

**WALKER COUNTY, GEORGIA**

**LaFayette, Georgia**

**ANNUAL FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended September 30, 2014**

**JOHNSON, HICKEY & MURCHISON, P.C.**

Certified Public Accountants  
Chattanooga, Tennessee

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise Walker County, Georgia's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component unit, which is 100 percent of the assets, net position and revenues of the component unit activities.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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, Walker County Health Department, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. 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 Walker County Health Department, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 14 to the financial statements, in 2014, the County adopted new accounting guidance, GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on page vi through xiv and 40 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walker County, Georgia's basic financial statements. The schedule of grant activities on page 62, 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 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.

The schedule of grant activities on page 62, the combining and individual nonmajor fund financial statements, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 schedule of grant activities, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walker County, Georgia's internal control over financial reporting and compliance.

*Johnson, Nicky & Meucham, P.C.*

July 24, 2015  
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, 2014. 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 and deferred inflow of resources at September 30, 2014 by \$66,370,716 (Net Position), a decrease of \$15,773,434 from the prior year. Of the net position, \$67,696,820 is restricted as to what the funds may be expended for. The remaining deficit balance, \$1,326,104, is what is available to meet the ongoing obligations to citizens and creditors.
- In the County's business-type activities, expenditures exceeded revenues by \$1,543,456. Revenues were insufficient to recoup costs largely due to high depreciation expense, accrued postclosure costs, and operating losses. An operating transfer from the General fund was made to cover most of the loss.
- The County's governmental activities reported combining ending net position of \$62,192,132, a decrease of \$15,645,194 from the prior year net position. Of this amount, \$519,252 remains in the various funds as unrestricted.
- Debt increased by \$25,369,143. This was primarily due to the issuance of SPLOST bonds in the amount of \$26,400,000, a bond payment of \$4,282,459, a net decrease in leases of \$667,919, retirement of a tax anticipation note for \$4,000,000, and the addition of a tax anticipation note for \$7,720,000.

Local Options Sales Tax distribution with the local municipalities was renegotiated resulting in a decrease in the county's portion from 80% to 72.5%

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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, liabilities and deferred inflows of resources 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.

The Statement of Net Position and the Statement of Activities report the County's net position and changes in net position. One can think of the County's net position – the difference between assets and liabilities and deferred inflow of resources – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors will need to be considered, 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 Position 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 funds. The county maintains two enterprise funds. 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. The Special Facilities fund operates the Mountain Cove convention and recreation area. It is being developed to host weddings, small conventions, and leisure outings.

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 these individual 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 types consist of the Walker County Landfill and the Special Facilities fund. The operation of these funds are generally intended to be self-supporting.

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

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



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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position 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 its liabilities and deferred inflow of resources by \$66,370,716. This excess is divided into three net position categories. Investment in capital assets less any outstanding debt used to acquire these assets is one of the components of net position. 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. Another component is restricted net position, the balance of which is subject to external restrictions. The final component is unrestricted net position. 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, 2014, is a deficit balance of \$1,326,104, which may be used to meet the County's ongoing obligations.

Net Position  
September 30, 2014 and 2013

	Governmental Activities		Business -type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 36,949,487	\$ 19,414,052	\$ 128,620	\$ 183,129	\$ 37,078,107	\$ 19,597,181
Capital assets	78,566,738	81,384,081	6,029,054	6,231,124	84,595,792	87,615,205
<b>Total assets</b>	<b>\$ 115,516,225</b>	<b>\$ 100,798,133</b>	<b>\$ 6,157,674</b>	<b>\$ 6,414,253</b>	<b>\$ 121,673,899</b>	<b>\$ 107,212,386</b>
<b>Liabilities</b>						
Long-term liabilities	\$ 45,367,642	\$ 20,080,285	\$ 1,910,023	\$ 1,828,307	\$ 47,277,665	\$ 21,908,592
Other liabilities	7,349,598	2,171,949	69,067	59,498	7,418,665	2,231,447
<b>Total liabilities</b>	<b>\$ 52,717,240</b>	<b>\$ 22,252,234</b>	<b>\$ 1,979,090</b>	<b>\$ 1,887,805</b>	<b>\$ 54,696,330</b>	<b>\$ 24,140,039</b>
<b>Deferred inflow of resources</b>						
Unavailable revenue	\$ 606,853	\$ 708,573			606,853	708,573
<b>Total deferred inflows</b>	<b>\$ 606,853</b>	<b>\$ 708,573</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 606,853</b>	<b>\$ 708,573</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	\$ 56,741,404	\$ 68,329,627	\$ 6,023,940	\$ 6,115,382	\$ 62,765,344	\$ 74,445,009
Restricted	4,931,476	5,431,906			4,931,476	5,431,906
Unrestricted	519,252	4,075,793	(1,845,356)	(1,808,558)	(1,326,104)	2,267,235
<b>Total net position</b>	<b>\$ 62,192,132</b>	<b>\$ 77,837,326</b>	<b>\$ 4,178,584</b>	<b>\$ 4,306,824</b>	<b>\$ 66,370,716</b>	<b>\$ 82,144,150</b>

Net position of the County's governmental activities decreased by \$15,645,194 while the net position of the business type activities decreased by \$128,240. The County's two business activities are the Walker County Landfill and the Special Facilities recreation area. The landfill operated at a loss due to closure and depreciation expense while the Special Facilities had a loss due to operating costs.

Walker County's overall revenue was up 14% in 2014 compared to 2013. Property tax revenue increased 52%, and sales tax revenue decreased 14%. Approximately 35% of the County's total revenue from governmental activities

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

came from property taxes and 32% from other taxes. Charges for services amounted to about 22% of governmental revenue with grants and contributions contributing approximately 9%.

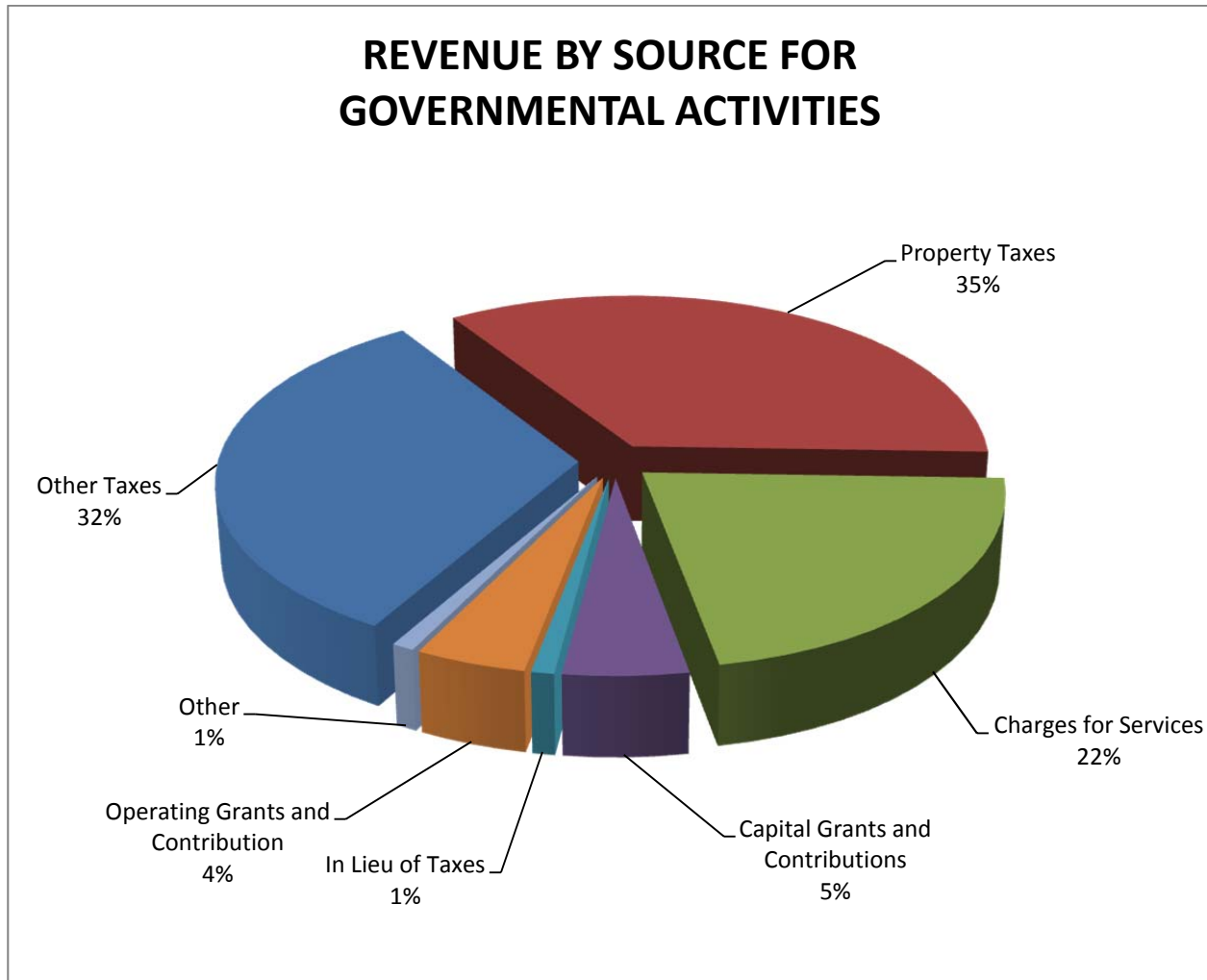
The County's largest expenditures are for public works (18% of total governmental expenses), public safety (18%), sheriff (15%), general government (14%), and health and welfare (12%).

**Changes in Net Position  
For the Years Ended September 30, 2014 and 2013**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 7,855,811	\$ 7,978,224	\$ 1,626,708	\$ 1,421,861	\$ 9,482,519	\$ 9,400,085
Operating Grants & Contributions	1,613,229	1,363,501			1,613,229	1,363,501
Capital Grants & Contributions	1,812,611	74,231			1,812,611	74,231
General Revenues:						
Property Taxes	12,600,164	8,283,206			12,600,164	8,283,206
Other Taxes	11,480,950	11,829,847			11,480,950	11,829,847
Other	1,013,874	2,263,380	38,737	180,128	1,052,611	2,443,508
<b>Total Revenues</b>	<b>\$ 36,376,639</b>	<b>\$ 31,792,389</b>	<b>\$ 1,665,445</b>	<b>\$ 1,601,989</b>	<b>\$ 38,042,084</b>	<b>\$ 33,394,378</b>
<b>Expenses:</b>						
General government	\$ 7,317,432	\$ 4,563,778			\$ 7,317,432	\$ 4,563,778
Judicial	3,215,122	3,069,632			3,215,122	3,069,632
Sheriff	7,615,482	7,235,458			7,615,482	7,235,458
Public Safety	9,253,587	8,571,310			9,253,587	8,571,310
Public Works	8,858,166	4,869,588			8,858,166	4,869,588
Health and Welfare	6,279,687	2,356,461			6,279,687	2,356,461
Recreation and Culture	1,377,548	884,699	1,286,769	357,317	2,664,317	1,242,016
Housing and Development	5,315,005	499,432			5,315,005	499,432
Intergovernment Payments					-	-
Interest on Long Term Debt	1,374,588	498,409			1,374,588	498,409
Solid Waste			1,922,132	2,108,072	1,922,132	2,108,072
<b>Total Expenses</b>	<b>\$ 50,606,617</b>	<b>\$ 32,548,767</b>	<b>\$ 3,208,901</b>	<b>\$ 2,465,389</b>	<b>\$ 53,815,518</b>	<b>\$ 35,014,156</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(14,229,978)</b>	<b>(756,378)</b>	<b>(1,543,456)</b>	<b>(863,400)</b>	<b>(15,773,434)</b>	<b>(1,619,778)</b>
Transfers	(1,415,216)	(1,448,073)	1,415,216	1,448,073		
<b>Increase (decrease) in net position</b>	<b>(15,645,194)</b>	<b>(2,204,451)</b>	<b>(128,240)</b>	<b>584,673</b>	<b>(15,773,434)</b>	<b>(1,619,778)</b>
<b>Net position - October 1</b>	<b>77,837,326</b>	<b>80,041,777</b>	<b>4,306,824</b>	<b>3,722,151</b>	<b>82,144,150</b>	<b>83,763,928</b>
<b>Prior period adjustment</b>					-	-
<b>Net position beginning of year as adjusted</b>	<b>77,837,326</b>	<b>80,041,777</b>	<b>4,306,824</b>	<b>3,722,151</b>	<b>82,144,150</b>	<b>83,763,928</b>
<b>Net position - September 30</b>	<b>\$ 62,192,132</b>	<b>\$ 77,837,326</b>	<b>\$ 4,178,584</b>	<b>\$ 4,306,824</b>	<b>\$ 66,370,716</b>	<b>\$ 82,144,150</b>

