

WALKER COUNTY, GEORGIA
ANNUAL FINANCIAL STATEMENTS
Year Ended September 30, 2010

WALKER COUNTY GEORGIA
ANNUAL FINANCIAL STATEMENTS
Year Ended September 30, 2010

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INDEPENDENT AUDITOR'S REPORT

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2010, which collectively comprise Walker County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Walker County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, the Walker County Health Department. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Walker County Health Department, is based on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of September 30, 2010, 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 March 31, 2011, on our consideration of Walker County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and other required supplementary information on pages 3 through 11 and 40 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 and the other auditors 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. However, we do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walker County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Projects constructed with Special Purpose Local Option Sales Tax Proceeds as required by Georgia code section OCGA 48-8-121 are also not a required part of the basic financial statements of Walker County, Georgia. The schedule of grant activities on page 55, the schedule of expenditures of federal awards, and the schedule of projects constructed with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Johnson, Nicky & Munchman, P.C.

Chattanooga, Tennessee
March 31, 2011

WALKER COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Walker County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the County's financial statements which follow this analysis.

FINANCIAL HIGHLIGHTS

- The assets of Walker County exceeded its liabilities at September 30, 2010 by \$85,201,630 (Net Assets), a decrease of \$1,447,047 from the prior year. Of this amount, \$15,054,897 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- In the county's business-type activities, expenditures exceeded revenues by \$686,149. Revenues were insufficient to recoup costs largely due to high depreciation expense and accrued postclosure costs. An operating transfer from the general fund was made to cover most of the loss.
- The county's governmental activities reported combining ending net assets of \$83,781,156, a decrease of \$1,184,423 over the prior year net assets. Of this amount, \$16,230,204 remains in the various funds as unrestricted.
- Debt decreased by \$3,387,526. This was primarily due to a bond payment of \$3,600,000, and lease payments of \$660,455. The county entered into a long term lease to fund an energy savings program. The savings on utilities are guaranteed to offset debt service on this lease or the vendor will be required to make up the difference.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as trustee or agent for the benefit of those outside the government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which are the government-wide statements, report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will need to be considered, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the County into the following:

Governmental activities – Most of the County's basic services are reported here: Public safety (law enforcement and traffic control, fire and rescue services, and corrections and detention); health and welfare (health and social services); recreation and culture (including libraries); community development (planning, environmental management and cooperative extension); public works (roads); and general government administration (legislative, general and financial, elections and judicial). Property taxes, other local taxes, and state and federal grants finance most of these activities.

Business-type activities – The County charges fees to customers to cover the cost of operations for its enterprise fund. The landfill is the only enterprise fund that the county maintains. The landfill maintains the County transfer station, the construction and demolition landfill, and the solid waste landfill, which was closed in 1998. Under federal guidelines, the County must maintain the solid waste landfill for 30 years after it is closed.

Component unit – The County includes the following separate entity in its report – Walker County Health Department. Although legally separate, this "component unit" is included because the County is financially accountable and provides operating and capital funding as well as oversight. The Health Department has a June 30 year end. Complete financial statements of the Health Department can be obtained from their office: 603 E. Villanow St., LaFayette, Georgia 30728.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about the County's most significant funds – not the County as a whole.

The County has three kinds of funds:

Governmental funds – Most of the County's basic services are included in governmental funds, which focus on balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in an accompanying schedule of the governmental funds statement that explains the relationship (or differences) between them.

Proprietary funds – These funds are used to account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position and cash flows. Cash and temporary investments related to these proprietary funds are all highly liquid cash equivalents. The County's proprietary fund type consists of the Walker County Landfill. The operation of this fund is generally intended to be self-supporting.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statement – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's schedule of budgetary comparisons, progress in funding its obligation to provide pension benefits to its employees, and employer pension contributions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, the county's assets exceeded liabilities by \$85,201,630. This excess is divided into two net asset categories. Investment in capital assets less any outstanding debt used to acquire these assets that is still outstanding is one of the components of net assets. Walker

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

County uses these assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The other component is unrestricted net assets. The amount in this category normally represents amounts that may be used to meet the ongoing obligations to its citizens and creditors. The balance at September 30, 2010, is \$15,054,897 which may be used to meet the County's ongoing obligations.

Net Assets
September 30 2010 and 2009

	Governmental Activities		Business -type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets						
Current and other assets	\$ 21,928,594	\$ 29,282,451	\$ 50,024	\$ 42,202	\$ 21,978,618	\$ 29,324,653
Capital assets	90,267,309	87,134,968	2,718,094	3,014,179	92,985,403	90,149,147
Total assets	\$ 112,195,903	\$ 116,417,419	\$ 2,768,118	\$ 3,056,381	\$ 114,964,021	\$ 119,473,800
Liabilities						
Long-term liabilities	\$ 26,068,010	\$ 29,427,676	\$ 1,329,483	\$ 1,357,343	\$ 27,397,493	\$ 30,785,019
Other liabilities	2,346,737	2,024,164	18,161	15,940	2,364,898	2,040,104
Total liabilities	\$ 28,414,747	\$ 31,451,840	\$ 1,347,644	\$ 1,373,283	\$ 29,762,391	\$ 32,825,123
Net assets						
Invested in capital assets, net of related debt	\$ 67,550,952	\$ 74,453,794	\$ 2,595,781	\$ 2,782,758	\$ 70,146,733	\$ 77,236,552
Restricted					-	-
Unrestricted	16,230,204	10,511,785	(1,175,307)	(1,099,660)	15,054,897	9,412,125
Total net assets	\$ 83,781,156	\$ 84,965,579	\$ 1,420,474	\$ 1,683,098	\$ 85,201,630	\$ 86,648,677

Net assets of the County's governmental activities decreased by \$1,184,423 while the net assets of the business type activities decreased by \$262,624. The County's sole business activity is the Walker County Landfill. The landfill operated at a loss due to closure and depreciation expense.

Walker County's property tax revenue decreased 5.2%, in spite of a millage rate increase, and sales tax revenue continued to decrease. Approximately 28% of the County's total revenue from governmental activities came from sales tax and 21% from property tax. Charges for services amounted to about 21% of governmental revenue with grants and contributions contributing approximately 10%.

The County's largest expenses are Public Works (25%), Sheriff (20%) Public Safety (22%), Health and Welfare (4%) and Judicial (8%) of total governmental expenses.

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

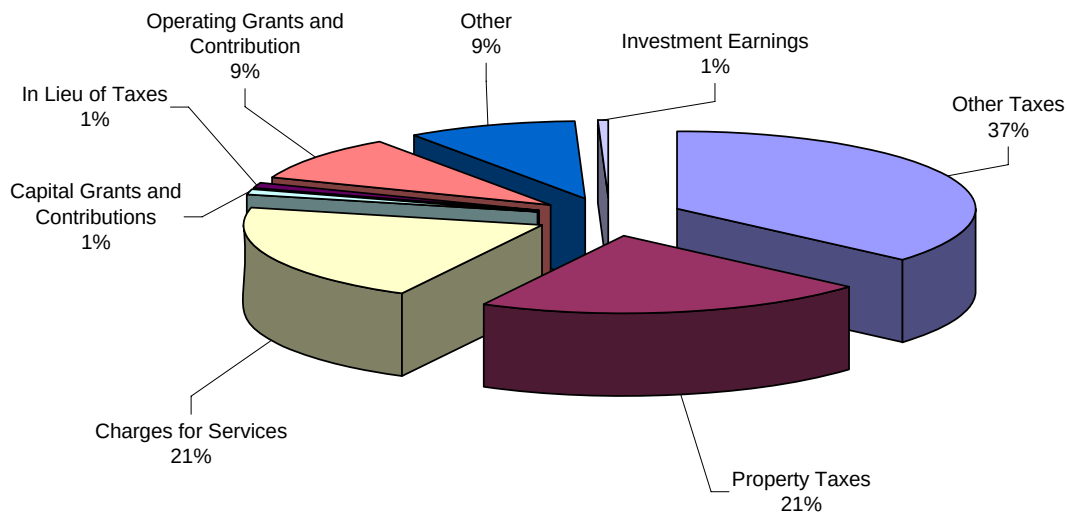
Changes in Net Assets
Year-ended September 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	7,153,793	7,041,417	1,017,537	798,128	8,171,330	7,839,545
Operating Grants & Contributions	3,217,272	1,433,202	--	--	3,217,272	1,433,202
Capital Grants & Contributions	375,257	185,850	--	--	375,257	185,850
General Revenues:						
Property Taxes	7,338,652	7,739,349	--	--	7,338,652	7,739,349
Other Taxes	12,139,234	12,244,415	--	--	12,139,234	12,244,415
Other	4,038,501	4,415,800	--	(17,200)	4,038,501	4,398,600
Total Revenues	34,262,709	33,060,033	1,017,537	780,928	35,280,246	33,840,961
Expenses:						
General government	3,987,663	3,657,038	--	--	3,987,663	3,657,038
Judicial	2,853,673	3,088,288	--	--	2,853,673	3,088,288
Sheriff	7,077,731	6,740,487	--	--	7,077,731	6,740,487
Public Safety	7,845,053	6,528,791	--	--	7,845,053	6,528,791
Public Works	9,316,513	8,056,847	--	--	9,316,513	8,056,847
Health and Welfare	1,313,136	1,324,833	--	--	1,313,136	1,324,833
Recreation and Culture	651,232	662,240	--	--	651,232	662,240
Housing and Development	468,142	393,084	--	--	468,142	393,084
Intergovernment Payments	662,268	4,095,067	--	--	662,268	4,095,067
Interest on Long Term Debt	848,196	752,119	--	--	848,196	752,119
Solid Waste	--	--	1,703,686	1,553,290	1,703,686	1,553,290
Total Expenses	35,023,607	35,298,794	1,703,686	1,553,290	36,727,293	36,852,084
Increase (decrease) in net assets before transfers	(760,898)	(2,238,761)	(686,149)	(772,362)	(1,447,047)	(3,011,123)
Transfers	(423,525)	(532,639)	423,525	532,639		
Increase (decrease) in net assets	(1,184,423)	(2,771,400)	(262,624)	(239,723)	(1,447,047)	(3,011,123)
Net assets - October 1	84,965,579	87,736,979	1,683,098	1,922,821	86,648,677	89,659,800
Prior period adjustment	--	--	--	--	--	--
Net assets - September 30	83,781,156	84,965,579	1,420,474	1,683,098	85,201,630	86,648,677

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Total government wide revenue of \$35,280,246 was comprised of governmental activities (\$34,262,709) and business type activities (\$1,017,537). The following chart illustrates the distribution of the governmental revenue. The revenue of the business type activity was almost solely charges for services. The predominate source of revenue is the other tax category which is primarily Local Option Sales Tax, Special Purpose Local Option Sales Tax and business taxes. Special Purpose Local Option Sales Tax revenue which totaled \$5,297,951 is specifically earmarked and cannot be used to finance the normal operations of the county.

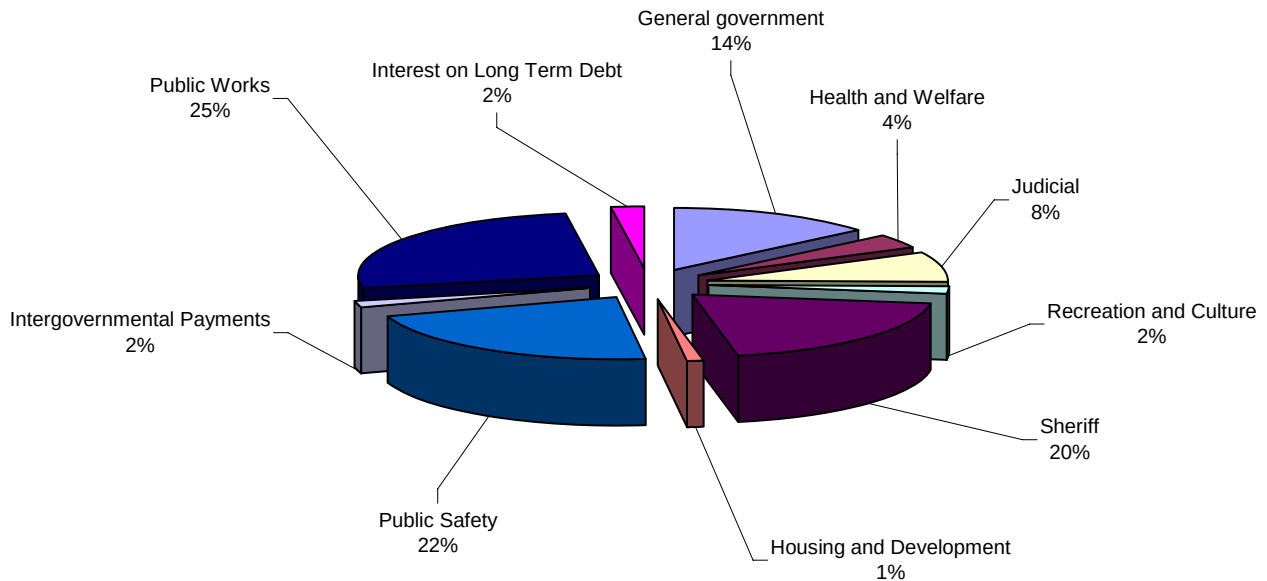
REVENUE BY SOURCE FOR GOVERNMENTAL ACTIVITIES



WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Government-wide expenses totaled \$36,727,293 for fiscal year 2010, including governmental activity expense of \$35,023,607 and business type activity expense of \$1,703,686. The following chart provides a visual depiction of expenditures of the governmental activities by function for fiscal year 2010.

EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved, undesignated 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 the County completed the year, its governmental funds reported a combined fund balance of \$12,993,581. All but \$28,000 constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed. The reserved fund balance represents funds that are required to be expended on building maintenance.

The general fund is the chief operating fund of Walker County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,216,421. The unreserved fund balance decreased by \$1,763,137 during the current year. This decrease included operating transfers of \$2,884,811 to supplement operations of other funds. Among the operating transfers were \$1,677,246 to fire and rescue, \$503,301 to E911, \$214,888 to county transportation system, \$423,525 to landfill and \$65,851 required by federal and/or state grants as the county's matching share.

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The focus of the fund financial statements is on major funds which generally represent the government's most important funds. Non-major funds are aggregated and presented in single columns. The major funds, other than the general fund, of Walker County and their fund balances at year-end are: Fire and Rescue, \$497,804 and SPLOST 2008, \$7,094,865. The fund balance in Fire and Rescue increased by \$509,565 due to a large operating transfer from the general fund. The fund balance in SPLOST 2008 decreased by \$5,986,442 due to capital projects paid from bond funds.

Proprietary Funds – Walker County's proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements; therefore, the discussion of current year activity in the government-wide section is not duplicated here.

GENERAL FUND BUDGETARY HIGHLIGHTS

The county adopted a final budget after the end of the fiscal year. This amendment was primarily to account for the General Fund actual revenues exceeding budgeted revenues by \$2,681,334 and fund actual expenditures and other financing uses exceeding budgeted expenditures by \$5,446,683. The excess of revenues over budgeted revenues was primarily due to the following revenue categories where actual revenues exceeded budgeted revenues: contributions by \$2,547,668, and charges for services by \$80,246.

The budget amendment as to expenditures was essentially to realign expenditures. This was to take into effect a portion of the Road Department expenditures for road projects, and charge against SPLOST revenue. This savings to general fund expenditures offset most of the excess expenditures generated by the various county departments in the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The County's investment in capital assets for its governmental funds as of September 30, 2010 totals \$90,267,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The County's investment in capital assets for the current fiscal year increased by \$3,132,341, net of accumulated depreciation. This was comprised of several significant items, the donation of \$2,547,668 of land and streets within subdivisions, expenditures of \$1,586,351 for a combined community center and fire department, and the current year depreciation expense of \$4,582,336.

Major capital asset events during the current fiscal year included the following:

- . Completion of community center/fire station began in fy 2009.
- . Acquisition of 3 new fire engines.
- . Purchase of 16 new vehicles for sheriff's department.

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

**Capital Assets at Year-end
September 30, 2010 and 2009**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Non-depreciable assets:						
Land	\$4,540,583	\$4,531,193	--	--	\$4,540,583	\$4,531,193
Construction in progress	1,179,585	986,866	--	--	1,179,585	986,866
Depreciable assets:						
Buildings and improvements	22,645,941	20,045,541	306,771	306,771	22,952,712	20,352,312
Machinery and equipment	21,934,238	20,076,305	1,657,129	1,656,678	23,591,367	21,732,983
Infrastructure	94,881,274	92,210,429	--	--	94,881,274	92,210,429
C&D Landfill	--	--	4,832,721	4,832,721	4,832,721	4,832,721
Total	145,181,621	137,850,334	6,796,621	6,796,170	151,978,242	144,646,504
Less: accumulated depreciation	(54,914,312)	(50,715,366)	(4,078,527)	(3,781,991)	(58,992,839)	(54,497,357)
Net capital assets	\$90,267,309	\$ 87,134,968	\$2,718,094	\$3,014,179	\$92,985,403	\$90,149,147

Additional information on the County's capital assets can be found in Note D to the financial statements in this report.

Debt – At the end of the current fiscal year, the County had total debt outstanding of \$27,397,493. This consisted of general obligation bonds, lease obligations, landfill closure and postclosure costs and compensated absences.

**Outstanding Debt at Year End
September 30, 2010 and 2009**

	Governmental Activities		Business -type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 20,482,922	\$ 24,122,936			\$ 20,482,922	\$ 24,122,936
Lease Obligations	2,397,952	2,070,896	122,314	231,421	2,520,266	2,302,317
Compensated Absences	618,494	580,289	5,678	4,636	624,172	584,925
Landfill Closure Costs	2,568,642	2,653,555	1,201,491	1,121,286	3,770,133	3,774,841
Totals	\$ 26,068,010	\$ 29,427,676	\$ 1,329,483	\$ 1,357,343	\$ 27,397,493	\$ 30,785,019

Additional information on the County's debt can be found in Note H to the financial statements in this report.

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

ECONOMIC FACTORS AND THE 2010 BUDGET

- Local Option Sales Tax continues to fall, less than 1.0% in fiscal year 2010.
- The property tax digest grew \$24,844,979 while the gross millage rate increased 0.32 mill.
- The unemployment rate for the County was at 11.5%, in excess of the state's rate of 10.2%

Walker County adopted its fiscal year 2011 budget October 14, 2010. The General Fund budget was adopted on the assumption that revenues would closely follow those of fiscal year 2010.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Walker County Accounting Department, P.O. Box 445, LaFayette, Georgia 30728.

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit Health Department
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,673,704	\$ 418	\$2,674,122	\$1,198,142
Restricted cash	153,113	--	153,113	--
Investments	5,452,056	--	5,452,056	--
Receivables:				
Taxes	6,961,215	--	6,961,215	--
Accounts	1,010,898	49,606	1,060,504	--
Due from other governments	5,052,972	--	5,052,972	68,806
Inventory	--	--	--	1,697
Prepaid expenses	224,511	--	224,511	--
Deferred charges	400,125	--	400,125	--
Capital assets not being depreciated	5,720,168	--	5,720,168	--
Capital assets, net of accumulated depreciation	<u>84,547,141</u>	<u>2,718,094</u>	<u>87,265,235</u>	<u>13,291</u>
TOTAL ASSETS	<u>112,195,903</u>	<u>2,768,118</u>	<u>114,964,021</u>	<u>1,281,936</u>
LIABILITIES				
Accounts payable and accrued expenses	1,933,775	18,161	1,951,936	1,609
Due to other governments	105,065	--	105,065	79,801
Due to heirs, litigants, and others	44,928	--	44,928	--
Deferred revenue	27,361	--	27,361	--
Accrued interest payable	235,608	--	235,608	--
Long-term liabilities -				
Portion due or payable within one year:				
Bonds payable	3,818,865	--	3,818,865	--
Capital leases	724,187	122,314	841,595	--
Compensated absences	309,830	5,678	315,508	74,331
Landfill closure and postclosure care costs	116,756	--	116,756	--
Portion due or payable after one year:				
Bonds payable	16,664,057	--	16,664,057	--
Capital leases	1,673,765	--	1,678,671	--
Compensated absences	308,664	--	308,664	--
Landfill closure and postclosure care costs	<u>2,451,886</u>	<u>1,201,491</u>	<u>3,653,377</u>	--
TOTAL LIABILITIES	<u>28,414,747</u>	<u>1,347,644</u>	<u>29,762,391</u>	<u>155,741</u>
NET ASSETS				
Invested in capital assets, net of related debt	67,550,952	2,595,781	70,146,733	13,291
Unrestricted	<u>16,230,204</u>	<u>(1,175,307)</u>	<u>15,054,897</u>	<u>1,112,904</u>
TOTAL NET ASSETS	<u>\$83,781,156</u>	<u>\$1,420,474</u>	<u>\$85,201,630</u>	<u>\$1,126,195</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
Year Ended September 30, 2010

Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
FUNCTION/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$3,987,663	\$ 865,716	\$ 1,260	\$ --	\$(3,120,687)		\$(3,120,687)
Judicial	2,853,673	1,765,108	104,023	--	(984,542)		(984,542)
Sheriff	7,077,731	317,401	130,179	127,305	(6,502,846)		(6,502,846)
Public safety	7,845,053	4,118,261	20,772	197,043	(3,508,977)		(3,508,977)
Public works	9,316,513	--	1,134,614	--	(8,181,899)		(8,181,899)
Health and welfare	1,313,136	51,209	1,826,424	50,909	615,406		615,406
Culture and recreation	651,232	36,098	--	--	(615,134)		(615,134)
Housing and development	468,142	--	--	--	(468,142)		(468,142)
Intergovernmental payments	662,268	--	--	--	(662,268)		(662,268)
Interest on long-term debt	<u>848,196</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(848,196)</u>		<u>(848,196)</u>
Total governmental activities	<u>35,023,607</u>	<u>7,153,793</u>	<u>3,217,272</u>	<u>375,257</u>	<u>(24,277,285)</u>		<u>(24,277,285)</u>
Business-type activities:							
Landfill	<u>1,703,686</u>	<u>1,017,537</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(686,149)</u>	<u>(686,149)</u>
Total business-type activities	<u>1,703,686</u>	<u>1,017,537</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(686,149)</u>	<u>(686,149)</u>
Total primary government	<u>36,727,293</u>	<u>8,171,330</u>	<u>3,217,272</u>	<u>375,257</u>	<u>(24,277,285)</u>	<u>(686,149)</u>	<u>(24,963,434)</u>
COMPONENT UNIT:							
Walker County Health Department	<u>\$1,624,232</u>	<u>\$ 513,181</u>	<u>\$ 852,480</u>	<u>\$ --</u>			<u>\$(258,571)</u>
General Revenues:							
Taxes:							
General property taxes					7,338,652		7,338,652
General sales and use tax					9,538,021		9,538,021
Selective sales and use taxes					318,498		318,498
Business taxes					2,282,715		2,282,715
Penalties and interest on delinquent taxes					315,030		315,030
In lieu of taxes					362,915		362,915
Payment from Walker County							281,295
Unrestricted investment earnings					175,565		15,133
Gain (loss) on sale of capital assets					14,375		--
Miscellaneous					3,170,616		1,982
Transfers					(423,525)	423,525	--
Total General Revenues and Transfers					<u>23,092,862</u>	<u>423,525</u>	<u>298,410</u>
Change in net assets					(1,184,423)	(262,624)	39,839
Net assets – beginning					<u>84,965,579</u>	<u>1,683,098</u>	<u>1,086,356</u>
Net assets - ending					<u>\$83,781,156</u>	<u>\$1,420,474</u>	<u>\$85,201,630</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	General Fund	Fire and Rescue	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 2,185,187	\$214,944	\$ --	\$273,573	\$2,673,704
Restricted cash	153,113	--	--	--	153,113
Investments	49,461	--	5,402,595	--	5,452,056
Receivables:					
Taxes	6,961,215	--	--	--	6,961,215
Accounts	329,273	603,142	--	78,483	1,010,898
Due from other funds	338,347	--	26,805	102,275	467,427
Due from other governments	<u>3,147,497</u>	<u>--</u>	<u>1,770,530</u>	<u>134,945</u>	<u>5,052,972</u>
TOTAL ASSETS	<u>\$13,164,093</u>	<u>\$818,086</u>	<u>\$7,199,930</u>	<u>\$589,276</u>	<u>\$21,771,385</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$1,699,114	\$180,390	\$ --	\$ 54,271	\$1,933,775
Compensated absences	217,398	79,626	--	12,806	309,830
Due to other funds	129,080	--	--	338,347	467,427
Due to other governments	--	--	105,065	--	105,065
Due to heirs, litigants, and others	44,928	--	--	--	44,928
Deferred revenue	<u>5,829,152</u>	<u>60,266</u>	<u>--</u>	<u>27,361</u>	<u>5,916,779</u>
TOTAL LIABILITIES	<u>7,919,672</u>	<u>320,282</u>	<u>105,065</u>	<u>432,785</u>	<u>8,777,804</u>
Fund Balances:					
Reserved for:					
Building maintenance	28,000	--	--	--	28,000
Unreserved, reported in:					
General fund	5,216,421	--	--	--	5,216,421
Special revenue funds	--	497,804	--	156,491	654,295
Capital projects funds	<u>--</u>	<u>--</u>	<u>7,094,865</u>	<u>--</u>	<u>7,094,865</u>
TOTAL FUND BALANCES	<u>5,244,421</u>	<u>497,804</u>	<u>7,094,865</u>	<u>156,491</u>	<u>12,993,581</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$13,164,093</u>	<u>\$818,086</u>	<u>\$7,199,930</u>	<u>\$589,276</u>	<u>\$21,771,385</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2010

