

WALKER COUNTY, GEORGIA

LaFayette, Georgia

**ANNUAL FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2011

JOHNSON, HICKEY & MURCHISON, P.C.

Certified Public Accountants
Chattanooga, Tennessee

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INDEPENDENT AUDITORS' REPORT

**Commissioner
Walker County, Georgia
LaFayette, Georgia:**

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, 2011, 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 the 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 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, 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 *Governmental 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 page v through xiii and 37 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 an opinion on the financial statements that collectively comprise Walker County, Georgia's basic financial statements as a whole. 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 Purposes Local Option Sales Tax proceeds are the responsibility of management and were derived from and related 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 them.

Johnson, Wiley & Meacham, P.C.

March 30, 2012
Chattanooga, Tennessee

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, 2011. 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, 2011 by \$83,111,265 (Net Assets), a decrease of \$2,090,365 from the prior year. Of this amount, \$12,082,753 (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 \$444,021. 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 \$81,838,479, a decrease of \$1,942,677 from the prior year net assets. Of this amount, \$13,303,870 remains in the various funds as unrestricted.
- Debt decreased by \$3,069,434. This was primarily due to a bond payment of \$3,785,000, lease payments of \$848,124 and the addition of a tax anticipation note for \$1,500,000.

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

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.

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

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 \$83,111,265. 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 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, 2011, is \$12,082,753 which may be used to meet the County's ongoing obligations.

Net Assets
September 30 2011 and 2010

	Governmental Activities		Business -type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Assets						
Current and other assets	\$ 19,414,889	\$ 21,928,594	\$ 72,647	\$ 50,024	\$ 19,487,536	\$ 21,978,618
Capital assets	87,054,871	90,267,309	2,493,903	2,718,094	89,548,774	92,985,403
Total assets	\$ 106,469,760	\$ 112,195,903	\$ 2,566,550	\$ 2,768,118	\$ 109,036,310	\$ 114,964,021
Liabilities						
Long-term liabilities	\$ 23,036,819	\$ 26,068,010	\$ 1,291,242	\$ 1,329,483	\$ 24,328,061	\$ 27,397,493
Other liabilities	1,594,462	2,346,737	2,522	18,161	1,596,984	2,364,898
Total liabilities	\$ 24,631,281	\$ 28,414,747	\$ 1,293,764	\$ 1,347,644	\$ 25,925,045	\$ 29,762,391
Net assets						
Invested in capital assets, net of related debt	\$ 68,534,609	\$ 67,550,952	\$ 2,493,903	\$ 2,595,781	\$ 71,028,512	\$ 70,146,733
Restricted	-	-	-	-	-	-
Unrestricted	13,303,870	16,230,204	(1,221,117)	(1,175,307)	12,082,753	15,054,897
Total net assets	\$ 81,838,479	\$ 83,781,156	\$ 1,272,786	\$ 1,420,474	\$ 83,111,265	\$ 85,201,630

Net assets of the County's governmental activities decreased by \$1,942,677 while the net assets of the business type activities decreased by \$147,688. The County's sole business activity is the Walker County Landfill. The landfill operated at a loss due to closure and depreciation expenses.

Walker County's overall revenue was down 3% in 2011 compared to 2010. Property tax revenue increased 10%, and sales tax revenue increased 2%. Approximately 29% of the County's total revenue from governmental activities came from sales tax and 24% from property tax. Charges for services amounted to about 24% of governmental revenue with grants and contributions contributing approximately 11%.

The County's largest expenditures are for Public Safety (25%), Sheriff (21%), Public Works (19%), Health and welfare (11%) and Judicial (8%) of total governmental expenses.

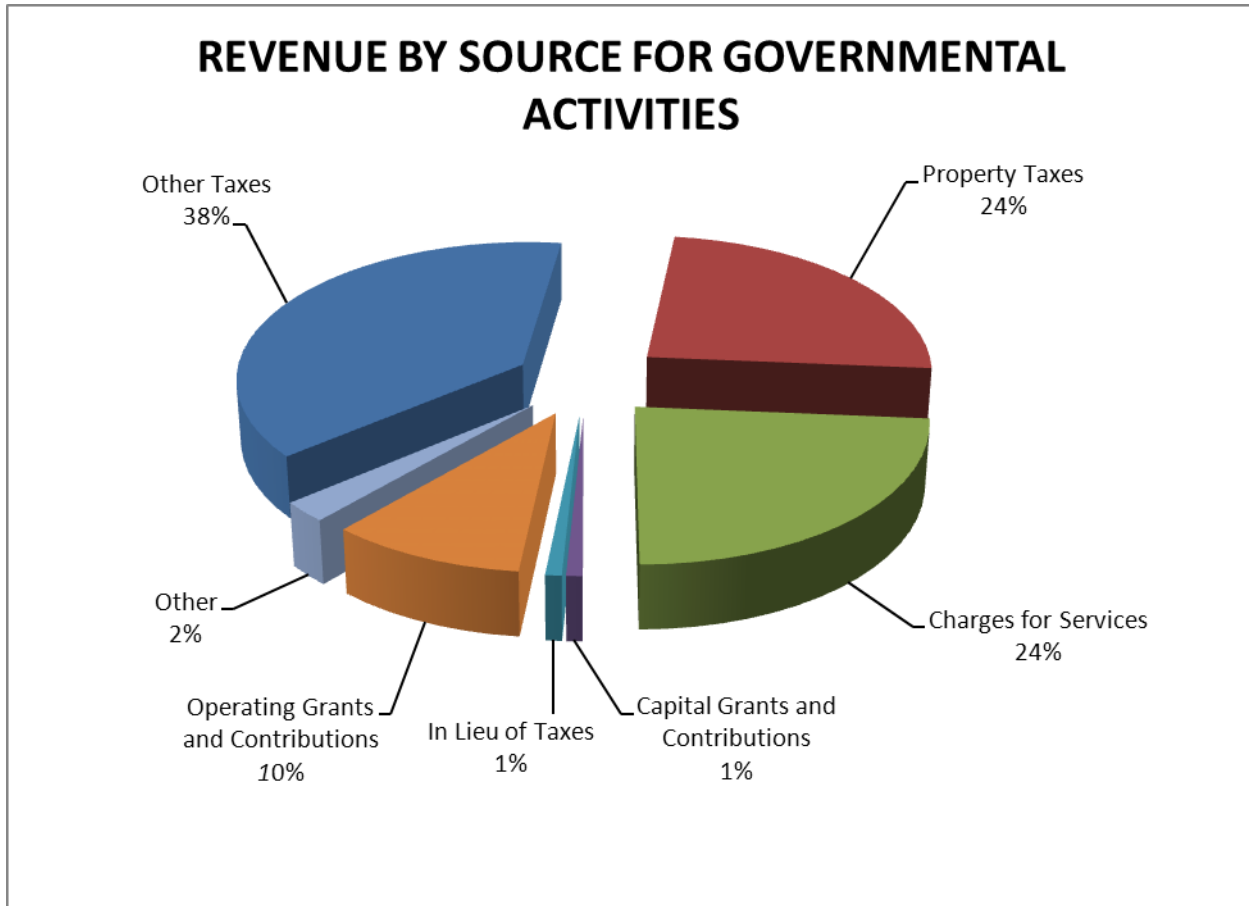
WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Changes in Net Assets
Year-ended September 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	7,893,792	7,153,793	1,326,309	1,017,537	9,220,101	8,171,330
Operating Grants & Contributions	3,277,328	3,217,272			3,277,328	3,217,272
Capital Grants & Contributions	267,243	375,257			267,243	375,257
General Revenues:						
Property Taxes	8,079,753	7,338,652			8,079,753	7,338,652
Other Taxes	12,307,615	12,139,234			12,307,615	12,139,234
Other	1,427,824	4,038,501			1,427,824	4,038,501
Total Revenues	33,253,555	34,262,709	1,326,309	1,017,537	34,579,864	35,280,246
Expenses:						
General government	3,609,340	3,987,663			3,609,340	3,987,663
Judicial	2,719,499	2,853,673			2,719,499	2,853,673
Sheriff	7,180,274	7,077,731			7,180,274	7,077,731
Public Safety	8,577,054	7,845,053			8,577,054	7,845,053
Public Works	6,533,615	9,316,513			6,533,615	9,316,513
Health and Welfare	3,674,187	1,313,136			3,674,187	1,313,136
Recreation and Culture	746,983	651,232			746,983	651,232
Housing and Development	455,423	468,142			455,423	468,142
Intergovernmental Payments	695,945	662,268			695,945	662,268
Interest on Long Term Debt	707,579	848,196			707,579	848,196
Solid Waste			1,770,330	1,703,686	1,770,330	1,703,686
Total Expenses	34,899,899	35,023,607	1,770,330	1,703,686	36,670,229	36,727,293
Increase (decrease) in net assets before transfers	(1,646,344)	(760,898)	(444,021)	(686,149)	(2,090,365)	(1,447,047)
Transfers	(296,333)	(423,525)	296,333	423,525		
Increase (decrease) in net assets	(1,942,677)	(1,184,423)	(147,688)	(262,624)	(2,090,365)	(1,447,047)
Net assets - October 1	83,781,156	84,965,579	1,420,474	1,683,098	85,201,630	86,648,677
Net assets - September 30	81,838,479	83,781,156	1,272,786	1,420,474	83,111,265	85,201,630