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

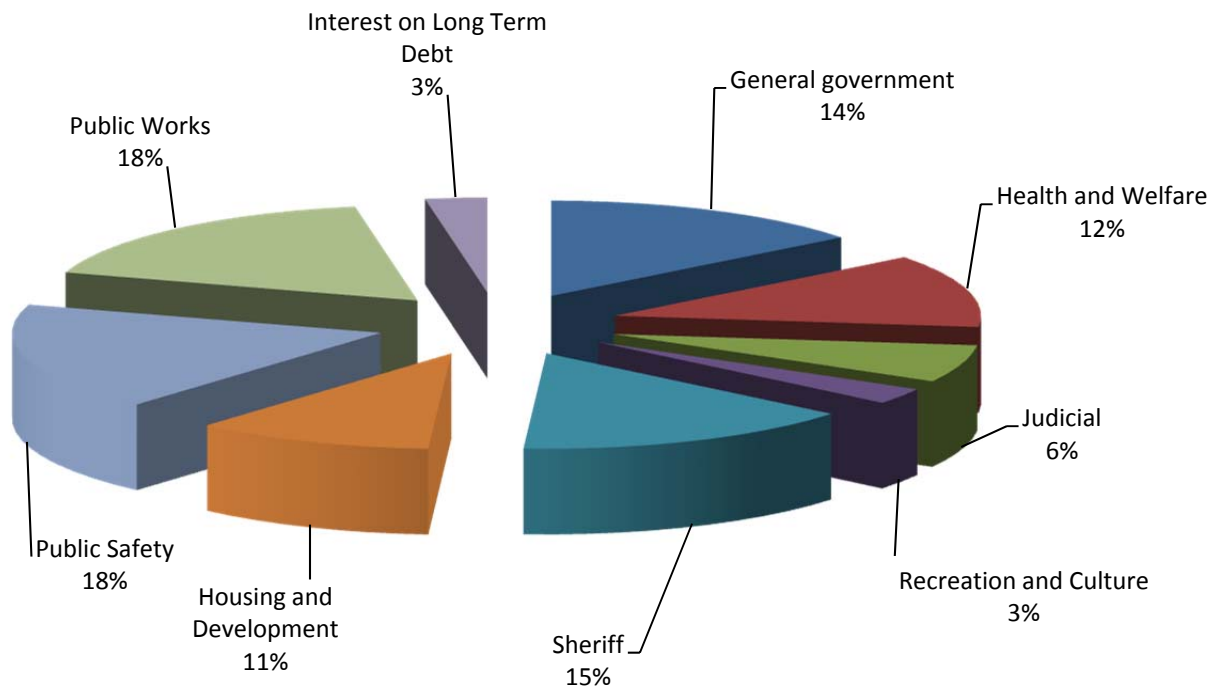
Total government wide revenue of \$38,042,084 was comprised of governmental activities (\$36,376,639) and business type activities (\$1,665,445). The revenue of the business type activity was almost solely charges for services. The following graph illustrates the distribution of the governmental activities revenue. The predominate sources of revenue are property taxes and 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 \$6,521,616, 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 \$53,815,518 for fiscal year 2014, including governmental activity expense of \$50,606,617 and business type activity expense of \$3,208,901. The following graph provides a visual depiction of expenditures of the governmental activities by function for fiscal year 2014.

**EXPENSES BY FUNCTION - GOVERNMENTAL  
ACTIVITIES**



**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

*Governmental Funds* – The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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.

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

As the County completed the year, its governmental funds reported a combined fund balance of \$16,146,299. Restricted fund balance is \$17,720,776 which represents funds that are subject to externally enforceable legal restrictions. The difference represents a deficit general fund balance.

The General fund is the chief operating fund of Walker County. At the end of the current fiscal year, the unassigned fund balance of the General fund was a deficit \$1,574,477. The unassigned fund balance decreased by \$2,516,266 during the current year. This decrease included operating transfers of \$3,224,109 made to supplement operations of other funds. Among the operating transfers were \$743,043 to Fire and Rescue, \$539,669 to E911, \$442,366 to the County transportation system, \$381,650 to Landfill, \$1,033,566 to Special Facilities, and \$83,815 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 of Walker County, other than the General fund, of Walker County and their fund balances at year-end are: Fire and Rescue, (\$0.00), SPLOST 2008, \$4,488,013 and SPLOST 2013, \$13,083,770. The fund balance in Fire and Rescue decreased by \$408,399 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 \$414,217 due to bond payments made in excess of taxes collected. SPLOST 2013 is a new fund in the current fiscal year. The fund balance of \$13,083,770 is the result of the proceeds of a bond issue of \$26,400,000 and expenditures on SPLOST projects of \$11,234,454, distributions to municipalities of \$2,837,846, and bond issue and debt service costs of \$765,969.

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

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The County adopted a final budget after the end of the fiscal year. This amendment was primarily to account for the General fund actual revenues exceeding budgeted revenues by \$575,722 and fund actual expenditures and other financing uses exceeding budgeted expenditures by \$1,008,188. The excess of revenues over budgeted revenues was primarily due to tax revenues exceeding budgeted revenues by \$531,899 and contribution revenue exceeding budgeted revenue by \$64,776. 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 primarily due to operating transfers exceeding budgeted operating transfers by \$1,194,675. Operating transfers differences were mainly, Transportation, \$124,082 and Special Facilities, \$1,033,566.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

*Capital assets* – The County's investment in capital assets for its governmental funds as of September 30, 2014, totaled \$78,566,738, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and infrastructure. The County's investment in capital assets for the current fiscal year decreased by \$2,817,343, net of accumulated depreciation. This was comprised primarily of depreciation expense of \$4,164,074. There was a minimal amount of spending on significant tangible items.

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

- . Purchase of land for industrial park
- Installation of water and sewer lines
- Road paving under LMIG program
- Purchase of emergency equipment

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

**Capital Assets at Year-end  
September 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
<b>Non-depreciable assets:</b>						
Land	\$ 2,597,299	\$ 2,597,299	\$ 1,943,284	\$ 1,943,284	\$ 4,540,583	\$ 4,540,583
Building					-	-
Construction in progress	751,383	2,132,924	1,265	36,088	752,648	2,169,012
						-
<b>Depreciable assets:</b>						
Buildings and improvements	23,064,970	22,986,896	2,675,754	2,439,819	25,740,724	25,426,715
Machinery and equipment	26,196,243	25,450,951	2,306,736	2,211,256	28,502,979	27,662,207
Infrastructure	95,330,762	95,270,584			95,330,762	95,270,584
C&D Landfill			4,985,021	4,985,021	4,985,021	4,985,021
Total	147,940,657	148,438,654	11,912,060	11,615,468	159,852,717	160,054,122
Less: accumulated depreciation	(69,373,919)	(67,054,573)	(5,883,006)	(5,384,344)	(75,256,925)	(72,438,917)
<b>Net capital assets</b>	<b>\$ 78,566,738</b>	<b>\$ 81,384,081</b>	<b>\$ 6,029,054</b>	<b>\$ 6,231,124</b>	<b>\$ 84,595,792</b>	<b>\$ 87,615,205</b>

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 \$47,277,665. 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, 2014 and 2013**

	Governmental Activities		Busniess -type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 30,884,244	\$ 8,766,703			\$ 30,884,244	\$ 8,766,703
Lease Obligations	3,730,390	4,287,751	5,114	115,672	3,735,504	4,403,423
Notes Payable	7,720,000	4,000,000			7,720,000	4,000,000
Compensated Absences	793,698	697,046	8,300	7,486	801,998	704,532
Landfill Closure Costs	2,239,310	2,328,785	1,896,609	1,705,079	4,135,919	4,033,864
Totals	\$ 45,367,642	\$ 20,080,285	\$ 1,910,023	\$ 1,828,237	\$ 47,277,665	\$ 21,908,522

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 2014 BUDGET**

- Local Option Sales Tax was down from the prior years. This was primarily due to the reduction in the County's portion of sales tax receipts from 80% to 72.5% due to renegotiation with county municipalities.
- The property tax net M&O digest remained fairly constant with a less than 1% decrease. The net millage rate in the unincorporated areas of the County increased by 3.020 mills while the millage rate in the incorporated areas increased by 3.162 mills.
- The unemployment rate for the County was at 6.7%, lower than the state's rate of 6.9%

**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 POSITION**  
**SEPTEMBER 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,265,898	\$ 337,368	\$ 2,603,266	\$ 1,263,716
Restricted cash	499,599	-	499,599	-
Investments	17,423,369	-	17,423,369	-
Taxes receivable	10,000,827	-	10,000,827	-
Accounts receivable	867,186	64,739	931,925	484
Due from (to) other funds	273,487	(273,487)	-	-
Due from other governments	4,506,766	-	4,506,766	170,158
Inventory	-	-	-	9,352
Prepaid expenses	247,555	-	247,555	-
Net pension asset	864,800	-	864,800	-
Land and other nondepreciable assets	3,348,682	1,944,549	5,293,231	-
Other capital assets, net of accumulated depreciation	75,218,056	4,084,505	79,302,561	19,365
Total assets	<u>115,516,225</u>	<u>6,157,674</u>	<u>121,673,899</u>	<u>1,463,075</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	6,586,911	69,067	6,655,978	371
Due to other governments	174,213	-	174,213	70,353
Due to heirs, litigants and others	324,021	-	324,021	-
Accrued interest payable	264,453	-	264,453	-
Long-term liabilities -				
Due within one year:				
Bonds payable	4,484,244	-	4,484,244	-
Capital leases	581,033	5,114	586,147	-
Notes payable	7,720,000	-	7,720,000	-
Compensated absences	454,115	8,300	462,415	-
Landfill closure and postclosure care costs	124,406	-	124,406	-
Due greater than one year:				
Bonds payable	26,400,000	-	26,400,000	-
Capital leases	3,149,357	-	3,149,357	-
Compensated absences	339,583	-	339,583	61,175
Landfill closure and postclosure care costs	2,114,904	1,896,609	4,011,513	-
Total liabilities	<u>52,717,240</u>	<u>1,979,090</u>	<u>54,696,330</u>	<u>131,899</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unearned revenue	<u>606,853</u>	<u>-</u>	<u>606,853</u>	<u>-</u>
Total deferred inflows of resources	<u>606,853</u>	<u>-</u>	<u>606,853</u>	<u>-</u>
<b>NET POSITION:</b>				
Net investment in capital assets	56,741,404	6,023,940	62,765,344	19,365
Restricted for -				
SPLOST projects	4,782,483	-	4,782,483	-
Program purposes	148,993	-	148,993	-
Unrestricted (deficit)	<u>519,252</u>	<u>(1,845,356)</u>	<u>(1,326,104)</u>	<u>1,311,811</u>
Total net position	<u>\$ 62,192,132</u>	<u>\$ 4,178,584</u>	<u>\$ 66,370,716</u>	<u>\$ 1,331,176</u>

