

2010

TOWN OF WALKER, LOUISIANA
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2009

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Release Date 7/14/10

**TOWN OF WALKER
WALKER, LOUISIANA**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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May 24, 2010

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, each major fund, and the budgetary comparison statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the Town of Walker, Louisiana, as of and for the year ended December 31, 2009, 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. The prior year summarized comparative information has been derived from the Town of Walker's December 31, 2008 financial statements and, in our report dated June 22, 2009, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the budgetary comparison for the general fund.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, and the respective budgetary comparison statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the Town of Walker, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2010, 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.

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

Respectfully submitted,

Thomas 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, 2009. 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 is reporting a \$2,620,127 increase in unrestricted net assets on the government-wide financial statements.
- Total net assets compared to prior year total net assets (as restated) of \$10,040,647 increased by \$1,418,717 or 14.13%.
- The governmental fund net assets have increased from \$1,582,242 for the year ended December 31, 2008 to \$2,246,530 for the year ended December 31, 2009; a \$664,288 increase.
- Total revenue from both governmental and business-type activities was \$12,033,761. Total expenses were \$10,615,044.
- The governmental funds reported combined ending fund balances of \$2,288,432, an increase of \$192,080 in comparison with the prior year combined ending fund balances of \$2,096,352.
- Total debt decreased by \$1,157,301 (12.96%) 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 long term debt portion of the Refunding Bonds Series 2009, and other expenditures specifically allowed in tax proposition. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund as both funds are considered major funds.

The 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 (Exhibit B-6) as both funds are considered major funds.

Enterprise type proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The 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 29 - 60 of this report.

Government-wide Financial Analysis

This analysis pertains to the government-wide financial statements for the fiscal year ended December 31, 2009. The Town's net assets at December 31, 2009 were \$11,459,364. 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, 2009 with comparative figures for 2008.

Town of Walker
Condensed Statement of Net Assets
For the Year Ended December 31, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and Other Assets	\$ 2,747,215	\$ 3,353,045	\$ 3,819,559	\$ 2,327,422	\$ 6,566,774	\$ 5,680,467
Restricted Assets	21,670	447,687	761,838	2,073,727	783,508	2,521,414
Deferred Bond Issuance Cost	157,425	-	245,895	-	403,320	-
Capital Assets	2,795,200	2,720,707	10,343,604	10,758,378	13,138,804	13,479,085
Total assets	5,721,510	6,521,439	15,170,896	15,159,527	20,892,406	21,680,966
Liabilities:						
Current Liabilities	455,877	1,659,172	1,205,371	1,240,212	1,661,248	2,899,384
Long-Term Liabilities	3,019,103	3,280,025	4,752,691	5,649,070	7,771,794	8,929,095
Total Liabilities	3,474,980	4,939,197	5,958,062	6,889,282	9,433,042	11,828,479
Net assets:						
Invested in Capital Assets						
Net of Debt	2,732,200	2,597,707	5,826,578	5,430,851	8,558,778	8,028,558
Restricted	21,670	447,687	-	1,117,453	21,670	1,565,140
Unrestricted	(507,340)	(1,463,152)	3,386,256	1,721,941	2,878,916	258,789
Total Net Assets	\$ 2,246,530	\$ 1,582,242	\$ 9,212,834	\$ 8,270,245	\$ 11,459,364	\$ 9,852,487

The Statement of Activities for 2009 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 2009 were \$10,615,044. Of the governmental activities expenses, \$1,542,346 was covered by program revenues and operating grants. The remainder, or \$3,788,619, was funded by general revenues, primarily sales, franchise, and property taxes, occupational licenses, and permits. For business-type activities, program revenues exceeded expenses by \$1,039,364.

The table below reflects the condensed Statement of Activities for the year ended December 31, 2009 with comparative figures for 2008.

Town of Walker
Condensed Statement of Activities
For the Year Ended December 31, 2009 and 2008

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 989,212	\$ 596,374	\$ 6,303,091	\$ 7,052,968	\$ 7,292,303	\$ 7,649,342
Operating Grants and Contributions	553,134	1,743,762	-	2,280	553,134	1,746,042
Capital Grants and Contributions	-	118,920	20,352	103,932	20,352	222,852
General Revenues:						
Taxes	4,002,479	4,086,646	-	-	4,002,479	4,086,646
Other Grants and Contributions not Restricted to Specific Programs	13,784	11,402	-	-	13,784	11,402
Interest Income	4,160	14,604	19,699	54,562	23,859	69,166
Net Gain (Loss) on Sale of Assets	49,934	19,452	-	(8,049)	49,934	11,403
Miscellaneous Income	41,270	35,488	36,646	41,263	77,916	76,751
Transfers	341,280	425,011	(341,280)	(425,011)	-	-
Total Revenues	5,995,253	7,051,659	6,038,508	6,821,945	12,033,761	13,873,604
Expenses:						
General Government	1,718,122	1,308,123	-	-	1,718,122	1,308,123
Public Safety	2,013,214	1,940,175	-	-	2,013,214	1,940,175
Highways and Streets	1,213,038	2,487,230	-	-	1,213,038	2,487,230
Parks and Recreation	265,901	230,625	-	-	265,901	230,625
Interest on Long-Term Debt	120,690	138,491	-	-	120,690	138,491
Gas	-	-	3,322,404	4,464,695	3,322,404	4,464,695
Water	-	-	569,266	696,741	569,266	696,741
Sewer	-	-	1,057,817	1,159,045	1,057,817	1,159,045
Sanitation	-	-	334,592	328,273	334,592	328,273
Total Expenses	5,330,965	6,104,644	5,284,079	6,648,754	10,615,044	12,753,398
Increase (Decrease) in Net Assets	664,288	947,015	754,429	173,191	1,418,717	1,120,206
Net Assets -						
Beginning of Year - As Restated	1,582,242	635,227	8,458,405	8,097,054	10,040,647	8,732,281
Net Assets - End of Year	\$ 2,246,530	\$ 1,582,242	\$ 9,212,834	\$ 8,270,245	\$ 11,459,364	\$ 9,852,487

Governmental activities. Although total revenues decreased by 15.28%, total expenditures decreased by a comparable 12.67% and the Governmental activities increased the Town's net assets by \$664,288. Key areas of note are detailed below:

- Charges for services increased by \$392,838 (65.87%).
- Net transfers from the utility fund of \$341,280.

Business-type activities. Business-type activities increased the Town's net assets by \$754,429. Key areas of note are detailed below:

- Gas department revenues exceeded expenses by \$1,231,419 with \$941,280 being transferred to the general fund leaving a net income of \$290,139 in the Gas department.

- Sewer department expenses exceeded program revenues by \$455,058. 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. \$600,000 was transferred to the sewer activity for fiscal year 2009, resulting in a net income of \$144,942.
- Water department program revenues exceeded expenses by \$326,601, while the Sanitation department expenses exceeded revenues by \$7,253.

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 \$2,288,432, an increase of \$192,080 in the current year. The general fund, which is the chief operating fund of the Town, reported \$783,712 excess expenditures over revenues. The transfer of \$941,280 from the Gas department along with the sale of capital assets of \$49,934, resulted in a \$207,502 net increase in fund balance. The 2000 ½ Cent Sales Tax Fund reported \$596,725 excess revenues over expenditures. The \$600,000 transfer to the Sewer department, along with cost associated with refinancing old bonds and the issuance of the 2009 Utility Revenue bonds resulted in a \$15,422 net decrease in fund balance.

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 \$1,303,520, an increase in combined net assets of \$754,429, and a net increase in cash and cash equivalents of \$562,050.

General Fund Budgetary Summary

During the fiscal year, the Town adopted one budget amendment. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Although actual expenditures exceeded final budgeted amount, actual revenues exceeded actual final budgeted amounts by a comparable amount. Excess expenditure amounts are due primarily to:

- Increase in general government salaries with the addition of a grant coordinator and two court assistants.
- Economic development payment to Stine Lumber.
- Law enforcement software purchased under grant originally intended to be purchased in 2010; however, the grant was available in 2009 and the existing software was on the verge of crashing beyond repair.

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, 2009, amounts to \$13,138,804, a decrease of \$340,281 from the December 31, 2008 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 2009 amounted to \$305,203, while depreciation expense recorded for the business-type activities totaled \$558,894.

Additional information on the Town's capital assets can be found in note 8 on pages 43 - 45 of this report.

