from December 31, 2002 to December 31, 2008, was in compliance with bond restrictions. Specifically, financial data was not available to determine if the transfers from the 1999 Natural Gas and Water Revenue Bonds Depreciation and Contingency account was expended for eligible improvements to the system per bond covenants.

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

Bond covenants for the 1999 Natural Gas and Water Revenue Bonds also specify that: "The issuer, through its Governing Authority, hereby covenants to fix, establish, maintain and collect such rates, fees, rents or other charges for the services and facilities of the System, and all parts thereof, and to revise the same from time to time whenever necessary, as will always provide revenue in each year sufficient to pay reasonable and necessary expenses of operating and maintaining the System in each year and as will provide Net Revenues at least equal to one hundred twenty percent (120%) of the principal and interest requirements in such year all bonds or other obligations payable from the revenues of the System and as will provide revenues at least sufficient to pay all reserves or sinking funds or other payments required for such year by this Ordinance and ordinances authorizing the issuance of all other obligations or indebtedness payable out of the Revenues during such year and 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 such purposes." It could not be determined if the Town of Walker complied with this bond covenant, since as noted it could not be determined if the 1999 Natural Gas & Water Revenue Bonds Depreciation and Contingency account was properly funded.

**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%.

\$ 221,000

A schedule of the outstanding Sewer Revenue Bonds, Series 2000 principal and interest requirements are as follows:

Year Ended December 31,	2000 Sewer Revenue Bonds		
	Principal	Interest	Total
2009	\$ 13,000	\$ 7,400	\$ 20,400
2010	14,000	6,935	20,935
2011	14,000	6,451	20,451
2012	15,000	5,951	20,951
2013	16,000	5,416	21,416
2014 - 2018	87,000	18,440	105,440
2019 - 2021	62,000	3,244	65,244
	\$ 221,000	\$ 53,837	\$ 274,837

The 2000 Sewer Revenue Bonds, dated June 7, 2000, were issued at \$300,000, and due in annual principal installments and semi-annual installments of interest at 3.45% through June 2021.

The 2000 Sewer Revenue Bond Indenture requires the following funds to be maintained.

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

(a) Sinking Fund.

Moneys from the Revenue Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued or hereafter as they severally become due and payable.

Moneys from the Revenue Fund shall be transferred into the Sinking Fund monthly in advance on or before the twentieth (20<sup>th</sup>) day of each month of each year as follows:

- (1) during the Interim Loan Period, an amount equal to interest and Administrative Fee estimated to accrue with respect to the Borrower Bonds for such calendar month based on the Estimated Maximum Draw Schedule, and
- (2) during the Permanent Loan Period, an amount equal to the principal, interest and Administrative Fee accruing with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal, interest, and Administrative Fee as the same respectively become due.

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal on, interest on and Administrative Fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The Borrower shall require its Fiscal Agent Bank to transfer from the Sinking Fund to the Paying Agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each Interest Payment Date and Principal Payment Date, funds fully sufficient to pay promptly the principal and interest falling due on such dates. At December 31, 2008, the 2000 Sewer Revenue Bonds Sinking Fund balance was fully funded with an actual balance of \$9,046

(b) Reserve Fund.

With the issuance of the 2001 Sewer Revenue Bonds, a reserve fund requirement of \$196,320 was established for the 2000 Sewer Revenue Bonds and the 2001 Sewer Revenue Bonds (Parity Bonds). The reserve requirement of \$196,320 applies through year 2020, and then \$196,179 through year 2021, and then \$174,831 through 2022. The authorizing ordinance specifies the following requirements for 2000 and 2001 Sewer Revenue Bonds Reserve Fund:

The maintenance of the "Sewer Revenue Bond Debt Service Reserve Fund" (the "Reserve Fund"), heretofore established and maintained by the Parity Bond Ordinance, by transferring from the Revenues to the Reserve Fund monthly in advance on or before the 20<sup>th</sup> day of each month of each year a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month, the payments into said Reserve Fund to continue until such time as there has been accumulated therein a sum equal to the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on Bonds payable from the

## TOWN OF WALKER

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

Sinking Fund as to which there would otherwise be default. In the event that Parity Obligations are issued hereafter in the manner provided by this Ordinance, the payments into said Reserve Fund shall continue, or if the said payments have ceased because of the accumulation of the maximum amount provided above, then such payments shall be resumed in such amounts as will assure that there will be accumulated in the Reserve Fund within a period not exceeding five (5) years from the date of the delivery of the Parity Obligations an amount of money equal to the Reserve Fund Requirement.