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



**WALKER COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	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	\$ 7,317,432	\$ 978,410	\$ -	\$ 22,672	\$ (6,316,350)	\$ -	\$ (6,316,350)	\$ -
Judicial	3,215,122	1,592,601	159,525	-	(1,462,996)	-	(1,462,996)	-
Sheriff	7,615,482	96,884	8,989	17,243	(7,492,366)	-	(7,492,366)	-
Public safety	9,253,587	5,035,333	276,570	20,627	(3,921,057)	-	(3,921,057)	-
Public works	8,858,166	-	122,045	1,503,370	(7,232,751)	-	(7,232,751)	-
Health and welfare	6,279,687	111,823	1,046,100	248,699	(4,873,065)	-	(4,873,065)	-
Culture and recreation	1,377,548	40,760	-	-	(1,336,788)	-	(1,336,788)	-
Housing and development	5,315,005	-	-	-	(5,315,005)	-	(5,315,005)	-
Interest	1,374,588	-	-	-	(1,374,588)	-	(1,374,588)	-
Total governmental activities	50,606,617	7,855,811	1,613,229	1,812,611	(39,324,966)	-	(39,324,966)	-
Business-type activities:								
Landfill	1,922,132	1,265,359	-	-	-	(656,773)	(656,773)	-
Special Facilities Fund	1,286,769	361,349	-	-	-	(925,420)	(925,420)	-
Total business-type activities	3,208,901	1,626,708	-	-	-	(1,582,193)	(1,582,193)	-
Total primary government	53,815,518	9,482,519	1,613,229	1,812,611	(39,324,966)	(1,582,193)	(40,907,159)	-
COMPONENT UNIT:								
Walker County Health Department	\$ 1,245,868	\$ 290,325	\$ 869,709	\$ -	-	-	-	(85,834)
GENERAL REVENUES:								
Taxes:								
General property taxes					12,600,164	-	12,600,164	-
General sales and use tax					8,548,151	-	8,548,151	-
Selective sales and use taxes					286,490	-	286,490	-
Business taxes					2,646,309	-	2,646,309	-
Penalties and interest on delinquent taxes					341,040	-	341,040	-
In lieu of taxes					331,206	-	331,206	-
Intergovernmental subsidy					-	-	-	-
Payment from Walker County					-	38,555	38,555	155,339
Unrestricted investment earnings					15,197	-	15,197	9,969
Gain on sale of capital assets					95,223	-	95,223	-
Miscellaneous					231,208	182	231,390	1,650
Total general revenues					25,094,988	38,737	25,133,725	166,958
TRANSFERS					(1,415,216)	1,415,216	-	-
CHANGE IN NET POSITION					(15,645,194)	(128,240)	(15,773,434)	81,124
NET POSITION:								
Beginning, as previously stated					77,837,326	4,526,448	82,363,774	1,250,052
Prior period adjustment					-	(219,624)	(219,624)	-
Beginning, restated					77,837,326	4,306,824	82,144,150	1,250,052
Ending					\$ 62,192,132	\$ 4,178,584	\$ 66,370,716	\$ 1,331,176

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

**WALKER COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<b>General Fund</b>	<b>Fire and Rescue</b>	<b>SPLOST 2008</b>	<b>SPLOST 2013</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>						
Cash	\$ 1,619,894	\$ 534,839	\$ -	\$ -	\$ 111,165	\$ 2,265,898
Restricted cash	499,178	-	421	-	-	499,599
Investments	324,158	-	4,309,911	12,789,300	-	17,423,369
Taxes receivable	10,000,827	-	-	-	-	10,000,827
Accounts receivable	186,830	521,139	-	18,277	140,940	867,186
Due from other funds	1,976,556	-	-	1,076,496	10,926	3,063,978
Due from other governments	3,151,282	-	952,019	-	403,465	4,506,766
Total assets	<u>\$ 17,758,725</u>	<u>\$ 1,055,978</u>	<u>\$ 5,262,351</u>	<u>\$ 13,884,073</u>	<u>\$ 666,496</u>	<u>\$ 38,627,623</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 1,835,133	\$ 213,266	\$ -	\$ 202,641	\$ 157,448	\$ 2,408,488
Due to other funds	1,087,422	721,273	678,052	-	303,744	2,790,491
Due to other governments	30,807	-	96,286	-	47,120	174,213
Due to heirs, litigants, and others	324,021	-	-	-	-	324,021
Tax anticipation note	7,720,000	-	-	-	-	7,720,000
Total liabilities	<u>10,997,383</u>	<u>934,539</u>	<u>774,338</u>	<u>202,641</u>	<u>508,312</u>	<u>13,417,213</u>
<b>Deferred inflows of resources:</b>						
Unavailable revenue	<u>8,335,819</u>	<u>121,439</u>	<u>-</u>	<u>597,662</u>	<u>9,191</u>	<u>9,064,111</u>
<b>Fund balances:</b>						
Restricted for -						
SPLOST capital projects	-	-	4,488,013	13,083,770	-	17,571,783
Law library expenditures	-	-	-	-	52,010	52,010
Grant purposes	-	-	-	-	20,148	20,148
Juvenile court supervision	-	-	-	-	28,706	28,706
Family connection program	-	-	-	-	17,802	17,802
Transportation	-	-	-	-	30,327	30,327
Unassigned	<u>(1,574,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,574,477)</u>
Total fund balances	<u>(1,574,477)</u>	<u>-</u>	<u>4,488,013</u>	<u>13,083,770</u>	<u>148,993</u>	<u>16,146,299</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,758,725</u>	<u>\$ 1,055,978</u>	<u>\$ 5,262,351</u>	<u>\$ 13,884,073</u>	<u>\$ 666,496</u>	<u>\$ 38,627,623</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 POSITION**  
**SEPTEMBER 30, 2014**

Total fund balances - governmental fund types		\$ 16,146,299
Total net position reported for governmental activities in the statement of net position is different because:		
Net pension asset is not recorded on the fund financial statements		864,800
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net position the cost of these are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	147,940,657	
Less accumulated depreciation	<u>(69,373,919)</u>	78,566,738
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.		
		247,555
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		8,457,258
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 position.		
Balances at September 30, 2014, are:		
Accounts payable	(4,178,423)	
Accrued interest	(264,453)	
Bonds payable	(30,884,244)	
Capital leases	(3,730,390)	
Compensated absences	(793,698)	
Landfill closure and postclosure care costs	<u>(2,239,310)</u>	
Total long-term liabilities		<u>(42,090,518)</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 62,192,132</u></b>

(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, 2014**

	<b>General Fund</b>	<b>Fire and Rescue</b>	<b>SPLOST 2008</b>	<b>SPLOST 2013</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>						
General property taxes	\$ 9,338,537	\$ -	\$ -	\$ -	\$ -	\$ 9,338,537
Other taxes	7,239,702	-	5,018,246	-	-	12,257,948
Licenses and permits	237,024	-	-	-	-	237,024
Intergovernmental	331,206	-	-	1,503,370	1,899,798	3,734,374
Charges for services	815,091	3,877,958	-	-	1,164,937	5,857,986
Fines and forfeitures	1,566,564	-	-	-	26,037	1,592,601
Investment income	14,968	7	4,003	18,669	222	37,869
Contributions and donations	64,776	1,000	-	-	9,510	75,286
Rental income	55,837	-	-	-	-	55,837
Other	124,629	72,341	-	-	-	196,970
Total revenues	<u>19,788,334</u>	<u>3,951,306</u>	<u>5,022,249</u>	<u>1,522,039</u>	<u>3,100,504</u>	<u>33,384,432</u>
<b>EXPENDITURES:</b>						
Current -						
General government	4,091,842	-	2,700	-	-	4,094,542
Judicial	3,046,466	-	-	-	135,921	3,182,387
Sheriff	7,165,508	-	-	-	34,250	7,199,758
Public safety	869,968	5,154,248	-	-	1,662,054	7,686,270
Public works	2,522,374	-	-	-	144,043	2,666,417
Health and welfare	352,799	-	-	-	1,808,153	2,160,952
Culture and recreation	430,946	-	-	-	73,511	504,457
Housing and development	461,970	-	-	-	-	461,970
Capital outlay	-	-	344,816	11,234,454	-	11,579,270
Debt service -						
Principal	202,265	148,377	4,270,000	-	216,881	4,837,523
Interest	100,563	68,169	233,449	227,607	54,985	684,773
Issuance cost	48,000	-	-	538,362	-	586,362
Intergovernmental	-	-	585,501	2,837,846	-	3,423,347
Total expenditures	<u>19,292,701</u>	<u>5,370,794</u>	<u>5,436,466</u>	<u>14,838,269</u>	<u>4,129,798</u>	<u>49,068,028</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>495,633</u>	<u>(1,419,488)</u>	<u>(414,217)</u>	<u>(13,316,230)</u>	<u>(1,029,294)</u>	<u>(15,683,596)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from sale of assets	212,210	269,780	-	-	-	481,990
Proceeds from bond issue	-	-	-	26,400,000	-	26,400,000
Transfers from other funds	-	743,043	-	-	1,067,584	1,810,627
Transfers to other funds	(3,224,109)	(1,734)	-	-	-	(3,225,843)
Total other financing sources (uses)	<u>(3,011,899)</u>	<u>1,011,089</u>	<u>-</u>	<u>26,400,000</u>	<u>1,067,584</u>	<u>25,466,774</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,516,266)</u>	<u>(408,399)</u>	<u>(414,217)</u>	<u>13,083,770</u>	<u>38,290</u>	<u>9,783,178</u>
<b>FUND BALANCES:</b>						
Beginning	<u>941,789</u>	<u>408,399</u>	<u>4,902,230</u>	<u>-</u>	<u>110,703</u>	<u>6,363,121</u>
Ending	<u>\$ (1,574,477)</u>	<u>\$ -</u>	<u>\$ 4,488,013</u>	<u>\$ 13,083,770</u>	<u>\$ 148,993</u>	<u>\$ 16,146,299</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, 2014**