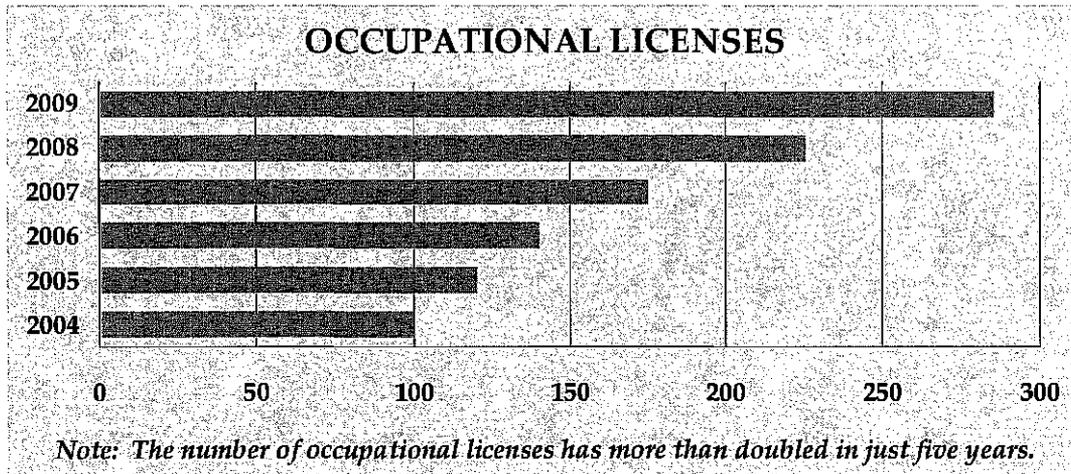
Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$7,771,794, a decrease of \$1,157,301 (12.96%) from prior year. This decrease is a result of timely remittance of required debt payments, as well as the consolidation of several bonds issuances. A breakdown of the long-term debt is as follows:

- The 1999 Gas and Water Revenue Bonds, the 2000 and 2001 Sewer Revenue Bonds, and the 2000 Sales Tax Bonds were consolidated and reissued as the 2009 Utility Revenue Bonds. The outstanding amount is \$7,408,879 with \$2,891,853 payable from the ½ Cent Sales Tax Fund and \$4,517,026 payable from the Enterprise Fund.
- Compensated absences total \$86,322.
- The Environmental Assessment Liability due to the Department of Environmental Quality for past sewer violations was reduced from \$298,820 to \$213,593. The mandated beneficial environmental projects will be completed and the remaining liability will be paid during 2010.
- The Series 2004 refunding bonds have a balance of \$63,000 payable from the General Fund, with the final payment due September 1, 2010.

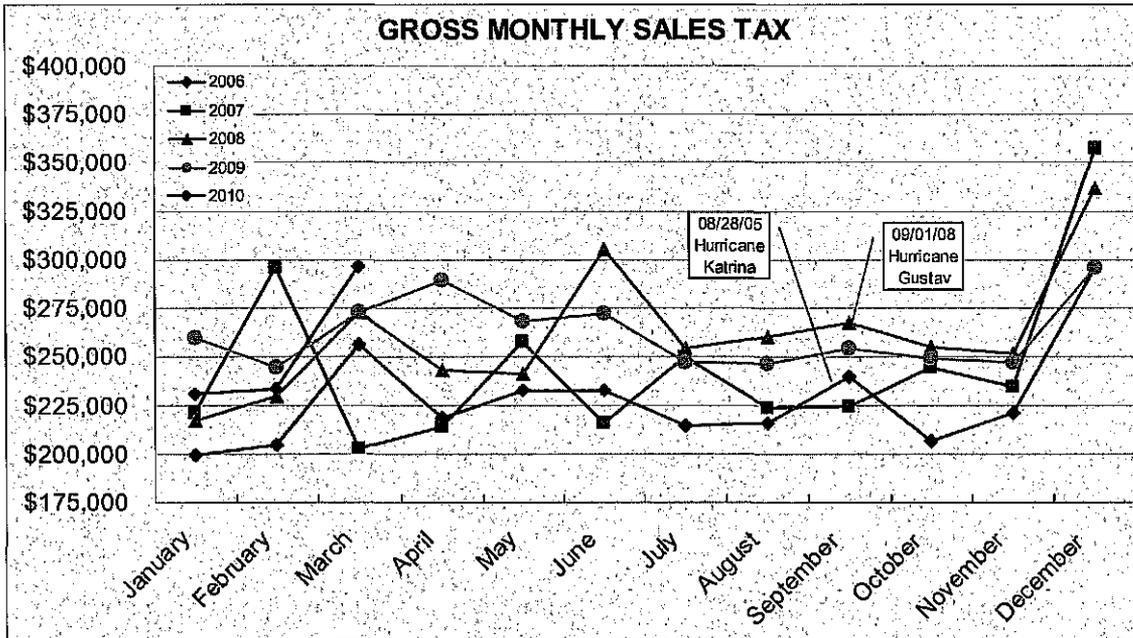
Additional information on the Town's long-term debt can be found in note 12 on pages 47-52.

Future Budget and Economic Outlook

Despite the state of our nation's economy, Walker has continued to experience both commercial and residential growth. More than 100 permits for new residences were issued, and 59 new businesses opened their doors in 2009, including Stine Lumber, Compressor Engineering Corporation, Snap Fitness, Hibbett Sports, LeBlanc's Grocery, and DOW Credit Union. Additionally, Our Lady of the Lake Regional Medical Center bought 236 acres and has begun ground work for an emergency room, outpatient diagnostic clinic and physician offices with plans for future expansion of services.



The lagging economy did impact the Town’s sales tax revenue with less than 1% increase over prior year. However, future tax revenue is promising with March 2010 reporting a 26.88% increase over February 2010 and an 8.60% increase compared to March 2009.



The administration made great strides in making Walker’s presence known and promoting community involvement. Information is readily available to residents and visitors via the Town’s website, *The Walker Report* e-newsletter, Facebook, and Twitter, as well as the *2009 Annual Report* and the *2010 Economic Profile*. Numerous community events were held throughout the year, including the Centennial Celebration to mark Walker’s 100th birthday, the grand opening of the Walker Museum, and the Christmas celebration. Although much was accomplished in 2009, the administration has big plans for continuing to move Walker forward. Priorities for 2010 include:

- ✓ On-line bill pay for utility customers.
- ✓ Implementing our Economic Development Plan & Strategy and our Master Plan.
- ✓ Continue improvements to our parks, including new equipment for playgrounds and upgrades for our soccer and baseball fields.

- ✓ Pursue funding to widen the La. 447 overpass and other needed road projects.
- ✓ Add a concert series – Music Under the Oaks – at The Walker Museum.
- ✓ Expand our exhibits at The Walker Museum, including an outdoor display of tools and machinery.
- ✓ Pursue funding for a new Municipal Building.
- ✓ Begin a Walker Business Expo to encourage community firms to showcase themselves.

Please visit our website at www.walker.la.us. From there you can subscribe to the *Walker Report* e-newsletter, view archives of the newsletter, join our nearly 800 fans on Facebook, or our followers on Twitter. The *2010 Economic Profile* and the *Economic Development Plan & Strategy* can be found on the website under Doing Business, and the *2009 Annual Report* under Walker Online.

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:

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF WALKER
STATEMENT OF NET ASSETS
 DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)

	Governmental Activities	Business-Type Activities	Totals 2009	Totals 2008
ASSETS				
Cash and Cash Equivalents	\$ 1,276,031	\$ 2,585,830	\$ 3,861,861	\$ 1,437,814
Receivables, Net	223,317	1,329,486	1,552,803	1,475,066
Due from Other Governments	834,806	2,384	837,190	2,367,790
Internal Balances	350,674	(350,674)	-	-
Inventories	-	202,142	202,142	294,140
Prepaid Items	62,387	50,391	112,778	105,657
Restricted Assets:				
Cash and Cash Equivalents	21,670	149,685	171,355	1,922,178
Investments	-	612,153	612,153	599,236
Deferred Bond Issuance Costs	157,425	245,895	403,320	-
Capital Assets:				
Land and Construction in Progress	806,652	218,796	1,025,448	995,564
Other Capital Assets, Net of Depreciation	1,988,548	10,124,808	12,113,356	12,483,521
Total Assets	<u>\$ 5,721,510</u>	<u>\$ 15,170,896</u>	<u>\$ 20,892,406</u>	<u>\$ 21,680,966</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 418,066	\$ 1,146,310	\$ 1,564,376	\$ 2,865,978
Accrued Interest Payable	37,811	59,061	96,872	33,406
Non-Current Liabilities:				
Due Within One Year	272,252	56,305	328,557	602,687
Due in More Than One Year	2,746,851	4,696,386	7,443,237	8,326,408
Total Liabilities	<u>3,474,980</u>	<u>5,958,062</u>	<u>9,433,042</u>	<u>11,828,479</u>
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	2,732,200	5,826,578	8,558,778	8,028,558
Reserved for Debt Service	21,670	-	21,670	1,565,140
Unrestricted (Deficit)	(507,340)	3,386,256	2,878,916	258,789
Total Net Assets	<u>2,246,530</u>	<u>9,212,834</u>	<u>11,459,364</u>	<u>9,852,487</u>
Total Liabilities and Net Assets	<u>\$ 5,721,510</u>	<u>\$ 15,170,896</u>	<u>\$ 20,892,406</u>	<u>\$ 21,680,966</u>

The accompanying notes constitute an integral part of this statement.