In connection with the issuance of bonds, notes or other debt obligations by or on behalf of the Department, the Department may require if it deems, in its sole discretion, the depository to be uncreditworthy, that the portion of the Reserve Fund attributable to the Borrower Bonds shall be transferred to and maintained in such depository as may be designated by the Department. The Borrower hereby agree to said transfer.

At December 31, 2008, the 2000 and 2001 Sewer Revenue Bonds Sinking Reserve Fund balance was fully funded with an actual balance of \$196,320.

#### (c) *Renewal and Replacement Fund.*

With the issuance of the 2001 Sewer Revenue Bonds, there is a combined Renewal and Replacement Fund requirement for the 2000 Sewer Revenue Bonds and the 2001 Sewer Revenue Bonds. The combined requirements as listed below specify deposits on a monthly basis, not to exceed an accumulated balance of \$150,000.

The maintenance of the "Sewer System Renewal and Replacement Fund" (the "Renewal and Replacement Fund"), heretofore established and maintained by the Parity Bond Ordinance, to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System by transferring from the Sewer Revenue Fund to the Renewal and Replacement Fund monthly on or before the 20<sup>th</sup> day of each month of each year (beginning the first full month after the date of delivery of the Bonds), a sum equal to five percent (5%) of the Net Revenues for the preceding month, provided that such sum is available after provision is made for the required payments. Such payments into the Renewal and Replacement Fund shall continue until such time as there has been accumulated in said Fund the sum of One Hundred Fifty Thousand Dollars (\$150,000), whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit in said funds is reduced below the sum of \$150,000 in which even such payments shall be resumed and continue until said maximum of \$150,000 is again accumulated. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Renewal and Replacement Fund may also be used to pay the principal and the interest on the Bonds, including any Parity Obligations issued hereafter in the manner provided by this Ordinance, for the payment of which there is not sufficient money in the Sinking Fund and Reserve Fund, but the money in said Renewal and Replacement Fund shall never be used for the making of improvements and extensions to the System or for payment of principal or interest on Bonds if the use of said money will leave in said Renewal and Replacement Fund for the making of emergency repairs or replacements less than the sum of Twenty-Five Thousand Dollars (\$25,000).

**TOWN OF WALKER**

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

DECEMBER 31, 2008

If at any time it shall be necessary to use moneys in the Reserve Fund for the purpose of paying principal of or interest on Bonds payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the Net Revenues first thereafter received, not herein required to be used for current principal, interest and reserve requirements. If at any time there are sufficient moneys on deposit in the Reserve Fund and the Renewal and Replacement Fund to retire all outstanding Bonds payable from the Sinking Fund by exercising the prepayment option provided by such Bonds or by purchase on the open market, the Issuer may utilize such funds for such purpose.

All or any part of the moneys in the foregoing funds and accounts shall, at the written request of the Issuer, be invested in such investment securities as may be permitted by the laws of the State, provided that moneys in the Reserve Fund must be invested in Government Securities maturing no more than five (5) years from the date of investment. Any and all funds of the Issuer which may be placed on deposit with any bank in compliance with any provision of this or subsequent ordinances or of the Bonds, shall be secured by said bank at all times to the full extent thereof by direct obligations of the United States of America or the State having a market value of not less than the amount of money then on deposit.

All income derived from such investments shall be added to the money in said respective funds or to the Sewer Revenue Fund, and such investments shall, to the extent at any time necessary, be liquidated and the proceeds thereof applied to the purpose for which the respective funds are herein created.

All moneys remaining in the Sewer Revenue Fund on the 20<sup>th</sup> day of each month after making the required payments for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus. Such surplus may be used by the Issuer for the purpose of retiring Bonds herein authorized in advance of their maturities, either by purchase of Bonds then outstanding at prices not greater than the prepayment prices of said Bonds or by retiring such Bonds at the prices and in the manner herein above set forth in this Ordinance, or for any other lawful purpose.