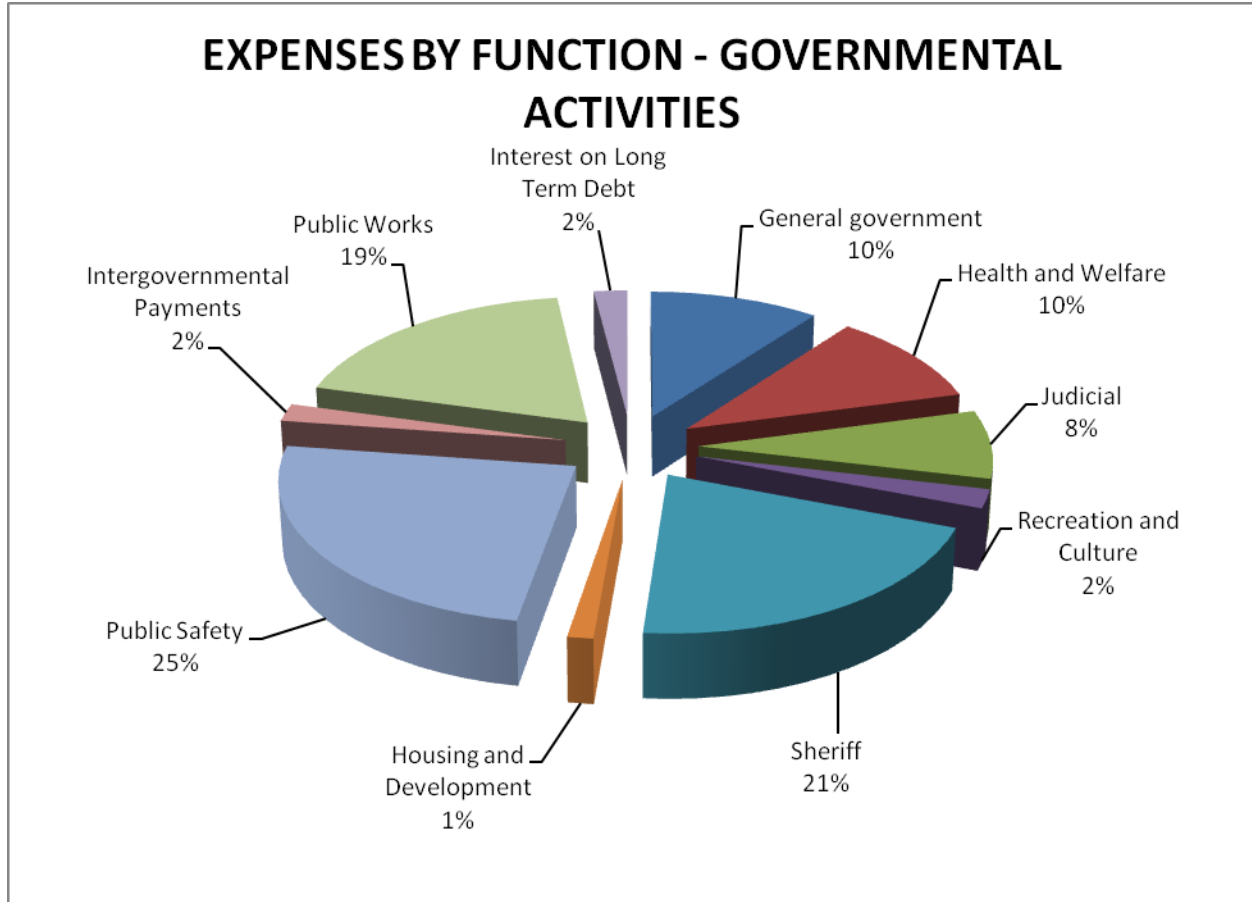
WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Total government wide revenue of \$34,579,864 was comprised of governmental activities (\$33,253,555) and business type activities (\$1,326,309). 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 \$5,409,593 is specifically earmarked and cannot be used to finance the normal operations of the county.



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

Government-wide expenses totaled \$36,670,229 for fiscal year 2011, including governmental activity expense of \$34,899,899 and business type activity expense of \$1,770,330. The following chart provides a visual depiction of expenditures of the governmental activities by function for fiscal year 2011.



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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the County completed the year, its governmental funds reported a combined fund balance of \$9,744,876. All but \$3,680,494 constitutes restricted fund balance. The remainder of fund balance is unassigned to indicate that it is available for spending. The restricted fund balance represents funds that are subject to externally enforceable legal restrictions.

The general fund is the chief operating fund of Walker County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,725,910. The unassigned fund balance decreased by \$1,576,143 during the current year. This decrease included operating transfers of \$1,618,946 to supplement operations of other funds.

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

Among the operating transfers were \$711,088 to fire and rescue, \$243,717 to E911, \$252,833 to county transportation system, \$296,333 to landfill and \$114,977 required by federal and/or state grants as the County's matching share.

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, \$404,267, SPLOST 2008, \$5,529,403 and the Grant Fund with \$(45,416). The fund balance in Fire and Rescue decreased by \$93,537 due to a large adjustment for uncollected accounts receivable and a large operating transfer from the general fund. The fund balance in SPLOST 2008 decreased by \$1,565,462 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 budgeted revenues exceeding actual revenues by \$468,553 and fund actual expenditures and other financing uses exceeding budgeted expenditures by \$862,746. The deficit of revenues over budgeted revenues was primarily due to the following revenue categories where budgeted fine and forfeiture revenues exceeded actual revenues by \$523,160 and contribution revenue exceeding budgeted by \$149,191. The county does not normally budget for contributions unless it is certain that the contribution will be made and the amount is determinable.

The excess of expenditures over budgeted expenditures was due largely to several circumstances. The road department as well as the sheriff had unanticipated expenditures due to snow falls during the winter and tornado damage in the spring. The fire department and ambulance service required a large operating transfer due to the inability of collecting sufficient revenue to cover operating expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The County's investment in capital assets for its governmental funds as of September 30, 2011 totals \$87,054,871 (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 decreased by \$3,212,438, net of accumulated depreciation. This was comprised primarily of depreciation expense of \$4,066,508. There was a minimal amount of spending on significant tangible items.

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

- . Purchase of 5 new vehicles for sheriff's department.

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

**Capital Assets at Year-end
September 30, 2011 and 2010**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$4,540,583	\$4,540,583	-	-	\$4,540,583	\$4,540,583
Building	-	-	-	-	-	-
Construction in progress	362,663	1,179,585	-	-	362,663	1,179,585
Depreciable assets:						
Buildings and improvements	23,585,781	22,645,941	306,771	306,771	23,892,552	22,952,712
Machinery and equipment	22,302,393	21,934,238	1,657,129	1,657,129	23,959,522	23,591,367
Infrastructure	95,083,177	94,881,274	-	-	95,083,177	94,881,274
C&D Landfill	-	-	4,886,664	4,832,721	4,886,664	4,832,721
Total	145,874,597	145,181,621	6,850,564	6,796,621	152,725,161	151,978,242
Less: accumulated depreciation	(58,819,726)	(54,914,312)	(4,356,661)	(4,078,527)	(63,176,387)	(58,992,839)
Net capital assets	\$87,054,871	\$90,267,309	\$2,493,903	\$2,718,094	\$89,548,774	\$92,985,403

Additional information on the County's capital assets can be found in Note 4 to the financial statements in this report.

Debt – At the end of the current fiscal year, the County had total debt outstanding of \$24,328,059. This consisted of general obligation bonds, lease obligations, a tax anticipation note, landfill closure and postclosure costs and compensated absences.

**Outstanding Debt at Year End
September 30, 2011 and 2010**

	Governmental Activities		Business -type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 16,664,057	\$ 20,482,922	-	-	\$ 16,664,057	\$ 20,482,922
Lease Obligations	1,672,142	2,397,952	-	122,314	1,672,142	2,520,266
Notes Payable	1,500,000	-	-	-	1,500,000	-
Compensated Absences	724,214	618,494	10,319	5,678	734,533	624,172
Landfill Closure Costs	2,476,404	2,568,642	1,280,923	1,201,491	3,757,327	3,770,133
Totals	\$ 23,036,817	\$ 26,068,010	\$ 1,291,242	\$ 1,329,483	\$ 24,328,059	\$ 27,397,493

Additional information on the County's debt can be found in Note 8 to the financial statements in this report.

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

ECONOMIC FACTORS AND THE 2011 BUDGET

- Local Option Sales Tax has begun to stabilize after falling for several years.
- The property tax digest shrank \$13,494,579 while the gross millage rate increased 0.14 mills. After the rollback of sales tax and the insurance premium tax, the millage rate for the unincorporated areas decreased by .08 mills while the millage rate for the incorporated areas remained the same as the prior year.
- The unemployment rate for the County was at 9.1%, less than the state's rate of 10.2%

Walker County adopted its fiscal year 2012 budget December 29, 2011. The General Fund budget was adopted on the assumption that revenues would closely follow those of FY2011.