TOWN OF WALKER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,718,122	\$ -	\$ 161,830	\$ -
Public Safety	2,013,214	874,174	183,098	-
Highways and Streets	1,213,038	13,800	198,004	-
Parks and Recreation	265,901	101,238	10,202	-
Interest on Long-Term Debt	120,690	-	-	-
Total Governmental Activities	5,330,965	989,212	553,134	-
Business-Type Activities:				
Gas	3,322,404	4,504,953	-	-
Water	569,266	891,065	-	-
Sewer	1,057,817	580,455	-	20,352
Sanitation	334,592	326,618	-	-
Total Business-Type Activities	5,284,079	6,303,091	-	20,352
Total Primary Government	\$ 10,615,044	\$ 7,292,303	\$ 553,134	\$ 20,352
General Revenues:				
Taxes:				
Property				
Sales				
Occupational and Permits				
Franchise				
Other Grants and Contributions not Restricted to Specific Programs				
Transfers				
Interest Income				
Net Gain (Loss) on Sale of Assets				
Miscellaneous Income				
Total General Revenues				
Change in Net Assets				
Net Assets - Beginning of Year, As Restated				
Net Assets - End of Year				

The accompanying notes constitute an integral part of this statement.

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

Governmental Activities	Business-Type Activities	Totals 2009	Totals 2008
\$ (1,556,292)	\$ -	\$ (1,556,292)	\$ (1,228,230)
(955,942)	-	(955,942)	(1,263,275)
(1,001,234)	-	(1,001,234)	(1,005,153)
(154,461)	-	(154,461)	(10,439)
(120,690)	-	(120,690)	(138,491)
(3,788,619)	-	(3,788,619)	(3,645,588)
-	1,182,549	1,182,549	892,697
-	321,799	321,799	215,215
-	(457,010)	(457,010)	(590,559)
-	(7,974)	(7,974)	(6,927)
-	1,039,364	1,039,364	510,426
(3,788,619)	1,039,364	(2,749,255)	(3,135,162)
105,778	-	105,778	85,098
3,138,300	-	3,138,300	3,132,223
408,816	-	408,816	425,477
349,585	-	349,585	443,848
13,784	-	13,784	11,402
341,280	(341,280)	-	-
4,160	19,699	23,859	69,166
49,934	-	49,934	11,403
41,270	36,646	77,916	76,751
4,452,907	(284,935)	4,167,972	4,255,368
664,288	754,429	1,418,717	1,120,206
1,582,242	8,458,405	10,040,647	8,732,281
\$ 2,246,530	\$ 9,212,834	\$ 11,459,364	\$ 9,852,487

FUND FINANCIAL STATEMENTS

TOWN OF WALKER
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)

	General	2000 1/2 Cent Sales Tax Fund	Total Governmental	
			2009	2008
ASSETS				
Cash and Cash Equivalents	\$ 767,718	\$ 508,313	\$ 1,276,031	\$ 738,840
Receivables:				
Ad Valorem Taxes, Net	66,834	-	66,834	47,222
Other	156,483	-	156,483	202,807
Due from Other Funds	164,526	186,148	350,674	-
Due from Other Governments	658,615	176,191	834,806	2,307,600
Cash - Restricted	21,670	-	21,670	447,687
Total Assets	\$ 1,835,846	\$ 870,652	\$ 2,706,498	\$ 3,744,156
LIABILITIES				
Accounts Payable	\$ 221,553	\$ -	\$ 221,553	\$ 1,451,456
Payroll Liabilities	88,463	-	88,463	81,888
Accrued Salaries and Wages	108,050	-	108,050	86,858
Due to Other Funds	-	-	-	27,602
Total Liabilities	418,066	-	418,066	1,647,804
FUND BALANCES				
Fund Balances:				
Reserved for Debt Service	21,670	-	21,670	447,687
Unreserved, Reported In				
General Fund	1,396,110	-	1,396,110	1,188,956
Special Revenue Fund	-	870,652	870,652	459,709
Total Fund Balances	1,417,780	870,652	2,288,432	2,096,352
Total Liabilities and Fund Balances	\$ 1,835,846	\$ 870,652	\$ 2,706,498	\$ 3,744,156

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, 2009

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)

	2009	2008
Fund Balances-Total Governmental Funds	\$ 2,288,432	\$ 2,096,352
<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	5,193,428	5,115,210
Less Accumulated Depreciation	(2,398,228)	(2,394,503)
	2,795,200	2,720,707
Prepaid Insurance	62,387	56,576
Deferred Bond Issuance Costs	157,425	-
<p>Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:</p>		
General Obligation Bonds	(2,954,853)	(3,212,000)
Compensated Absences Payable	(64,250)	(68,025)
Accrued Interest Payable	(37,811)	(11,368)
	(3,056,914)	(3,291,393)
Net Assets of Governmental Activities	\$ 2,246,530	\$ 1,582,242

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, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	2009		Total	
	General	1/2 Cent Sales Tax Fund	2009	2008
Revenues:				
Taxes	\$ 2,561,347	\$ 1,046,100	\$ 3,607,447	\$ 3,672,571
Licenses and Permits	408,816	-	408,816	425,477
Fines and Forfeits	866,385	-	866,385	490,590
Interest	1,701	2,459	4,160	14,604
Fees	88,578	-	88,578	66,545
Intergovernmental	553,134	-	553,134	1,862,682
Miscellaneous	75,519	-	75,519	74,727
Total Revenues	4,555,480	1,048,559	5,604,039	6,607,196
Expenditures:				
Current:				
General Government	1,652,102	19,086	1,671,188	1,276,530
Public Safety	1,915,855	-	1,915,855	1,813,287
Highways and Streets	1,100,146	-	1,100,146	2,406,193
Parks and Recreation	227,469	-	227,469	207,822
Capital Outlay	379,696	-	379,696	605,952
Debt Service:				
Principal Retirement	60,000	185,000	245,000	435,000
Interest and Administration Fees	3,924	90,323	94,247	143,122
Cost of Issuance	-	157,425	157,425	-
Total Expenditures	5,339,192	451,834	5,791,026	6,887,906
Excess (Deficiency) of Revenues over Expenditures	(783,712)	596,725	(186,987)	(280,710)
Other Financing Sources (Uses):				
Sale of Capital Assets	49,934	-	49,934	31,693
Issuance of Bonds	-	2,904,000	2,904,000	-
Payment to Refund Bonds	-	(2,904,000)	(2,904,000)	-
Discounts on Bond Issuance	-	(12,147)	(12,147)	-
Transfers In	941,280	-	941,280	1,088,344
Transfer Out	-	(600,000)	(600,000)	(663,333)
Total Other Financing Sources (Uses)	991,214	(612,147)	379,067	456,704
Net Change in Fund Balances	207,502	(15,422)	192,080	175,994
Fund Balances at Beginning of Year	1,210,278	886,074	2,096,352	1,920,358
Fund Balances at End of Year	\$ 1,417,780	\$ 870,652	\$ 2,288,432	\$ 2,096,352

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, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	<u>2009</u>	<u>2008</u>
Net Change in Fund Balances - Total Governmental Funds	\$ 192,080	\$ 175,994

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	379,696	605,952
Depreciation Expense	<u>(305,203)</u>	<u>(252,398)</u>
	74,493	353,554

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	301,478	30,090
Less Cost Basis of Capital Assets Retired During the Year	<u>(301,478)</u>	<u>(42,331)</u>
	-	(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	5,811	7,578
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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	245,000	435,000
Discount on Issuance of Refunding Bonds	12,147	-
Issuance of Refunding Bonds	(2,904,000)	-
Payment to Refund Bonds	2,904,000	-
Cost of Issuance of General Obligation Bonds	157,425	-

Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.