Total fund balances – governmental fund types		\$12,993,581
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 4,540,583	
Construction in progress	1,179,585	
Infrastructure, net of \$36,857,045 accumulated depreciation	58,024,229	
Buildings and improvements, net of \$5,022,729 accumulated depreciation	17,623,213	
Equipment, net of \$2,225,147 accumulated depreciation	2,792,151	
Vehicles, net of \$7,662,820 accumulated depreciation	4,979,521	
Trucks and construction equipment, net of \$3,146,572 accumulated depreciation	<u>1,128,027</u>	
		90,267,309
Some of the County's expenditures are charged directly to the statement of revenues and expenditures under the modified accrual basis of accounting. Under the full accrual basis, these expenditures are reported as prepaid.		224,511
County taxes and fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.		5,889,418
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities – both current and long-term – are reported in the statement of net assets.		
Balances at September 30, 2010, are:		
Accrued interest	(235,608)	
Bond issuance cost, net of amortization	400,125	
Bonds payable	(20,482,922)	
Capital leases	(2,397,952)	
Compensated absences	(308,664)	
Landfill closure and postclosure care costs	<u>(2,568,642)</u>	
Total long-term liabilities		(25,593,663)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ <u>83,781,156</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2010

	General Fund	Fire and Rescue	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$7,288,582	\$ --	\$ --	\$ --	\$ 7,288,582
Other taxes	7,533,949	--	5,297,951	--	12,831,900
Licenses and permits	107,098	--	--	--	107,098
Intergovernmental	362,915	--	1,134,613	2,457,916	3,955,444
Charges for services	842,446	3,408,313	--	717,133	4,967,892
Fines and forfeitures	1,696,210	--	--	36,773	1,732,983
Investment income	53,464	--	121,441	660	175,565
Contributions and donations	2,547,668	--	--	--	2,547,668
Rental income	510,370	--	--	--	510,370
Miscellaneous	440,277	--	--	21,889	462,166
TOTAL REVENUES	<u>21,382,979</u>	<u>3,408,313</u>	<u>6,554,005</u>	<u>3,234,371</u>	<u>34,579,668</u>
EXPENDITURES					
Current:					
General government	4,524,841	--	2,400	--	4,527,241
Judicial	2,594,515	--	--	197,868	2,792,383
Sheriff	6,622,593	--	--	257,485	6,880,078
Public safety	1,113,636	4,273,005	--	1,436,459	6,823,100
Public works	4,480,796	--	--	1,260	4,482,056
Health and welfare	515,488	--	--	2,134,172	2,649,660
Culture and recreation	500,007	--	--	17,353	517,360
Housing and development	438,097	--	--	--	438,097
Capital outlay	--	--	7,474,566	--	7,474,566
Debt service:					
Principal retirement	420,862	239,593	3,600,000	--	4,260,455
Interest	52,682	63,397	801,213	--	917,292
Intergovernmental payments	--	--	662,268	--	662,268
TOTAL EXPENDITURES	<u>21,263,517</u>	<u>4,575,995</u>	<u>12,540,447</u>	<u>4,044,597</u>	<u>42,424,556</u>
Excess (deficiency) of revenues over expenditures	<u>119,462</u>	<u>(1,167,682)</u>	<u>(5,986,442)</u>	<u>(810,226)</u>	<u>(7,844,888)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	--	1,677,246	--	784,040	2,461,286
Transfers out	(2,884,811)	--	--	--	(2,884,811)
Sale of capital assets	14,701	--	--	--	14,701
Proceeds from capital lease	987,511	--	--	--	987,511
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,882,599)</u>	<u>1,677,246</u>	<u>--</u>	<u>784,040</u>	<u>578,687</u>
Net changes in fund balance	<u>(1,763,137)</u>	<u>509,564</u>	<u>(5,986,442)</u>	<u>(26,186)</u>	<u>(7,266,201)</u>
Fund balances – beginning of year	<u>7,007,558</u>	<u>(11,760)</u>	<u>13,081,307</u>	<u>182,677</u>	<u>20,259,782</u>
Fund balances - end of year	<u>\$5,244,421</u>	<u>\$ 497,804</u>	<u>\$ 7,094,865</u>	<u>\$ 156,491</u>	<u>\$12,993,581</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2010

Net changes in fund balances – total government funds	\$(7,266,201)
---	---------------

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. This is the amount by which capital outlay exceeded depreciation in the current period. Capital outlay for the period was \$7,715,003 and the related depreciation expense was \$4,582,336.

3,132,667

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets.

(326)

Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.

(327,566)

Fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.

(3,768)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds of capital lease

(987,511)

Bond principal payments

3,600,000

Amortization of bond premiums

40,014

Amortization of bond issuance cost

(70,662)

Capital lease obligation payments

660,455

3,242,296

Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.

(7,742)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified basis of accounting until due, rather than as it accrues.

Compensated absences

(67,778)

Accrued interest

29,082

Landfill closure and postclosure care costs

84,913

Change in net assets of governmental activities

\$ (1,184,423)

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2010

	Enterprise Fund
	<u>Landfill</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 418
Receivables, net of allowances	<u>49,606</u>
TOTAL CURRENT ASSETS	<u>50,024</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation:	
C and D landfill	2,223,051
Buildings and improvements	208,208
Equipment	<u>286,835</u>
Total capital assets, net of accumulated depreciation	<u>2,718,094</u>
TOTAL NONCURRENT ASSETS	<u>2,718,094</u>
TOTAL ASSETS	<u>2,768,118</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued expenses	18,161
Compensated absences	5,678
Capital lease payable – short-term	<u>122,314</u>
TOTAL CURRENT LIABILITIES	<u>146,153</u>
NONCURRENT LIABILITIES	
Landfill closure and postclosure care costs – long-term	<u>1,201,491</u>
TOTAL NONCURRENT LIABILITIES	<u>1,201,491</u>
TOTAL LIABILITIES	<u>1,347,644</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,595,781
Unrestricted net assets (deficit)	<u>(1,175,307)</u>
TOTAL NET ASSETS	<u>\$1,420,474</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended September 30, 2010

	Enterprise Fund
	<u>Landfill</u>
OPERATING REVENUES	
Charges for services	<u>\$1,017,537</u>
OPERATING EXPENSES	
Salaries	424,400
Employee benefits	148,153
Purchased services	500,162
Landfill closure/postclosure care costs	80,205
Professional fees	125,296
Repairs and maintenance	62,206
Depreciation	296,536
Supplies	<u>56,273</u>
TOTAL OPERATING EXPENSES	<u>1,693,231</u>
OPERATING INCOME (LOSS)	(675,694)
NONOPERATING REVENUES (EXPENSES)	
Interest expense on capital leases	(10,455)
TRANSFERS IN	<u>423,525</u>
CHANGE IN NET ASSETS	(262,624)
Total net assets – beginning	<u>1,683,098</u>
Total net assets – ending	<u>\$1,420,474</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended September 30, 2010

	Enterprise Fund
	<u>Landfill</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$1,009,715
Payments to suppliers	(743,779)
Payments to employees	(569,448)
NET CASH USED BY OPERATING ACTIVITIES	(303,512)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	423,525
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	423,525
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(451)
Principal paid on capital lease obligations	(109,107)
Interest paid on capital lease obligations	(10,455)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(120,013)
CASH FLOWS FROM INVESTING ACTIVITIES	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	--
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	418
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 418
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$(675,694)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	296,536
Provisions for losses on accounts receivable	1,400
Landfill closure/postclosure care costs	80,205
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(9,221)
Increase (decrease) in accrued expenses	3,262
NET CASH USED BY OPERATING ACTIVITIES	\$(303,512)

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2010

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ --	\$4,530,653
Investments, at fair value:		
Guaranteed fixed income account	3,253,897	--
Mutual funds	<u>2,461,696</u>	<u> --</u>
TOTAL ASSETS	<u>5,715,593</u>	<u>4,530,653</u>
LIABILITIES		
Accounts payable	--	15,515
Due to other governments	--	514,794
Due to heirs, litigants, and others	<u> --</u>	<u>4,000,344</u>
TOTAL LIABILITIES	<u> --</u>	<u>4,530,653</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$5,715,593</u>	<u>\$ --</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
Year Ended September 30, 2010

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	<u>\$2,860,837</u>
Total contributions	<u>2,860,837</u>
Investment appreciation in fair value of investments	<u>1,053,989</u>
Net appreciation in fair value of investments	<u>1,053,989</u>
TOTAL ADDITIONS	<u>3,914,826</u>
DEDUCTIONS	
Benefits	3,826,779
Insurance premiums	<u>31,071</u>
Total deductions	<u>3,857,850</u>
NET INCREASE IN PLAN NET ASSETS	56,976
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>5,658,617</u>
End of year	<u>\$5,715,593</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.1 Reporting Entity

Walker County, Georgia was established under the laws of the State of Georgia and operates under an elected Sole Commissioner form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Walker County (the primary government) and its component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a discretely presented component unit.

A.1.1 Discretely Presented Component Unit

The Walker County Health Department, an entity legally separate from the County, is governed by a seven-member board which includes the Commissioner of Walker County and several members appointed jointly by the area government's governing bodies. For financial reporting purposes, the Health Department is reported as if it were part of the County's operations because its purpose is to provide health care services and health education to the citizens of the County. Complete financial statements of the Health Department can be obtained from their office: 603 E. Villanow St., LaFayette, Georgia 30728.

A.1.2 Related Organizations

The following related organizations are excluded from the financial reporting entity:

Walker County Water and Sewerage Authority. This is an entity legally separate from the County and is governed by a five-member board appointed by the County Commissioner. The Authority provides water and sewerage services to citizens in a portion of Walker County. The Authority is excluded because the County's accountability does not extend beyond making appointments. The Authority selects its own management staff, sets user charges, establishes budgets, issues debt, and controls all aspects of the daily operations.

Walker County Board of Education. The Board of Education has a separate board elected by the public and provides services to residents within the geographic boundary of the County. It is excluded because the County does not have the ability to exercise influence or control over the daily operations, approve budgets, or provide funding.

Walker County Department of Family and Childrens' Services. This organization has been appointed solely by the County Commissioner. It is an independent unit that selects management staff, sets user charges, establishes budgets and controls all aspects of its daily activities.

A.2 Basis of Presentation

A.2.1 Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). The County does not allocate indirect costs.

This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

A.2.2 Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund, including fiduciary funds, are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The emphasis of fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The County reports the following major governmental funds:

General Fund. This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Fire and Rescue Fund. This fund is used to account for fees collected by the Tax Commissioner on behalf of the County that are specifically restricted to providing fire and rescue services. This fund also provides an ambulance service on a charge for service basis to all Walker County residents.

SPLOST 2008 Bond Construction Fund. This fund is used to account for the construction of numerous County projects. The advance bond issued from the 2008 special purpose local option sales tax (SPLOST) referendum, SPLOST revenues and State grant revenues are used to finance these projects.

The County reports the following major enterprise fund:

Landfill. This fund accounts for the operation, maintenance, and development of the County's transfer station and construction and demolition landfill.

The County reports the following fund types:

Pension Trust Fund. The Pension Trust Fund accounts for the activities of the Walker County defined benefit pension plan.

Agency Funds. The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity.

A.2.3 Accounting Period

All funds of Walker County, Georgia, are on fiscal year basis with the year ending September 30, 2010, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2010.

A.3 Measurement Focus, Basis of Accounting

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of landfill operations and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All governmental and business-type activities and enterprise funds of the County follow Financial Accounting Standards Board Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements.

A.4 Budgetary Data

The County Commissioner prepares a proposed budget for the upcoming fiscal year in September of the preceding fiscal year and makes it available for public inspection at the county courthouse. After two public hearings on the proposed budget are held, the proposed budget is adopted by resolution of the Commissioner. The budget amounts for the fiscal year may be amended by the County Commissioner to actual operating figures. Walker County prepares annual operating budgets for all governmental funds. At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Commissioner, budgetary transfers between departments can be made. The legal level of budgeting control is at the department level or elected office level. All appropriations lapse at the end of each fiscal year.