At December 31, 2008, the 2000 and 2001 Sewer Revenue Bonds Renewal and Replacement Fund combined balance was \$150,000. Financial data was not available from prior years to determine if deposits and withdrawals from this fund were in compliance with bond covenants.

**Series Revenue Bonds, Series 2001**

Sewer Revenue Bonds, Series 2001. \$2,400,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 20, 2021; interest rate at 3.95%.

\$ 1,851,527

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

A schedule of the outstanding Sewer Revenue Bonds, Series 2001 principal and interest requirements are as follows:

Year Ended December 31,	2001 Sewer Revenue Bonds		
	Principal	Interest	Total
2009	\$ 102,000	\$ 62,118	\$ 164,118
2010	106,000	58,530	164,530
2011	110,000	54,804	164,804
2012	115,000	50,923	165,923
2013	119,000	46,887	165,887
2014 – 2018	671,000	168,089	839,089
2019 - 2022	628,527	43,808	672,335
	\$1,851,527	\$ 485,159	\$2,336,686

The 2001 Sewer Revenue Bonds were authorized at a total issue amount of \$2,400,000, and are due in annual principal installments and semi-annual installments of interest at 3.95% through June 2022.

The Town entered into a financing arrangement with the State of Louisiana, Department of Environmental Quality, for the issuance of these Bonds in the amount of \$2,400,000 for the purpose of renovating the sewer system.

The 2001 Sewer Revenue Bond indenture requires the following fund be maintained:

(a) Sinking Fund.

Moneys from the Revenue Fund shall be deposited into the Sinking Fund in amount sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued hereafter as they severally become due and payable.

The authorizing ordinance specifies the following requirements for the 2001 Sewer Revenue Bonds Sinking Fund:

The maintenance of the "Sewer Revenue Bond Sinking Fund" (the "Sinking Fund"), heretofore established and maintained by the Parity Bond Ordinance, sufficient in amount to pay promptly and fully the principal and the interest on the Bonds and any Parity Obligations issued hereafter in the manner provided by this Ordinance, as they severally become due and payable, by transferring from the Sewer Revenue Fund to the Sinking Fund monthly in advance on or before the 20<sup>th</sup> day of each month of each year, a sum equal to the principal, interest and Administrative Fee accruing on the outstanding principal amount of the Bonds and any Parity Obligations for such calendar month, together with such additional proportionate sum as may be required to pay said principal, interest,

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

and Administrative Fee as the same respectively become due. The depository for the Sinking Fund shall transfer from said Sinking Fund to the Paying Agent or any other paying agent bank or banks for the Bonds and any Parity Obligations payable from said Fund at least three (3) days in advance of the date on which each payment of principal or interest falls due, funds fully sufficient to pay promptly the principal, interest and Administrative Fee so falling due on such date.

At December 31, 2008, the 2001 Sewer Revenue Bond Sinking Fund was fully funded with an actual balance of \$66,356.

(b) Reserve Fund.

With the issuance of the 2001 Sewer Revenue Bonds, combined Reserve Fund requirements apply to the 2001 Sewer Revenue Bonds and the 2000 Sewer Revenue Bonds. Bond covenants, including requirements for maintaining Reserve Fund deposits are included within the Reserve Fund section above for the 2000 Sewer Revenue Bonds.

(c) Renewal and Replacement Fund.

With the issuance of the 2001 Sewer Revenue Bonds, combined Renewal and Replacement Fund requirements apply to the 2001 Sewer Revenue Bonds and the 2000 Sewer Revenue Bonds. Bond covenants, including requirements for maintaining Renewals and Replacement Fund deposits are included within the Renewal and Replacement Fund section above for the 2000 Sewer Revenue Bonds.

The annual requirements to amortize all outstanding debt of the business-type activities at December 31, 2008, including interest payments of \$1,755,379 are as follows:

<u>Year Ended December 31,</u>	<u>Natural Gas and Water Revenue Bonds, Series 1999</u>	<u>Sewer Revenue Bonds, Series 2000</u>	<u>Sewer Revenue Bonds, Series 2001</u>	<u>Total</u>
2009	\$ 405,535	\$ 20,400	\$ 164,118	\$ 590,053
2010	407,995	20,935	164,530	593,460
2011	404,600	20,451	164,804	589,855
2012	405,635	20,951	165,923	592,509
2013	405,816	21,416	165,887	593,119
2014 - 2018	2,034,856	105,440	839,089	2,979,385
2019 - 2022	<u>406,946</u>	<u>65,244</u>	<u>672,335</u>	<u>1,144,525</u>
	<u>\$4,471,383</u>	<u>\$ 274,837</u>	<u>\$2,336,686</u>	<u>\$7,082,906</u>

**TOWN OF WALKER**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**13. Compensated Absences**

At December 31, 2008, employees of the Town have accumulated and vested \$90,748 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$68,025 is recorded as an obligation of the Governmental Activities, and \$22,723 is recorded as an obligation of the Business-Type Activities.