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, 2011

	Primary Government			Component Unit Health Department
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 1,238,147	\$ 417	\$ 1,238,564	\$ 1,059,633
Restricted cash	919,070	-	919,070	-
Investments	4,504,678	-	4,504,678	-
Taxes receivable	6,797,261	-	6,797,261	-
Accounts receivable	895,413	72,230	967,643	-
Due from other governments	4,493,785	-	4,493,785	170,707
Inventory	-	-	-	893
Prepaid expenses	240,115	-	240,115	-
Deferred charges	326,420	-	326,420	-
Land and other nondepreciable assets	4,903,246	-	4,903,246	-
Other capital assets, net of accumulated depreciator	82,151,625	2,493,903	84,645,528	10,633
Total assets	<u>106,469,760</u>	<u>2,566,550</u>	<u>109,036,310</u>	<u>1,241,866</u>
LIABILITIES:				
Accounts payable and accrued expenses	1,183,991	2,522	1,186,513	1,491
Due to other governments	102,294	-	102,294	61,499
Due to heirs, litigants and others	79,824	-	79,824	-
Deferred revenue	44,290	-	44,290	-
Accrued interest payable	184,063	-	184,063	-
Long-term liabilities -				
Due within one year:				
Bonds payable	3,782,240	-	3,782,240	-
Capital leases	342,058	-	342,058	-
Notes payable	1,500,000	-	1,500,000	-
Compensated absences	335,626	10,319	345,945	65,435
Landfill closure and postclosure care costs	117,924	-	117,924	-
Due greater than one year:				
Bonds payable	12,881,817	-	12,881,817	-
Capital leases	1,330,084	-	1,330,084	-
Compensated absences	388,590	-	388,590	-
Landfill closure and postclosure care cost	2,358,480	1,280,923	3,639,403	-
Total liabilities	<u>24,631,281</u>	<u>1,293,764</u>	<u>25,925,045</u>	<u>128,425</u>
NET ASSETS:				
Invested in capital assets, net of related debt	68,534,609	2,493,903	71,028,512	10,633
Unrestricted	13,303,870	(1,221,117)	12,082,753	1,102,808
Total net assets	<u>\$ 81,838,479</u>	<u>\$ 1,272,786</u>	<u>\$ 83,111,265</u>	<u>\$ 1,113,441</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Service	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 3,609,340	\$ 868,360	\$ 5,614	\$ -	\$ (2,735,366)	\$ -	\$ (2,735,366)	\$ -
Judicial	2,719,499	1,677,297	105,066	-	(937,136)	-	(937,136)	-
Sheriff	7,180,274	297,283	48,511	4,524	(6,829,956)	-	(6,829,956)	-
Public safety	8,577,054	4,948,232	53,863	3,249	(3,571,710)	-	(3,571,710)	-
Public works	6,533,615	-	714,260	-	(5,819,355)	-	(5,819,355)	-
Health and welfare	3,674,187	68,455	2,350,014	248,400	(1,007,318)	-	(1,007,318)	-
Culture and recreation	746,983	34,165	-	11,070	(701,748)	-	(701,748)	-
Housing and development	455,423	-	-	-	(455,423)	-	(455,423)	-
Intergovernmental payments	695,945	-	-	-	(695,945)	-	(695,945)	-
Interest	707,579	-	-	-	(707,579)	-	(707,579)	-
Total governmental activities	34,899,899	7,893,792	3,277,328	267,243	(23,461,536)	-	(23,461,536)	-
Business-type activities:								
Landfill	1,770,328	1,326,309	-	-	-	(444,019)	(444,019)	-
Total business-type activities	1,770,328	1,326,309	-	-	-	(444,019)	(444,019)	-
Total primary government	36,670,227	9,220,101	3,277,328	267,243	(23,461,536)	(444,019)	(23,905,555)	-
COMPONENT UNIT:								
Walker County Health Department	\$ 1,604,349	\$ 382,977	\$ 914,218	\$ -	-	-	-	(307,154)
GENERAL REVENUES:								
Taxes:								
General property taxes					8,079,753	-	8,079,753	-
General sales and use tax					9,737,252	-	9,737,252	-
Selective sales and use taxes					309,071	-	309,071	-
Business taxes					2,261,292	-	2,261,292	-
Penalties and interest on delinquent taxes					391,095	-	391,095	-
In lieu of taxes					273,858	-	273,858	-
Payment from Walker County					-	-	-	281,295
Unrestricted investment earnings					60,200	-	60,200	12,588
Gain (loss) on sale of capital assets					(92,583)	-	(92,583)	-
Miscellaneous					795,252	-	795,252	517
Total general revenues					21,815,190	-	21,815,190	294,400
TRANSFERS					(296,331)	296,331	-	-
CHANGE IN NET ASSETS					(1,942,677)	(147,688)	(2,090,365)	(12,754)
NET ASSETS:								
Beginning					83,781,156	1,420,474	85,201,630	1,126,195
Ending					\$ 81,838,479	\$ 1,272,786	\$ 83,111,265	\$ 1,113,441

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	General Fund	Fire and Rescue	Multiple Grant Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash	\$ 1,095,506	\$ 42,551	\$ -	\$ -	\$ 100,090	\$ 1,238,147
Restricted cash	384,597	-	222,051	312,422	-	919,070
Investments	-	-	-	4,504,678	-	4,504,678
Taxes receivable	6,797,261	-	-	-	-	6,797,261
Accounts receivable	193,028	551,687	-	-	150,698	895,413
Due from other funds	764,352	-	-	-	6,877	771,229
Due from other governments	<u>3,099,704</u>	<u>-</u>	<u>340,386</u>	<u>1,043,278</u>	<u>10,417</u>	<u>4,493,785</u>
				-		
Total assets	<u>\$ 12,334,448</u>	<u>\$ 594,238</u>	<u>\$ 562,437</u>	<u>\$ 5,860,378</u>	<u>\$ 268,082</u>	<u>\$ 19,619,583</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued expenses	\$ 916,217	\$ 87,920	\$ 177,468	\$ -	\$ 2,386	\$ 1,183,991
Compensated absences	283,470	38,419	-	-	13,737	335,626
Due to other funds	6,877	-	386,095	229,010	149,247	771,229
Due to other governments	329	-	-	101,965	-	102,294
Due to heirs, litigants, and others	79,824	-	-	-	-	79,824
Deferred revenue	5,793,821	63,632	44,290	-	-	5,901,743
Tax Anticipation Note	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Total liabilities	<u>8,580,538</u>	<u>189,971</u>	<u>607,853</u>	<u>330,975</u>	<u>165,370</u>	<u>9,874,707</u>
Fund balances:						
Restricted for -						
DFACS building maintenance	28,000	-	-	-	-	28,000
Fire services	-	404,267	-	-	-	404,267
SPLOST capital projects	-	-	-	5,529,403	-	5,529,403
Other special revenue	-	-	-	-	102,712	102,712
Unassigned	<u>3,725,910</u>	<u>-</u>	<u>(45,416)</u>	<u>-</u>	<u>-</u>	<u>3,680,494</u>
Total fund balances	<u>3,753,910</u>	<u>404,267</u>	<u>(45,416)</u>	<u>5,529,403</u>	<u>102,712</u>	<u>9,744,876</u>
Total liabilities and fund balances	<u>\$ 12,334,448</u>	<u>\$ 594,238</u>	<u>\$ 562,437</u>	<u>\$ 5,860,378</u>	<u>\$ 268,082</u>	<u>\$ 19,619,583</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total fund balances - governmental fund types		\$ 9,744,876
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. However, in the statement of net assets the cost of these are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	\$ 145,874,597	
Less accumulated depreciation	<u>(58,819,726)</u>	87,054,871
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.		240,115
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		5,857,453
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, 2011, are:		
Accrued interest	(184,063)	
Bond issuance cost, net of amortization	326,420	
Bonds payable	(16,664,057)	
Capital leases	(1,672,142)	
Compensated absences	(388,590)	
Landfill closure and postclosure care costs	<u>(2,476,404)</u>	
Total long-term liabilities		<u>(21,058,836)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$81,838,479</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Fire and Rescue	Multiple Grant Fund	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
REVENUES:						
General property taxes	\$ 7,734,184	\$ -	\$ -	\$ -	\$ -	\$ 7,734,184
Other taxes	7,670,017	-	-	5,409,593	-	13,079,610
Licenses and permits	107,149	-	-	-	-	107,149
Intergovernmental	273,863	-	2,878,658	81,276	579,023	3,812,820
Charges for services	823,714	3,896,856	-	-	1,088,123	5,808,693
Fines and forfeitures	1,645,240	-	-	-	30,883	1,676,123
Investment income	59,570	-	-	5,614	630	65,814
Contributions and donations	149,191	-	-	-	-	149,191
Rental income	481,351	-	-	-	-	481,351
Other	365,168	98,000	-	-	-	463,168
Total revenues	<u>19,309,447</u>	<u>3,994,856</u>	<u>2,878,658</u>	<u>5,496,483</u>	<u>1,698,659</u>	<u>33,378,103</u>
EXPENDITURES:						
Current -						
General government	3,662,114	-	-	2,400	-	3,664,514
Judicial	2,487,603	-	143,846	-	31,687	2,663,136
Sheriff	6,783,832	-	53,034	-	-	6,836,866
Public safety	1,602,334	4,496,492	95,704	-	1,228,393	7,422,923
Public works	2,719,319	-	744,688	-	-	3,464,007
Health and welfare	565,025	-	2,000,000	-	898,305	3,463,330
Culture and recreation	487,032	-	6,750	-	-	493,782
Housing and development	436,963	-	-	-	-	436,963
Capital outlay	-	-	-	1,911,612	-	1,911,612
Debt service -						
Principal	479,504	251,442	-	3,785,000	-	4,515,946
Interest	69,318	51,547	-	666,988	-	787,853
Intergovernmental	-	-	-	695,945	-	695,945
Total expenditures	<u>19,293,044</u>	<u>4,799,481</u>	<u>3,044,022</u>	<u>7,061,945</u>	<u>2,158,385</u>	<u>36,356,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,403</u>	<u>(804,625)</u>	<u>(165,364)</u>	<u>(1,565,462)</u>	<u>(459,726)</u>	<u>(2,978,774)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of assets	26,400	-	-	-	-	26,400
Transfers from other funds	-	711,088	114,977	-	496,550	1,322,615
Transfers to other funds	<u>(1,618,946)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,618,946)</u>
Total other financing sources (uses)	<u>(1,592,546)</u>	<u>711,088</u>	<u>114,977</u>	<u>-</u>	<u>496,550</u>	<u>(269,931)</u>
NET CHANGE IN FUND BALANCES	<u>(1,576,143)</u>	<u>(93,537)</u>	<u>(50,387)</u>	<u>(1,565,462)</u>	<u>36,824</u>	<u>(3,248,705)</u>
FUND BALANCES:						
Beginning	<u>5,330,053</u>	<u>497,804</u>	<u>4,971</u>	<u>7,094,865</u>	<u>65,888</u>	<u>12,993,581</u>
Ending	<u>\$ 3,753,910</u>	<u>\$ 404,267</u>	<u>\$ (45,416)</u>	<u>\$ 5,529,403</u>	<u>\$ 102,712</u>	<u>\$ 9,744,876</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2011