(Increase) Decrease in Compensated Absences Payable	3,775	(17,501)
(Increase) Decrease in Accrued Interest Payable	<u>(26,443)</u>	<u>4,631</u>

Change in Net Assets of Governmental Activities	<u>\$ 664,288</u>	<u>\$ 947,015</u>
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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, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 75,057	\$ 75,057	\$ 105,778	\$ 30,721
Alcoholic Beverage Tax	11,364	11,364	13,784	2,420
Franchise Taxes	444,016	444,016	349,585	(94,431)
Sales Taxes	2,132,318	2,132,318	2,092,200	(40,118)
	2,662,755	2,662,755	2,561,347	(101,408)
Licenses and Permits:				
Occupational Licenses	326,425	326,425	357,398	30,973
Other Permits and Licenses	119,620	119,620	51,418	(68,202)
	446,045	446,045	408,816	(37,229)
Fines and Forfeits	530,753	569,253	866,385	297,132
Interest Income	6,844	6,844	1,701	(5,143)
Fees:				
Animal Adoption Fees	12,715	12,715	7,789	(4,926)
Parks and Recreation Fees	57,452	57,452	66,989	9,537
Road Maintenance	-	-	13,800	13,800
	70,167	70,167	88,578	18,411

(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, 2009

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Intergovernmental:				
State and Local Grants:				
Law Enforcement Grants	30,000	30,000	43,886	13,886
Other State and Local Grants	368,150	115,150	77,150	(38,000)
On Behalf Payments for Salaries	84,600	84,600	86,186	1,586
Federal Grants:				
FEMA Hurricane Disaster Grant	-	10,000	9,526	(474)
Street Landscape and Beautification Grant	-	193,000	193,004	4
Hazard Mitigation Grant	-	-	81,054	81,054
Federal Parks and Recreation Grant	-	-	9,302	9,302
Law Enforcement Grants	-	50,000	53,026	3,026
	<u>482,750</u>	<u>482,750</u>	<u>553,134</u>	<u>70,384</u>
Miscellaneous:				
Parks and Recreation Concessions	47,537	47,537	34,249	(13,288)
Miscellaneous	28,521	48,521	41,270	(7,251)
	<u>76,058</u>	<u>96,058</u>	<u>75,519</u>	<u>(20,539)</u>
Total Revenues	4,275,372	4,333,872	4,555,480	221,608

(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, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Expenditures				
General Government:				
General Provisions:				
Salaries	491,870	491,870	589,807	(97,937)
Aldermen's Per Diem	48,000	48,000	48,000	-
Payroll Taxes, Retirement, and Group Insurance	225,356	225,356	212,860	12,496
Advertising	2,350	2,350	11,792	(9,442)
Collection Costs	43,974	43,974	46,161	(2,187)
Bank Charges	5,669	5,669	9,481	(3,812)
Community Events	-	20,000	16,974	3,026
Contracted Services	24,468	72,118	100,131	(28,013)
Coroner Fees	6,273	6,273	1,900	4,373
Economic Development	20,000	80,000	211,280	(131,280)
Insurance	62,560	62,560	65,980	(3,420)
Legal and Professional	152,943	152,943	107,781	45,162
Membership Fees and Educational Training	12,746	12,746	17,694	(4,948)
Miscellaneous	374,089	5,939	9,607	(3,668)
Printing, Postage and Office Supplies	64,828	64,828	57,382	7,446
Rental Equipment	17,521	17,521	12,199	5,322
Repairs and Maintenance	10,144	23,644	27,890	(4,246)
Small Tools and Supplies	15,394	15,394	34,507	(19,113)
Telephone	43,758	43,758	28,753	15,005
Utilities	17,673	17,673	17,101	572
Uniforms	6,262	6,262	10,274	(4,012)
Vehicle Expenses	2,966	2,966	14,548	(11,582)
Total General Government	1,648,844	1,421,844	1,652,102	(230,258)
Public Safety:				
Animal Control:				
Salaries	56,180	84,180	89,736	(5,556)
Payroll Taxes, Retirement, and Group Insurance	30,785	37,285	40,948	(3,663)

(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, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Animal Control (Continued):				
Animal Care Expense	1,574	4,074	2,915	1,159
Insurance	2,340	2,340	2,576	(236)
Legal and Professional	4,980	4,980	2,523	2,457
Miscellaneous	9,068	9,068	7,051	2,017
Printing, Postage and Office Supplies	4,376	7,876	8,220	(344)
Small Tools and Supplies	595	595	1,333	(738)
Telephone	7,762	4,262	5,322	(1,060)
Utilities	6,857	6,857	7,156	(299)
Vehicle Expense	2,614	2,614	2,364	250
Total Animal Control	<u>127,131</u>	<u>164,131</u>	<u>170,144</u>	<u>(6,013)</u>
Police:				
Salaries	975,639	975,639	1,010,880	(35,241)
Payroll Taxes, Retirement, and Group Insurance	322,722	322,722	318,092	4,630
Contracted Services	8,693	8,693	5,536	3,157
Court Costs	12,360	12,360	12,000	360
Equipment Rental	17,647	17,647	19,920	(2,273)
Insurance	93,378	93,378	100,514	(7,136)
Membership Fees and Educational Training	23,953	23,953	10,170	13,783
Miscellaneous	4,664	4,664	7,474	(2,810)
Printing, Postage and Office Supplies	5,103	5,103	16,345	(11,242)
Professional Fees	27,940	27,940	16,113	11,827
Repairs and Maintenance	40,826	40,826	43,206	(2,380)
Small Tools and Supplies	63,579	63,579	34,098	29,481
Telephone	30,199	30,199	30,170	29

(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, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Public Safety (Continued):				
Police (Continued):				
Uniforms	17,902	17,902	23,249	(5,347)
Utilities	9,713	9,713	6,749	2,964
Vehicle Expense	127,945	127,945	91,195	36,750
Total Police	1,782,263	1,782,263	1,745,711	36,552
Total Public Safety	1,909,394	1,946,394	1,915,855	30,539
Highway and Streets:				
Streets:				
Salaries	377,145	349,145	371,470	(22,325)
Payroll Taxes, Retirement, and Group Insurance	124,217	124,217	126,933	(2,716)
Contract Services	132,886	126,386	121,376	5,010
Equipment Expense	53,206	39,706	30,666	9,040
Equipment Rental	361	361	439	(78)
Insurance	71,136	71,136	90,797	(19,661)
Landscaping and Beautification	-	193,000	193,004	(4)
Legal and Professional	21,016	21,016	14,164	6,852
Streets Maintenance and Materials	35,317	35,317	41,505	(6,188)
Membership Fees and Educational Training	846	846	900	(54)
Miscellaneous	6,895	6,895	6,033	862
Small Tools and Supplies	41,641	39,141	13,602	25,539
Telephone	12,895	12,895	11,367	1,528
Uniforms	8,220	8,220	10,115	(1,895)
Utilities	84,479	84,479	67,775	16,704
Total Highways and Streets	970,260	1,112,760	1,100,146	12,614

(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, 2009

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance With Final Budget
Parks and Recreation:				
Salaries	36,818	36,818	42,241	(5,423)
Payroll Taxes, Retirement, and Group Insurance	17,977	17,977	20,590	(2,613)
Contract Services	2,162	2,162	786	1,376
Concession Supplies	35,695	35,695	28,333	7,362
Equipment Rental	1,446	1,446	3,904	(2,458)
Insurance	5,148	5,148	6,920	(1,772)
Membership Fees and Educational Training	492	492	599	(107)
Miscellaneous	1,729	1,729	2,524	(795)
Legal and Professional	5,375	5,375	5,013	362
Printing, Postage and Office Supplies	219	219	237	(18)
Recreational Supplies	6,928	20,163	20,322	(159)
Repairs and Maintenance	31,692	31,692	36,781	(5,089)
Small Tools and Supplies	2,574	2,574	7,008	(4,434)
Telephone	7,699	7,699	4,885	2,814
Tournament Expenses	26,585	26,585	28,164	(1,579)
Utilities	25,028	25,028	19,018	6,010
Uniforms	13,476	241	144	97
Total Parks and Recreation	221,043	221,043	227,469	(6,426)
Capital Outlay	155,000	301,050	379,696	(78,646)
Debt Service:				
Principal Retirement	60,000	62,500	60,000	2,500
Interest and Administration Fees	3,925	4,925	3,924	1,001
Total Debt Service	63,925	67,425	63,924	3,501
Total Expenditures	4,968,466	5,070,516	5,339,192	(268,676)

(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, 2009

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	(693,094)	(736,644)	(783,712)	(47,068)
Other Financing Sources (Uses):				
Sale of Capital Assets	-	43,550	49,934	6,384
Transfers In	800,000	800,000	941,280	141,280
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>843,550</u>	<u>991,214</u>	<u>147,664</u>
Net Change in Fund Balances	106,906	106,906	207,502	100,596
Fund Balance at Beginning of Year	<u>1,210,278</u>	<u>1,210,278</u>	<u>1,210,278</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,317,184</u>	<u>\$ 1,317,184</u>	<u>\$ 1,417,780</u>	<u>\$ 100,596</u>

The accompanying notes constitute an integral part of this statement.