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

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

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

For the year ended December 31, 2008, the State of Louisiana made on-behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town has recorded \$83,375 of on-behalf payments as revenue and as expenses in the General Fund.

**16. Restricted Assets**

Restricted assets were applicable to the following at December 31, 2008:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Cash and Cash Equivalents:</b>			
Refunding Bonds, Series 2004	\$ 21,322	\$ -	\$ 21,322
Sales Tax Bonds, Series 2000	426,365	-	426,365
Natural Gas and Water Revenue Bonds	-	1,052,766	1,052,766
Sewer Revenue Bonds, Series 2000 and 2001	<u>-</u>	<u>421,725</u>	<u>421,725</u>
Total Cash and Cash Equivalents	447,687	1,474,491	1,922,178
<b>Investments:</b>			
Customers Deposits	<u>-</u>	<u>599,236</u>	<u>599,236</u>
Total Restricted Assets	<u>\$447,687</u>	<u>\$2,073,727</u>	<u>\$2,521,414</u>



**TOWN OF WALKER**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**17. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations  
by Department for the Year Ended December 31, 2008**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 5,071,088	\$ 756,375	\$ 494,937	\$ 314,854	\$ 6,637,254
Delinquent Charges	89,469	19,264	9,163	6,492	124,388
Miscellaneous	194,555	85,354	11,417	-	291,326
<b>Total Operating Revenues</b>	<b>5,355,112</b>	<b>860,993</b>	<b>515,517</b>	<b>321,346</b>	<b>7,052,968</b>
<b>Operating Expenses:</b>					
Direct	4,104,507	572,870	979,155	311,860	5,968,392
General and Administrative	202,272	84,280	96,156	16,413	399,121
<b>Total Operating Expenses</b>	<b>4,306,779</b>	<b>657,150</b>	<b>1,075,311</b>	<b>328,273</b>	<b>6,367,513</b>
<b>Operating Income (Loss) by Department</b>	<b>1,048,333</b>	<b>203,843</b>	<b>(559,794)</b>	<b>(6,927)</b>	<b>685,455</b>
Nonoperating Revenues	82,533	11,462	199	1,631	95,825
Nonoperating Expenses	(165,965)	(39,591)	(83,734)	-	(289,290)
Federal Grant	2,280	50,963	25,089	-	78,332
State Grant	-	-	27,880	-	27,880
Transfers from Special Revenue	-	-	663,333	-	663,333
Transfers to General Fund	(888,344)	(100,000)	(100,000)	-	(1,088,344)
<b>Change in Net Assets</b>					<b>\$ 173,191</b>
<b>Business-Type Activities</b>					
<b>Departmental Net Income (Loss)</b>	<b>\$ 78,837</b>	<b>\$ 126,677</b>	<b>\$ (27,027)</b>	<b>\$ (5,296)</b>	