Net changes in fund balances - total governmental fund			\$(3,248,705)
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 depreciation exceeded capital outlay in the current period. Capital outlay for the period was \$973,053 and the related depreciation expense was \$4,066,508.			(3,093,455)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) decreases net assets			(118,983)
Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.			
Deferred at 9/30/11	5,793,821		
Deferred at 9/30/10	<u>(5,829,152)</u>		(35,331)
Fire fees reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets			3,366
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.			
Bond principal payments	3,785,000		
Amortization of bond premium	(73,705)		
Amortization of bond issuance costs	33,865		
Capital lease obligation payments	<u>725,810</u>		4,470,970
Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis			15,604
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 accrual basis of accounting until due, rather than as it accrues.			
Compensated absences			(79,926)
Accrued interest			51,545
Landfill closure and postclosure care costs			<u>92,238</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES			<u>\$(1,942,677)</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Enterprise Fund
	<u>Landfill</u>
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash	\$ 417
Receivables, net of allowances	<u>72,230</u>
Total current assets	<u>72,647</u>
NONCURRENT ASSETS:	
Capital assets:	
C and D landfill	4,832,721
Buildings and improvements	306,771
Equipment	<u>1,711,072</u>
Total capital assets	6,850,564
Less accumulated depreciation	<u>4,356,661</u>
Total noncurrent assets	<u>2,493,903</u>
Total assets	<u>2,566,550</u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accrued expenses	2,522
Compensated absences	<u>10,319</u>
Total current liabilities	<u>12,841</u>
LONG-TERM LIABILITIES:	
Landfill closure and postclosure care costs	<u>1,280,923</u>
Total long-term liabilities	<u>1,280,923</u>
Total liabilities	<u>1,293,764</u>
NET ASSETS:	
Invested in capital assets	2,493,903
Unrestricted	<u>(1,221,117)</u>
Total net assets	<u>\$ 1,272,786</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Fund <u>Landfill</u>
OPERATING REVENUES:	
Charges for services	<u>\$1,326,309</u>
OPERATING EXPENSES:	
Salaries	426,944
Employee benefits	200,903
Purchased services	483,542
Landfill closure/postclosure care costs	79,432
Professional fees	142,514
Repairs and maintenance	69,175
Depreciation	278,136
Supplies	<u>84,823</u>
Total expenses	<u>1,765,469</u>
OPERATING INCOME (LOSS)	(439,160)
NONOPERATING REVENUES (EXPENSES):	
Interest expense on capital leases	(4,859)
TRANSFERS:	
Transfers from other funds	<u>296,331</u>
CHANGE IN NET ASSETS	(147,688)
NET ASSETS:	
Beginning	<u>1,420,474</u>
Ending	<u>\$1,272,786</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2011

	Enterprise Fund Landfill
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,303,685
Payments to suppliers	(781,167)
Payments to employees	(637,733)
	<u>(115,215)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers from other funds	<u>296,331</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(53,943)
Principal paid on capital lease obligations	(122,315)
Interest paid on capital lease obligations	(4,859)
Net cash used by capital and related financing activities	<u>(181,117)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
NET CHANGE IN CASH	<u>(1)</u>
CASH AND CASH EQUIVALENTS	
Beginning	<u>418</u>
Ending	<u>\$ 417</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (439,160)
Adjustments to reconcile operating income (loss) to net cash used by operating activities -	
Depreciation	278,136
Provisions for losses on accounts receivable	12,425
Landfill closure/postclosure care costs	79,432
Changes in assets and liabilities -	
(Increase) decrease in accounts receivable	(35,050)
Increase (decrease) in accrued expenses	<u>(10,998)</u>
Net cash used by operating activities	<u><u>\$ (115,215)</u></u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS:		
Cash	\$ -	\$ 1,958,838
Investments, at fair value:		
Guaranteed fixed income account	2,902,243	-
Mutual funds	<u>2,425,063</u>	<u>-</u>
Total assets	<u>5,327,306</u>	<u>1,958,838</u>
 LIABILITIES:		
Accounts payable	-	11,202
Due to other governments	-	573,414
Due to heirs, litigants, and others	<u>-</u>	<u>1,374,222</u>
Total liabilities	<u>-</u>	<u>1,958,838</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 5,327,306</u></u>	 <u><u>\$ -</u></u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2011

	<u>Pension Trust Fund</u>
ADDITIONS:	
Employer contributions	\$ 1,084,999
Investment appreciation in fair value of investments	234,822
Less investment expense	<u>51,087</u>
Net appreciation in fair value of investments	<u>183,735</u>
Total additions	<u>1,268,734</u>
DEDUCTIONS:	
Benefits	1,632,022
Insurance premiums	<u>24,999</u>
Total deductions	<u>1,657,021</u>
NET DECREASE IN PLAN NET ASSETS	(388,287)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning	<u>5,715,593</u>
Ending	<u>\$ 5,327,306</u>

(The accompanying notes are an integral part of these statements.)

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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.

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

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 Children's Services:

This organization's board 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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation –

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. 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.

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 comprise 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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation (continued) –

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.

Multiple Grant Fund – This fund is used to account for expenditures under state and federal agency grants. County funds transferred in from the General fund are required to satisfy grant matching requirements. Allowable expenditures are defined by each grant document.

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.

Accounting Period:

All funds of Walker County, Georgia, are on fiscal year basis with the year ending September 30, 2011, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2011.

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
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement Focus, Basis of Accounting (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.

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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgetary Data (continued) –

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.

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.

Assets, Liabilities, and Net Assets –

Cash and Investments:

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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets, Liabilities, and Net Assets (continued) –

Cash and Investments (continued):

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.

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 \$514,000 and \$267,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are \$12,800. Amounts estimated to be uncollectible from ambulance services accounts receivable are \$3,579,000.

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."

Prepaid Expenses:

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

Deferred Charges:

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

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 \$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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets, Liabilities, and Net Assets (continued) –

Capital Assets (continued):

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 of 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, 2011.

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.

Other Assets:

Other assets held are recorded and accounted for at cost.

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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets, Liabilities, and Net Assets (continued) –

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.

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.

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.

Governmental Fund Balance:

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Sole Commissioner). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the County intends to use for a specific purpose. Intent can be expressed by the Sole Commissioner or by an official or body to which the Commissioner delegates the authority.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Assets, Liabilities, and Net Assets (continued) –

Governmental Fund Balance (continued) –

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the County's governmental funds have been restated to reflect the above classifications.

	<u>General Fund</u>
Fund balance, beginning of year, as previously stated	\$ 5,244,421
Increase due to inclusion of forfeiture fund	85,046
Increase due to inclusion of HEAT fund	<u>586</u>
Fund balance, beginning of year, as restated	<u>\$ 5,330,053</u>

Revenues and Expenditures and Expense –

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, 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.

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

Lien date	January 1, 2011
Levy date	October 19, 2011
Due date	October 20, 2011
Delinquency date	December 20, 2011

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenues and Expenditures and Expense (continued) –

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.

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.

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.

(2) CASH AND INVESTMENTS:

Primary Government –

The cash and investments of the County were fully collateralized at September 30, 2011. 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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) CASH AND INVESTMENTS (Continued):

The following schedule of cash and investments of all of the County's funds (including fiduciary funds) as of September 30, 2011, is categorized by custodial credit risk:

	Category			Carrying	Bank
<u>Cash</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Balance</u>
Deposits with financial institutions	<u>\$2,306,681</u>	<u>\$1,793,304</u>	<u>\$ --</u>	<u>\$4,099,985</u>	<u>\$4,649,345</u>

	Category			Carrying	Credit		Weighted
<u>Investment Type</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Rating</u>	<u>Maturities</u>	<u>Average Maturity Days</u>
<u>Primary Government</u>							
Georgia Fund 1	<u>\$ --</u>	<u>\$4,504,678</u>	<u>\$ --</u>	<u>\$4,504,678</u>	AAAm	less than 6 months	58
<u>Fiduciary Fund</u>							
Guaranteed fixed income account	<u>\$ --</u>	<u>\$2,902,243</u>	<u>\$ --</u>	<u>\$2,902,243</u>	N/A	less than 6 months	
Open end mutual funds	<u>--</u>	<u>2,425,063</u>	<u>--</u>	<u>2,425,063</u>	N/A	less than 6 months	
	<u>\$ --</u>	<u>\$5,327,306</u>	<u>\$ --</u>	<u>\$5,327,306</u>			

The deposits of the County are included in the following classifications at September 30, 2011.

Primary Government:	
Cash and cash equivalents	\$1,226,907
Restricted cash	919,070
Agency funds:	
Cash	<u>1,954,008</u>
Total deposits with financial institutions	<u>\$4,099,985</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, 2011.

At June 30, 2011, cash consisted of the following:

Cash and cash equivalents	<u>\$1,059,633</u>
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WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(3) 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:

General fund from SPLOST 2008	\$229,010
General fund from multiple grant fund	386,095
General fund from nonmajor governmental funds	149,247
Nonmajor governmental funds from general fund	<u>6,877</u>

Total	<u>\$771,229</u>
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Due from:

Other funds, balance sheet – governmental funds	<u>\$771,229</u>
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Total	<u>\$771,229</u>
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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.