Net changes in fund balances - total governmental funds		\$ 9,783,178
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 \$1,733,498 and the related depreciation expense was \$4,164,074.		(2,430,576)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) decreases net assets.		(386,767)
Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net position.		
Deferred at 9/30/14	8,335,819	
Deferred at 9/30/13	<u>(5,510,150)</u>	2,825,669
Fire fees reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net position.		71,315
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 position. Also, governmental funds report the effect of 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.		
Issuance of general obligation bonds	(26,400,000)	
Bond principal payments	4,270,000	
Amortization of bond premiums	12,459	
Capital lease obligation payments	<u>557,361</u>	(21,560,180)
Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.		(4,899)
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.		
Accounts payable		(4,178,423)
Compensated absences		(96,652)
Accrued interest		(105,750)
Change in net pension asset		348,416
Landfill closure and postclosure care costs		<u>89,475</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (15,645,194)</u></b>

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

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2014**

		<b>Business-Type Activities</b>		
		<b>Major Enterprise</b>		
		<b>Funds</b>		
		<b>Special</b>	<b>Total</b>	
		<b>Facilities</b>	<b>Enterprise</b>	
		<b>Landfill</b>	<b>Fund</b>	<b>Funds</b>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash	\$	416	\$ 336,952	\$ 337,368
Receivables, net of allowances		64,739	-	64,739
Total current assets		65,155	336,952	402,107
<b>NONCURRENT ASSETS:</b>				
Capital assets, net		1,434,554	4,594,500	6,029,054
Total noncurrent assets		1,434,554	4,594,500	6,029,054
Total assets		1,499,709	4,931,452	6,431,161
<b><u>LIABILITIES AND NET POSITION</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable		-	45,747	45,747
Accrued expenses		5,602	17,718	23,320
Compensated absences		8,300	-	8,300
Due to other funds		-	273,487	273,487
Capital lease payable		5,114	-	5,114
Total current liabilities		19,016	336,952	355,968
<b>LONG-TERM LIABILITIES:</b>				
Landfill closure and postclosure care costs		1,896,609	-	1,896,609
Total long-term liabilities		1,896,609	-	1,896,609
Total liabilities		1,915,625	336,952	2,252,577
<b>NET POSITION:</b>				
Net investment in capital assets		1,429,440	4,594,500	6,023,940
Unrestricted (deficit)		(1,845,356)	-	(1,845,356)
Total net position	\$	(415,916)	\$ 4,594,500	\$ 4,178,584

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

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>Business-Type Activities</b>		
	<b>Major Enterprise</b>		
	<b>Funds</b>		
	<b>Landfill</b>	<b>Special Facilities Fund</b>	<b>Total Enterprise Funds</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,265,359	\$ 361,349	\$ 1,626,708
<b>OPERATING EXPENSES:</b>			
Salaries	415,041	496,227	911,268
Employee benefits	223,304	82,644	305,948
Purchased services	506,676	53,205	559,881
Landfill closure/postclosure care costs	121,458	-	121,458
Professional fees	204,096	10,470	214,566
Repairs and maintenance	97,040	12,035	109,075
Depreciation	255,754	93,357	349,111
Supplies	96,480	538,831	635,311
Total operating expenses	1,919,849	1,286,769	3,206,618
<b>OPERATING LOSS</b>	(654,490)	(925,420)	(1,579,910)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Contributions	-	38,555	38,555
Miscellaneous	82	100	182
Interest expense on capital leases	(2,283)	-	(2,283)
Total nonoperating revenues (expenses)	(2,201)	38,655	36,454
<b>TRANSFERS IN</b>	381,650	1,033,566	1,415,216
<b>CHANGE IN NET POSITION</b>	(275,041)	146,801	(128,240)
<b>NET POSITION:</b>			
Beginning, as previously reported	78,749	4,447,699	4,526,448
Prior period adjustment	(219,624)	-	(219,624)
Beginning, restated	(140,875)	4,447,699	4,306,824
Ending	\$ (415,916)	\$ 4,594,500	\$ 4,178,584

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

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>Business-Type Activities</b>		
	<b>Major Enterprise Funds</b>		
	<b>Landfill</b>	<b>Special Facilities Fund</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 1,283,325	\$ 361,349	\$ 1,644,674
Payments to suppliers	(904,292)	(333,727)	(1,238,019)
Payments to employees	(645,620)	(568,541)	(1,214,161)
Net cash used by operating activities	(266,587)	(540,919)	(807,506)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Miscellaneous revenues	82	100	182
Contributions	-	38,555	38,555
Transfers from other funds	381,650	1,033,566	1,415,216
Net cash provided by noncapital financing activities	381,732	1,072,221	1,453,953
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(2,234)	(294,358)	(296,592)
Principal paid on capital lease obligations	(110,628)	-	(110,628)
Interest paid on capital lease obligations	(2,283)	-	(2,283)
Net cash used by capital and related financing activities	(115,145)	(294,358)	(409,503)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	-	236,944	236,944
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning	416	100,008	100,424
Ending	\$ 416	\$ 336,952	\$ 337,368
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Operating loss	\$ (654,490)	\$ (925,420)	\$(1,579,910)
Adjustments to reconcile operating loss to net cash used by operating activities -			
Depreciation	255,754	93,357	349,111
Provisions for losses on accounts receivable	900	-	900
Landfill closure/postclosure care costs	121,458	-	121,458
Changes in assets and liabilities -			
Increase in accounts receivable	(6,234)	-	(6,234)
Increase in due to/from other funds	23,300	273,487	296,787
Increase in accounts payable	-	7,219	7,219
Increase in accrued expenses	(7,275)	10,438	3,163
Net cash used by operating activities	\$ (266,587)	\$ (540,919)	\$ (807,506)

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



**WALKER COUNTY, GEORGIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2014**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash	\$ -	\$ 1,642,297
Investments, at fair value:		
Guaranteed fixed income account	3,458,867	-
Mutual funds	<u>1,498,019</u>	<u>-</u>
Total assets	<u>4,956,886</u>	<u>1,642,297</u>
 <b>LIABILITIES:</b>		
Accounts payable	-	43,445
Due to other governments	-	832,273
Due to heirs, litigants, and others	<u>-</u>	<u>766,579</u>
Total liabilities	<u>-</u>	<u>1,642,297</u>
 <b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	 <u><u>\$ 4,956,886</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 POSITION**  
**FIDUCIARY FUND**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b><u>Pension Trust Fund</u></b>
<b>ADDITIONS:</b>	
Employer contributions	\$ <u>780,000</u>
Investment appreciation in fair value of investments	459,645
Less investment expense	<u>42,375</u>
Net appreciation in fair value of investments	<u>417,270</u>
Total additions	<u>1,197,270</u>
<b>DEDUCTIONS:</b>	
Benefits	2,861,086
Insurance premiums	<u>33,583</u>
Total deductions	<u>2,894,669</u>
<b>NET DECREASE IN PLAN NET POSITION</b>	(1,697,399)
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS:</b>	
Beginning	<u>6,654,285</u>
Ending	<u><u>\$ 4,956,886</u></u>

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

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(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 accounting principles generally accepted in the United States of America, 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, 2014**

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

**Basis of Presentation –**

*Government-wide Statements:*

The statement of net position 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 position 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. 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 by category are combined in a single 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, 2014**

**(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.

*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.

*SPLOST 2013 Bond Construction Fund* – This fund is used to account for the construction of numerous County projects. The advance bond issued from the 2013 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 funds:

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

*Special Facilities Fund* – This fund accounts for the operation and maintenance of the Mountain Cove convention and recreation property which has cabins, a meeting area and kitchen available for rental to the public.

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, 2014, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2014.

**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, 2014**

**(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 and 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 funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of landfill operations, maintaining the property at Mountain Cove and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Budgetary Data –**

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

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Budgetary Data (continued) –**

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 Position –**

*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 AAAf 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 the State Treasurer. The pool’s primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant’s shares sold and redeemed based on \$1.00 per share.

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

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

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Assets, Liabilities, and Net Position (continued) –**

*Cash and Investments (continued):*

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 \$548,000 and \$105,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are \$11,000. Amounts estimated to be uncollectible from ambulance services accounts receivable are \$7,010,000.

*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 Position. Amounts receivable from or payable to fiduciary funds are included in the Statement of Net Position 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.

*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 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



**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Assets, Liabilities, and Net Position (continued) –**

*Capital Assets (continued):*

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, 2014.

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.

*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 unavailable revenues.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Assets, Liabilities, and Net Position (continued) –**

*Long-term Obligations:*

The County reports long-term debt of governmental activities at face value in the government-wide statement of net position. 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 Position:*

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its 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 position 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 a spendable 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, 2014**

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

**Assets, Liabilities, and Net Position (continued) –**

*Governmental Fund Balance (continued) –*

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

For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, unassigned.

**Deferred Outflows/Inflows of Resources –**

In fiscal year 2013, the County adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Number 65, *Items Previously Reported as Assets and Liabilities*. Under these Statements, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources represent a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent acquisitions of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The County has no items that qualify for reporting as deferred outflows of resources. Deferred inflows of resources reported in the governmental funds for deferred revenues are as follows:

	General Fund	Fire and Rescue	SPLOST 2013	Nonmajor Governmental Funds	Total
Property taxes	\$ 8,335,819	\$ 121,439	\$ --	\$ --	\$ 8,457,258
Grant revenue	\$ --	\$ --	\$ 597,662	\$ 9,191	\$ 606,853

**Revenues and Expenditures and Expense –**

*Property Tax Revenues:*

Property taxes are generally levied around July 31<sup>st</sup> 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.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

**Revenues and Expenditures and Expense (continued) –**

*Property Tax Revenues (continued) –*

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible and delinquent accounts.

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

Lien date	January 1, 2014
Levy date	September 11, 2014
Due date	October 20, 2014
Delinquency date	December 20, 2014

*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 position/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 accounting principles generally accepted in the United States of America 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, 2014. 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.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(2) CASH AND INVESTMENTS:** (Continued):

*Deposit Categories of Custodial Credit Risk:*

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

*Investment Categories of Custodial Credit Risk:*

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

The following schedule of cash and investments of all of the County's funds (including fiduciary funds) as of September 30, 2014, is categorized by custodial credit risk:

<u>Cash</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Bank</u> <u>Balance</u>
Deposits with financial institutions	<u>\$ 1,131,907</u>	<u>\$ 5,485,486</u>	<u>\$ --</u>	<u>\$ 4,745,162</u>	<u>\$ 6,617,393</u>

<u>Investment Type</u>	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Credit</u> <u>Rating</u>	<u>Maturities</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u> <u>Days</u>
<u>Primary Government</u>							
Georgia Fund 1	\$ --	\$ 17,423,369	\$ --	\$ 17,423,369	AAAf	less than 6 months	66
<u>Fiduciary Fund</u>							
Guaranteed fixed income account	\$ --	\$ 3,458,867	\$ --	\$ 3,458,867	N/A	less than 6 months	N/A
Open end mutual funds	--	1,498,019	--	1,498,019	N/A	less than 6 months	N/A
	<u>\$ --</u>	<u>\$ 4,956,886</u>	<u>\$ --</u>	<u>\$ 4,956,886</u>			

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(2) CASH AND INVESTMENTS (Continued):**

*Investment Categories of Custodial Credit Risk (continued) :*

The deposits of the County are included in the following classifications at September 30, 2014.