**TOWN OF WALKER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2008

**18. Schedule of Utility Fund Operating Expenses by Department  
for the Year Ended December 31, 2008**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
<b>Direct Expenses:</b>					
Natural Gas Purchases	\$ 3,094,419	\$ -	\$ -	\$ -	\$ 3,094,419
Salaries and Wages	435,068	144,729	158,907	4,755	743,459
Payroll Taxes, Retirement and Group Insurance	164,295	56,596	57,976	352	279,219
Contract Services	93,691	43,269	11,547	304,990	453,497
Depreciation	144,725	74,107	345,492	-	564,324
Equipment Expenses	61,618	5,329	26,018	-	92,965
Equipment Rental	7,374	5,255	26,206	367	39,202
Lab Fees	-	-	23,064	-	23,064
Maintenance	79,843	176,063	149,817	1,396	407,119
Small Tools and Supplies	17,028	3,840	13,934	-	34,802
Utilities	6,446	63,682	166,194	-	236,322
	<u>4,104,507</u>	<u>572,870</u>	<u>979,155</u>	<u>311,860</u>	<u>5,968,392</u>
<b>General and Administrative Expenses:</b>					
Insurance	91,792	20,223	22,882	-	134,897
Miscellaneous	38,018	24,034	12,271	-	74,323
Office Expense	37,087	6,572	8,947	3,196	55,802
Penalties	-	262	-	-	262
Professional Fees	19,460	7,826	41,667	5,125	74,078
Telephone	6,793	8,247	6,068	-	21,108
Bad Debts	9,122	17,116	4,321	8,092	38,651
	<u>202,272</u>	<u>84,280</u>	<u>96,156</u>	<u>16,413</u>	<u>399,121</u>
<b>Total Operating Expenses</b>	<u><u>\$ 4,306,779</u></u>	<u><u>\$ 657,150</u></u>	<u><u>\$ 1,075,311</u></u>	<u><u>\$ 328,273</u></u>	<u><u>\$ 6,367,513</u></u>

**TOWN OF WALKER**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2008**

**19. Schedule of Utility Enterprise Fund Operating Expenses by  
Function for the Year Ended December 31, 2008**

<b>Personal Services and Benefits:</b>	
Direct Labor	\$ 743,459
Payroll Taxes, Retirement and Group Insurance	279,219
	<u>1,022,678</u>
 <b>Contractual Services:</b>	
Equipment Rental	39,202
Lab Fees	23,064
Subcontract Disposal Service	453,497
Professional Fees	74,078
	<u>589,841</u>
 <b>Cost of Materials:</b>	
Natural Gas Purchases	3,094,419
 <b>Utilities:</b>	
Utilities	236,322
Telephone	21,108
	<u>257,430</u>
 <b>Repair and Maintenance:</b>	
Equipment Expenses	92,965
Maintenance	407,119
	<u>500,084</u>
 <b>Supplies:</b>	
Small Tools and Supplies	34,802
Office Expense	55,802
Miscellaneous	74,323
	<u>164,927</u>
<b>Insurance</b>	134,897
<b>Depreciation</b>	564,324
<b>Penalties</b>	262
<b>Bad Debts</b>	38,651
	<u>38,651</u>
Total Operating Expenses	<u><u>\$ 6,367,513</u></u>

**TOWN OF WALKER**

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

DECEMBER 31, 2008

**20. Environmental Assessment Liabilities**

As a result of past violations; the Louisiana Department of Environmental Quality proposed approximately \$970,000 in environmental assessments and penalties. In response to the proposed assessments and penalties and after much negotiation, the Town and the Louisiana Department of Environmental Quality have drafted a settlement whereby the Town of Walker must expend \$310,000 in various beneficial environmental projects outlined in the agreement as well as \$8,820 in penalties. Therefore, the Town of Walker has included an amount of \$318,820 as a Long-Term Obligation on the December 31, 2007 Financial Statements. During 2008, \$20,000 was paid to the Louisiana Department of Environmental Quality reducing the liability to \$298,820.

In 2008, the Town was required to pay DEQ the sum of \$20,000. Of this amount, \$8,800 was in the form of a fine and the remainder was a reimbursement by the Town of DEQ's cost of enforcement.

**21. Litigation**

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

**22. Contingent Liabilities**

Primarily during years 1996 - 1998, the Town 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 Town 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 Town must reimburse LDOTD, the Town must reclassify the total recorded as contributed capital to a liability account.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

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

Travis B. Clark, Mayor 10136 Florida Blvd. P.O. Box 218 Walker, LA 70785 (225) 664-9737	\$ 59,049
Gary Griffin, Board Member P.O. Box 951 Walker, LA 70785 (225) 665-9125	8,800
Arthur Israel, Board Member P.O. Box 253 Walker, LA 70785 (225) 665-2184	2,400
Debra Keller, Board Member P.O. Box 612 Walker, LA 70785 (225) 664-5991	10,039
James Phillips, Board Member 28081 Foxfire Ave. Walker, LA 70785 (225) 664-7046	361
Don Townsend, Board Member 30296 Stafford Street Walker, LA 70785 (225) 664-5015	10,039
Rick T. Ramsey, Board Member 16289 Pendarvis Lane Walker, LA 70785 (225) 665-7846	11,200
Richard Wales, Board Member 13964 Guy St. Walker, LA 70785 (225) 664-3085	11,200
Thomas D. Watson, Board Member 12395 Lakeland Dr. Walker, LA 70785 (225) 791-3944	<u>361</u>
	\$ <u>113,449</u>