TOWN OF WALKER

2000 1/2 CENT SALES TAX SPECIAL REVENUE FUND

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

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Sales Taxes	\$ 1,066,159	\$ 1,066,159	\$ 1,046,100	\$ (20,059)
Interest	9,656	9,656	2,459	(7,197)
Total Revenues	<u>1,075,815</u>	<u>1,075,815</u>	<u>1,048,559</u>	<u>(27,256)</u>
Expenditures:				
General Government:				
Collection Expenses	<u>18,888</u>	<u>18,888</u>	<u>19,086</u>	<u>(198)</u>
Total General Government	18,888	18,888	19,086	(198)
Debt Service:				
Principal Retirement	185,000	185,000	185,000	-
Interest and Administrative Fees	118,380	118,380	90,323	28,057
Cost of Issuance	<u>-</u>	<u>-</u>	<u>157,425</u>	<u>(157,425)</u>
Total Debt Service	<u>303,380</u>	<u>303,380</u>	<u>432,748</u>	<u>(129,368)</u>
Total Expenditures	<u>322,268</u>	<u>322,268</u>	<u>451,834</u>	<u>(129,566)</u>
Excess (Deficiency) of Revenues over Expenditures	753,547	753,547	596,725	(156,822)
Other Financing Sources (Uses):				
Issuance of Bonds	-	-	2,904,000	2,904,000
Payment to Refund Bonds	-	-	(2,904,000)	(2,904,000)
Discounts on Bond Issuance	-	-	(12,147)	(12,147)
Operating Transfers Out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(612,147)</u>	<u>(12,147)</u>
Net Change in Fund Balance	153,547	153,547	(15,422)	(168,969)
Fund Balance at Beginning of Year	<u>886,074</u>	<u>886,074</u>	<u>886,074</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,039,621</u>	<u>\$ 1,039,621</u>	<u>\$ 870,652</u>	<u>\$ (168,969)</u>

See auditor's report.

**TOWN OF WALKER
PROPRIETARY FUND**

STATEMENT OF NET ASSETS

DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)

	Business Type Activities - Enterprise Fund	
	2009	2008
Current Assets:		
Cash and Cash Equivalents	\$ 2,585,830	\$ 698,974
Due From Other Funds	-	27,602
	2,585,830	726,576
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$5,000 in 2009 and \$5,000 in 2008)	810,037	780,878
Unbilled Utility Sales	519,449	444,159
Due from Other Governments	2,384	60,190
	1,331,870	1,285,227
Inventory, at Cost	202,142	294,140
Prepaid Expenses	50,391	49,081
Total Current Assets	4,170,233	2,355,024
Noncurrent Assets:		
Restricted Cash, Cash Equivalents, and Investments:		
Revenue Bond Covenant Accounts	149,685	1,474,491
Investments - Customer Deposits	612,153	599,236
Deferred Bond Issuance Costs	245,895	-
Capital Assets, at Cost (Net of Accumulated Depreciation)	10,343,604	10,758,378
Total Noncurrent Assets	11,351,337	12,832,105
Total Assets	\$ 15,521,570	\$ 15,187,129

The accompanying notes constitute an integral part of this statement.

	Business Type Activities - Enterprise Fund	
	2009	2008
Current Liabilities:		
Accounts Payable	\$ 451,174	\$ 563,983
Accrued Salaries and Wages	39,378	36,270
Accumulated Unpaid Vacation	5,518	5,681
Customers' Deposits	615,875	595,492
Due to Other Funds	350,674	-
Other Current Liabilities	39,883	50,031
Bonds Payable - 1998 Series - Current Portion	50,787	335,000
Accrued Bond Interest	59,061	22,038
Total Current Liabilities	1,612,350	1,608,495
Noncurrent Liabilities:		
Bonds Payable - Less Current Portion	4,466,239	4,992,527
Environmental Assessment Liabilities	213,593	298,820
Accumulated Unpaid Vacation	16,554	17,042
Total Noncurrent Liabilities	4,696,386	5,308,389
Total Liabilities	6,308,736	6,916,884
Net Assets:		
Invested in Capital Assets, Net of Related Debt	5,826,578	5,430,851
Reserved for Debt Service	-	1,117,453
Unrestricted	3,386,256	1,721,941
Total Net Assets	9,212,834	8,270,245
Total Liabilities and Net Assets	\$ 15,521,570	\$ 15,187,129

**TOWN OF WALKER
PROPRIETARY FUND**

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

FOR THE YEAR ENDED DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2008)

	Business - Type Activities - Enterprise Fund	
	2009	2008
Operating Revenues:		
Charges for Services	\$ 6,303,091	\$ 7,052,968
Total Operating Revenues	6,303,091	7,052,968
Operating Expenses:		
Personal Services and Benefits	999,328	1,022,678
Contractual Services	610,943	589,841
Cost of Materials	1,882,865	3,094,419
Utilities	174,707	257,430
Repair and Maintenance	451,621	500,084
Supplies	148,342	164,927
Insurance	145,005	134,897
Depreciation	558,894	564,324
Penalties	3,438	262
Bad Debts	24,428	38,651
Total Operating Expenses	4,999,571	6,367,513
Operating Income	1,303,520	685,455
Nonoperating Revenues:		
Interest	19,699	54,562
Miscellaneous	36,646	41,263
Total Nonoperating Revenues	56,345	95,825
Nonoperating Expenses:		
Loss on Disposal of Assets	-	8,049
Interest and Administrative Fees	284,508	281,241
Total Nonoperating Expenses	284,508	289,290
Income Before Transfers	1,075,357	491,990
Capital Contributions	20,352	106,212
Transfers from Special Revenue Fund	600,000	663,333
Transfers to General Fund	(941,280)	(1,088,344)
Change in Net Assets	754,429	173,191
Total Net Assets at Beginning of Year, As Restated	8,458,405	8,097,054
Total Net Assets at End of Year	\$ 9,212,834	\$ 8,270,245

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, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	Business-Type Activities - Enterprise Fund	
	2009	2008
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 6,420,180	\$ 6,863,585
Cash Payments to Suppliers for Goods and Services	(3,534,417)	(4,701,192)
Cash Payments to Employees for Services and Benefits	(996,871)	(1,012,259)
Other Receipts (Payments)	414,922	(46,231)
Net Cash Provided by Operating Activities	2,303,814	1,103,903
Cash Flows From Noncapital and Related Financing Activities:		
Transfer From Special Revenue Fund	600,000	663,333
Transfer To General Fund	(941,280)	(1,088,344)
Net Cash Used in Noncapital and Related Financing Activities	(341,280)	(425,011)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from Issuance of Debt	4,271,131	-
Acquisition and Construction of Capital Assets	(144,120)	(190,377)
Net Receipts from Customer Deposits	20,383	23,902
Principal Paid on Loans	(5,327,527)	(321,000)
Interest and Administrative Fees Paid on Loans	(247,485)	(282,461)
Loss on Disposal of Asset	-	(8,049)
Capital Contributions	20,352	106,212
Net Cash Used in Capital and Related Financing Activities	(1,407,266)	(671,773)
Cash Flows From Investing Activities:		
Net Purchases of Investments	(12,917)	(151,120)
Interest Income	19,699	54,562
Net Cash Provided by (Used in) Investing Activities	6,782	(96,558)
Net Increase (Decrease) in Cash and Cash Equivalents	562,050	(89,439)
Cash and Cash Equivalents - Beginning of Year	2,173,465	2,262,904
Cash and Cash Equivalents - End of Year	\$ 2,735,515	\$ 2,173,465

(CONTINUED)

TOWN OF WALKER
PROPRIETARY FUND

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	Business-Type Activities - Enterprise Fund	
	2009	2008
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,303,520	\$ 685,455
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	558,894	564,324
Provision for Bad Debts	24,428	38,651
Loss on Disposal of Assets	-	8,049
Miscellaneous Revenues	36,646	41,263
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	192,379	(251,518)
(Increase) Decrease in Unbilled Utility Sales	(75,290)	62,135
(Increase) Decrease in Due from Other Funds	27,602	(27,602)
(Increase) Decrease in Inventory	91,998	(31,529)
(Increase) Decrease in Prepaid Expenses	(1,310)	(4,309)
Increase (Decrease) in Accounts Payable	(112,809)	86,806
Increase (Decrease) in Environmental Liability	(85,227)	(20,000)
Increase (Decrease) in Accrued Salaries and Wages	3,108	8,574
Increase (Decrease) in Other Current Liabilities	(10,148)	9,700
Increase (Decrease) in Due to Other Funds	350,674	(67,941)
Increase (Decrease) in Accumulated Unpaid Vacation	(651)	1,845
Net Cash Provided by Operating Activities	\$ 2,303,814	\$ 1,103,903

The accompanying notes constitute an integral part of this statement.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

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, 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. Since the Town of Walker has no component units, these financial statements include only information on the primary government.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

B. Basis of Presentation

The Town's basic financial statements consist of the government-wide statements (based on the Town as a whole) and the fund financial statements (the total of all funds of a particular type). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements:

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

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

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

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

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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

Fund Financial Statements:

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

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of 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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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

Proprietary Funds

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

~~Enterprise Fund or Business Fund—The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. The Town's Utility Enterprise Fund is considered a major fund and accounts for the operations of providing natural gas services, water services, sewer services, and sanitation services to the residents of the 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.~~

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

Government-Wide Financial Statements:

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

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

Fund Financial Statements:

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

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

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

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

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

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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.