Primary Government:

Cash and cash equivalents	\$ 2,603,266
Restricted cash	499,599

Agency funds:

Cash	<u>1,642,297</u>
------	------------------

Total deposits with financial institutions	<u>\$ 4,745,162</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, 2014.

At June 30, 2014, cash consisted of the following:

Cash and cash equivalents	<u>\$ 1,263,716</u>
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**(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 from:

SPLOST 2008 to general fund	\$ 678,052
Fire and rescue to general fund	721,273
Nonmajor governmental funds to general fund	303,744
General fund to SPLOST 2013	1,076,496
General fund to nonmajor governmental funds	10,926
Special facilities fund from general fund	<u>273,487</u>

Total	<u>\$ 3,063,978</u>
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Due to:

Other funds, balance sheet – governmental funds	\$ 2,790,491
Special facilities fund to general fund	<u>273,487</u>

Total	<u>\$ 3,063,978</u>
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**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**(3) INTERFUND BALANCES AND ACTIVITY (Continued):**

*Balances Due To/From Other Funds (continued) –*

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, 2014, consist of the following:

From the general fund to the fire and rescue fund for operating expenditures	\$ 743,043
From the general fund to the E911 fund for operating expenditures	539,669
From the general fund to the multiple grant fund for county matching requirements	83,815
From the general fund to the transportation fund for operating expenditures	442,366
From the general fund to the landfill fund for operating expenditures	381,650
From the general fund to the special facilities fund for operating expenditures	1,033,566
From the fire and rescue fund to the multiple grant fund for matching requirements	<u>1,734</u>
Total	<u>\$ 3,225,843</u>

**(4) CAPITAL ASSETS:**

Capital asset activity for the fiscal year ended September 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$ 2,597,299	\$ --	\$ --	\$ --	\$ 2,597,299
Construction in progress	<u>2,132,924</u>	<u>317,807</u>	--	<u>(1,699,348)</u>	<u>751,383</u>
Total capital assets not being depreciated	<u>4,730,223</u>	<u>317,807</u>	--	<u>(1,699,348)</u>	<u>3,348,682</u>
Capital assets being depreciated and amortized:					
Infrastructure	95,270,584	60,178	--	--	95,330,762
Buildings and improvements	22,986,896	78,074	--	--	23,064,970
Equipment	6,458,765	425,355	447,954	1,478,084	7,914,250
Vehicles	14,652,041	679,176	1,783,541	221,264	13,768,940
Trucks and construction equipment	<u>4,340,145</u>	<u>172,908</u>	--	--	<u>4,513,053</u>
Total capital assets being depreciated and amortized	<u>143,708,431</u>	<u>1,415,691</u>	<u>2,231,495</u>	<u>1,699,348</u>	<u>144,591,975</u>

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(4) CAPITAL ASSETS (Continued):**

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
Less accumulated depreciation for:					
Infrastructure	41,791,512	86,762	--	--	41,878,274
Buildings and improvements	6,447,453	2,119,647	--	--	8,567,100
Equipment	4,287,773	869,222	240,418	--	4,916,577
Vehicles	10,831,979	1,082,556	1,604,310	--	10,310,225
Trucks and construction equipment	<u>3,695,856</u>	<u>5,887</u>	<u>--</u>	<u>--</u>	<u>3,701,743</u>
Total accumulated depreciation and amortization	<u>67,054,573</u>	<u>4,164,074</u>	<u>1,844,728</u>	<u>--</u>	<u>69,373,919</u>
Total capital assets being depreciated, net	<u>76,653,858</u>	<u>(2,748,383)</u>	<u>386,767</u>	<u>1,699,348</u>	<u>75,218,056</u>
Governmental activity capital assets, net	<u>\$ 81,384,081</u>	<u>\$ (2,430,576)</u>	<u>\$ 386,767</u>	<u>\$ --</u>	<u>\$ 78,566,738</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 150,478
Judicial	56,328
Sheriff	389,675
Public safety	1,365,968
Public works	1,888,760
Health and welfare	218,367
Culture and recreation	77,072
Housing and development	<u>17,426</u>
	<u>\$ 4,164,074</u>

**BUSINESS-TYPE ACTIVITIES:**

**Landfill:**

Capital assets being depreciated  
and amortized:

C & D Landfill	\$4,985,021	\$ --	\$ --	\$ --	\$ 4,985,021
Buildings & improvements	306,771	--	--	--	306,771
Machinery & equipment	1,754,041	2,234	--	--	1,756,275
Vehicles	49,148	--	--	--	49,148
Furniture and fixtures	2,172	--	--	--	2,172
Software	1,508	--	--	--	1,508
Computers, radios, & electronics	<u>20,342</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>20,342</u>
Total capital assets being depreciated and amortized	<u>7,119,003</u>	<u>2,234</u>	<u>--</u>	<u>--</u>	<u>7,121,237</u>



**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(4) CAPITAL ASSETS (Continued):**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balances</u>
Less accumulated depreciation and amortization for:					
C & D Landfill	3,788,616	199,401	--	--	3,988,017
Buildings & improvements	121,783	7,740	--	--	129,523
Machinery & equipment	1,459,510	46,108	--	--	1,505,618
Vehicles	40,959	1,445	--	--	42,404
Furniture and fixtures	778	108	--	--	886
Software	1,508	--	--	--	1,508
Computers, radios, & electronics	<u>17,775</u>	<u>952</u>	<u>--</u>	<u>--</u>	<u>18,727</u>
Total accumulated depreciation and amortization	<u>5,430,929</u>	<u>255,754</u>	<u>--</u>	<u>--</u>	<u>5,686,683</u>
Total capital assets being depreciated, net	<u>1,688,074</u>	<u>(253,520)</u>	<u>--</u>	<u>--</u>	<u>1,434,554</u>
Landfill capital assets, net	<u>\$ 1,688,074</u>	<u>\$ (253,520)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,434,554</u>
Special Facilities Fund:					
Capital assets not being depreciated:					
Land	\$ 1,943,284	\$ --	\$ --	\$ --	\$ 1,943,284
Construction in progress	<u>36,088</u>	<u>1,265</u>	<u>--</u>	<u>(36,088)</u>	<u>1,265</u>
Total capital assets not being depreciated	<u>1,979,372</u>	<u>1,265</u>	<u>--</u>	<u>(36,088)</u>	<u>1,944,549</u>
Capital assets being depreciated and amortized:					
Buildings & improvements	2,133,048	199,847	--	36,088	2,368,983
Furniture and fixtures	361,359	37,878	--	--	399,237
Computers, radios, & electronics	<u>22,686</u>	<u>55,368</u>	<u>--</u>	<u>--</u>	<u>78,054</u>
Total capital assets being depreciated and amortized	<u>2,517,093</u>	<u>293,093</u>	<u>--</u>	<u>36,088</u>	<u>2,846,274</u>
Less accumulated depreciation and amortization for:					
Buildings & improvements	92,473	55,221	--	--	147,694
Furniture and fixtures	8,657	27,797	--	--	36,454
Computers, radios, & electronics	<u>1,836</u>	<u>10,339</u>	<u>--</u>	<u>--</u>	<u>12,175</u>
Total accumulated depreciation and amortization	<u>102,966</u>	<u>93,357</u>	<u>--</u>	<u>--</u>	<u>196,323</u>
Total capital assets being depreciated, net	<u>2,414,127</u>	<u>199,736</u>	<u>--</u>	<u>36,088</u>	<u>2,649,951</u>
Special Facilities Fund capital assets, net	<u>\$ 4,393,499</u>	<u>\$ 201,001</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,594,500</u>

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(4) CAPITAL ASSETS (Continued):**

COMPONENT UNIT:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Health Department:				
Capital assets being depreciated:				
Machinery and equipment	\$ 32,749	\$ 17,992	\$ --	\$ 50,741
Less accumulated depreciation for:				
Machinery and equipment	<u>27,432</u>	<u>3,944</u>	<u>--</u>	<u>31,376</u>
Health Department capital assets, net	<u>\$ 5,317</u>	<u>\$ 14,048</u>	<u>\$ --</u>	<u>\$ 19,365</u>

**(5) DEFINED BENEFIT PENSION PLAN:**

*Plan Description:*

One hundred fifty five (155) 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 2014 has increased as a percentage of covered payroll from 4.44% in 2013 to 4.58% in 2014. The unfunded actuarial accrued liability is amortized over 30 years from 1/1/92. These amortization periods, if applicable, are closed for this plan year. The contributions to the plan during the year ended December 31, 2013 were \$941,295 and were made

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(5) DEFINED BENEFIT PENSION PLAN (Continued):**

*Funding Policy and Pension Cost (continued):*

in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2014, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2014, was \$5,347,289, and the total payroll was \$15,182,141.

*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 presented below. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Trend Information

	Employer Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net (EOY) Pension Obligation
December 31, 2011	\$796,609	1,290,355	162.0%	(685,282)
December 31, 2012	565,166	945,118	167.0%	(516,384)
December 31, 2013	167,932	941,295	561.0%	(864,800)

The County's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 570,681
Interest on net pension asset	(30,983)
Adjustments to annual required contribution	<u>53,181</u>
Annual pension cost	592,879
Less - contributions made	<u>941,295</u>
Decrease in net pension asset	(348,416)
Net pension asset beginning of year	<u>(516,384)</u>
Net pension asset end of year	<u><u>\$ (864,800)</u></u>

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(5) DEFINED BENEFIT PENSION PLAN (Continued):**

*Funded Status (continued):*

Funded Status of Plans as of January 1, 2014

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)
2014	\$7,012,927	\$9,847,016	\$2,834,089	71.2%	\$5,347,289	53.0%

*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:

Investment rate of return	6.0%
Projected salary increase	4.0%
Inflation rate	4.0%
Actuarial methods:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar for 15 years
Asset valuation method	Market value
Valuation cost method	Entry age actuarial cost method

*Plan Membership Data:*

As of January 1, 2014, the current plan membership includes the following categories of participants:

**Plan Participants:**

Retirees, beneficiaries and disabled	20
Terminated employees entitled to benefits but not yet receiving them	44
Active participants – below retirement age	138
Active participants – at or above retirement age	<u>17</u>
Total	<u><u>219</u></u>

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(5) DEFINED BENEFIT PENSION PLAN (Continued):**

*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, 2014

	<u>Fair Value</u>	<u>% of Total</u>
Lincoln Financial Group:		
Guaranteed fixed income	\$ 3,458,867	69.78%
Balanced funds	300,121	6.05%
Government/Corporate bond funds	697,882	14.08%
Equity growth funds	<u>500,016</u>	<u>10.09%</u>
	<u>\$ 4,956,886</u>	<u>100.00%</u>

**(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. Payments made during fiscal year ended September 30, 2014, were for prior year employer contribution liability. 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. The 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 a defined contribution plan 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. The County makes no contributions to the plans. Plan provisions and contribution requirements are established and may be amended by the County Commissioner.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(6) DEFINED CONTRIBUTION PLAN (Continued):**

The Plan is administered by Lincoln Financial Group. Participants and contributions for the 2014 plan year are:

Number of participants	30
Participant contributions	\$103,917

**(7) TERMINATION BENEFITS:**

Over the past several years, the County has offered post-employment benefits to a select group of employees. These employees had attained age 60 with at least twenty years of service, and retired from the County with no other medical insurance. The retired employee will be allowed to continue the medical insurance coverage they were receiving as of the date of retirement, with the County continuing to pay the employer portion of the cost until the employee attains age 65. The employee must contribute the amount that would be withheld from payroll if still employed. These benefits are financed on a pay-as-you-go basis. The benefit expenditure at September 30, 2014, was \$41,555 net of any participant contributions. Twenty-two retirees were receiving benefits at September 30, 2014. Although these benefits fall under the definition of other post-employment benefits according to governmental reporting standards, the annual expenditures made by the County are immaterial to the financial statements.