Terms end December 31, 2008.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2008

**24. Revenues and Expenditures - Actual Budget**

The following funds had actual expenditures and/or other uses over budgeted expenditures and/or other uses by 5% or more for the year ended December 31, 2008 in the following functions:

<u>General Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Highway and Streets	\$ 2,159,748	\$ 2,406,193	\$ 246,445
Capital Outlay	\$ 564,327	\$ 605,952	\$ 41,625

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

**OTHER SUPPLEMENTAL INFORMATION**

## TOWN OF WALKER

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

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

FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
<b>Revenues:</b>				
Sales Taxes	\$ 966,318	\$ 1,035,093	\$ 1,044,074	\$ 8,981
Interest	14,563	9,388	8,538	(850)
Total Revenues	980,881	1,044,481	1,052,612	8,131
<b>Expenditures:</b>				
General Government:				
Collection Expenses	14,017	18,357	19,685	(1,328)
Total General Government	14,017	18,357	19,685	(1,328)
Debt Service:				
Principal Retirement	178,000	178,000	178,000	-
Interest and Administrative Fees	125,531	125,531	125,531	-
Total Debt Service	303,531	303,531	303,531	-
Total Expenditures	317,548	321,888	323,216	(1,328)
Excess (Deficiency) of Revenues over Expenditures	663,333	722,593	729,396	6,803
<b>Other Financing Sources (Uses):</b>				
Operating Transfers Out	(663,333)	(663,333)	(663,333)	-
Total Other Financing Sources (Uses)	(663,333)	(663,333)	(663,333)	-
Net Change in Fund Balance	-	59,260	66,063	6,803
<b>Fund Balance at Beginning of Year</b>	820,011	820,011	820,011	-
<b>Fund Balance at End of Year</b>	\$ 820,011	\$ 879,271	\$ 886,074	\$ 6,803

See auditor's report.



## TOWN OF WALKER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2008

<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: Outdoor Recreation, Acquisition, Development and Planning	15.916	22-00898	\$ 118,920
<u>United States Department of Justice</u> Bureau Justice Assistance, Bulletproof Vest Partnership	16.607	N/A	2,837
<u>United States Environmental Protection Agency</u> Passed Through University of New Orleans Research and Technology Foundation Distribution Program  Congressionally Mandated Projects	66.202	EM-96644201	19,850
<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 States	93.994	049372	50,446
<u>United States Department of Homeland Security</u> Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance Hazard Mitigation Grant	97.036 97.039	FIPS#063-79240 1603 DR LA 22	1,539,433 <u>49,566</u>
Total United States Department of Homeland Security			<u>1,588,999</u>
Total Expenditures of Federal Awards			<u>\$ 1,781,052</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**TOWN OF WALKER**

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

DECEMBER 31, 2008

Note A - Significant Accounting Policies -

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Walker and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

See auditor's report.

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

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone: 225.928.4770 • Fax: 225.926.0945  
www.htbcpa.com  
June 22, 2009

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

We have audited the accompanying financial statements of the governmental activities, business type activities, and each major fund of the Town of Walker, Louisiana, as of and for the year ended December 31, 2008 which collectively comprise the Town of Walker, Louisiana's basic financial statements, and have issued our report thereon dated June 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiency described as item 2008-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2008-2.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and, accordingly, we express no opinion on them.

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

Respectfully submitted,

*Henri J. Bourgeois, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

June 22, 2009

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

Compliance

We have audited the compliance of the Town of Walker with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2008. The Town of Walker's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town of Walker's management. Our responsibility is to express an opinion on the Town of Walker's compliance based on our audit.

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

In our opinion, the Town of Walker complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

## Internal Control Over Compliance

The management of the Town of Walker is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Walker's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Town of Walker's internal control over compliance.