Transfers To/From Other Funds:

Transfers to/from other funds for the year ended September 30, 2011, consist of the following:

From the general fund to the landfill fund for operating expenditures	\$ 296,331
From the general fund to the E911 fund for operating expenditures	243,717
From the general fund to the fire and rescue fund for operating expenditures	711,088
From the general fund to the multiple grant fund for county matching requirements	114,977
From the general fund to the transportation fund for operating expenditures	<u>252,833</u>

Total	<u>\$ 1,618,946</u>
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WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(4) CAPITAL ASSETS:

Capital asset activity for the fiscal year ended September 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$ 4,540,583	\$ --	\$ --	\$ --	\$ 4,540,583
Construction in progress	<u>1,179,585</u>	<u>--</u>	<u>--</u>	<u>(816,922)</u>	<u>362,663</u>
Total capital assets not being depreciated	<u>5,720,168</u>	<u>--</u>	<u>--</u>	<u>(816,922)</u>	<u>4,903,246</u>
Capital assets being depreciated and amortized:					
Infrastructure	94,881,274	201,903	--	--	95,083,177
Buildings and improvements	22,645,941	122,918	--	816,922	23,585,781
Equipment	5,017,298	143,424	--	--	5,160,722
Vehicles	12,642,341	477,616	(280,077)	--	12,839,880
Trucks and construction equipment	<u>4,274,599</u>	<u>27,192</u>	<u>--</u>	<u>--</u>	<u>4,301,791</u>
Total capital assets being depreciated and amortized	<u>139,461,453</u>	<u>973,053</u>	<u>(280,077)</u>	<u>816,922</u>	<u>140,971,351</u>
Less accumulated depreciation for:					
Infrastructure	36,857,044	1,634,857	--	--	38,491,901
Buildings and improvements	5,022,729	413,713	--	--	5,436,442
Equipment	1,841,757	729,667	--	383,390	2,954,814
Vehicles	8,046,210	1,086,041	(161,094)	(383,390)	8,587,767
Trucks and construction equipment	<u>3,146,572</u>	<u>202,230</u>	<u>--</u>	<u>--</u>	<u>3,348,802</u>
Total accumulated depreciation and amortization	<u>54,914,312</u>	<u>4,066,508</u>	<u>(161,094)</u>	<u>--</u>	<u>58,819,726</u>
Total capital assets being depreciated, net	<u>84,547,141</u>	<u>(3,093,455)</u>	<u>(118,983)</u>	<u>816,922</u>	<u>82,151,625</u>
Governmental activity capital assets, net	<u>\$ 90,267,309</u>	<u>\$ (3,093,455)</u>	<u>\$ (118,983)</u>	<u>\$ --</u>	<u>\$ 87,054,871</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 162,076
Judicial	63,399
Sheriff	318,942
Public safety	1,217,054
Public works	1,988,299
Health and welfare	208,722
Culture and recreation	89,556
Housing and development	<u>18,460</u>
	<u>\$ 4,066,508</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(4) CAPITAL ASSETS (Continued):

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balances</u>
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 & improvements	306,771	--	--	--	306,771
Machinery & equipment	478,095	51,013	--	--	529,108
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, & electronics	<u>16,035</u>	<u>2,930</u>	<u>--</u>	<u>--</u>	<u>18,965</u>
 Total capital assets being depreciated and amortized	<u>6,796,621</u>	<u>53,943</u>	<u>--</u>	<u>--</u>	<u>6,850,564</u>
 Less accumulated depreciation and amortization for:					
C & D Landfill	2,609,670	144,981	--	--	2,754,651
Buildings & improvements	98,563	7,740	--	--	106,303
Machinery & equipment	432,019	10,798	--	--	442,817
Capital lease assets	884,035	112,411	--	--	996,446
Vehicles	40,477	--	--	--	40,477
Furniture and fixtures	452	108	--	--	560
Software	1,508	--	--	--	1,508
Computers, radios, & electronics	<u>11,803</u>	<u>2,096</u>	<u>--</u>	<u>--</u>	<u>13,899</u>
 Total accumulated depreciation and amortization	<u>4,078,527</u>	<u>278,134</u>	<u>--</u>	<u>--</u>	<u>4,356,661</u>
 Total capital assets being depreciated, net	<u>2,718,094</u>	<u>(224,191)</u>	<u>--</u>	<u>--</u>	<u>2,493,903</u>
 Business-type activities capital assets, net					
	<u>\$ 2,718,094</u>	<u>\$ (224,191)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,493,903</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(4) CAPITAL ASSETS (Continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES:				
Component Unit:				
Capital assets being depreciated:				
Machinery and equipment	\$ 32,749	\$ --	\$ --	\$ 32,749
Total capital assets being depreciated	<u>32,749</u>	<u>--</u>	<u>--</u>	<u>32,749</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>19,458</u>	<u>2,658</u>	<u>--</u>	<u>22,116</u>
Total accumulated depreciation	<u>19,458</u>	<u>2,658</u>	<u>--</u>	<u>22,116</u>
Governmental activities capital assets, net	<u>\$ 13,291</u>	<u>\$ (2,658)</u>	<u>\$ --</u>	<u>\$ 10,633</u>

(5) DEFINED BENEFIT PENSION PLAN:

Plan Description:

One hundred ninety two (192) 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 earnings 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.

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 2011 has decreased as a percentage of covered payroll from 15.72% in 2010 to 15.16% in 2011. 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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(5) DEFINED BENEFIT PENSION PLAN (Continued):

Funding Policy and Pension Cost (continued):

The contributions to the plan during the year ended December 31, 2010 were \$1,017,442 and were made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2011, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2011, was \$6,531,854, and the total payroll was \$14,529,049.

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 costs, percentage of annual pension cost contributed and net pension obligation for the most recent three years is as follows:

Three-Year Trend Information

	Employer Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net (EOY) Pension Obligation
December 31, 2008	\$774,137	\$1,078,215	139.0%	--
December 31, 2009	777,960	1,124,332	145.0%	--
December 31, 2010	826,330	1,017,442	123.0%	--

Funded Status of Plans as of January 1, 2011

Actuarial Valuation For Plan Year Beginning January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability Frozen Entry Age Cost Method (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as % of Covered Payroll (b-a/c)
2011	\$6,098,068	\$7,088,913	\$990,845	86.0%	\$6,531,854	15.2%

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(5) DEFINED BENEFIT PENSION PLAN (Continued):

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 principles and practices.

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	6.0%
Projected salary increase	4.0%
Inflation rate	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

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

Plan Membership Data:

As of January 1, 2011, the current plan membership includes the following categories of participants -

Plan Participants:

Retirees and beneficiaries currently receiving benefits	15
Beneficiaries	1
Terminated employees entitled to benefits but not yet receiving them	39
Active participants	<u>192</u>
Total	<u><u>247</u></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, 2011

	<u>Fair Value</u>	<u>% of Total</u>
Lincoln Financial Group:		
Guaranteed fixed income	\$ 2,902,243	54.48%
Balanced	582,550	10.40%
Government/Corporate bond	682,703	11.83%
Equity growth	<u>1,159,810</u>	<u>20.84%</u>
	<u>\$ 5,327,306</u>	<u>100.00%</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) 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 \$190,844 to the plan during fiscal year ended September 30, 2011. 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 2011 plan year are:

Number of participants	6
Participant contributions	\$3,680

Plan 2 is administered by Lincoln Financial Group. Participants and contributions for the 2011 plan year are:

Number of participants	17
Participant contributions	\$62,152

(7) 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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(7) TERMINATION BENEFITS (Continued):

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, 2011, was \$89,546, net of any participant contributions. Twenty-one retirees were receiving benefits at September 30, 2011.

(8) 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, 2011 -

	Balance 9/30/2010	Additions	Reductions	Balance 9/30/2011	Amounts Due in One Year	Accrued Interest
Governmental Activities:						
Capitalized leases	\$ 2,397,952	\$ --	\$ 725,810	\$ 1,672,142	\$ 342,058	\$ 32,469
Bonds payable	20,482,922	--	3,818,865	16,664,057	3,782,240	144,266
Short term note	--	1,500,000	--	1,500,000	1,500,000	7,328
Compensated absences	618,494	105,720	--	724,214	335,626	--
Estimated landfill closure	<u>2,568,642</u>	<u>--</u>	<u>92,238</u>	<u>2,476,404</u>	<u>117,924</u>	<u>--</u>
	<u>\$ 26,068,010</u>	<u>\$ 1,605,720</u>	<u>\$ 4,636,913</u>	<u>\$ 23,036,817</u>	<u>\$ 6,077,848</u>	<u>\$ 184,063</u>
Business-Type Activities:						
Landfill:						
Capital leases	\$ 122,314	\$ --	\$ 122,314	\$ --	\$ --	\$ --
Compensated absences	5,678	4,641	--	10,319	10,319	--
Landfill closure/postclosure costs	<u>1,201,491</u>	<u>79,432</u>	<u>--</u>	<u>1,280,923</u>	<u>--</u>	<u>--</u>
	<u>\$ 1,329,483</u>	<u>\$ 84,073</u>	<u>\$ 122,314</u>	<u>\$ 1,291,242</u>	<u>\$ 10,319</u>	<u>\$ --</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.

Debt service requirements on bonds payable at September 30, 2011 are as follows:

	Governmental Activities		
	Bonds		
	Principal	Premium	Interest
Year ending September 30, 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>\$ 16,600,000</u>	<u>\$ 64,057</u>	<u>\$ 1,200,244</u>

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(8) LONG-TERM DEBT (Continued):

Long-term Obligation Activity (continued) –

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 rates 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 .

On July 6, 2011, the County obtained a tax anticipation note in the amount of \$2,000,000. The proceeds of the TAN were provided to the General Fund as operating resources for the County. As of September 30, 2011, the County had drawn \$1,500,000. The TAN is due and payable on December 31, 2011.

Capital Leases –

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

	<u>Governmental Activities</u>
Buildings	\$ 4,550,216
Vehicles and equipment	<u>6,810,694</u>
Total capital lease assets	11,360,910
Accumulated amortization	<u>7,066,660</u>
Capital lease assets, net	<u><u>\$ 4,294,250</u></u>

Future minimum lease payments at September 30, 2011, are as follows:

	<u>Governmental Activities</u>
Year ending September 30, 2012	\$ 436,423
2013	686,421
2014	133,433
2015	133,433
2016	133,433
2017-2020	<u>459,219</u>
Total minimum lease payments	1,982,362
Less: deferred interest	<u>310,220</u>
Present value minimum lease payments	<u><u>\$ 1,672,142</u></u>

The interest rates on the capitalized leases range from 4.95% to 5.69% 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
SEPTEMBER 30, 2011

(9) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Compliance with Finance Related Legal and Contractual Provisions –

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

Excess of Expenditures Over Appropriations in Individual Funds –

For the year ended September 30, 2011, the County had no material excess of expenditures over appropriations in individual funds.