**(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, 2014:

	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2014</u>	<u>Amounts Due</u> <u>in One Year</u>	<u>Accrued</u> <u>Interest</u>
<b>Governmental Activities:</b>						
Capital leases	\$ 4,287,751	\$ --	\$ 557,361	\$ 3,730,390	\$ 581,033	\$ 87,252
Bonds payable	8,766,703	26,400,000	4,282,459	30,884,244	4,484,244	145,361
Notes payable - tax anticipation	4,000,000	8,220,000	4,500,000	7,720,000	7,720,000	31,840
Compensated absences	697,046	113,380	16,728	793,698	454,115	--
Estimated landfill closure	<u>2,328,785</u>	<u>--</u>	<u>89,475</u>	<u>2,239,310</u>	<u>124,406</u>	<u>--</u>
	<u>\$ 20,080,285</u>	<u>\$34,733,380</u>	<u>\$ 9,446,023</u>	<u>\$45,367,642</u>	<u>\$ 13,363,798</u>	<u>\$ 264,453</u>
<b>Business-Type Activities:</b>						
Landfill:						
Capital leases	\$ 115,672	\$ 12,274	\$ 122,832	\$ 5,114	\$ 5,114	\$ --
Compensated absences	7,486	814	--	8,300	8,300	--
Landfill closure costs	<u>1,775,151</u>	<u>121,458</u>	<u>--</u>	<u>1,896,609</u>	<u>--</u>	<u>--</u>
	<u>\$ 1,898,309</u>	<u>\$ 134,546</u>	<u>\$ 122,832</u>	<u>\$ 1,910,023</u>	<u>\$ 13,414</u>	<u>\$ --</u>

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(8) LONG-TERM DEBT:**

**Long-term Obligation Activity** (continued) –

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 and 2013 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.

Future debt service requirements on bonds payable at September 30, 2014 are as follows:

	Governmental Activities		
	Bonds		
	Principal	Premium	Interest
Year ending September 30, 2015	\$ 4,480,000	\$ 4,244	\$ 504,600
2016	4,285,000	--	394,184
2017	4,380,000	--	323,781
2018	4,485,000	--	251,753
2019	4,590,000	--	178,019
2020	4,695,000	--	102,579
2021	<u>3,965,000</u>	<u>--</u>	<u>32,216</u>
	<u>\$ 30,880,000</u>	<u>\$ 4,244</u>	<u>\$ 1,787,132</u>

On December 20, 2013, the County issued Walker County, Georgia General Obligation Bonds, Series 2013 in the amount of \$26,400,000 maturing January 1, 2021 with an average interest rate of 1.625%. Principal payments due range in amounts from \$4,285,000 to \$3,965,000. Principal payments will begin January 2016 and mature in January 2021. Interest is due semi-annually while principal payments are due on an annual basis. The bonds are payable from proceeds of the 2013 Special Purpose Local Option Sales Tax referendum.

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 March 27, 2014, the County obtained tax anticipation notes in the amounts of \$5,950,000 and \$1,770,000. The proceeds of the tax anticipation notes were provided to the general fund as operating resources for the County. As of September 30, 2014, the County had drawn \$7,720,000. The tax anticipation notes are both due and payable on December 31, 2014.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(8) LONG-TERM DEBT (Continued):**

**Capital Leases –**

The County leases building improvements, vehicles and equipment with a historical cost and accumulated amortization under capital lease arrangements as follows:

	Governmental Activities	Business-type Activities Landfill	Total
Building improvements	\$ 987,511	\$ --	\$ 987,511
Vehicles and equipment	<u>2,957,779</u>	<u>174,990</u>	<u>3,132,769</u>
Total capital lease assets	3,945,290	174,990	4,120,280
Accumulated amortization	<u>912,957</u>	<u>36,456</u>	<u>949,413</u>
Capital lease assets, net	<u>\$ 3,032,333</u>	<u>\$ 138,534</u>	<u>\$ 3,170,867</u>

Future minimum lease payments at September 30, 2014, are as follows:

	Governmental Activities
Year ending September 30, 2015	\$ 738,793
2016	738,793
2017	738,793
2018	738,793
2019	621,095
2020-2023	<u>738,593</u>
Total minimum lease payments	4,314,860
Less: deferred interest	<u>584,470</u>
Present value minimum lease payments	<u>\$ 3,730,390</u>

The interest rates on the capitalized leases range from 3.67% 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. Amortization expense for assets recorded under capital lease is included with depreciation expense.

**(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.



**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(9) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):**

**Excess of Expenditures Over Appropriations in Individual Funds –**

For the year ended September 30, 2014, the County had no material excess of expenditures over appropriations in individual funds.

**(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.

The County maintains a medical benefit plan to self-insure claims up to \$90,000 per year for each individual covered; claims above \$90,000 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, 2014, management believes that the County has made provisions sufficient to cover estimated claims, including claims incurred but not yet reported.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(10) RISK MANAGEMENT (Continued):**

A summary of the changes in claims liability for the last two fiscal years:

Unpaid claims – September 30, 2012	\$ 96,054
Incurring claims (including claims incurred but not reported)	3,016,456
Claims paid during fiscal year 2013	<u>2,936,945</u>
Unpaid claims – September 30, 2013	175,565
Incurring claims (including claims incurred but not reported)	3,131,791
Claims paid during fiscal year 2014	<u>3,165,239</u>
Unpaid claims – September 30, 2014	<u>\$ 142,117</u>

**(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, 2014, 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, 2014, the County had incurred a liability of approximately \$1,896,609 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 80 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$474,152 which will be recognized as the remaining capacity is used (estimated to be approximately three years).

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

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

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. 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, 2014, a liability for postclosure care costs is recorded in the amount of \$2,239,310, 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 members 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

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(14) COMMITMENTS AND CONTINGENCIES (Continued):**

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 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. However, the Counties cannot be held liable for any amount under the Erlanger line of credit note until and unless Erlanger first forecloses on the hospital real estate, then successfully sues the hospital for a deficiency judgment. The County Attorney opines that a deficiency judgment is highly unlikely, as it must be based upon a showing that the property was worth less than the debt. As the maximum two County combined liability on the line of credit totals \$20,000,000 (maximum of \$10,000,000 each), and as Erlanger itself appraised the real estate at \$35,000,000, even if the property sold for less than the \$20,000,000 note plus interest, a successful deficiency judgment suit would seem impossible. Also, Erlanger and the Hospital Authority are in a lawsuit, wherein the Authority has sued Erlanger for over \$100,000,000 in damage, with a set off claim against the \$20,000,000 line of credit. There is also within that litigation an injunction against any foreclosure.

During 2014, the County implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which applies to financial guarantees that are nonexchange transactions extended or received by a government ("nonexchange financial guarantees"). Nonexchange financial guarantees are guarantees of obligations of individuals or legally separate entities in which a guarantor agrees to indemnify a third-party obligation holder under specific conditions.

As a result of implementing GASBS No. 70, the County reported a liability of \$4,178,423 since the Regions loan for HMC matures in December 2014 and the financial condition of the Hospital doesn't allow for payment. Prior periods were not restated because the Hospital employed a management company to operate the hospital in an effort to improve the operating results. In prior years it was not evident that the County would be required to make a payment on the loan.

In December 2014, Walker County received request for payment on the County's nonexchange financial guarantee for the Regions loan to Hutcheson Medical Center. This amount was paid in March 2015.

**WALKER COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

**(15) RELATED PARTY TRANSACTIONS:**

Organizations for which a primary government is accountable because the County Commissioner appoints the members of the board, but is not financially accountable, are considered to be related organizations. The Walker County Water and Sewerage Authority is a related organization of the County. The County Commissioner appoints each of the five members of the board but has no further accountability. During the fiscal year ended September 30, 2014, Walker County, Georgia paid the Walker County Water and Sewerage Authority \$1,188,194 for various water and sewer projects. The County also had a payable to the Authority of \$152,435 at September 30, 2014 for the ongoing water and sewer projects.

**(16) PRIOR PERIOD ADJUSTMENTS:**

During the current year, an error was identified with the landfill usage report from 2011 provided by a third party resulting in an increase of accumulated depreciation for the C & D landfill. To correct this item, the beginning net position for the landfill of \$4,526,448 as originally reported, has been decreased to \$4,306,824.

**(17) SUBSEQUENT EVENTS:**

During March 2015, the County obtained a tax anticipation note for 10,000,000. A portion of the funds were used to pay the nonexchange financial guarantee for Hutcheson Medical Center. The remainder of the funds will be used for the day-to-day operations of the County.

Management has evaluated subsequent events through July 24, 2015, the date which this financial statement was available for issue.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE:</b>				
Taxes	\$ 8,057,397	\$ 9,338,537	\$ 9,338,537	\$ -
Other taxes	7,988,943	7,239,702	7,239,702	-
Licenses and permits	208,018	237,024	237,024	-
Intergovernmental	227,783	331,206	331,206	-
Charges for services	922,095	815,091	815,091	-
Fines and forfeitures	1,541,724	1,566,564	1,566,564	-
Investment earnings	63,932	14,968	14,968	-
Contributions and donations	-	64,776	64,776	-
Rental income	54,932	55,837	55,837	-
Other	147,788	124,629	124,629	-
Total revenue	<u>19,212,612</u>	<u>19,788,334</u>	<u>19,788,334</u>	<u>-</u>
<b>EXPENDITURES:</b>				
<b>General Government -</b>				
Governing body	725,386	709,762	709,762	-
Elections	264,861	292,246	292,246	-
Election Poll Workers	46,243	-	-	-
Accounting	275,373	271,668	271,668	-
Licensing	7,938	7,965	7,965	-
Legal	180,006	178,849	178,849	-
Data processing	81,141	83,359	83,359	-
Tax commissioner	995,318	1,030,726	1,030,726	-
Tax assessor	809,376	857,070	857,070	-
Board of equalization	2,485	2,863	2,863	-
General government buildings and plant	395,913	390,031	390,031	-
Marsh Warthen house	10,080	9,554	9,554	-
Records management	69,339	68,133	68,133	-
General administration fees	68,360	114,029	114,029	-
Special projects	76,755	75,587	75,587	-
Total general government	<u>4,008,574</u>	<u>4,091,842</u>	<u>4,091,842</u>	<u>-</u>
<b>Judicial -</b>				
Clerk of courts	631,210	648,862	648,862	-
Superior court	138,793	154,779	154,779	-
District attorney	474,412	506,578	506,578	-
State court	334,416	342,216	342,216	-
State court solicitor	264,793	264,129	264,129	-
Magistrate court	322,179	326,136	326,136	-
Probate court	211,598	208,630	208,630	-
Juvenile court	310,415	325,663	325,663	-
Public defender	231,006	214,593	214,593	-
Court reporter	53,811	54,880	54,880	-
Total judicial	<u>2,972,633</u>	<u>3,046,466</u>	<u>3,046,466</u>	<u>-</u>