The capital project funds have a project length budget, which was adopted when the fund was formed. The Special Purpose Local Option Sales Tax (SPLOST) budget was prepared from the projected total SPLOST tax revenues and capital outlays.

A.5 Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not used by Walker County.

A.6 Assets, Liabilities and Net Assets

A.6.1 Cash and Investments

Cash in excess of current requirements is invested in certificates of deposits with various maturities, transferred to interest-bearing savings accounts, invested in the Georgia Local Government Investment Pool, or invested in any corporation of the

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

U.S. government. Deposits in excess of federally insured amounts are required to be collateralized by securities of the depository bank.

For purposes of the statement of cash flows, the County considers all highly liquid investments, including restricted cash, with a maturity of three months or less when purchased to be cash equivalents.

Investments in the Local Government Investment Pool are specifically invested in "Georgia Fund 1". Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company, but is under the regulatory oversight of the Office of Treasury and Fiscal Services. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Investments of the County are reported at fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

The County has no custodial credit risk policy, however, the County is permitted under state law to invest in obligations of Georgia or any other state, obligations issued by the U. S. government, obligations fully insured or guaranteed by the U. S. government, or by a government agency of the United States, obligations of any corporation of the U. S. government, prime bankers' acceptances, the local Government Investment Pool established by Code Section 36-83-8, repurchase agreements, and obligations of other political subdivisions of Georgia. It is the County's policy to follow State guidelines for investments.

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

A.6.2 Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The amounts estimated to be uncollectible from property taxes receivable and accounts receivable for fire and rescue fees are \$484,000 and \$236,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are \$8,800. Amounts estimated to be uncollectible from ambulance service accounts receivable are \$2,430,800.

A.6.3 Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Amounts receivable from or payable to fiduciary funds are included in the Statement of Net Assets as receivable from and payable to external parties, not as internal balances. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

A.6.4 Prepaid Expenses

Prepaid assets are not recorded in the governmental funds; all amounts are expensed as paid.

A.6.5 Deferred Charges

Deferred charges in the government-wide financial statements consist of bond reissuance costs that are amortized over the life of the bond issue.

A.6.6 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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

\$5,000 and an estimated useful life in excess of two years. An exception to the \$5,000 threshold is capital lease assets. The County capitalizes all capital lease assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 asset lives are not capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations. For the fiscal year ended September 30, 2007, the County implemented GASB Statement No. 34 requirements for retroactive reporting of major general infrastructure assets. This category is the largest asset class of the County. Historically, the financial statements have not reflected this asset category or the depreciation expense for the systematic allocation of its consumption. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized for the fiscal year ending September 30, 2010.

Property, plant and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30 years
Buildings	50 years
Site Improvements	20 years
Furniture	20 years
Equipment	5 to 15 years
Vehicles	6 years

Amortization expense for capital lease assets has been included in depreciation expense.

A.6.7 *Other Assets*

Other assets held are recorded and accounted for at cost.

A.6.8 *Accounts Payable and Accrued Liabilities*

All payables and accrued liabilities are reported on the government-wide financial statements. All payable and accrued liabilities from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

A.6.9 *Deferred Revenues*

The government-wide financial statements use the accrual basis of accounting and all revenue is recognized when earned. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

A.6.10 *Long-term Obligations*

The County reports long-term debt of governmental activities at face value in the government-wide statement of net assets. Long-term debt is not reported for governmental activities in the fund financial statements. Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in both the government-wide and fund financial statements.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

A.6.11 Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

A.6.12 Governmental Fund Balance Reserves

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure.

A.7 Revenues and Expenditures and Expense

A.7.1 Property Tax Revenues

Property taxes are generally levied around July 31st for the following fiscal year based on the assessed value of property as listed on the previous January 1. The billings are considered past due 60 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Assessed values are an approximation of market value. Revaluation of real property must be made when the average assessed value falls below 40% of the sales price on property sold within the previous year. The last valuation date was January 1, 2002 for residential property, and January 1, 2005 for other real property, and January 1, 1998 for commercial property. Valuations were reassessed for all city property, most major subdivisions, and a partial reassessment of rural land as of January 1, 2006. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible and delinquent accounts.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	January 1, 2010
Levy date	July 23, 2010
Due date	October 20, 2010
Delinquency date	December 20, 2010

A.7.2 Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

A.7.3 Payments Between the County and Component Units

Resource flows (except those that effect the statement of net assets/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Payments from the County consist of funds necessary to sustain the operations of the component unit.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

A.8 Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE B – CASH AND INVESTMENTS

Primary Government

The cash and investments of the County were fully collateralized at September 30, 2010. The following schedules classify the cash and investments into three categories to give an indication of the level of risk assumed by the County at year end.

Deposit Categories of Custodial Credit Risk

1. Insured or collateralized with securities held by the County or by its agent in the County's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
3. Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the County's name.

Investment Categories of Custodial Credit Risk

1. Insured or registered with securities held by the County or its agent in the County's name.
2. Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the County's name.
3. Uninsured and unregistered, with securities held by the counterpart or by its trust department or agent but not in the County's name.

The following schedule of cash and investments of all of the County's funds (including fiduciary funds) as of September 30, 2010, are categorized by custodial credit risk:

<u>Cash</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Bank Balance</u>		
	<u>1</u>	<u>2</u>	<u>3</u>				
Deposits with financial institutions	\$1,024,625	\$6,466,389	\$--	\$7,357,888	\$7,491,014		
<u>Investment Type</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Weighted Average Maturity (Days)</u>
	<u>1</u>	<u>2</u>	<u>3</u>				
<u>Primary Government</u>							
Goldman Sachs		\$49,461		\$49,461	AAAm	less than 6 months	58
U S Treasury Bills		1,267,090		1,267,090	N/A	less than 6 months	N/A
Georgia Fund 1	\$--	4,135,505	\$--	4,135,505	AAAm	less than 6 months	47
		<u>\$5,452,056</u>		<u>\$5,452,056</u>			
<u>Fiduciary Fund</u>							
Guaranteed fixed income account	\$--	\$3,253,897	\$--	\$3,253,897	N/A	less than 6 months	
Open end mutual funds	--	2,461,696	--	2,461,696	N/A	less than 6 months	
	\$--	<u>\$5,715,593</u>	\$--	<u>\$5,715,593</u>			

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

The deposits of the County are included in the following classifications at September 30, 2010.

Primary government:	
Cash and cash equivalents	\$2,674,122
Restricted cash	153,113
Agency funds:	
Cash	<u>4,530,653</u>
Total deposits with financial institutions	<u>\$7,357,888</u>

Component Unit

Walker County Health Department. The Health Department's cash and cash equivalents are considered to be demand deposits. All deposits were entirely insured or collateralized as of June 30, 2010.

At June 30, 2010, cash consisted of the following:

Cash and cash equivalents	<u>\$1,198,142</u>
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NOTE C – INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds

Summary of balances due to/from other funds reported in the fund financial statements:

Due to:	
SPLOST 2008 from general fund	26,805
General fund from nonmajor governmental funds	338,347
Nonmajor governmental funds from general fund	<u>102,275</u>
Total	<u>\$467,427</u>
Due from:	
Other funds, balance sheet - governmental funds	<u>\$467,427</u>
Total	<u>\$467,427</u>

Interfund balances in the general fund are created mainly from payment of invoices on behalf of other funds.

Interfund balances in the nonmajor governmental funds are created mainly by local matching requirements of grants and from payment of invoices on behalf of other funds.

Interfund balances in SPLOST 2008 are a result of funds requested in excess of expenditures.

Transfers To/From Other Funds

Transfers to/from other funds at September 30, 2010, consist of the following:

From the general fund to the landfill fund for operating expenditures	\$ 423,525
From the general fund to the E911 fund for operating expenditures	503,301
From the general fund to the fire and rescue fund for operating expenditures	1,677,246
From the general fund to the grant fund for county matching requirements	65,851
From the general fund to the transportation fund for operating expenditures	<u>214,888</u>
Total	<u>\$2,884,811</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

NOTE D – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$4,531,193	\$ 9,390	\$ --	\$--	\$4,540,583
Construction in progress	<u>986,866</u>	<u>192,719</u>	<u>--</u>	--	<u>1,179,585</u>
Total capital assets not being depreciated	<u>5,518,059</u>	<u>202,109</u>	<u>--</u>	--	<u>5,720,168</u>
Capital assets being depreciated and amortized:					
Infrastructure	92,210,429	2,670,845	--	--	94,881,274
Buildings and improvements	20,045,541	2,600,400	--	--	22,645,941
Equipment	4,435,413	581,885	--	--	5,017,298
Vehicles	11,507,905	1,518,152	383,716	--	12,642,341
Trucks and construction equipment	<u>4,132,987</u>	<u>141,612</u>	<u>--</u>	--	<u>4,274,599</u>
Total capital assets being depreciated and amortized	<u>132,332,275</u>	<u>7,512,894</u>	<u>383,716</u>	--	<u>139,461,453</u>
Less accumulated depreciation for:					
Infrastructure	34,622,231	2,234,813	--	--	36,857,044
Buildings and improvements	4,626,205	396,524	--	--	5,022,729
Equipment	1,637,469	587,678	383,390	--	1,841,757
Vehicles	6,928,068	1,118,142	--	--	8,046,210
Trucks and construction equipment	<u>2,901,393</u>	<u>245,179</u>	<u>--</u>	--	<u>3,146,572</u>
Total accumulated depreciation and amortization	<u>50,715,366</u>	<u>4,582,336</u>	<u>383,390</u>	--	<u>54,914,312</u>
Total capital assets being depreciated, net	<u>81,616,909</u>	<u>2,930,558</u>	<u>326</u>	--	<u>84,547,141</u>
Governmental activity capital assets, net	<u>\$87,134,968</u>	<u>\$3,132,667</u>	<u>\$ 326</u>	<u>\$--</u>	<u>\$90,267,309</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 83,162
Judicial	64,758
Sheriff	314,361
Public safety	1,192,948
Public works	2,646,511
Health and welfare	200,001
Culture and recreation	62,945
Housing and development	<u>17,650</u>
	<u>\$4,582,336</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
BUSINESS-TYPE ACTIVITIES:					
Landfill:					
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --
Capital assets being depreciated and amortized:					
C & D Landfill	4,832,721	--	--	--	4,832,721
Buildings and improvements	306,771	--	--	--	306,771
Machinery and equipment	478,095	--	--	--	478,095
Capital lease assets	1,118,842	--	--	--	1,118,842
Vehicles	40,477	--	--	--	40,477
Furniture and fixtures	2,172	--	--	--	2,172
Software	1,508	--	--	--	1,508
Computers, radios, and electronics	15,584	451	--	--	16,035
Total capital assets being depreciated and amortized	6,796,170	451	--	--	6,796,621
Less accumulated depreciation and amortization for:					
C & D Landfill	2,464,688	144,982	--	--	2,609,670
Buildings and improvements	90,823	7,740	--	--	98,563
Machinery and equipment	421,003	11,016	--	--	432,019
Capital lease assets	753,126	130,909	--	--	884,035
Vehicles	40,477	--	--	--	40,477
Furniture and fixtures	343	109	--	--	452
Software	1,415	93	--	--	1,508
Computers, radios, and electronics	10,116	1,687	--	--	11,803
Total accumulated depreciation and amortization	3,781,991	296,536	--	--	4,078,527
Total capital assets being depreciated, net	3,014,179	(296,085)	--	--	2,718,094
Business-type activities capital assets, net	\$3,014,179	\$(296,085)	\$ --	\$ --	\$2,718,094
	Beginning Balances	Increases	Decreases		Ending Balances
GOVERNMENTAL ACTIVITIES:					
Component Unit:					
Capital assets being depreciated					
Machinery and equipment	\$32,749	\$ --	\$ --		\$32,749
Total capital assets being depreciated	32,749	--	--		32,749
Less accumulated depreciation for:					
Machinery and equipment	16,800	2,658	--		19,458
Total accumulated depreciation	16,800	2,658	--		19,458
Governmental activities capital assets, net	\$15,949	\$(2,658)	\$ --		\$13,291

NOTE E - DEFINED BENEFIT PENSION PLAN

Plan Description. Two hundred six (206) of the County's full time employees are covered by the Pension Plan for Employees of the Walker County Commissioner and Sheriff's Department. This self-administered plan is a single employer, noncontributory, defined benefit plan established January 1, 1973, restated effective January 1, 1984 and amended effective December 31, 2005. Authority to establish, amend or discontinue the plan is assigned to Walker County. The plan is included in this report because the County has oversight responsibility as prescribed by the Governmental Accounting Standards Board. The plan does not issue separate financial statements but includes the financial statements and required supplementary information in the County's annual financial report. The plan provides retirement, disability and death benefits to all employees hired prior to December 31, 2005, and their beneficiaries, that have been employed full time for one year. Employees begin vesting after 3 years of service and are fully vested after 7 years. Members may retire at age 65 with 3 years of service, age 60 with 20 years of service, or age 55 with 25 years of service. Benefits are calculated at 1.10% of five years average earnings multiplied by credited service plus 0.65% of average compensation in excess of \$10,000 multiplied by credited service up to 35 years. The plan was amended effective December 31, 2005, and participation was frozen for individuals who were not active employees or participants on that date and who were hired or rehired after that date.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

Funding Policy and Pension Cost. Contribution requirements are actuarially determined and may be amended by the County. Plan members are not allowed to contribute to the plan. The funding policy for the plan is to make annual contributions at least equal to the minimum contribution required for public retirement systems under Section 47-20-10 of the Official Code of Georgia Annotated. This minimum contribution is equal to the normal cost for the year plus annual payments to amortize increases (decreases) in the unfunded actuarial accrued liability over various prescribed periods. The normal cost for the County's Plan for 2009 has increased as a percentage of covered payroll from 14.05% in 2008 to 15.72% in 2009. The unfunded actuarial accrued liability is amortized over 30 years from 1/1/92. These amortization periods, if applicable, are closed for this plan year.