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.~~

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

D. Budgets and Budgetary Accounting

The 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.
- ii. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- iii. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- iv. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted. The original budget for 2009 was adopted on December 8, 2008.
- 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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

- vi. All budgetary appropriations lapse at the end of each fiscal year. The final amended budget was adopted on December 12, 2009.
- vii. The budget for the General Fund and the Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen.

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

E. Cash and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the 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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to two and one-half percent of the current year property tax levy plus one hundred percent of any unpaid prior year tax at December 31, 2009.

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, 2009

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, 2009, the accrued liability for unpaid vacation benefits amounted to \$86,322. The amount applicable to the Enterprise Fund was \$22,072, and is recorded in that Fund, and the amount of \$64,250 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, 2009

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, 2009

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 \$4,033,216 at December 31, 2009. 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, 2009.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$ 1,297,701</u>	<u>\$ 2,735,515</u>	<u>\$ 4,033,216</u>
Bank Balances (Category 3 Only):			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>1,332,856</u>	<u>2,454,282</u>	<u>3,787,138</u>
Total Category 3 Bank Balances	<u>\$ 1,332,856</u>	<u>\$ 2,454,282</u>	<u>\$ 3,787,138</u>
Total Bank Balances (Regardless of Category)	<u>\$ 1,423,532</u>	<u>\$ 2,765,873</u>	<u>\$ 4,189,405</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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, 2009, \$3,787,138 of the Town's bank balance of \$4,189,405 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, 2009, the Town holds investments totaling \$612,153 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government Securities Fund - A	<u>\$ 612,153</u>	<u>\$ 612,153</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, 2009

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, 2009, taxes of 2.20 mills were levied on property with assessed valuations totaling \$47,388,740 and were dedicated to general purposes.

Total taxes levied were \$104,255. Taxes receivable at December 31, 2009, consisted of the following:

Taxes Receivable - Current Roll	\$ 61,005
Taxes Receivable - Prior Years	<u>8,435</u>
	69,440
Allowance for Uncollectible Taxes	<u>(2,606)</u>
	<u>\$ 66,834</u>

5. Receivables

Receivables as of December 31, 2009, 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	<u>\$69,440</u>	<u>\$144,088</u>	<u>\$ 12,395</u>	<u>\$ -</u>	<u>\$ (2,606)</u>	<u>\$ 223,317</u>
Total Governmental Activities	69,440	144,088	12,395	-	(2,606)	223,317
<u>Business-Type Activities:</u>						
Utility Fund	<u>-</u>	<u>-</u>	<u>815,037</u>	<u>519,449</u>	<u>(5,000)</u>	<u>1,329,486</u>
Total Receivables	<u>\$69,440</u>	<u>\$144,088</u>	<u>\$827,432</u>	<u>\$519,449</u>	<u>\$ (7,606)</u>	<u>\$1,552,803</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

6. Due From Other Governments -

Due from Other Governments as of December 31, 2009, consists of the following:

	<u>Livingston Parish School Board</u>	<u>State of Louisiana</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 352,382	\$ 306,233	\$ 658,615
2000 ½ Cent Sales Tax Fund	<u>176,191</u>	<u>-</u>	<u>176,191</u>
Total Governmental Activities	528,573	306,233	834,806
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>2,384</u>	<u>2,384</u>
Total Due from Other Governments	<u>\$ 528,573</u>	<u>\$ 308,617</u>	<u>\$ 837,190</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	\$ 164,526	\$ -	\$ 164,526
2000 ½ Cent Sales Tax Fund	<u>186,148</u>	<u>-</u>	<u>186,148</u>
Total Governmental Activities	350,674	-	350,674
<u>Business-Type Activities</u>			
Utility Fund	<u>-</u>	<u>(350,674)</u>	<u>(350,674)</u>
	<u>\$ 350,674</u>	<u>\$(350,674)</u>	<u>\$ -</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

8. Changes in Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 766,196	\$ -	\$ -	\$ 766,196
Construction in Progress	35,856	4,600	-	40,456
Total Capital Assets not being Depreciated	802,052	4,600	-	806,652
<u>Capital Assets being Depreciated:</u>				
Land Improvements	127,661	10,095	-	137,756
Buildings	674,468	33,500	-	707,968
Equipment and Vehicles	1,509,890	328,573	(301,478)	1,536,985
Furniture and Fixtures	160,496	2,928	-	163,424
Recreational Equipment	212,852	-	-	212,852
Infrastructure	1,627,791	-	-	1,627,791
Total Capital Assets being Depreciated	4,313,158	375,096	(301,478)	4,386,776
Less: Accumulated Depreciation for:				
Land Improvements	28,110	5,738	-	33,848
Buildings	194,233	30,241	-	224,474
Equipment and Vehicles	976,666	186,826	(301,478)	862,014
Furniture and Fixtures	151,900	2,526	-	154,426
Recreational Equipment	93,804	16,968	-	110,772
Infrastructure	949,790	62,904	-	1,012,694
Total Accumulated Depreciation	2,394,503	305,203	(301,478)	2,398,228
Total Capital Assets being Depreciated, Net	1,918,655	69,893	-	1,988,548
Total Governmental Activities Capital Assets, Net	\$ 2,720,707	\$ 74,493	\$ -	\$ 2,795,200

(CONTINUED)

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
<u>Business-Type Activities:</u>				
Capital Assets not being Depreciated:				
Land - Gas and Water System	\$ 82,231	\$ -	\$ -	\$ 82,231
Land - Sewer System	17,233	-	-	17,233
Construction in Progress	94,048	68,463	(43,179)	119,332
Total Capital Assets not being Depreciated	193,512	68,463	(43,179)	218,796
Capital Assets being Depreciated:				
Gas System	4,327,700	-	-	4,327,700
Water System	2,421,756	-	-	2,421,756
Sewer System	11,136,990	68,937	(6,691)	11,199,236
Buildings	213,195	-	(856)	212,339
Land Improvements	29,000	11,576	-	40,576
Machinery and Equipment	1,318,201	38,323	(63,749)	1,292,775
Total Capital Assets being Depreciated	19,446,842	118,836	(71,296)	19,494,382
Less: Accumulated Depreciation for:				
Gas System	2,513,341	95,451	-	2,608,792
Water System	1,520,024	61,991	-	1,582,015
Sewer System	3,622,376	326,796	(6,691)	3,942,481
Buildings	136,904	8,662	(856)	144,710
Land Improvements	1,933	2,255	-	4,188
Machinery and Equipment	1,087,398	63,739	(63,749)	1,087,388
Total Accumulated Depreciation	8,881,976	558,894	(71,296)	9,369,574
Total Capital Assets being Depreciated, Net	10,564,866	(440,058)	-	10,124,808
Total Business Type Activities Capital Assets, Net	\$ 10,758,378	\$ (371,595)	\$ (43,179)	\$ 10,343,604

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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

Governmental Activities:

General Government	\$ 48,113
Public Safety	102,898
Streets	115,945
Parks and Recreation	<u>38,247</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 305,203</u>
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Business Type Activities:

Water	\$ 72,609
Gas	146,839
Sewer	<u>339,446</u>

Total Depreciation Expense - Business Type Activities	<u>\$ 558,894</u>
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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, 2009 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts Payable	\$ 221,553	\$ 451,174	\$ 672,727
Withholdings	88,463	39,883	128,346
Accrued Salary	108,050	39,378	147,428
Customer Deposits	<u>-</u>	<u>615,875</u>	<u>615,875</u>
Total	<u>\$ 418,066</u>	<u>\$ 1,146,310</u>	<u>\$ 1,564,376</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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 \$157,678, for the year ended December 31, 2009.