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Sheriff -</b>				
Law enforcement administration	1,010,242	975,894	975,894	-
Criminal investigation	740,674	747,429	747,429	-
Vice control	149,642	147,407	147,407	-
Patrol	1,689,272	1,684,912	1,684,912	-
Custody of prisoners	2,280,917	2,350,606	2,350,606	-
Champs program	197,927	189,754	189,754	-
Training	115,975	98,723	98,723	-
Special detail services	2,274	2,095	2,095	-
Sheriff's office and building	97,847	97,354	97,354	-
Court services	863,184	866,462	866,462	-
Bailiff	3,401	4,872	4,872	-
Total sheriff	7,151,355	7,165,508	7,165,508	-
<b>Public Safety -</b>				
County police	520,249	526,711	526,711	-
Coroner/medical examiner	83,894	83,081	83,081	-
Animal control	254,461	260,176	260,176	-
Total public safety	858,604	869,968	869,968	-
<b>Highways and Streets -</b>				
Highways and streets administration	456,300	452,078	452,078	-
Paved streets	939,421	806,492	806,492	-
Other maintenance	438,067	444,655	444,655	-
Traffic engineering	38,886	37,835	37,835	-
Closure and postclosure costs	90,000	64,433	64,433	-
Maintenance and shop	638,663	716,881	716,881	-
Total highways and streets	2,601,337	2,522,374	2,522,374	-



**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Health and welfare -</b>				
Public health administration	120,247	126,224	126,224	-
Children's crisis center	12,000	10,000	10,000	-
Health department building and plant	30,442	32,993	32,993	-
Intergovernmental welfare payments	27,939	30,367	30,367	-
Other welfare payments	840	41,754	41,754	-
DFACS building and plant	20,688	18,896	18,896	-
Meals on wheels	87,944	87,440	87,440	-
Senior center	4,884	5,125	5,125	-
Total health and welfare	304,984	352,799	352,799	-
<b>Culture and Recreation -</b>				
Civic center	242,510	236,898	236,898	-
Other recreational facilities	-	13,771	13,771	-
Agricultural center	21,794	21,350	21,350	-
Historical preservation	4,761	4,252	4,252	-
Community center	-	850	850	-
Library administration	153,825	153,825	153,825	-
Total culture and recreation	422,890	430,946	430,946	-
<b>Housing and Development -</b>				
County agent	60,143	63,703	63,703	-
Forest resources	15,013	15,628	15,628	-
Planning and zoning	182,219	175,495	175,495	-
Economic development	231,391	207,144	207,144	-
Total housing and development	488,766	461,970	461,970	-
<b>Debt Service -</b>				
Principal	670,045	202,265	202,265	-
Interest	-	100,563	100,563	-
Issuance costs	-	48,000	48,000	-
Total debt service	670,045	350,828	350,828	-
Total expenditures	19,479,188	19,292,701	19,292,701	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(266,576)	495,633	495,633	-

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	-	212,210	212,210	-
Transfers to other funds	<u>(2,029,434)</u>	<u>(3,224,109)</u>	<u>(3,224,109)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,029,434)</u>	<u>(3,011,899)</u>	<u>(3,011,899)</u>	<u>-</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	 (2,296,010)	 (2,516,266)	 (2,516,266)	 -
 <b>FUND BALANCES:</b>				
Beginning	<u>941,789</u>	<u>941,789</u>	<u>941,789</u>	<u>-</u>
 Ending	<u>\$ (1,354,221)</u>	<u>\$ (1,574,477)</u>	<u>\$ (1,574,477)</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE & RESCUE FUND**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<b>Budget</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>	\$ 5,952,980	\$ 3,951,306	\$ 3,951,306	\$ -
<b>EXPENDITURES</b>	<u>5,769,559</u>	<u>5,370,794</u>	<u>5,370,794</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>183,421</u>	<u>(1,419,488)</u>	<u>(1,419,488)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from capital lease	-	269,780	269,780	-
Transfer to other funds	-	(1,734)	(1,734)	-
Transfer from other funds	<u>-</u>	<u>743,043</u>	<u>743,043</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,011,089</u>	<u>1,011,089</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	183,421	(408,399)	(408,399)	-
<b>FUND BALANCES:</b>				
Beginning	<u>408,399</u>	<u>408,399</u>	<u>408,399</u>	<u>-</u>
Ending	<u>\$ 591,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF FUNDING PROGRESS  
RETIREMENT PLAN  
SEPTEMBER 30, 2014**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (a) + (b)</b>	<b>Unfunded* AAL (UAAL) (b)</b>	<b>Funded Ratio a/(a+b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b/c)</b>
01/01/05	5,472,256	6,041,225	568,969	90.6%	7,394,886	7.7%
01/01/06	5,999,645	6,528,556	528,911	91.9%	7,426,230	7.1%
01/01/07	5,129,238	5,612,261	483,023	91.4%	7,312,827	6.6%
01/01/08	6,051,086	6,274,654	223,568	96.4%	7,266,593	3.1%
01/01/09	5,658,617	5,981,399	322,782	94.6%	7,317,071	4.4%
01/01/10	5,537,935	5,921,500	383,565	93.5%	7,087,233	5.4%
01/01/11	6,424,689	7,360,307	935,618	87.3%	6,531,854	14.3%
01/01/12	5,837,536	6,711,015	873,479	87.0%	6,354,848	13.7%
01/01/13	6,381,844	9,324,526	2,942,682	68.4%	5,682,532	51.7%
01/01/14	7,012,927	9,847,016	2,834,089	71.2%	5,347,289	53.0%

All annual contributions presented in these required supplementary schedules were determined as part of the actuarial valuations at the dates indicated. The 01/01/2011 actuarial report was revised in October 2012 and the above schedule was updated with the revised numbers.

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

**WALKER COUNTY, GEORGIA  
DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
RETIREMENT PLAN  
SEPTEMBER 30, 2014**

<b>Plan Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
12/31/04	771,765	771,765	100%
12/31/05	884,590	884,590	100%
12/31/06	918,196	921,222	100%
12/31/07	978,839	1,195,458	122%
12/31/08	774,137	1,078,215	139%
12/31/09	777,960	1,124,332	145%
12/31/10	826,330	1,017,442	123%
12/31/11	796,609	1,290,355	162%
12/31/12	565,166	945,118	167%
12/31/13	167,932	941,295	561%

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	1/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar for 15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	4.0%

Change in funding method to Entry Age Normal prospectively while all liabilities prior to 1/1/2013 used Frozen Entry Age.

**WALKER COUNTY, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2014**

**(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.

At September 30, 2014, the General Fund had a deficit fund balance of \$1,574,477. This fund deficit will be alleviated through increased millage rate for current year property tax bills.

## **SUPPLEMENTARY INFORMATION**

**WALKER COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL - SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2014**

	<b>E911</b>	<b>Law Library</b>	<b>Multiple Grand Fund</b>	<b>Court Supervision</b>	<b>Connection</b>	<b>Transportation</b>	<b>Total</b>
<b>ASSETS:</b>							
Cash	\$ -	\$ 52,010	\$ -	\$ 54,941	\$ 1,000	\$ 3,214	\$ 111,165
Restricted cash	-	-	-	-	-	-	-
Accounts receivable	140,940	-	-	-	-	-	140,940
Due from other funds	-	-	-	-	5,651	5,275	10,926
Due from other governments	-	-	352,717	-	11,151	39,597	403,465
Total assets	<u>\$ 140,940</u>	<u>\$ 52,010</u>	<u>\$ 352,717</u>	<u>\$ 54,941</u>	<u>\$ 17,802</u>	<u>\$ 48,086</u>	<u>\$ 666,496</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 15,490	\$ -	\$ 124,199	\$ -	\$ -	\$ 17,759	\$ 157,448
Due to other funds	125,450	-	152,059	26,235	-	-	303,744
Due to other governments	-	-	47,120	-	-	-	47,120
Total liabilities	<u>140,940</u>	<u>-</u>	<u>323,378</u>	<u>26,235</u>	<u>-</u>	<u>17,759</u>	<u>508,312</u>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	-	-	9,191	-	-	-	9,191
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>9,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,191</u>
<b>Fund balances:</b>							
Restricted	-	52,010	20,148	28,706	17,802	30,327	148,993
Total fund balances	<u>-</u>	<u>52,010</u>	<u>20,148</u>	<u>28,706</u>	<u>17,802</u>	<u>30,327</u>	<u>148,993</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 140,940</u>	<u>\$ 52,010</u>	<u>\$ 352,717</u>	<u>\$ 54,941</u>	<u>\$ 17,802</u>	<u>\$ 48,086</u>	<u>\$ 666,496</u>



**WALKER COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL - SPECIAL REVENUE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>E911</u>	<u>Law Library</u>	<u>Multiple Grant Fund</u>	<u>Court Supervision</u>	<u>Connection</u>	<u>Transportation</u>	<u>Total</u>
<b>REVENUES:</b>							
Intergovernmental	\$ -	\$ -	\$ 1,390,676	\$ -	\$ 44,476	\$ 464,646	\$ 1,899,798
Charges for services	1,053,114	-	-	-	-	111,823	1,164,937
Fines and forfeitures	-	22,159	-	3,878	-	-	26,037
Investment income	-	-	-	222	-	-	222
Contributions and donations	-	-	9,510	-	-	-	9,510
Total revenues	<u>1,053,114</u>	<u>22,159</u>	<u>1,400,186</u>	<u>4,100</u>	<u>44,476</u>	<u>576,469</u>	<u>3,100,504</u>
<b>EXPENDITURES:</b>							
Current -							
Judicial	-	18,980	107,516	9,425	-	-	135,921
Sheriff	-	-	34,250	-	-	-	34,250
Public safety	1,323,903	-	338,151	-	-	-	1,662,054
Public works	-	-	144,043	-	-	-	144,043
Health and welfare	-	-	785,678	-	44,541	977,934	1,808,153
Culture and recreation	-	-	73,511	-	-	-	73,511
Debt service -							
Principal	216,881	-	-	-	-	-	216,881
Interest	54,985	-	-	-	-	-	54,985
Total expenditures	<u>1,595,769</u>	<u>18,980</u>	<u>1,483,149</u>	<u>9,425</u>	<u>44,541</u>	<u>977,934</u>	<u>4,129,798</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(542,655)	3,179	(82,963)	(5,325)	(65)	(401,465)	(1,029,294)
<b>OTHER FINANCING SOURCES:</b>							
Transfer from other funds	539,669	-	85,549	-	-	442,366	1,067,584
Total other financing sources	539,669	-	85,549	-	-	442,366	1,067,584
<b>NET CHANGE IN FUND BALANCES</b>	(2,986)	3,179	2,586	(5,325)	(65)	40,901	38,290
<b>FUND BALANCES:</b>							
Beginning	2,986	48,831	17,562	34,031	17,867	(10,574)	110,703
Ending	<u>\$ -</u>	<u>\$ 52,010</u>	<u>\$ 20,148</u>	<u>\$ 28,706</u>	<u>\$ 17,802</u>	<u>\$ 30,327</u>	<u>\$ 148,993</u>

**WALKER COUNTY, GEORGIA**  
**COMBINING STATEMENT OF FIDUCIARY**  
**ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2014**