Deficit Fund Balances –

The multiple grant fund had a deficit fund balance of \$45,416 at September 30, 2011. This deficit will be eliminated through future operating transfers from the general fund for local match portion of grants.

(10) 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 (the "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 Fund 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 Fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the Fund 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 Fund is to defend and protect the members of the Fund against liability or loss as prescribed in the member government's contracts and in accordance with the workers' compensation laws of Georgia. The Fund is 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.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(10) RISK MANAGEMENT (Continued):

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, 2011, management believes that the County has made provisions sufficient to cover estimated claims, including claims incurred but not yet reported.

(11) 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, 2011, 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.

(12) 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, 2011, the County had incurred a liability of approximately \$1,280,923 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 57 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$966,310 which will be recognized as the remaining capacity is used (estimated to be approximately 15 years).

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

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(12) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (Continued):

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, 2011, a liability for postclosure care costs is recorded in the amount of \$2,476,404, 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.

(13) 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 for the RC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

(14) COMMITMENTS AND CONTINGENCIES:

The County has a contract with the Hospital Authority of Walker, Dade and Catoosa Counties (the "Authority") to ensure medical care and hospitalization is provided to indigent individuals residing in the County. Catoosa County and Dade County are also parties to the same contract.

The Authority owns or leases certain hospital buildings and related facilities (the "Hospital"), including, but not limited to Hutcheson Medical Center. Hutcheson Medical Center, Inc., ("HMC") a nonprofit corporation organized under the laws of the State of Georgia currently leases from the Authority and operates the Hospital.

The Authority, in order to obtain additional funding for the operation and maintenance of the Hospital, entered into a line of credit note (the "Note") with Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System, a hospital authority organized under the Tennessee Hospital Authority Law. The line of credit may not exceed \$20,000,000 in principal with loan proceeds being paid to Hutcheson Medical Center, Inc. The Authority agreed to execute and deliver to the holder a Deed to Secure Debt and Security Agreement (the "Security Deed") to which it shall grant security title to its interest in certain real estate (the "Property") on which the Hospital is located as security for repayment of the Note. In order to assist the Authority in obtaining the necessary funding provided under the Note, the County along with the Board of

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(14) COMMITMENTS AND CONTINGENCIES (Continued):

Commissioners of Catoosa County has guaranteed the line of credit in the event of an uncured default by the Authority. Each of the Counties separately agreed to pay the Authority, or its assigns, an amount equal to one-half of the principal and interest then due and payable on the note with a maximum liability of \$10,000,000 each.

To the extent necessary, the County may levy an annual tax on taxable property located within the boundaries of the County for the purpose of providing medical care or hospitalization for the indigent sick and others entitled to use of the Hospital, at such rate or rates, within the limits now prescribed or such higher limits as may hereafter be prescribed by the Hospital Authorities Law, as may be necessary to make the payments called for by the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUE:				
Taxes	\$ 8,466,900	\$ 7,734,184	\$ 7,734,184	\$ -
Other taxes	7,043,000	7,670,017	7,670,017	-
Licenses and permits	163,600	107,149	107,149	-
Intergovernmental	336,200	273,863	273,863	-
Charges for services	810,600	823,714	823,714	-
Fines and forfeitures	2,168,400	1,645,240	1,645,240	-
Investment earnings	49,100	59,570	59,570	-
Contributions and donations	-	149,191	149,191	-
Rental income	479,000	481,351	481,351	-
Other	261,200	365,168	365,168	-
Total revenue	19,778,000	19,309,447	19,309,447	-
EXPENDITURES:				
General Government -				
Governing body	609,425	753,192	753,192	-
Elections	257,000	231,782	231,782	-
Accounting	289,390	278,077	278,077	-
Licensing	8,100	5,444	5,444	-
Legal	180,434	108,926	108,926	-
Data processing	87,062	104,393	104,393	-
Tax commissioner	880,000	886,032	886,032	-
Tax assessor	641,656	641,968	641,968	-
Board of equalization	8,000	3,330	3,330	-
General government buildings and plant	300,000	354,939	354,939	-
Marsh Warthen house	5,400	22,471	22,471	-
Records management	97,000	138,301	138,301	-
General administration fees	77,423	63,683	63,683	-
Special projects	-	69,576	69,576	-
Total general government	3,440,890	3,662,114	3,662,114	-
Judicial -				
Clerk of courts	697,267	625,821	625,821	-
Superior court	208,456	148,968	148,968	-
District attorney	322,957	199,555	199,555	-
State court	263,480	214,408	214,408	-
State court solicitor	185,342	175,202	175,202	-
Magistrate court	329,528	324,405	324,405	-
Probate court	268,000	261,398	261,398	-
Juvenile court	269,300	306,662	306,662	-
Grand jury	600	-	-	-
Public defender	200,153	177,988	177,988	-
Court reporter	50,000	53,196	53,196	-
Total judicial	2,795,083	2,487,603	2,487,603	-

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
Sheriff -				
Law enforcement administration	\$ 525,238	823,938	\$ 823,938	\$ -
Criminal investigation	855,149	721,010	721,010	-
Vice control	69,905	153,212	153,212	-
Patrol	1,712,520	1,888,935	1,888,935	-
Custody of prisoners	2,143,717	1,922,724	1,922,724	-
Champs program	232,294	210,001	210,001	-
Training	92,244	101,129	101,129	-
Special detail services	19,820	7,243	7,243	-
Sheriff's office and building	124,000	95,214	95,214	-
Court services	943,695	855,835	855,835	-
Bailiff	17,418	4,591	4,591	-
Total sheriff	6,736,000	6,783,832	6,783,832	-
Public Safety -				
County police	350,000	440,119	440,119	-
Emergency Medical Services (EMS)	818,300	818,300	818,300	-
Coroner/medical examiner	70,000	79,918	79,918	-
Animal control	242,300	263,997	263,997	-
Total public safety	1,480,600	1,602,334	1,602,334	-
Highways and Streets -				
Highways and streets administration	375,311	635,843	635,843	-
Paved streets	354,800	748,931	748,931	-
Other maintenance	544,900	591,402	591,402	-
Bridges, viaducts and grade separations	20,000	48	48	-
Traffic engineering	101,909	122,731	122,731	-
Closure and postclosure costs	91,200	72,698	72,698	-
Maintenance and shop	603,080	547,666	547,666	-
Total highways and streets	2,091,200	2,719,319	2,719,319	-

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		
Health and welfare -				
Public health administration	281,295	282,938	282,938	-
Mosquito control	-	331	331	-
Health department building and plant	9,400	22,224	22,224	-
Children's Crisis Center	-	10,000	10,000	-
Intergovernmental welfare payments	25,000	52,515	52,515	-
Other welfare payments	2,000	72,013	72,013	-
DFACS building and plant	19,000	16,691	16,691	-
Meals on wheels	65,000	106,412	106,412	-
Senior center	7,500	1,901	1,901	-
Special projects	70,000	-	-	-
Total health and welfare	479,195	565,025	565,025	-
Culture and Recreation -				
Civic center	180,000	219,451	219,451	-
Other recreational facilities	50,000	83,130	83,130	-
Agricultural center	30,000	17,679	17,679	-
Historical preservation	6,350	12,915	12,915	-
Library administration	148,750	153,857	153,857	-
Total culture and recreation	415,100	487,032	487,032	-
Housing and Development -				
County agent	79,952	53,483	53,483	-
Forest resources	-	8,014	8,014	-
Planning and zoning	200,000	190,598	190,598	-
Economic development	128,501	184,868	184,868	-
Total housing and development	408,453	436,963	436,963	-
Debt Service -				
Principal	512,787	479,504	479,504	-
Interest	70,990	69,318	69,318	-
Total debt service	583,777	548,822	548,822	-
 Total expenditures	 18,430,298	 19,293,044	 19,293,044	 -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,347,702	 16,403	 16,403	 -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budget			Variance with Final Budget
	Original	Final	Actual	
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	\$ -	\$ 26,400	\$ 26,400	\$ -
Transfers from other funds	-	-	-	-
Transfers to other funds	<u>(1,391,701)</u>	<u>(1,618,946)</u>	<u>(1,618,946)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,391,701)</u>	<u>(1,592,546)</u>	<u>(1,592,546)</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 (43,999)	 (1,576,143)	 (1,576,143)	 -
 FUND BALANCES:				
Beginning	<u>5,330,053</u>	<u>5,330,053</u>	<u>5,330,053</u>	<u>-</u>
Ending	<u>\$ 5,286,054</u>	<u>\$ 3,753,910</u>	<u>\$ 3,753,910</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
FIRE & RESCUE FUND
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	\$ 4,050,000	\$ 3,994,856	\$ 3,994,856	\$ -
EXPENDITURES	<u>4,011,357</u>	<u>4,799,481</u>	<u>4,799,481</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>38,643</u>	<u>(804,625)</u>	<u>(804,625)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfer from other funds	<u>-</u>	<u>711,088</u>	<u>711,088</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>38,643</u>	<u>(93,537)</u>	<u>(93,537)</u>	<u>-</u>
FUND BALANCES:				
Beginning	<u>497,804</u>	<u>497,804</u>	<u>497,804</u>	<u>-</u>
Ending	<u>\$ 536,447</u>	<u>\$ 404,267</u>	<u>\$ 404,267</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
MULTIPLE GRANT FUND
YEAR ENDED SEPTEMBER 30, 2011**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ -	\$ 2,878,658	\$ 2,878,658	\$ -
EXPENDITURES	<u>-</u>	<u>3,044,022</u>	<u>3,044,022</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(165,364)</u>	<u>(165,364)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfer from other funds	<u>-</u>	<u>114,977</u>	<u>114,977</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>-</u>	<u>(50,387)</u>	<u>(50,387)</u>	<u>-</u>
FUND BALANCES:				
Beginning	<u>4,971</u>	<u>4,971</u>	<u>4,971</u>	<u>-</u>
Ending	<u>\$ 4,971</u>	<u>\$ (45,416)</u>	<u>\$ (45,416)</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
RETIREMENT PLAN
SEPTEMBER 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (a) + (b)	Unfunded* AAL (UAAL) (b)	Funded Ratio a/(a+b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b/c)
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%
01/01/11	6,098,068	7,088,913	990,845	86.0%	6,531,854	15.2%