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 11.00% 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, 2009 was \$61,653, which was equal to the required contributions for the year.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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, 2009:

	Debt Payable 1/1/2009	Additions	Deletions	Debt Payable 12/31/2009	Due within 1 year
Governmental Activities:					
Compensated Absences	\$ 68,025	\$ 75,510	\$ 79,285	\$ 64,250	\$ 16,063
Sales Tax Bonds, Series 2000	3,089,000	-	3,089,000	-	-
Refunding Series Bonds, Series 2004	123,000	-	60,000	63,000	63,000
Refunding Bond Payable by Utility Issues	-	2,904,000	-	2,904,000	194,000
Deferred Discount on Bonds	-	(12,147)	-	(12,147)	(811)
Total Governmental Activities	3,280,025	2,967,363	3,228,285	3,019,103	272,252
Business-Type Activities:					
Compensated Absences	22,723	25,034	25,685	22,072	5,518
Environmental Assessment Liabilities	298,820	-	85,227	213,593	-
Gas & Water Revenue Bonds, Series 1999	3,255,000	-	3,255,000	-	-
Sewer Revenue Bonds, Series 2000	221,000	-	221,000	-	-
Sewer Revenue Bonds, Series 2001	1,851,527	-	1,851,527	-	-
Refunding Series Bonds, Series 2009 (Gross)	-	7,440,000	-	7,440,000	245,000
Less: Intragovernmental Payable	-	(2,904,000)	-	(2,904,000)	(194,000)
Deferred Discount on Bonds	-	(18,974)	-	(18,974)	(213)
Total Business-Type Activities	5,649,070	4,542,060	5,438,439	4,752,691	56,305
Total Debt	\$ 8,929,095	\$ 7,509,423	\$ 8,666,724	\$ 7,771,794	\$ 328,557

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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% \$ 63,000

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
2010	<u>\$ 63,000</u>	<u>\$ 2,010</u>	<u>\$ 65,010</u>

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 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, 2009, the Refunding Bonds, Series 2004 sinking fund was fully funded with an actual balance of \$21,670.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

Refunding Bonds, Series 2009

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

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

Governmental Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2010	\$ 194,000	\$ 122,005	\$ 316,005
2011	200,000	106,231	306,231
2012	208,000	99,016	307,016
2013	218,000	91,361	309,361
2014	225,000	83,260	308,260
2015-2019	1,276,000	273,322	1,549,322
2020-2021	583,000	27,067	610,067
	<u>\$2,904,000</u>	<u>\$ 802,262</u>	<u>\$3,706,262</u>

Business-Type Activities:

Year Ended December 31,	2009 Refunding Series		
	Principal	Interest	Total
2010	\$ 51,000	\$ 195,732	\$ 246,732
2011	70,000	181,227	251,227
2012	72,000	180,342	252,342
2013	72,000	179,597	251,597
2014	75,000	178,997	253,997
2015-2019	364,000	891,925	1,255,925
2020-2024	1,382,000	806,517	2,188,517
2025-2029	2,450,000	358,324	2,808,324
	<u>\$4,536,000</u>	<u>\$2,972,661</u>	<u>\$ 7,508,661</u>
Total Refunding Bond 2009 Issue	<u>\$7,440,000</u>	<u>\$3,774,923</u>	<u>\$11,214,923</u>

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

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

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

The Town is required to pay monthly one-sixth (1/6) of the interest due on the next interest payment date due on the bonds into an interest account of the Debt Service Fund. In addition, the Town is required to pay monthly one-twelfth (1/12) of the principal due on the next principal payment date due on the bonds into a principal account of the Debt Service Fund. At December 31, 2009, the Debt Service Fund requirement for the interest and principal accounts were fully funded with an actual balance of \$146,417, and is reported on the Proprietary Fund as restricted cash.

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

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

(CONTINUED)

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

Business Type Activities Bond Refunded (Continued)	<u>Principal Refunded</u>
Sewer Revenue Bonds, Series 2000	
Sewer Revenue Bonds, Series 2000. \$300,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 1, 2021; interest rate at 3.45%.	181,004
Series Revenue Bonds, Series 2001	
Sewer Revenue Bonds, Series 2001. \$2,400,000 Sewer Revenue Bonds due in annual installments of principal and semi-annual installments of interest through June 20, 2021; interest rate at 3.95%.	<u>1,522,458</u>
Total Business Type Activities Bonds Refunded	<u>4,536,000</u>
Total Bonds Refunded	<u><u>\$ 7,440,000</u></u>

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

Sources and Uses of Funds:

Sources:

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

Uses:

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

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

The following is the calculation of cash flow requirements and economic loss:

Cash Flow Difference:

Old Debt Service Cash Flows		\$ 10,615,642
New Debt Service Cash Flows	11,214,923	
Plus:		
Contribution from Sinking Funds	1,254,855	12,469,778
Cash Flow Difference		\$ (1,854,136)

Economic Loss on Refunding:

Present Value of Old Debt Service Cash Flows		\$ 8,076,215
Present Value of New Debt Service Cash Flows	7,005,559	
Plus:		
Contribution from Sinking Funds	1,254,855	8,260,414
Economic Loss		\$ (184,199)

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

13. Compensated Absences

At December 31, 2009, employees of the Town have accumulated and vested \$86,322 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$64,250 is recorded as an obligation of the Governmental Activities, and \$22,072 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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

15. On-Behalf Payments Made by State of Louisiana

For the year ended December 31, 2009, 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 \$86,186 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, 2009:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Cash Equivalents:			
Refunding Bonds, Series 2004	\$ 21,670	\$ -	\$ 21,670
Refunding Bonds, Series 2009 – Debt Service Fund	-	146,417	146,417
Refunding Bonds, Series 2009 – COI Fund	-	3,268	3,268
Total Cash and Cash Equivalents	21,670	149,685	171,355
Investments:			
Customers Deposits	-	612,153	612,153
Total Restricted Assets	\$ 21,670	\$ 761,838	\$ 783,508

TOWN OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

**17. Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
by Department for the Year Ended December 31, 2009**

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Sanitation Department</u>	<u>Total Utility Enterprise Fund</u>
Operating Revenues:					
Charges for Services	\$ 4,236,301	\$ 787,118	\$ 508,328	\$ 319,904	\$ 5,851,651
Delinquent Charges	77,303	18,082	9,750	6,714	111,849
Miscellaneous	191,349	85,865	62,377	-	339,591
Total Operating Revenues	4,504,953	891,065	580,455	326,618	6,303,091
Operating Expenses:					
Direct	2,931,327	468,207	875,973	331,391	4,606,898
General and Administrative	223,204	83,218	83,050	3,201	392,673
Total Operating Expenses	3,154,531	551,425	959,023	334,592	4,999,571
Operating Income (Loss) by Department	1,350,422	339,640	(378,568)	(7,974)	1,303,520
Nonoperating Revenues	48,870	4,802	1,952	721	56,345
Nonoperating Expenses	(167,873)	(17,841)	(98,794)	-	(284,508)
Federal Grant	-	-	13,232	-	13,232
State Grant	-	-	7,120	-	7,120
Transfers from Special Revenue	-	-	600,000	-	600,000
Transfers to General Fund	(941,280)	-	-	-	(941,280)
Change in Net Assets					\$ 754,429
Business-Type Activities					
Departmental Net Income (Loss)	<u>\$ 290,139</u>	<u>\$ 326,601</u>	<u>\$ 144,942</u>	<u>\$ (7,253)</u>	

TOWN OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

**18. Schedule of Utility Fund Operating Expenses by Department
for the Year Ended December 31, 2009**

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 1,882,865	\$ -	\$ -	\$ -	\$ 1,882,865
Salaries and Wages	447,708	81,146	176,658	5,773	711,285
Payroll Taxes, Retirement and Group Insurance	191,804	43,430	52,375	434	288,043
Contract Services	110,445	54,030	10,483	324,007	498,965
Depreciation	146,839	72,609	339,446	-	558,894
Equipment Expenses	39,544	7,178	13,297	-	60,019
Equipment Rental	6,756	5,101	3,755	113	15,725
Lab Fees	-	-	22,985	-	22,985
Maintenance	82,128	154,092	154,318	1,064	391,602
Small Tools and Supplies	16,944	6,779	4,916	-	28,639
Utilities	6,294	43,842	97,740	-	147,876
	<u>2,931,327</u>	<u>468,207</u>	<u>875,973</u>	<u>331,391</u>	<u>4,606,898</u>
General and Administrative Expenses:					
Insurance	100,287	24,783	19,935	-	145,005
Miscellaneous	35,232	26,529	7,295	-	69,056
Office Expense	33,876	6,273	10,498	-	50,647
Penalties	-	3,438	-	-	3,438
Professional Fees	27,175	11,340	32,598	2,155	73,268
Telephone	9,885	5,545	11,401	-	26,831
Bad Debts	16,749	5,310	1,323	1,046	24,428
	<u>223,204</u>	<u>83,218</u>	<u>83,050</u>	<u>3,201</u>	<u>392,673</u>
Total Operating Expenses	<u>\$ 3,154,531</u>	<u>\$ 551,425</u>	<u>\$ 959,023</u>	<u>\$ 334,592</u>	<u>\$ 4,999,571</u>

TOWN OF WALKER

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

**19. Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Year Ended December 31, 2009**

Personal Services and Benefits:

Direct Labor	\$ 711,285
Payroll Taxes, Retirement and Group Insurance	<u>288,043</u>
	999,328

Contractual Services:

Equipment Rental	15,725
Lab Fees	22,985
Subcontract Disposal Service	498,965
Professional Fees	<u>73,268</u>
	610,943

Cost of Materials:

Natural Gas Purchases	1,882,865
-----------------------	-----------

Utilities:

Utilities	147,876
Telephone	<u>26,831</u>
	174,707

Repair and Maintenance:

Equipment Expenses	60,019
Maintenance	<u>391,602</u>
	451,621

Supplies:

Small Tools and Supplies	28,639
Office Expense	50,647
Miscellaneous	<u>69,056</u>
	148,342

Insurance

145,005

Depreciation

558,894

Penalties

3,438

Bad Debts

24,428

Total Operating Expenses

\$ 4,999,571

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

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 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 included an amount of \$318,820 as a Long-Term Obligation on the December 31, 2007 Financial Statements. As of December 31, 2009, a total of \$105,227 has been paid to date reducing the liability to \$213,593.