*A control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,

*Harris J. Bourgeois, CPA*



**TOWN OF WALKER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

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:

- Type of report issued on financial statements - unqualified.
- Type of report issued on compliance for major program - unqualified.
- The results of audit procedures disclosed no material noncompliance in the major program.
- The results of audit procedures disclosed no questioned costs.
- Our audit disclosed no findings which are required to be reported under Section 510(a).
- The following program was tested as Type "A" major program:

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>CFDA Number</u>
<u>United States Department of Homeland Security</u> Passed Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness: Disaster Grants – Public Assistance	97.036

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

TOWN OF WALKER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2008

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

Finding 2008-1 Cash Receipts in Mayor's Court:

During the current year audit of cash collections in the Mayor's court, we noted three instances where the daily receipts of cash and checks for fines collected by the Mayor's court did not coincide with the total cash and checks deposited to the Town's bank account. All of the daily receipts by the Mayor's Court are required to be forwarded to the Town's accounting clerk who is responsible for preparing bank deposit slips. We noted three instances where an employee in the Mayor's Court replaced the cash collections for the day with a personal check and forward the modified cash and check totals to the Town's accounting clerk for deposit. Although the deposit in total matched the receipts for the day, the total receipts transferred from the court to the accounting clerk for deposit into the bank was not intact.

Recommendation:

We recommend for the Town to develop a policy to require all employees that collect cash to turn in the receipts collected intact to the accounting clerk for deposit into the bank. Employees should not cash their personal checks with the cash receipts collected. All receipts collected should be deposited intact in the bank.

Management Response:

Deposits are more closely monitored to ensure that cash and checks per the prepared bank deposit match cash and checks per the daily receipts. Additionally, management has issued a policy prohibiting the use of Town funds to cash personal checks.

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

Finding 2008-2 Failure to Amend Budget (LSA-R.S. 39:1310):

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

<u>General Fund</u>	<u>Unfavorable Variance</u>	<u>Variance %</u>
• Highway and Streets	\$ 246,445	11.4%
• Capital Outlay	\$ 41,625	7.4%

**TOWN OF WALKER**

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

**FOR THE YEAR ENDED DECEMBER 31, 2008**

Although we noted management received approval from the Board of Aldermen on the final amended budget on December 8, 2008, the above variance in the Highway and Streets department resulted from the Town not having the final billings from the contractor performing hurricane debris clean up services after Hurricane Gustav. The accrual of these final invoices after the final amended budget was adopted resulted in the actual accumulated costs in the Highway and Streets department to exceed the budgeted amount by 11.4%. Capital Outlay actual expenses exceeded the final budgeted balance by 7.4% due primarily to the purchase of police equipment in December and not properly adjusting the budget for the expenditure.

**Recommendation:**

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

**Management's Response:**

Management is working more closely with departmental supervisors to ensure the budget to actual variance does not exceed 5%.

**TOWN OF WALKER**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

FOR THE YEAR ENDED DECEMBER 31, 2008

The following are prior year findings and recommendations with any corrective actions taken along with an updated Management's Response if applicable.

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

**Reference Number: 2004M-9**

**Category:** Contingent Liabilities

**Description of Finding:**

As financial input is finalized for the fiscal year ending December 31, 2004 and as corrected balances are carried forward into the current fiscal year, the Town of Walker must make decisions on the recording and/or disclosure of contingent liabilities. Contingent liabilities are liabilities for which the Town 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 Town 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 Town 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 Town of Walker must reclassify the total recorded as contributed capital to a liability account.
- Department of Environmental Quality Contingent Payments. As a result of past violations, the Town of Walker has a contingent liability of approximately \$970,000 for past assessments and penalties for violations. In response to the DEQ assessment, the Town of Walker must either fund (pay) the assessments or conduct "Beneficial Environmental Projects". Engineers have been drafting proposals for "Beneficial Environmental Projects" that could be conducted in lieu of paying fines.

## TOWN OF WALKER

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2008

#### **Recommendations:**

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

#### **Corrective Action Taken:**

The possible liability due to the Louisiana Department of Transportation has not been determined and is still reported as a contingent liability in these financial statements. The liability due to the Louisiana Department of Environmental Quality is in the process of being settled and was reported in the 2005 financial statements as a prior period adjustment in the amount of \$318,820. See Notes 20 and 22 of the current year financial statements.