The contributions to the plan during the year ended December 31, 2009 were \$1,091,071 and were made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2010, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2010, was \$7,087,233, and the total payroll was \$13,647,144.

Summary of Significant Accounting Policies. The plan's financial statements are prepared on the accrual basis of accounting. Contributions from the County are recognized when due and the County has made a formal commitment to provide the contributions. Investment income is recognized as earned by the plan. The net appreciation (depreciation) in the fair value of investments held by the plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. All funds are invested in accordance with state statute and are valued at fair value. There are no investments in, loans to, or leases with parties related to the pension plan.

Funded Status. The County's annual pension cost, percentage of annual pension cost contributed and net pension obligation for the most recent three years is as follows:

Three-Year Trend Information

<u>Year Ending</u>	<u>Employer Annual Pension Cost (APC)</u>	<u>Annual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net (EOY) Pension Obligation</u>
December 31, 2007	978,839	1,195,458	122.0%	--
December 31, 2008	774,137	1,078,215	139.0%	--
December 31, 2009	777,960	1,124,332	145.0%	--

Funded Status of Plan as of January 1, 2010

<u>Actuarial Valuation for Plan Year Beginning January 1,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Frozen Entry Age Cost Method (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll (b-a/c)</u>
2010	\$5,537,935	\$5,921,500	\$383,565	93.5%	\$7,087,233	5.4%

Significant Actuarial Assumptions. The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution to the plans meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	6.0%
Projected salary and inflation increases	4.0%
Actuarial methods:	
Actuarial cost method	Frozen entry age
Amortization method	Level dollar
Asset valuation method	Market value
Valuation cost method	Frozen entry age with normal cost expressed as a percentage of covered payroll.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

All actuarial assumptions are the same as those used in the preceding year.

Plan Membership Data. As of January 1, 2010, the current plan membership includes the following categories of participants.

Plan Participants:	
Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	40
Active participants	<u>206</u>
Total	<u>261</u>

Investments

The investments in the pension plan are held by the Lincoln Financial Group and invested in compliance with the pension document.

Summary of Investments as of September 30, 2010

	<u>Fair Value</u>	<u>% of Total</u>
Lincoln Financial Group:		
Guaranteed fixed income account	\$3,253,897	56.93%
Balanced account	594,296	10.40
Equity Growth account	676,203	11.83
Government/Corporate bond fund	<u>1,191,197</u>	<u>20.84</u>
Total	<u>\$5,715,593</u>	<u>100.00%</u>

NOTE F - DEFINED CONTRIBUTION PLAN

Effective January 1, 2007, the County established the Walker County Commissioner Employees 401(a) plan. The County began funding the plan in May 2009. The County contributed \$70,018 to the plan during fiscal year September 30, 2010. This plan covers employees who are not covered under the defined benefit pension plan and have attained age 18 and completed one year of service. Walker County will contribute a percentage of gross wages based on the following contribution schedule:

<u>Age</u>	<u>Percent of Contribution</u>
Up to 29	3
30-39	4
40-49	5
50-59	6
60 and up	7

Plan participants vest 50% after five years of service and 100% after ten years of service. Forfeited funds are distributed equitably to all remaining participants in the plan.

The Walker County Deferred Compensation Plan is two defined contribution plans under Code Section 457(b) established by the County to provide benefits at retirement to all employees. Membership in the plans is voluntary. Employees can contribute up to the maximum allowed by law. Walker County makes no contributions to the plans. Plan provisions and contribution requirements are established and may be amended by the County Commissioner.

Plan 1 is administered by Nationwide Retirement Solutions. Participants and contributions for the 2010 plan year are:

Number of participants	13
Participant contributions	\$13,720

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

Plan 2 is administered by Lincoln Financial Group. Participants and contributions for the 2010 plan year are:

Number of participants	15
Participant contributions	\$59,871

NOTE G - TERMINATION BENEFITS

During fiscal year 2009, the County attorney issued an opinion stating that previously reported post-employment benefits were actually termination benefits offered to a select group of employees. These employees had attained age 60 with at least twenty years of service, and retired from the County with no other medical insurance. The retired employee will be allowed to continue the medical insurance coverage they were receiving as of the date of retirement, with the County continuing to pay the employer portion of the cost until the employee attains age 65. The employee must contribute the amount that would be withheld from payroll if still employed. These benefits are financed on a pay-as-you-go basis. The benefit expenditure at September 30, 2010, was \$31,974, net of any participant contributions. Ten retirees were receiving benefits at September 30, 2010.

NOTE H – LONG-TERM DEBT

Long-term Obligation Activity

The following is a summary of the County's long-term debt transactions for the year ended September 30, 2010.

	Balance Oct 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance Sept 30, <u>2010</u>	Amounts Due Within <u>One Year</u>	Accrued <u>Interest</u>
GOVERNMENTAL						
ACTIVITIES						
Capitalized leases	\$ 2,070,896	\$ 987,511	\$ 660,455	\$ 2,397,952	\$ 724,187	\$ 43,641
Bonds payable	24,122,936	--	3,640,014	20,482,922	3,818,865	191,967
Compensated absences	580,289	54,067	15,862	618,494	309,830	--
Estimated landfill closure cost	<u>2,653,555</u>	<u> --</u>	<u>84,913</u>	<u>2,568,642</u>	<u>116,756</u>	<u> --</u>
	<u>\$29,427,676</u>	<u>\$1,041,578</u>	<u>\$4,401,244</u>	<u>\$26,068,010</u>	<u>\$4,969,638</u>	<u>\$235,608</u>
BUSINESS-TYPE						
ACTIVITIES						
Landfill:						
Capital leases	\$ 231,421	\$ --	\$109,107	\$122,314	\$122,314	\$ 253
Compensated absences	4,636	1,042	--	5,678	5,678	--
Landfill closure/postclosure costs	<u>1,121,286</u>	<u>80,205</u>	<u> --</u>	<u>1,201,491</u>	<u> --</u>	<u> --</u>
	<u>\$1,357,343</u>	<u>\$81,247</u>	<u>\$109,107</u>	<u>\$1,329,483</u>	<u>\$127,992</u>	<u>\$ 253</u>

Compensated absences typically have been liquidated in the general and other governmental funds. The capital lease debt is paid by the fund leasing the corresponding assets. The bonds payable will be paid by the 2008 Special Purpose Local Option Sales Tax. The MSW landfill closure/postclosure costs will be liquidated in the general fund, and the C&D landfill closure/postclosure costs will be liquidated in the landfill proprietary fund.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

Debt Service Requirements

Debt service requirements on bonds payable at September 30, 2010 are as follows:

Year ending September 30,	Governmental Activities		
	Bonds		
	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>
2011	3,785,000	33,865	666,988
2012	3,755,000	27,240	509,763
2013	4,095,000	20,114	381,431
2014	4,270,000	12,459	233,450
2015	<u>4,480,000</u>	<u>4,244</u>	<u>75,600</u>
	<u>\$20,385,000</u>	<u>\$97,922</u>	<u>\$1,867,232</u>

The County issued \$8,630,000 in series 2008 general obligation sales tax bonds and \$15,355,000 in series 2009 general obligation sales tax bonds for capital outlay projects outlined in the special purpose local option sales tax referendum on December 11, 2008. The interest rate on the bonds range from 2.2% to 5.0% with principal payments due in amounts ranging from \$1,250,000 to \$3,785,000. Principal payments began January 2009 and mature in January 2015. Interest is due semi-annually while principal payments are due on an annual basis. The bonds are payable from proceeds of the 2008 special purpose local option sales tax referendum.

Capital Leases

The County leases buildings and equipment with a historical cost and accumulated amortization under capital lease arrangements as follows:

	Governmental <u>Activities</u>	Business-type Activities	<u>Total</u>
		<u>Landfill</u>	
Buildings	\$4,550,216	\$ --	4,550,216
Vehicles and equipment	<u>6,810,694</u>	<u>370,000</u>	<u>7,180,694</u>
Total capital lease assets	11,360,910	370,000	11,730,910
Accumulated amortization	<u>6,613,448</u>	<u>314,500</u>	<u>6,927,948</u>
Capital lease assets, net	<u>\$ 4,747,462</u>	<u>\$ 55,500</u>	<u>\$ 4,802,962</u>

Future minimum lease payments at September 30, 2010, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	Business-type Activities
		<u>Landfill</u>
2011	840,985	127,040
2012	436,423	--
2013	686,421	--
2014	133,433	--
2015	133,433	--
2016-2020	<u>622,685</u>	<u>--</u>
Total minimum lease payments	2,853,380	127,040
Less: Deferred interest	<u>(455,428)</u>	<u>(4,726)</u>
Present value minimum lease payments	<u>\$2,397,952</u>	<u>\$122,314</u>

The interest rates on the capitalized leases range from 4.95% to 5.80% and are imputed based on the County's incremental borrowing rate at the inception of the lease. All capital leases have a bargain purchase option for a nominal amount.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

NOTE I – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

I.1 Compliance with Finance Related Legal and Contractual Provisions

The County incurred no material violations of finance related legal and contractual provisions.

I.2 Excess of Expenditures Over Appropriations in Individual Funds

For the year ended September 30, 2010, the County had no material excess of expenditures over appropriations in individual funds.

I.3 Deficit Fund Balances

The E911 fund had a deficit fund balance of \$34,992 at September 30, 2010. This deficit will be eliminated through future operating transfers from the general fund.

The transportation fund had a deficit fund balance of \$4,187 at September 30, 2010. This deficit will be eliminated through future operating transfers from the general fund.

NOTE J - RISK MANAGEMENT

Walker County, Georgia, is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Being unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable, the County joined together with other counties in the State in participation in the Association of County Commissioners of Georgia - Group Self-Insured Workers' Compensation Fund. These are public entity risk pools currently operating as a common risk management and insurance program for many of the counties in the State. The County pays an annual premium to the funds for workers' compensation insurance coverage. The agreement between the members of the public entity risk pools provides that members may be required to pay additional assessments as shall be established by the Board of the pool. However, no additional assessments have been required of the members since formation of the pools.

The County is obligated to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The County continues to carry commercial insurance for general liability, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County maintains a medical benefit plan to self-insure claims up to \$55,000 per year for each individual covered; claims above \$55,000 are covered by a stop-loss insurance policy. The County also had an aggregate stop-loss insurance policy which covers claims above \$198,763 monthly and \$2,385,000 annually. The County and its covered employees contribute to the fund to pay the claims and stop-loss insurance premiums. At September 30, 2010, management believes that the County has made provisions sufficient to cover estimated claims, including claims incurred but not yet reported.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(Continued)

NOTE K - CLAIMS AND JUDGMENTS

The County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of September 30, 2010, significant amounts of grant expenditures have not been audited, but the County believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the County.

Litigation. The County is subject to claims and suits arising principally in the normal course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings has been adequately provided for in the basic financial statements.