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, 2011

Plan Year Ended	Annual Required Contribution	Actual Contributions	Percentage Contributed
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%
12/31/10	826,330	1,017,442	123%

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	1/1/2011
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, 2011

(1) 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, 2011**

	<u>E911</u>	<u>Law Library</u>	<u>Court Supervision</u>	<u>Connection</u>	<u>Transportation</u>	<u>Total</u>
ASSETS:						
Cash	\$ -	\$ 37,975	\$ 57,985	\$ 1,000	\$ 3,130	\$ 100,090
Accounts receivable	147,317	-	-	-	3,381	150,698
Due from other funds	-	-	-	6,877	-	6,877
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,417</u>	<u>-</u>	<u>10,417</u>
Total assets	<u>\$ 147,317</u>	<u>\$ 37,975</u>	<u>\$ 57,985</u>	<u>\$ 18,294</u>	<u>\$ 6,511</u>	<u>\$ 268,082</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,386	\$ 2,386
Compensated absences	12,279	-	-	-	1,458	13,737
Due to other funds	135,038	-	11,542	-	2,667	149,247
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>147,317</u>	<u>-</u>	<u>11,542</u>	<u>-</u>	<u>6,511</u>	<u>165,370</u>
Fund balances:						
Restricted	<u>-</u>	<u>37,975</u>	<u>46,443</u>	<u>18,294</u>	<u>-</u>	<u>102,712</u>
Total fund balances	<u>-</u>	<u>37,975</u>	<u>46,443</u>	<u>18,294</u>	<u>-</u>	<u>102,712</u>
Total liabilities and fund balances	<u>\$ 147,317</u>	<u>\$ 37,975</u>	<u>\$ 57,985</u>	<u>\$ 18,294</u>	<u>\$ 6,511</u>	<u>\$ 268,082</u>

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	<u>E911</u>	<u>Law Library</u>	<u>Court Supervision</u>	<u>Connection</u>	<u>Transportation</u>	<u>Total</u>
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 42,138	\$ 536,885	\$ 579,023
Charges for services	1,019,668	-	-	-	68,455	1,088,123
Fines and forfeitures	-	23,010	7,873	-	-	30,883
Investment income	-	1	629	-	-	630
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,019,668</u>	<u>23,011</u>	<u>8,502</u>	<u>42,138</u>	<u>605,340</u>	<u>1,698,659</u>
EXPENDITURES:						
Current -						
General government	-	-	-	-	-	-
Judicial	-	22,707	8,980	-	-	31,687
Sheriff	-	-	-	-	-	-
Public safety	1,228,393	-	-	-	-	1,228,393
Public works	-	-	-	-	-	-
Health and welfare	-	-	-	44,319	853,986	898,305
Culture and recreation	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,228,393</u>	<u>22,707</u>	<u>8,980</u>	<u>44,319</u>	<u>853,986</u>	<u>2,158,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(208,725)	304	(478)	(2,181)	(248,646)	(459,726)
OTHER FINANCING SOURCES:						
Transfer from other funds	<u>243,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,833</u>	<u>496,550</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	34,992	304	(478)	(2,181)	4,187	36,824
FUND BALANCES:						
Beginning	<u>(34,992)</u>	<u>37,671</u>	<u>46,921</u>	<u>20,475</u>	<u>(4,187)</u>	<u>65,888</u>
Ending	<u>\$ -</u>	<u>\$ 37,975</u>	<u>\$ 46,443</u>	<u>\$ 18,294</u>	<u>\$ -</u>	<u>\$ 102,712</u>

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2011

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Judge</u>	<u>Magistrate Judge</u>	<u>Total</u>
ASSETS:					
Cash	\$ 498,715	\$ 1,436,446	\$ 10,738	\$ 12,939	\$ 1,958,838
Total assets	<u>\$ 498,715</u>	<u>\$ 1,436,446</u>	<u>\$ 10,738</u>	<u>\$ 12,939</u>	<u>\$ 1,958,838</u>
LIABILITIES:					
Accounts payable	\$ 11,202	\$ -	\$ -	\$ -	\$ 11,202
Due to other governments	487,513	81,212	972	3,717	573,414
Due to heirs, litigants and others	<u>-</u>	<u>1,355,234</u>	<u>9,766</u>	<u>9,222</u>	<u>1,374,222</u>
Total liabilities	<u>498,715</u>	<u>1,436,446</u>	<u>10,738</u>	<u>12,939</u>	<u>1,958,838</u>
NET ASSETS	<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, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash	\$ 4,530,653	\$ 40,443,695	\$ 43,015,510	\$ 1,958,838
Total assets	<u>\$ 4,530,653</u>	<u>\$ 40,443,695</u>	<u>\$ 43,015,510</u>	<u>\$ 1,958,838</u>
 LIABILITIES:				
Accounts payable	\$ 15,515	\$ 36,173	\$ 40,486	\$ 11,202
Due to other governments	514,794	38,136,349	38,077,729	573,414
Due to heirs, litigants and others	<u>4,000,344</u>	<u>587,319</u>	<u>3,213,441</u>	<u>1,374,222</u>
Total liabilities	<u>4,530,653</u>	<u>38,759,841</u>	<u>41,331,656</u>	<u>1,958,838</u>
 NET ASSETS	<u>\$ -</u>	<u>\$ 1,683,854</u>	<u>\$ 1,683,854</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER
YEAR ENDED SEPTEMBER 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash	\$ 448,035	\$ 36,776,154	\$ 36,725,474	\$ 498,715
Total assets	<u>\$ 448,035</u>	<u>\$ 36,776,154</u>	<u>\$ 36,725,474</u>	<u>\$ 498,715</u>
 LIABILITIES:				
Accounts payable	\$ 15,515	\$ 36,173	\$ 40,486	\$ 11,202
Due to other governments	<u>432,520</u>	<u>36,739,981</u>	<u>36,684,988</u>	<u>487,513</u>
Total liabilities	<u>448,035</u>	<u>36,776,154</u>	<u>36,725,474</u>	<u>498,715</u>
 NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CLERK OF COURTS
YEAR ENDED SEPTEMBER 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash	\$ 4,055,541	\$ 3,288,876	\$ 5,907,971	\$ 1,436,446
Total assets	<u>\$ 4,055,541</u>	<u>\$ 3,288,876</u>	<u>\$ 5,907,971</u>	<u>\$ 1,436,446</u>
 LIABILITIES:				
Due to other governments	\$ 77,723	\$ 1,377,154	\$ 1,373,665	\$ 81,212
Due to heirs, litigants, and others	<u>3,977,818</u>	<u>580,271</u>	<u>3,202,855</u>	<u>1,355,234</u>
Total liabilities	<u>4,055,541</u>	<u>1,957,425</u>	<u>4,576,520</u>	<u>1,436,446</u>
 NET ASSETS	<u>\$ -</u>	<u>\$ 1,331,451</u>	<u>\$ 1,331,451</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PROBATE JUDGE
YEAR ENDED SEPTEMBER 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash	\$ 10,944	\$ 95,847	\$ 96,053	\$ 10,738
Total assets	<u>\$ 10,944</u>	<u>\$ 95,847</u>	<u>\$ 96,053</u>	<u>\$ 10,738</u>
 LIABILITIES:				
Due to other governments	\$ 1,176	\$ 13,298	\$ 13,502	\$ 972
Due to heirs, litigants, and others	<u>9,768</u>	<u>-</u>	<u>2</u>	<u>9,766</u>
Total liabilities	<u>10,944</u>	<u>13,298</u>	<u>13,504</u>	<u>10,738</u>
 NET ASSETS	<u>\$ -</u>	<u>\$ 82,549</u>	<u>\$ 82,549</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MAGISTRATE JUDGE
YEAR ENDED SEPTEMBER 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS:				
Cash	\$ 16,133	\$ 282,818	\$ 286,012	\$ 12,939
Total assets	<u>\$ 16,133</u>	<u>\$ 282,818</u>	<u>\$ 286,012</u>	<u>\$ 12,939</u>
 LIABILITIES:				
Due to other governments	\$ 3,375	\$ 5,916	\$ 5,574	\$ 3,717
Due to heirs, litigants, and others	<u>12,758</u>	<u>7,048</u>	<u>10,584</u>	<u>9,222</u>
Total liabilities	<u>16,133</u>	<u>12,964</u>	<u>16,158</u>	<u>12,939</u>
 NET ASSETS	<u>\$ -</u>	<u>\$ 269,854</u>	<u>\$ 269,854</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
STATEMENT OF EXPENDITURES TO BUDGET
FAMILY CONNECTION PROGRAM
CONTRACT 427-93-11110012-99
CONTRACT PERIOD: JULY 1, 2010 - JUNE 30, 2011