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, 2009

23. Compensation Paid Mayor and Council Members

Bobby Font, Mayor
13791 Aydell Lane
P.O. Box 218
Walker, LA 70785
(225) 667-0972

\$ 47,428

Elton Burns, Board Member
30034 Corbin Ave.
Walker, LA 70785
(225) 665-6605

9,600

Jack Summerell, Board Member
28351 Red Oak Dr.
~~Walker, LA 70785~~
(225) 665-7738

9,600

Scarlett Major, Board Member
13699 Aydell Lane
Walker, LA 70785
(225) 665-6695

9,600

James Phillips, Board Member
28081 Foxfire Ave.
Walker, LA 70785
(225) 664-7046

9,600

Richard Wales, Board Member
13964 Guy Street
Walker, LA 70785
(225) 664-3085

9,600

\$ 95,428

Terms end December 31, 2012.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

24. Revenues and Expenditures - Actual Compared to Budget

The following funds had actual revenues and/or other sources and expenditures and/or other uses over budgeted expenditures and/or other uses by 5% or more for the year ended December 31, 2009 in the following categories or functions:

<u>General Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Licenses and Permits Revenues	\$ 446,045	\$ 408,816	\$ 37,229
Interest Income	\$ 6,844	\$ 1,701	\$ 5,143
Miscellaneous Revenues	\$ 96,058	\$ 75,519	\$ 20,539
<hr/>			
General Government	\$ 1,421,844	\$ 1,652,102	\$ 230,258
Capital Outlay Expenditures	\$ 301,050	\$ 379,696	\$ 78,646
Total Expenditures	\$ 5,070,516	\$ 5,339,192	\$ 268,676

2000 ½ Cent Sales Tax Special Revenue Fund

Total Debt Service	\$ 303,380	\$ 432,748	\$ 129,368
Debt Service Expenditures	\$ 322,268	\$ 451,834	\$ 129,566

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.

TOWN OF WALKER

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2009

25. Restatement of Net Assets

The net assets balance as of December 31, 2008, of the Proprietary Fund was restated to correct an error in recording utility billings in the correct year.

Net Assets at Beginning of Year, as Originally Reported	\$ 8,270,245
To Correct Net Assets to Recognize Utility Billing Revenue in the Correct Fiscal Year End.	<u>188,160</u>
Net Assets at Beginning of Year, as Restated	\$ 8,458,405

26. Subsequent Event

On January 1, 2010, the Town issued \$520,000 Combined Utilities Revenue Bonds, Series 2010. The bond proceeds were provided by the Drinking Water Revolving Loan Fund administered by the Louisiana Department of Health and Hospitals (LADHH) in accordance with applicable State laws. The LADHH provided the loan under the provisions of the United States of America Safe Drinking Water Act of 1996 and the American Recovery and Reinvestment Act (ARRA) of 2009. The proceeds of this loan will be used to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to the Town's waterworks system. Approximately \$156,000 of the funds are derived under ARRA evidenced by the Town's Combined Revenue Bonds, Series 2010A, while the remainder of the financing of \$364,000 is provided by Non-ARRA funds evidenced by Town's Combined Revenue Bonds, Series 2010B. The ARRA loan amount of \$156,000 contains a forgiveness of principal subsidization provision if all of the conditions and requirements of the loan agreement are met between the Town and LADHH. The Non-ARRA loan amount will be repaid over twenty years.

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

May 24, 2010

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, the business-type activities, each major fund, and the budgetary comparative statements of the General Fund and the 2000 ½ Cent Sales Tax Special Revenue Fund of the Town of Walker, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Town of Walker, Louisiana's basic financial statements, and have issued our report thereon dated May 24, 2010. 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 of 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Walker's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2009-1..

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

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

Respectfully submitted,

Harold J. Bourgeois, CPA

TOWN OF WALKER

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2009

(A) Findings-Internal Control Over Financial Reporting

None

(B) Findings-Compliance and Other Matters-

Finding 2009-1 Failure to Amend Budget (LSA-R.S. 39:1310):

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

<u>General Fund</u>	<u>Unfavorable Variance</u>	<u>Variance %</u>
• Licenses and Permits Revenue	\$ 37,229	8.35%
• Interest Income	\$ 5,143	75.15%
• Miscellaneous Revenue	\$ 20,539	21.38%
• General Government Expenditures	\$ 230,258	16.19%
• Capital Outlay Expenditures	\$ 78,646	26.12%
<u>2000 ½ Cent Sales Tax Special Revenue Fund</u>		
• Debt Service Expenditures	\$ 129,566	40.20%

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:

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

TOWN OF WALKER

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

As of the last estimates prior to adopting the final budget amendment, projections reported a positive total general fund revenue variance of 8.09% and a negative total expenditure variance of 2.33%. Although several departments had unfavorable variances greater than 5%, management opted not to increase the departmental budgets with the exception of a few specific items since in total the budget was in compliance. Projected total revenue and expenditure variances after the budget amendment was adopted were +5.57% and -.27%, respectively. Actual total revenue and expenditure variances were +5.12% and -5.30%, respectively.

The unfavorable variances as noted above are due primarily to:

Licenses and Permit Revenue

- Although Walker experienced growth in 2009, construction activity slowed as compared to 2008. In 2009 there were fewer permits issued, fewer license renewals, and fewer large commercial projects.

Interest Income

- Interest earnings down from 2008.

Miscellaneous Revenue

- Penalties and interest were down from 2008 with the Town taking a more active roll in occupational license renewals.
- Promotional / community events revenue was netted against expenditures rather than recorded as revenue.

General Government Expenditures

- Increase in general government salaries with the addition of a grant coordinator and two court assistants.
- Economic development payment to Stine Lumber that was originally charged to Enterprise Fund.

Capital Outlay Expenditures

- Law enforcement software purchased under grant originally intended to be purchased in 2010; however, the grant was available in 2009 and the existing software was on the verge of crashing beyond repair.
- Two c-cans purchased for additional storage, one for the Police Department and one for Town Hall.
- Two vehicles purchased in December from state surplus for Street Department. These were low mileage vehicles in excellent condition that were purchased to replace older, high mileage vehicles that were scheduled for replacement in 2010.

TOWN OF WALKER

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

Debt Service Expenditures

- The 1999 Gas and Water Revenue Bonds, the 2000 and 2001 Sewer Revenue Bonds, and the 2000 Sales Tax Bonds were consolidated and reissued as the 2009 Utility Revenue Bonds. The entire amount of the new bonds and all related costs were recorded in the Enterprise fund. Because the 2000 Sales Tax Bonds were originally recorded in the ½ Cent Sales Tax Fund, an audit adjustment was made to record a pro-rata share of the new bonds and related costs in the Sales Tax Fund.
-

TOWN OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

During the prior 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 forwarded 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 recommended 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.

Corrective Action Taken:

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 issued a policy prohibiting the use of Town funds to cash personal checks. We noted no instances of employees cashing personal checks with cash receipts collected in the current year audit.

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:

TOWN OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

- 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.

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.

Management's Response:

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, 2009 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.

TOWN OF WALKER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

Reference Number: 2004-M17

Category: Walker Youth Sports Association Funds

Description of Finding:

At December 31, 2004, a certificate of deposit was 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 remained in dispute.

Recommendation:

The ownership of the Certificate of Deposit remained in dispute and the bank was waiting on a resolution of the dispute between the Town of Walker and Walker Youth Sports Association at December 31, 2008; therefore, this certificate of deposit was not recorded on the books of the Town of Walker. The dispute was resolved in the current year. See corrective action taken for the results of the dispute.

Corrective Action Taken:

The Walker Youth Sports Association board of directors met and decided to close the account during 2009 and donated the funds to the athletic programs of schools located in Walker. Therefore, no funds related to the certificate were required to be recorded in the books of the Town of Walker.

(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

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

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 recommended 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%.

Additional Current Year Recommendation:

See finding 2009-1 for the current year finding regarding the failure to properly amend the budget.