NOTE L - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

Walker County currently owns a solid waste landfill and a construction and demolition disposal area. State and federal laws and regulations require the County to close the landfills once capacity is reached and to monitor and maintain the site for thirty subsequent years. Although certain closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At September 30, 2010, the County had incurred a liability of approximately \$1,201,491 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 54 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$1,023,493 which will be recognized as the remaining capacity is used (estimated to be approximately 16 years).

The estimated costs of closure and postclosure care, as determined by the Georgia Environmental Protection Division, are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The County also owns a solid waste landfill which discontinued operations in June 1998. The solid waste is accepted at a transfer station and transported to a location out of the County by an outside contractor. The landfill will continue to incur costs associated with the closing of the landfill in order to comply with EPA requirements. In addition, the County will be required to monitor various wells for a period of time. At September 30, 2010, a liability for postclosure care costs is recorded in the amount of \$2,568,642, which is based on engineering reports, for maintaining the landfill site in future years. However, management's estimate of postclosure costs is contingent upon its ability to satisfy EPA requirements, and costs could be significantly higher if full compliance is not achieved. These costs will be met with future County revenues.

NOTE M - JOINT VENTURE

Walker County is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia. Cities and Counties in the area served by the RC are required to be members under the Official Code of Georgia Annotated Section 36-70-4. The membership of the RC includes 15 counties and 49 municipalities. The County has no equity interest in the RC. The County contributes \$1.05 per capita yearly to the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the membership can be assessed for any debt or obligation of the RC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$14,961,745	\$7,288,582	\$7,288,582	\$ --
Other taxes	--	7,533,949	7,533,949	--
Licenses and permits	165,750	107,098	107,098	--
Intergovernmental	389,750	362,915	362,915	--
Charges for services	762,200	842,446	842,446	--
Fines and forfeitures	1,713,800	1,696,210	1,696,210	--
Investment earnings	50,000	53,464	53,464	--
Contributions and donations	--	2,547,668	2,547,668	--
Rental income	507,600	510,370	510,370	--
Miscellaneous	<u>150,800</u>	<u>440,277</u>	<u>440,277</u>	<u>--</u>
Total revenues	<u>18,701,645</u>	<u>21,382,979</u>	<u>21,382,979</u>	<u>--</u>
EXPENDITURES				
Current:				
General government				
Governing body	661,533	757,613	757,613	--
Elections	290,785	241,379	241,379	--
Accounting	206,141	273,796	273,796	--
Licensing	8,100	5,400	5,400	--
Data processing	87,062	76,737	76,737	--
Human resources	--	--	--	--
Tax commissioner	831,887	927,881	927,881	--
Tax assessor	642,144	614,208	614,208	--
Board of equalization	8,000	4,348	4,348	--
General government buildings and plant	368,979	1,379,411	1,379,411	--
Marsh Warthen house	5,400	8,082	8,082	--
Records management	84,810	100,515	100,515	--
General administration fees	77,423	65,041	65,041	--
Special projects	71,749	70,430	70,430	--
Judicial				
Clerk of courts	654,234	615,750	615,750	--
Superior court	204,416	155,203	155,203	--
District attorney	301,794	234,313	234,313	--
State court	263,480	264,631	264,631	--
State court solicitor	185,342	187,015	187,015	--
Magistrate court	331,115	335,524	335,524	--
Probate court	268,139	288,355	288,355	--
Juvenile court	269,304	284,666	284,666	--
Grand jury	600	--	--	--
Public defender	204,053	172,593	172,593	--
Court reporter	57,306	56,465	56,465	--
Bailiff	--	--	--	--
Sheriff				
Police administration	--	--	--	--
Sheriff	--	--	--	--
Law Enforcement administration	420,266	977,275	977,275	--
Crime control	--	--	--	--
Criminal investigation	761,511	695,072	695,072	--
Vice control	63,904	88,940	88,940	--
Patrol	1,898,140	1,751,214	1,751,214	--
Custody of prisoners	2,012,102	1,882,342	1,882,342	--
Champs program	207,018	168,596	168,596	--
Training	77,237	73,043	73,043	--
Special detail services	18,600	9,488	9,488	--
Sheriff's office and building	130,500	118,490	118,490	--
Court services	943,803	852,621	852,621	--
Bailiff	16,625	5,512	5,512	--
Corrections	--	--	--	--

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2010
(Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public safety				
County police	\$397,583	\$355,012	\$355,012	\$ --
Emergency Medical Services (EMS)	818,301	414,331	414,331	--
Coroner/medical examiner	58,571	74,431	74,431	--
Animal control	242,343	269,862	269,862	--
Highways and streets				
Highways and streets administration	509,874	1,153,612	1,153,612	--
Paved street	507,689	2,073,992	2,073,992	--
Other maintenance	117,422	597,118	597,118	--
Bridges, viaducts and grade separations	20,000	59	59	--
Traffic engineering	101,909	97,326	97,326	--
Stormwater collection and disposal	--	--	--	--
Closure and postclosure costs	91,200	83,103	83,103	--
Maintenance and shop	603,080	475,586	475,586	--
Health and welfare				
Health				
Public health administration	281,295	259,318	259,318	--
Mosquito control	5,550	217	217	--
Health department building and plant	9,400	26,690	26,690	--
Welfare administration	--	--	--	--
Children's Crisis Center	10,000	10,000	10,000	--
Intergovernmental welfare payments	50,000	31,453	31,453	--
Food pantry	--	--	--	--
Other welfare payments	2,000	57,165	57,165	--
DFACS building and plant	12,100	20,186	20,186	--
Meals on wheels	68,343	103,077	103,077	--
Senior center	7,500	7,382	7,382	--
Culture and recreation				
Civic center	184,144	211,788	211,788	--
Other recreational facilities	--	101,178	101,178	--
Agricultural center	32,400	23,294	23,294	--
Historical preservation	6,350	9,922	9,922	--
Library administration	148,750	153,825	153,825	--
Housing and development				
County agent	79,766	55,974	55,974	--
Forest resources	--	13,020	13,020	--
Planning and zoning	272,127	193,424	193,424	--
Economic development	100,416	175,679	175,679	--
Debt Service:				
Principal retirement	399,000	420,862	420,862	--
Interest	16,318	52,682	52,682	--
Contingencies	200,000	--	--	--
Total expenditures	<u>17,986,933</u>	<u>21,263,517</u>	<u>21,263,517</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures	<u>714,712</u>	<u>119,462</u>	<u>119,462</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(714,712)	(2,884,811)	(2,884,811)	--
Sale of capital assets	--	14,701	14,701	--
Proceeds from capital lease	--	987,511	987,511	--
Total other financing sources (uses)	<u>(714,712)</u>	<u>(1,882,599)</u>	<u>(1,882,599)</u>	<u>--</u>
Net changes in fund balance	\$ <u>--</u>	\$ <u>(1,763,137)</u>	(1,763,137)	\$ <u>--</u>
Fund balances - beginning of year			7,007,558	
Fund balance - end of year			<u>\$5,244,421</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
FIRE & RESCUE FUND
Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$4,050,000	\$3,408,313	\$3,408,313	\$--
Investment income	--	--	--	--
Miscellaneous	--	--	--	--
Total revenues	<u>4,050,000</u>	<u>3,408,313</u>	<u>3,408,313</u>	--
EXPENDITURES				
Current:				
Public safety	3,668,105	4,273,005	4,273,005	--
Debt Service:				
Principal retirement	240,000	239,593	239,593	--
Interest	<u>63,500</u>	<u>63,397</u>	<u>63,397</u>	--
Total expenditures	<u>3,971,605</u>	<u>4,575,995</u>	<u>4,575,995</u>	--
Excess (deficiency) of revenues over expenditures	<u>78,395</u>	<u>(1,167,682)</u>	<u>(1,167,682)</u>	--
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,677,246	1,677,246	--
Transfers out	--	--	--	--
Gain (loss) on sale of capital asset	--	--	--	--
Total other financing (uses)	--	<u>1,677,246</u>	<u>1,677,246</u>	--
Excess (deficiency) of revenues over (under) expenditures and other uses	<u>\$ 78,395</u>	<u>\$ 509,564</u>	509,564	\$--
Fund balance - beginning of year			<u>(11,760)</u>	
Fund balance - end of year			<u>\$ 497,804</u>	

WALKER COUNTY, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN
September 30, 2010

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(a) + (b)</u>	Unfunded* AAL (UAAL) <u>(b)</u>	Funded Ratio <u>a/(a+b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b/c)</u>
01/01/05	5,472,256	6,041,225	568,969	90.6%	7,394,886	7.7%
01/01/06	5,999,645	6,528,556	528,911	91.9%	7,426,230	7.1%
01/01/07	5,129,238	5,612,261	483,023	91.4%	7,312,827	6.6%
01/01/08	6,051,086	6,274,654	223,568	96.4%	7,266,593	3.1%
01/01/09	5,658,617	5,981,399	322,782	94.6%	7,317,071	4.4%
01/01/10	5,537,935	5,921,500	383,565	93.5%	7,087,233	5.4%

All annual contributions presented in these required supplementary schedules were determined as part of the actuarial valuations at the dates indicated.

*Unfunded frozen actuarial liability was reestablished as of January 1, 1992.

WALKER COUNTY, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – RETIREMENT PLAN
September 30, 2010

<u>Plan Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
12/31/04	771,765	771,765	100%
12/31/05	884,590	884,590	100%
12/31/06	918,196	921,222	100%
12/31/07	978,839	1,195,458	122%
12/31/08	774,137	1,078,215	139%
12/31/09	777,960	1,124,332	145%

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated.

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2010
Actuarial cost method	Frozen entry age
Amortization method	Level dollar
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	4.0%

All actuarial assumptions are the same as those used in the preceding year.

WALKER COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2010

NOTE A – BUDGETARY BASIS OF ACCOUNTING

The County adopted a budget on the modified accrual basis of accounting, which is the same basis of accounting as that used to reflect actual revenues and expenditures in the fund financial statements.

SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2010

	<u>E911</u>	<u>Law Library</u>	<u>Court Supervision</u>	<u>HEAT Program</u>	<u>Connection</u>	<u>Forfeiture</u>	<u>Multiple Grant</u>	<u>Transportation</u>	<u>Total</u>
ASSETS									
Cash	\$ --	\$37,671	\$49,483	\$ --	\$1,000	\$ --	\$185,419	\$ --	\$273,573
Accounts receivable	77,499	--	--	--	--	--	--	984	78,483
Due from other funds	--	--	--	586	8,533	85,046	--	8,110	102,275
Due from other governments	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>10,942</u>	<u>--</u>	<u>123,121</u>	<u>882</u>	<u>134,945</u>
TOTAL ASSETS	<u>\$ 77,499</u>	<u>\$37,671</u>	<u>\$49,483</u>	<u>\$586</u>	<u>\$20,475</u>	<u>\$85,046</u>	<u>\$308,540</u>	<u>\$ 9,976</u>	<u>\$589,276</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 23,306	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 17,922	\$13,043	\$ 54,271
Compensated absences	11,686	--	--	--	--	--	--	1,120	12,806
Due to other funds	77,499	--	2,562	--	--	--	258,286	--	338,347
Deferred revenue	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,361</u>	<u>--</u>	<u>27,361</u>
TOTAL LIABILITIES	<u>112,491</u>	<u>--</u>	<u>2,562</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>303,569</u>	<u>14,163</u>	<u>432,785</u>
FUND BALANCES									
Unreserved, reported in:									
Special revenue funds	(34,992)	37,671	46,921	586	20,475	85,046	4,971	(4,187)	156,491
TOTAL FUND BALANCES	<u>(34,992)</u>	<u>37,671</u>	<u>46,921</u>	<u>586</u>	<u>20,475</u>	<u>85,046</u>	<u>4,971</u>	<u>(4,187)</u>	<u>156,491</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 77,499</u>	<u>\$37,671</u>	<u>\$49,483</u>	<u>\$586</u>	<u>\$20,475</u>	<u>\$85,046</u>	<u>\$308,540</u>	<u>\$ 9,976</u>	<u>\$589,276</u>