#### **Management's Response:**

1. The Town of Walker will seek the opinion of its attorney relative to the liability created when utilities were relocated by the Louisiana Department of Transportation and Development. We will determine the appropriate disclosure in accordance with the legal opinion. As of December 31, 2008 any liability is still not determined. The Louisiana Department of Transportation has not enforced the collection of the balances due; however, the Town has been notified that utility services adjacent to state right of ways will not be approved until the liability is paid.
2. The Town of Walker is still negotiating its penalties for violations with the Department of Environmental Quality. At present, there is a draft of a settlement agreement between the two parties. The settlement, if approved, will result in the implementation of BEPs (Beneficial Environmental Projects), which are assigned an economic value and are considered "payment in kind" as part of the fine plus a cash payment. In the prior year, a prior period adjustment of approximately \$319,000 was made to the financial statements for the estimated amount of these BEPs. In the most recent meeting between the Town and DEQ, it appears (based on the Town's legal counsel) that the cash portion of the settlement will require the Town to pay DEQ the sum of \$20,000. Of this amount, \$8,800 is in the form of a fine and the remainder is a reimbursement by the Town of DEQ's cost of enforcement. Based upon information currently available, legal counsel believed that a settlement in the nature of that outlined above would be reached prior to the end of 2007. At December 31, 2007, the settlement agreement was not final and was still in negotiations.

#### **Additional Corrective Action Taken:**

The DEQ settlement agreement was signed December 24, 2008, requiring \$20,000 in fines and penalties to be paid to DEQ and allowing eighteen months for completion of two BEPs, the Greenwich Village water project and the Eastside sewer expansion. The \$20,000 was paid in January 2009. Both BEPs are currently in the engineering phase and will be completed within the time frame allotted.

**TOWN OF WALKER**

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

FOR THE YEAR ENDED DECEMBER 31, 2008

**Reference Number: 2004-M17**

**Category:** Walker Youth Sports Association Funds

**Description of Finding:**

At December 31, 2004, a certificate of deposit is being maintained for the Walker Youth Sports Association (WYSA-a separate non-profit entity), totaling \$20,000 at December 31, 2004. Since that date interest has continued to accrue on the account. The certificate of deposit is not recorded on the financial statements of the Town of Walker. At December 31, 2008, this certificate of deposit remains in dispute.

**Recommendation:**

The ownership of the Certificate of Deposit remains in dispute and the bank is waiting on a resolution of the dispute between the Town of Walker and Walker Youth Sports Association; therefore, this certificate of deposit has not been recorded on the books of the Town of Walker pending a resolution of the dispute. Once this dispute is resolved, the Town of Walker should record these funds on their books, if applicable.

**Management's Response:**

The Town has referred this matter to its legal counsel for investigation and recommendation. While it has been confirmed that these accounts carry the federal identification number of the Town, it has not been determined who actually owns the funds. Upon receipt of an opinion, if the Town is deemed owner, said funds will be reported in the General Fund of the Town.

Legal counsel has advised that the ownership of the Certificate of Deposit is still under dispute.

**Corrective Action Taken:**

The new Mayor and administration have worked with the former members of the dissolved WYSA Board who have verbally agreed to sign the funds over to the Town provided the funds will be designated for park improvements and/or equipment. Pending a signed agreement, the Town expects to clear this matter in 2009.

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

**2007-1 – Compliance with the Public Bid Law**

During the prior year audit and testing of compliance with the Public Bid Law requirements, we noted the Town purchased a police motorcycle for \$21,038 without properly advertising or awarding the purchase to the lowest bidder as required by L.S.A. R.S. 38:2212. The Public Bid Law requires for local governments to advertise for bids and award the bid to the lowest qualified bidder for all

**TOWN OF WALKER**

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

**FOR THE YEAR ENDED DECEMBER 31, 2008**

purchases over \$20,000.

**Recommendation:**

We recommended for the Town to review and comply with all state bid law requirements when making purchases. In addition, we recommended for any purchase with an estimated cost over \$10,000 to be handled by a Town employee trained in the requirements of the state bid laws and make sure the laws are being followed.

**Corrective Action Taken:**

During our current year audit of testing of compliance with the Public Bid Law requirements, none of the transactions reviewed were in violation of the Public Bid Law.