	Family Connection Budget	Contract Expenditures	Variance with Budget
EXPENDITURES:			
Personal services	\$ -	\$ -	\$ -
Regular operating	100	120	(20)
Travel - staff	-	-	-
Equipment	-	-	-
Per diem, fees and contracts	41,700	41,700	-
Telecommunications	450	393	57
Other support to customers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,250</u>	<u>\$ 42,213</u>	<u>\$ 37</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E911
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	\$ 1,137,300	\$ 1,019,668	\$ 1,019,668	\$ -
EXPENDITURES	1,137,300	1,228,393	1,228,393	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(208,725)	(208,725)	-
OTHER FINANCING SOURCES:				
Transfer from other funds	-	243,717	243,717	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	34,992	34,992	-
FUND BALANCES:				
Beginning	(34,992)	(34,992)	(34,992)	-
Ending	<u>\$ (34,992)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>			Variance with Final
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budget</u>
REVENUES	\$ 40,000	\$ 23,011	\$ 23,011	\$ -
EXPENDITURES	<u>40,000</u>	<u>22,707</u>	<u>22,707</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	304	304	-
FUND BALANCES:				
Beginning	<u>37,671</u>	<u>37,671</u>	<u>37,671</u>	<u>-</u>
Ending	<u>\$ 37,671</u>	<u>\$ 37,975</u>	<u>\$ 37,975</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
COURT SUPERVISION
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ 10,000	\$ 8,502	\$ 8,502	\$ -
EXPENDITURES	<u>10,000</u>	<u>8,980</u>	<u>8,980</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(478)	(478)	-
FUND BALANCES:				
Beginning	<u>46,921</u>	<u>46,921</u>	<u>46,921</u>	<u>-</u>
Ending	<u>\$ 46,921</u>	<u>\$ 46,443</u>	<u>\$ 46,443</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
CONNECTION
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ 48,000	\$ 42,138	\$ 42,138	\$ -
EXPENDITURES	<u>48,000</u>	<u>44,319</u>	<u>44,319</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(2,181)	(2,181)	-
FUND BALANCES:				
Beginning	<u>20,475</u>	<u>20,475</u>	<u>20,475</u>	<u>-</u>
Ending	<u>20,475</u>	<u>18,294</u>	<u>18,294</u>	<u>-</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION
YEAR ENDED SEPTEMBER 30, 2011

	<u>Budget</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	\$ 543,000	\$ 605,340	\$ 605,340	\$ -
EXPENDITURES	<u>543,000</u>	<u>853,986</u>	<u>853,986</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(248,646)</u>	<u>(248,646)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfer from other funds	<u>-</u>	<u>252,833</u>	<u>252,833</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	4,187	4,187	-
FUND BALANCES:				
Beginning	<u>(4,187)</u>	<u>(4,187)</u>	<u>(4,187)</u>	<u>-</u>
Ending	<u>\$ (4,187)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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:**

We have audited the financial statements of the governmental activities, 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, 2011, which collectively comprises Walker County, Georgia's basic financial statements and have issued our report thereon dated March 30, 2012. Our report includes a reference to 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.

Other auditors audited the financial statements of the Walker County Health Department, as described in our report on Walker County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those 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 purposes of expressing our opinion 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 weakness, 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 deficiencies 07-1 and 11-1 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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 none of the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies only.

Compliance and Other Matters

As a 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 & Meacham, P.C.

Chattanooga, Tennessee
March 30, 2012



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

**Commissioner
Walker County, Georgia
LaFayette, Georgia:**

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 could have a direct and material effect on each of Walker County, Georgia's major federal programs for the year ended September 30, 2011. 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 \$257,268 in federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Walker County Health Department because the component unit did not meet the threshold requiring 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of 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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of Walker County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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, Niskey & Menckem, P.C.

Chattanooga, Tennessee
March 30, 2012

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2011

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	JB-08ST-0002	\$ 13,500
Passed through State Criminal Justice Coordinating Council - Victims of Crime Act (VOCA)	16.575	C10-8-174	83,818
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-103	11,581
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-112	13,991
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (ARRA)	16.803	B82-8-113	3,721
			<u>29,293</u>
Direct Award - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2009-SB-B9-0636	12,917
Officer Safety and Education Program (ARRA)	16.738	2009-DJ-BX-1084	803
Officer Safety and Education Program (ARRA)	16.738	2011-DJ-BX-3020	9,335
Officer Safety and Education Program (ARRA)	16.738	2010-DJ-BX-0766	26,259
			<u>36,397</u>
Total U. S. Department of Justice			<u>175,925</u>
U.S. Department of Transportation:			
Passed through State Department of Justice - Federal Transportation Enhancement	20.205		5,400
Transit Operating Assistance	20.509	GA-18-4031	215,473
Transit Operating Assistance	20.509	GA-18-4032	69,387
Capital Improvement Assistance	20.509	GA-18-0031	220,800
			<u>505,660</u>
Total U. S. Department of Transportation			<u>511,060</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	2,000,000
U.S. Department of Homeland Security:			
Passed through Georgia Emergency Management Agency - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1973-DR-GA	614,063
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1858-DR-GA	17,175
			<u>631,238</u>
Hazard Mitigation Grant	97.039	HMGP-1858-0031	4,688
Emergency Management Performance Grants	97.042	2010-EP-00-0013	18,316
Emergency Management Performance Grants	97.042	P08-9-143	18,816
			<u>37,132</u>
Assistance to Firefighters Grant	97.044	EMW-2009-FO-09614	730
Homeland Security Grant Program	97.067	2009-SS-T9-0047	11,018
			<u>11,748</u>
Total U. S. Department of Homeland Security			<u>684,806</u>
			<u>\$ 3,371,791</u>

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2011

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(1) 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.

(2) SUB-RECIPIENTS:

The County provided federal awards to sub-recipients 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	\$ 2,000,000
Recovery Act – JAG	16.803	\$ 13,991

**WALKER COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2011**

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding Control Number and Status

04-4 This finding is closed.

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.

10-1 This finding is closed.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified that are not considered to be material weakness	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal Control over major programs:		
Material weakness identified	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weakness	<u> </u> Yes	<u> X </u> None reported

Type of auditor’s report issued on compliance for major programs:	Unqualified
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Any audit finding disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
20.509	Transit Operating and Capital Improvement Assistance
93.104	Comprehensive Community Health Services for Children with Serious Emotional Disturbances
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee:	<u> </u> Yes <u> X </u> No

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

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.

Recommendation: 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 the Responsible Officials: The officials concur with the finding.

Planned Corrective Plan: Management's response is located on pages 72-73.

Finding 11-1 –

Condition: One individual is responsible for entry of invoice, issuance of check, signing check with signature block and mailing of checks with no regular secondary review of checks under \$10,000.

Criteria: Duties should be segregated such that entry of invoices, issuance of checks, signing of checks and mailing of all checks is performed by more than one individual to include checks less than \$10,000.

Effect: Due to the lack of segregation of duties, the County is susceptible to checks under \$10,000 being written without having a corresponding invoice or supporting documentation.

Recommendation: Duties should be segregated between at least two individuals to provide for comparison of checks written under \$10,000 to invoices on a regular basis.

Views or Responsible Officials: The officials concur with the findings.

Planned Corrective Plan: Management's response is located on pages 72-73.

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
YEAR ENDED SEPTEMBER 30, 2011

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
		PRIOR YEARS	CURRENT YEAR	TOTAL		
Water and sewer projects	\$ 5,000,000	\$ 1,564,550	\$ 1,166,304	\$ 2,730,854	55%	\$ -
Solid waste and stormwater management	1,000,000	-	-	-	0%	-
Emergency services	5,800,000	5,256,304	273,994	5,530,298	95%	-
Technology	2,000,000	1,243,359	-	1,243,359	62%	-
Animal shelter	30,000	-	-	-	0%	-
Historical projects	100,000	34,161	1,223	35,384	35%	-
Recreation	2,000,000	255,958	133,501	389,459	19%	-
Roads, bridges, and road department equipment	5,000,000	4,443,781	195,801	4,639,582	93%	1,215,889
Building construction and improvements	2,500,000	2,772,237	18,746	2,790,983	100%	-
Industrial and economic development	3,570,000	3,289,566	-	3,289,566	92%	-
Public library	1,500,000	-	122,044	122,044	8%	-
Payments to Cities:						
LaFayette	4,434,600	1,184,716	628,405	1,813,121	41%	-
Rossville	2,394,000	1,688,057	-	1,688,057	71%	-
Chickamauga	1,432,600	1,010,940	-	1,010,940	71%	-
Lookout Mountain	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>
	<u>\$ 38,000,000</u>	<u>\$ 23,617,251</u>	<u>\$ 2,540,018</u>	<u>\$ 26,157,269</u>		<u>\$ 1,215,889</u>

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

SPLOST 2008 expenditures per financial statements	\$ 7,061,945
Less debt service:	
Principal	3,785,000
Interest and fiscal agent fees	669,388
Passthrough grant payments	<u>67,539</u>
SPLOST 2008 expenditures per schedule of projects	<u>\$ 2,540,018</u>

Bebe Heiskell
Walker County Commissioner

Post Office Box 445
LaFayette, Georgia 30728

March 30, 2012

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, 2011

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, 2012, referenced instances of noncompliance and control deficiencies. The corrective action taken on these items is as follows:

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. The few 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 11-1

ONE INDIVIDUAL IS RESPONSIBLE FOR ENTRY OF INVOICE, ISSUANCE OF CHECK, SIGNING OF CHECK WITH SIGNATURE BLOCK AND MAILING OF CHECKS WITH NO REGULAR SECONDARY REVIEW.

Lack of segregation of duties

Corrective Action Plan/Management Response

We partially concur with the recommendation. Presently, checks over \$10,000 require dual manual signatures and checks in excess of \$5,000 are examined monthly and compared to the invoice by the financial officer. A listing of checks is reviewed monthly by the county clerk and the reconciliation of the bank statement is reviewed by the financial officer. Additionally, an expense detail is given to the various departments at least quarterly and any questionable invoices are followed up on.

The financial officer will start sampling lower denomination invoices on a monthly basis. It is felt there are enough safeguards in place that an additional employee would not be cost effective.

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

Sincerely,



Bebe A. Heiskell
Walker County Commissioner