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended September 30, 2010

	<u>E911</u>	<u>Law Library</u>	<u>Court Supervision</u>	<u>HEAT Program</u>	<u>Connection</u>	<u>Forfeiture</u>	<u>Multiple Grant</u>	<u>Transportation</u>	<u>Total</u>
REVENUES									
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$45,187	\$ --	\$2,096,753	\$315,976	\$2,457,916
Charges for services	665,924	--	--	--	--	--	--	51,209	717,133
Fines and forfeitures	--	25,795	8,206	--	--	2,772	--	--	36,773
Investment income	--	2	658	--	--	--	--	--	660
Contributions and donations	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	21,889	--	--	21,889
TOTAL	<u>665,924</u>	<u>25,797</u>	<u>8,864</u>	<u>--</u>	<u>45,187</u>	<u>24,661</u>	<u>2,096,753</u>	<u>367,185</u>	<u>3,234,371</u>
EXPENDITURES									
CURRENT									
General government	--	--	--	--	--	--	--	--	--
Judicial	--	23,959	6,875	--	--	25,481	141,553	--	197,868
Sheriff	--	--	--	--	--	--	257,485	--	257,485
Public safety	1,191,506	--	--	--	--	--	244,953	--	1,436,459
Public works	--	--	--	--	--	--	1,260	--	1,260
Health and welfare	--	--	--	--	49,204	--	1,500,000	584,968	2,134,172
Culture and recreation	--	--	--	--	--	--	17,353	--	17,353
Total	<u>1,191,506</u>	<u>23,959</u>	<u>6,875</u>	<u>--</u>	<u>49,204</u>	<u>25,481</u>	<u>2,162,604</u>	<u>584,968</u>	<u>4,044,597</u>
Excess (deficiency) of revenues over expenditures	<u>(525,582)</u>	<u>1,838</u>	<u>1,989</u>	<u>--</u>	<u>(4,017)</u>	<u>(820)</u>	<u>(65,851)</u>	<u>(217,783)</u>	<u>(810,226)</u>
Other financing sources (uses)									
Transfers in	<u>503,301</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>65,851</u>	<u>214,888</u>	<u>784,040</u>
Total other financing sources (uses)	<u>503,301</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>65,851</u>	<u>214,888</u>	<u>784,040</u>
Net changes in fund balances	<u>(22,281)</u>	<u>1,838</u>	<u>1,989</u>	<u>--</u>	<u>(4,017)</u>	<u>(820)</u>	<u>--</u>	<u>(2,895)</u>	<u>(26,186)</u>
Fund balances - beginning of year	<u>(12,711)</u>	<u>35,833</u>	<u>44,932</u>	<u>586</u>	<u>24,492</u>	<u>85,866</u>	<u>4,971</u>	<u>(1,292)</u>	<u>182,677</u>
Fund balances - end of year	<u>\$ (34,992)</u>	<u>\$37,671</u>	<u>\$46,921</u>	<u>\$586</u>	<u>\$20,475</u>	<u>\$85,046</u>	<u>\$ 4,971</u>	<u>\$ (4,187)</u>	<u>\$ 156,491</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 September 30, 2010

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Judge</u>	<u>Magistrate Judge</u>	<u>Total</u>
ASSETS					
Cash	\$448,035	\$4,055,541	\$10,944	\$16,133	\$4,530,653
TOTAL ASSETS	\$448,035	\$4,055,541	\$10,944	\$16,133	\$4,530,653
LIABILITIES					
Accounts payable	\$ 15,515	\$ --	\$ --	\$ --	\$ 15,515
Due to other governments	432,520	77,723	1,176	3,375	514,794
Due to heirs, litigants, and others	<u>--</u>	<u>3,977,818</u>	<u>9,768</u>	<u>12,758</u>	<u>4,000,344</u>
TOTAL LIABILITIES	<u>448,035</u>	<u>4,055,541</u>	<u>10,944</u>	<u>16,133</u>	<u>4,530,653</u>
NET ASSETS	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>	\$ <u><u>--</u></u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 Year Ended September 30, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$4,350,408</u>	<u>\$38,335,004</u>	<u>\$38,154,759</u>	<u>\$4,530,653</u>
Total Assets	<u>\$4,350,408</u>	<u>\$38,335,004</u>	<u>\$38,154,759</u>	<u>\$4,530,653</u>
LIABILITIES				
Accounts payable	\$ 8,634	\$ 138,697	\$ 131,816	\$ 15,515
Due to other governments	484,585	37,909,418	37,879,209	514,794
Due to heirs, litigants, and others	<u>3,857,189</u>	<u>246,298</u>	<u>103,143</u>	<u>4,000,344</u>
Total liabilities	<u>4,350,408</u>	<u>38,294,413</u>	<u>38,114,168</u>	<u>4,530,653</u>
Net Assets	<u>\$ --</u>	<u>\$ 40,591</u>	<u>\$ 40,591</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER
Year Ended September 30, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$401,699</u>	<u>\$35,138,054</u>	<u>\$35,091,718</u>	<u>\$448,035</u>
Total Assets	<u>\$401,699</u>	<u>\$35,138,054</u>	<u>\$35,091,718</u>	<u>\$448,035</u>
LIABILITIES				
Accounts payable	\$ 8,634	\$ 138,697	\$ 131,816	\$ 15,515
Due to other governments	<u>393,065</u>	<u>35,029,982</u>	<u>34,990,527</u>	<u>432,520</u>
Total Liabilities	<u>401,699</u>	<u>35,168,679</u>	<u>35,122,343</u>	<u>448,035</u>
NET ASSETS	<u>\$ --</u>	<u>\$ (30,625)</u>	<u>\$ (30,625)</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CLERK OF COURTS
Year Ended September 30, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$3,921,108</u>	<u>\$2,808,056</u>	<u>\$2,673,623</u>	<u>\$4,055,541</u>
Total assets	<u>\$3,921,108</u>	<u>\$2,808,056</u>	<u>\$2,673,623</u>	<u>\$4,055,541</u>
LIABILITIES				
Due to other governments	\$ 86,308	\$2,567,654	\$2,576,239	77,723
Due to heirs, litigants, and others	<u>3,834,800</u>	<u>240,402</u>	<u>97,384</u>	<u>3,977,818</u>
Total liabilities	<u>3,921,108</u>	<u>2,808,056</u>	<u>2,673,623</u>	<u>4,055,541</u>
NET ASSETS	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PROBATE JUDGE
Year Ended September 30, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$10,707</u>	<u>\$86,440</u>	<u>\$86,203</u>	<u>\$10,944</u>
Total assets	<u>\$10,707</u>	<u>\$86,440</u>	<u>\$86,203</u>	<u>\$10,944</u>
LIABILITIES				
Due to other governments	\$ 1,052	\$12,878	\$12,754	\$ 1,176
Due to heirs, litigants, and others	<u>9,655</u>	<u>113</u>	<u>--</u>	<u>9,768</u>
Total liabilities	<u>10,707</u>	<u>12,991</u>	<u>12,754</u>	<u>10,944</u>
NET ASSETS	<u>\$ --</u>	<u>\$73,449</u>	<u>\$73,449</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MAGISTRATE JUDGE
Year Ended September 30, 2010

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	<u>\$16,894</u>	<u>\$302,454</u>	<u>\$303,215</u>	<u>\$16,133</u>
Total assets	<u>\$16,894</u>	<u>\$302,454</u>	<u>\$303,215</u>	<u>\$16,133</u>
LIABILITIES				
Due to other governments	4,160	298,904	299,689	3,375
Due to heirs, litigants, and others	<u>12,734</u>	<u>5,783</u>	<u>5,759</u>	<u>12,758</u>
Total liabilities	<u>16,894</u>	<u>304,687</u>	<u>305,448</u>	<u>16,133</u>
NET ASSETS	<u>\$__--</u>	<u>\$(__2,233)</u>	<u>\$(__2,233)</u>	<u>\$__--</u>

WALKER COUNTY, GEORGIA
STATEMENT OF EXPENDITURES TO BUDGET
FAMILY CONNECTION PROGRAM
CONTRACT 427-93-10100348-99

CONTRACT PERIOD: JULY 1, 2009– JUNE 30, 2010

<u>Expenditure Type</u>	Family Connection <u>Budget</u>	Contract <u>Expenditures</u>	(Over)/Under <u>Budget</u>
Personal services	\$ --	\$ --	\$ --
Regular operating	--	--	--
Travel – staff	--	--	--
Equipment	--	--	--
Per diem, fees, and contracts	44,625	44,024	601
Telecommunications	1,450	976	474
Other support to customers	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$46,075</u>	<u>\$45,000</u>	<u>\$1,075</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E911
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ <u>706,000</u>	\$ <u>665,924</u>	\$ <u>665,924</u>	\$ <u>--</u>
Total Revenues	<u>706,000</u>	<u>665,924</u>	<u>665,924</u>	<u>--</u>
EXPENDITURES				
Current				
Public safety	<u>952,195</u>	<u>1,191,506</u>	<u>1,191,506</u>	<u>--</u>
Total Expenditures	<u>952,195</u>	<u>1,191,506</u>	<u>1,191,506</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(246,195)</u>	<u>(525,582)</u>	<u>(525,582)</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>246,195</u>	<u>503,301</u>	<u>503,301</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>503,301</u>	<u>503,301</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	\$ <u>--</u>	\$ <u>(22,281)</u>	(22,281)	\$ <u>--</u>
FUND BALANCES - BEGINNING OF YEAR			<u>(12,711)</u>	
FUND BALANCES - ENDING OF YEAR			\$ <u>(34,992)</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$45,000	\$25,795	\$25,795	\$ --
Investment income	<u> --</u>	<u> 2</u>	<u> 2</u>	<u> --</u>
Total Revenues	<u>45,000</u>	<u>25,797</u>	<u>25,797</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u>45,000</u>	<u>23,959</u>	<u>23,959</u>	<u> --</u>
Total Expenditures	<u>45,000</u>	<u>23,959</u>	<u>23,959</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u> 1,838</u>	<u> 1,838</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ 1,838</u>	1,838	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>35,833</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 37,671</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
COURT SUPERVISION
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$10,000	\$8,206	\$ 8,206	\$--
Investment income	--	<u>658</u>	<u>658</u>	--
Total Revenues	<u>10,000</u>	<u>8,864</u>	<u>8,864</u>	--
EXPENDITURES				
Current				
Judicial	<u>10,000</u>	<u>6,875</u>	<u>6,875</u>	--
Total Expenditures	<u>10,000</u>	<u>6,875</u>	<u>6,875</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>1,989</u>	<u>1,989</u>	--
NET CHANGES IN FUND BALANCE	<u>\$--</u>	<u>\$1,989</u>	1,989	<u>\$--</u>
FUND BALANCES - BEGINNING OF YEAR			<u>44,932</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$46,921</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
HEAT Program
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions and donations	\$ <u>1,000</u>	\$--	\$--	\$--
Total Revenues	<u>1,000</u>	--	--	--
EXPENDITURES				
Current				
Public safety	<u>1,000</u>	--	--	--
Total Expenditures	<u>1,000</u>	--	--	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	--	--
NET CHANGES IN FUND BALANCE	\$--	\$--	--	\$--
FUND BALANCES - BEGINNING OF YEAR			<u>586</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$586</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
CONNECTION
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$48,000	\$45,187	\$45,187	\$--
Contributions and donations	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>48,000</u>	<u>45,187</u>	<u>45,187</u>	<u>--</u>
EXPENDITURES				
Current				
Health and welfare	<u>48,000</u>	<u>49,204</u>	<u>49,204</u>	<u>--</u>
Total Expenditures	<u>48,000</u>	<u>49,204</u>	<u>49,204</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>(4,017)</u>	<u>(4,017)</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	<u>\$--</u>	<u>\$ (4,017)</u>	<u>(4,017)</u>	<u>\$--</u>
FUND BALANCES - BEGINNING OF YEAR			<u>24,492</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$20,475</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
FORFEITURE
Year Ended September 30, 2010

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 3,000	\$ 2,772	\$ 2,772	\$--
Miscellaneous	<u>25,000</u>	<u>21,889</u>	<u>21,889</u>	=
Total Revenues	<u>28,000</u>	<u>24,661</u>	<u>24,661</u>	=
EXPENDITURES				
Current				
Judicial	<u>72,000</u>	<u>25,481</u>	<u>25,481</u>	=
Total Expenditures	<u>72,000</u>	<u>25,481</u>	<u>25,481</u>	=
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(44,000)</u>	<u>—(820)</u>	<u>—(820)</u>	=
NET CHANGES IN FUND BALANCE	<u>\$(44,000)</u>	<u>\$—(820)</u>	<u>(820)</u>	<u>\$--</u>
FUND BALANCES - BEGINNING OF YEAR			<u>85,866</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$85,046</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
MULTIPLE GRANT
Year Ended September 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	<u>\$8,520,644</u>	<u>\$2,096,753</u>	<u>\$2,096,753</u>	\$--
Total Revenues	<u>8,520,644</u>	<u>2,096,753</u>	<u>2,096,753</u>	--
EXPENDITURES				
Current				
Judicial	163,369	141,553	141,553	--
Sheriff	149,047	257,485	257,485	--
Public safety	259,868	244,953	244,953	--
Public works	87,500	1,260	1,260	--
Health and welfare	7,594,534	1,500,000	1,500,000	--
Culture and recreation	<u>450,276</u>	<u>17,353</u>	<u>17,353</u>	--
Total Expenditures	<u>8,704,594</u>	<u>2,162,604</u>	<u>2,162,604</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(183,950)</u>	<u>(65,851)</u>	<u>(65,851)</u>	--
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>138,950</u>	<u>65,851</u>	<u>65,851</u>	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>138,950</u>	<u>65,851</u>	<u>65,851</u>	--
NET CHANGES IN FUND BALANCE	<u>\$ (45,000)</u>	<u>\$ --</u>	<u>--</u>	<u>\$--</u>
FUND BALANCES - BEGINNING OF YEAR			<u>4,971</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 4,971</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION
Year Ended September 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 230,573	\$315,976	\$315,976	\$--
Charges for services	<u>51,238</u>	<u>51,209</u>	<u>51,209</u>	--
Total Revenues	<u>281,811</u>	<u>367,185</u>	<u>367,185</u>	--
EXPENDITURES				
Current				
Health and welfare	<u>512,383</u>	<u>584,968</u>	<u>584,968</u>	--
Total Expenditures	<u>512,383</u>	<u>584,968</u>	<u>584,968</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(230,572)	(217,783)	(217,783)	--
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>230,572</u>	<u>214,888</u>	<u>214,888</u>	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>214,888</u>	<u>214,888</u>	--
NET CHANGES IN FUND BALANCE	\$ <u>--</u>	\$ <u>(2,895)</u>	(2,895)	\$--
FUND BALANCES - BEGINNING OF YEAR			<u>(1,292)</u>	
FUND BALANCES - ENDING OF YEAR			\$ <u>(4,187)</u>	

COMPLIANCE



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*

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2010, which except for the component unit audited by other auditors, collectively comprise the Walker County, Georgia's basic financial statements and have issued our report dated March 31, 2011. 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.

We did not audit the financial statements of the component unit, the Walker County Health Department. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Walker County Health Department in the component unit column is based on the report of other auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency 07-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the

deficiencies 04-4, 07-1 and 10-1 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walker County, Georgia'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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 10-1.

Walker County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Walker County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the commissioner, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Wiley & Menckman, P.C.

Chattanooga, Tennessee
March 31, 2011



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

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

Compliance

We have audited the compliance of Walker County, Georgia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. Walker County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Walker County, Georgia's management. Our responsibility is to express an opinion on Walker County, Georgia's compliance based on our audit.

Walker County, Georgia's, basic financial statements include the operations of the Walker County Health Department component unit which received \$301,130 in federal awards which is not included in the schedule during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Walker County Health Department component unit because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, Walker County, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of the commissioner, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Wickey & Menckem, P.C.

Chattanooga, Tennessee
March 31, 2011

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF JUSTICE			
Passed through State Council of Juvenile Court Judges			
Purchase of services for Juvenile Offenders Program	16.523	07B-ST-0001	9,000
Passed through State Criminal Justice Coordinating Council			
Victims of Crime Act (VOCA)	16.575	CO8-8-140	84,695
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-103	4,372
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-110	5,956
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-112	16,170
Recovery Act – Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-113	<u>91,804</u>
			202,997
Direct Award			
Edward Byrne Memorial State and Local Law Enforcement Assistance (ARRA)			
Discretionary Grants Program	16.580	2009-SB-B9-0636	129,664
Officer Safety and Education Program	16.738	2009-DJ-BX-1084	35,501
Officer Safety and Education Program	16.738	2010-DJ-BX-0766	<u>515</u>
			165,680
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>377,677</u>
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through State Department of Transportation			
Transit Operating Assistance (ARRA)	20.509	GA-18-4030	190,886
Transit Operating Assistance (ARRA)	20.509	GA-18-4031	67,664
Capital Improvement Assistance (ARRA)	20.509	GA-86-X001	50,908
Capital Improvement Assistance	20.509	GA-18-9025	<u>9,600</u>
			<u>319,058</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Award			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	1U79SM058490-01	<u>1,500,000</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Georgia Emergency Management Agency			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1858-DR-GA	1,001,129
Emergency Management Performance Grants	97.042	P09-0-148	36,632
Assistance to Firefighters Grant	97.044	EMW-2009-FO-09614	77,783
Homeland Security Grant Program	97.067	2009-SS-T9-0047	2,683
State Homeland Security Program (SHSP)	97.073	2007-GE-T7-0054	<u>111,985</u>
			<u>1,230,212</u>
TOTAL FEDERAL ASSISTANCE			<u>\$3,426,947</u>

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2010

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Walker County, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Subrecipient

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Comprehensive Community Mental Health Services For Children with Serious Emotional Disturbances	93.104	\$1,500,000
Recovery Act - JAG	16.803	\$ 16,170

WALKER COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding Control Number and Status

- 04-4 The County has failed to implement the corrective action plan. A policy is being developed to keep adequate records of cash to secure balances.

- 07-1 The County has failed to implement the corrective action plan. Journal entries were made during the audit to adjust balance sheet accounts due to there again being a delay in receipt of the necessary information by the accounting department.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	☒ Yes	☐ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	☒ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	☐ Yes	☒ None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	☐ Yes	☒ No
--	------------------------------	--

Identification of major program:

CFDA Number Name of Federal Programs or Cluster

16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Programs
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant
20.509	Formula Grants for Other Than Urbanized Areas
93.104	Comprehensive Community Health Services for Children with Serious Emotional Disturbances
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
97.073	State Homeland Security Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
--	------------------

Auditee qualified as low-risk auditee?	☐ Yes	☒ No
--	------------------------------	--

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 04-4:

Condition: The Clerk of Court's office is implementing procedures to maintain reconciliations between individual cash to secure balances and the cash to secure account, however, an unreconciled amount is still outstanding from previous years. This condition was a prior year finding.

Criteria: Procedures should be in place to facilitate the department in keeping a running record of individual cash to secure balances and those balances should be reconciled to the cash to secure account on a monthly basis.

Effect: Due to the lack of proper procedures in previous years, the department is still unable to reconcile individual accounts to the cash account.

Recommendation: Procedures should continue to be implemented to enable the department to maintain records of individual balances. We recommend maintaining current balances and reconciling the accounts to the bank balance on a monthly basis.

Views of Responsible Officials: The officials concur with the finding.

Planned corrective action: Management's response is located on page 76-77.

Finding 07-1:

Condition: Some material balance sheet accounts were not reconciled to supporting documentation at year end. In these instances, the ending balances were identified and supporting worksheets were prepared, however, circumstances prevented the accounting department from having all pertinent information necessary to determine the correct balance in a timely manner. This condition was a prior year finding.

Criteria: Accounting tasks such as monthly and annual reconciliations play a key role in providing the accuracy of accounting data and information included in the financial statements.

Effect: Balance sheet accounts that are not reconciled could result in undetected material misstatements in the financial statements. Appropriate account reconciliations could avoid errors being undetected in the financial statements that management uses as part of its decision making process and provide management with more confidence in the financial statements.

Recommendations: A reconciliation of all balance sheet accounts should be prepared to determine that all transactions have been recorded and to discover any potential errors. These reconciliations will ensure meaningful and accurate financial statements.

Views of Responsible Officials: The officials concur with the finding.

Planned corrective action: Management's response is located on page 76-77.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010
(Continued)

Finding 10-1:

Condition: SPLOST had a due from the general fund as a result of a request for funds which exceeded expenditures..

Criteria: SPLOST guidelines require expenditures to be made prior to requesting a draw and that SPLOST funds are only maintained in the SPLOST fund.

Effect: General fund held SPLOST funds until the next request for expenditures was processed.

Recommendations: Implement a two step approval process prior to submitting draw request. One person can prepare the request determining that only expenditures under SPLOST are included and the second approval will verify the expenditures agree to the amount requested. An approval process in place will limit exposure to requesting excess SPLOST funds.

Views of Responsible Officials: The officials concur with the finding.

Planned corrective action: Management's response is located on page 76-77.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WALKER COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
ADOPTED DECEMBER 11, 2008
Year Ended September 30, 2010

Project	Expenditures				Estimated Percentage of Completion	Cumulative Other Funding
	Original Estimated Cost	Prior Years	Current Year	Total		
Water and sewer projects	\$5,000,000	\$ 339,000	\$1,225,550	\$1,564,550	31%	--
Solid waste and stormwater management	1,000,000	--	--	--	--	--
Emergency services	5,800,000	3,555,895	1,700,409	5,256,304	91	--
Technology	2,000,000	1,212,682	30,677	1,243,359	62	--
Animal shelter	30,000	--	--	--	--	--
Historical projects	100,000	23,566	10,595	34,161	34	--
Recreation	2,000,000	176,330	79,628	255,958	13	--
Roads, bridges, and road department equipment	5,000,000	1,919,035	2,524,746	4,443,781	89	\$1,134,613
Building construction and improvements	2,500,000	886,577	1,885,660	2,772,237	111	--
Industrial and economic development	3,570,000	3,272,265	17,301	3,289,566	92	--
Public library	1,500,000	--	--	--	--	--
Payments to Cities						--
LaFayette	4,434,600	522,448	662,268	1,184,716	27	--
Rossville	2,394,000	1,688,057	--	1,688,057	71	--
Chickamauga	1,432,600	1,010,940	--	1,010,940	71	--
Lookout Mtn	1,090,600	769,451	--	769,451	71	--
Ft Oglethorpe	<u>148,200</u>	<u>104,171</u>	<u>--</u>	<u>104,171</u>	70	<u>--</u>
Total for all projects	<u>\$38,000,000</u>	<u>\$15,480,417</u>	<u>\$8,136,834</u>	<u>\$23,617,251</u>		\$1,134,613

Reconciliation of SPLOST expenditures per financial statements to schedule of projects:

SPLOST 2008 expenditures per financial statements	\$12,540,447
Less: debt service	
Principal	3,600,000
Interest and fiscal agent fees	<u>803,613</u>
SPLOST 2008 expenditures per schedule of projects	<u>\$ 8,136,834</u>

Bebe Heiskell
Walker County Commissioner

Post Office Box 445
LaFayette, Georgia 30728

March 31, 2011

Georgia Department of Audits & Accounts
Local Government Audit Section
270 Washington Street, S.W., Room 1-156
Atlanta, Georgia 30334-8400

Walker County, Georgia submits the following plan for corrective action regarding control deficiencies associated with our internal controls and compliance for the year ended September 30, 2010

The "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" issued by Johnson, Hickey & Murchison, P.C., on March 31, 2011, referenced instances of noncompliance and control deficiencies. The corrective action taken on these items is as follows:

Finding 04-4

CLERK OF COURT OFFICE ACCOUNT RECONCILIATION

Clerk unable to reconcile cash to secure balance prior to 2004.

Corrective Action Plan/Management Response

We concur with the recommendation. Superior court began reconciling from October 2004 forward; but, cases/balances prior to October 2004 have not been reconciled. The Clerk that took office January 1, 2009 is attempting to reconcile all accounts under his control. He has thus far contracted for a review from an independent CPA and has also ordered a new accounting software package to aid in maintaining accountability. The records prior to his taking office are proving insufficient to support the balance. He is planning to request a court order to pay over the unsupported amounts. Amounts received after the current clerk took office are being reconciled.

Finding 07-1

SOME MATERIAL BALANCE SHEET ACCOUNTS WERE NOT RECONCILED TO SUPPORTING DOCUMENTATION AT YEAR END.

Accounts not reconciled to supporting documentation

Corrective Action Plan/Management Response

We concur with the recommendation. Most of the unreconciled balances for the current year were related to errors in recording accruals at year end. The uncertainty of the amounts involved resulted in delays in posting amounts at the fiscal year end. Offices outside the direct supervision of the commissioner's office have been encouraged to close out their periods in a more timely fashion and to report their results.

Finding 10-1

SPLOST HAD A DUE FROM THE GENERAL FUND

Request for reimbursement exceeded expenditures

Corrective Action Plan/Management Response

The due from the general fund was a result of a grant being received for the reimbursement of flood damage, that had been previously paid with SPLOST funds. The grant was awarded as a series of projects for which a good faith effort was made to value the final total. Certain projects did not pay as projected and this resulted in an excess of funds being refunded, to the general fund. The due from amount was quickly adjusted due to the ongoing expenditures of general fund money on SPLOST projects.

If you have any questions, please contact Greg McConnell, Finance Officer, at (706) 638-1437.

Sincerely,



Bebe A. Heiskell
Walker County Commissioner