	<u>Tax</u> <u>Commissioner</u>	<u>Clerk of</u> <u>Courts</u>	<u>Probate</u> <u>Judge</u>	<u>Magistrate</u> <u>Judge</u>	<u>Total</u>
<b>ASSETS:</b>					
Cash	\$ 796,318	\$ 830,203	\$ 2,063	\$ 13,713	\$ 1,642,297
Total assets	<u>\$ 796,318</u>	<u>\$ 830,203</u>	<u>\$ 2,063</u>	<u>\$ 13,713</u>	<u>\$ 1,642,297</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 43,445	\$ -	\$ -	\$ -	\$ 43,445
Due to other governments	752,873	73,102	1,796	4,502	832,273
Due to heirs, litigants and others	<u>-</u>	<u>757,101</u>	<u>267</u>	<u>9,211</u>	<u>766,579</u>
Total liabilities	<u>796,318</u>	<u>830,203</u>	<u>2,063</u>	<u>13,713</u>	<u>1,642,297</u>
<b>NET POSITION</b>	<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, 2014**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>ASSETS:</b>				
Cash	\$ 1,474,519	\$ 38,913,912	\$ 38,746,134	\$ 1,642,297
Total assets	<u>\$ 1,474,519</u>	<u>\$ 38,913,912</u>	<u>\$ 38,746,134</u>	<u>\$ 1,642,297</u>
 <b>LIABILITIES:</b>				
Accounts payable	\$ 16,254	\$ 265,735	\$ 238,544	\$ 43,445
Due to other governments	809,127	41,820,333	41,797,187	832,273
Due to heirs, litigants and others	<u>649,138</u>	<u>398,503</u>	<u>281,062</u>	<u>766,579</u>
Total liabilities	<u>1,474,519</u>	<u>42,484,571</u>	<u>42,316,793</u>	<u>1,642,297</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ (3,570,659)</u>	<u>\$ (3,570,659)</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**TAX COMMISSIONER**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>ASSETS:</b>				
Cash	\$ 752,555	\$ 35,870,142	\$ 35,826,379	\$ 796,318
Total assets	<u>\$ 752,555</u>	<u>\$ 35,870,142</u>	<u>\$ 35,826,379</u>	<u>\$ 796,318</u>
 <b>LIABILITIES:</b>				
Accounts payable	\$ 16,254	\$ 265,735	\$ 238,544	\$ 43,445
Due to other governments	<u>736,301</u>	<u>39,431,108</u>	<u>39,414,536</u>	<u>752,873</u>
Total liabilities	<u>752,555</u>	<u>39,696,843</u>	<u>39,653,080</u>	<u>796,318</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ (3,826,701)</u>	<u>\$ (3,826,701)</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CLERK OF COURTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>ASSETS:</b>				
Cash	\$ 697,384	\$ 2,677,213	\$ 2,544,394	\$ 830,203
Total assets	<u>\$ 697,384</u>	<u>\$ 2,677,213</u>	<u>\$ 2,544,394</u>	<u>\$ 830,203</u>
 <b>LIABILITIES:</b>				
Due to other governments	\$ 68,613	\$ 2,220,487	\$ 2,215,998	\$ 73,102
Due to heirs, litigants, and others	<u>628,771</u>	<u>302,304</u>	<u>173,974</u>	<u>757,101</u>
Total liabilities	<u>697,384</u>	<u>2,522,791</u>	<u>2,389,972</u>	<u>830,203</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ 154,422</u>	<u>\$ 154,422</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**PROBATE JUDGE**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>ASSETS:</b>				
Cash	\$ 10,710	\$ 105,238	\$ 113,885	\$ 2,063
Total assets	<u>\$ 10,710</u>	<u>\$ 105,238</u>	<u>\$ 113,885</u>	<u>\$ 2,063</u>
 <b>LIABILITIES:</b>				
Due to other governments	\$ 1,059	\$ 126,044	\$ 125,307	\$ 1,796
Due to heirs, litigants, and others	<u>9,651</u>	<u>\$ -</u>	<u>9,384</u>	<u>267</u>
Total liabilities	<u>10,710</u>	<u>126,044</u>	<u>134,691</u>	<u>2,063</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ (20,806)</u>	<u>\$ (20,806)</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**MAGISTRATE JUDGE**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>ASSETS:</b>				
Cash	\$ 13,870	\$ 261,319	\$ 261,476	\$ 13,713
Total assets	<u>\$ 13,870</u>	<u>\$ 261,319</u>	<u>\$ 261,476</u>	<u>\$ 13,713</u>
 <b>LIABILITIES:</b>				
Due to other governments	\$ 3,154	\$ 42,694	\$ 41,346	\$ 4,502
Due to heirs, litigants, and others	<u>10,716</u>	<u>96,199</u>	<u>97,704</u>	<u>9,211</u>
Total liabilities	<u>13,870</u>	<u>138,893</u>	<u>139,050</u>	<u>13,713</u>
 <b>NET POSITION</b>	<u>\$ -</u>	<u>\$ 122,426</u>	<u>\$ 122,426</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**STATEMENT OF EXPENDITURES TO BUDGET**  
**FAMILY CONNECTION PROGRAM**  
**CONTRACT 93-141400125**  
**CONTRACT PERIOD: JULY 1, 2013 - JUNE 30, 2014**

	<b>Family Connection Budget</b>	<b>Contract Expenditures</b>	<b>Variance with Budget</b>
<b>EXPENDITURES:</b>			
Personal services	\$ -	\$ -	\$ -
Regular operating	1,500	1,277	223
Travel - staff	-	-	-
Equipment	-	-	-
Per diem, fees and contracts	43,000	43,040	(40)
Telecommunications	500	590	(90)
Other support to customers	-	-	-
	<u>          -</u>	<u>          -</u>	<u>          -</u>
	<u>\$ 45,000</u>	<u>\$ 44,907</u>	<u>\$ 93</u>



**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**E911**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 1,553,605	\$ 1,053,114	\$ 1,053,114	\$ -
<b>EXPENDITURES</b>	<u>1,553,605</u>	<u>1,595,769</u>	<u>1,595,769</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>(542,655)</u>	<u>(542,655)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer from other funds	-	539,669	539,669	-
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>539,669</u>	<u>539,669</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	(2,986)	(2,986)	-
<b>FUND BALANCES:</b>				
Beginning	<u>2,986</u>	<u>2,986</u>	<u>2,986</u>	<u>-</u>
Ending	<u>\$ 2,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA  
BUDGETARY COMPARISON SCHEDULE  
LAW LIBRARY  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 40,000	\$ 22,159	\$ 22,159	\$ -
<b>EXPENDITURES</b>	<u>40,000</u>	<u>18,980</u>	<u>18,980</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	3,179	3,179	-
<b>FUND BALANCES:</b>				
Beginning	<u>48,831</u>	<u>48,831</u>	<u>48,831</u>	<u>-</u>
Ending	<u>\$ 48,831</u>	<u>\$ 52,010</u>	<u>\$ 52,010</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**MULTIPLE GRANT FUND**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 1,874,570	\$ 1,400,186	\$ 1,400,186	\$ -
<b>EXPENDITURES</b>	<u>1,874,570</u>	<u>1,483,149</u>	<u>1,483,149</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>(82,963)</u>	<u>(82,963)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer from other funds	<u>-</u>	<u>85,549</u>	<u>85,549</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	2,586	2,586	-
<b>FUND BALANCES:</b>				
Beginning	<u>17,562</u>	<u>17,562</u>	<u>17,562</u>	<u>-</u>
Ending	<u>\$ 17,562</u>	<u>\$ 20,148</u>	<u>\$ 20,148</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA  
BUDGETARY COMPARISON SCHEDULE  
COURT SUPERVISION  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 5,250	\$ 4,100	\$ 4,100	\$ -
<b>EXPENDITURES</b>	<u>10,000</u>	<u>9,425</u>	<u>9,425</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,750)	(5,325)	(5,325)	-
<b>FUND BALANCES:</b>				
Beginning	<u>34,031</u>	<u>34,031</u>	<u>34,031</u>	<u>-</u>
Ending	<u>\$ 29,281</u>	<u>\$ 28,706</u>	<u>\$ 28,706</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONNECTION**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 45,000	\$ 44,476	\$ 44,476	\$ -
<b>EXPENDITURES</b>	<u>45,000</u>	<u>44,541</u>	<u>44,541</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(65)	(65)	-
<b>FUND BALANCES:</b>				
Beginning	<u>17,867</u>	<u>17,867</u>	<u>17,867</u>	<u>-</u>
Ending	<u>\$ 17,867</u>	<u>\$ 17,802</u>	<u>\$ 17,802</u>	<u>\$ -</u>

**WALKER COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRANSPORTATION**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>	\$ 708,596	\$ 576,469	\$ 576,469	\$ -
<b>EXPENDITURES</b>	<u>708,596</u>	<u>977,934</u>	<u>977,934</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>(401,465)</u>	<u>(401,465)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfer from other funds	<u>-</u>	<u>442,366</u>	<u>442,366</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	40,901	40,901	-
<b>FUND BALANCES:</b>				
Beginning	<u>(10,574)</u>	<u>(10,574)</u>	<u>(10,574)</u>	<u>-</u>
Ending	<u>\$ (10,574)</u>	<u>\$ 30,327</u>	<u>\$ 30,327</u>	<u>\$ -</u>

## **COMPLIANCE**



**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise Walker County, Georgia's basic financial statements, and have issued our report thereon dated July 24, 2015. Our report includes a reference to other auditors who 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 of the financial statements, we considered Walker County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Walker County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Walker County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questions costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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



financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 07-1 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 14-2 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

## **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 14-1.

## **Walker County, Georgia's Response to Findings**

Walker County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Walker County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Johnson, Nicky & Menckem, P.C.*

Chattanooga, Tennessee  
July 24, 2015



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

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

**Report on Compliance for Each Major Federal Program**

We have audited Walker County, Georgia's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Walker County, Georgia's major federal programs for the year ended September 30, 2014. 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.

Walker County, Georgia's basic financial statements include the operations of the Walker County Health Department component unit which received \$9,837 in federal awards which is not included in the schedule during the year ended June 30, 2014. 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.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Walker County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Walker County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Walker County, Georgia's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Walker County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Walker County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Walker County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Walker County, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Johnson, Wickey & Menckman, P.C.*

Chattanooga, Tennessee  
July 24, 2015

**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Justice:</b>			
Passed through State Criminal Justice Coordinating Council -			
Juvenile Accountability	16.523	N10-8-034	9,800
Juvenile Accountability	16.523	JBR-10-01-008	26,518
Crime Victim Assistance	16.575	C13-8-048	86,012
			<u>122,330</u>
Direct Award -			
Bulletproof Vest Partnership Program	16.607		8,961
Total U. S. Department of Justice			<u>131,291</u>
<b>U.S. Department of Transportation:</b>			
Passed through Georgia Department of Transportation			
Highway Planning and Construction	20.205	CSHPP-0007-0015	17,415
Passed through State Department of Justice -			
Capital Improvement Assistance	20.509	GA-18-X033	362,723
Transit Operating Assistance	20.509	GA-18-4034	189,485
			<u>552,208</u>
Total U. S. Department of Transportation			<u>569,623</u>
<b>U.S. Department of Health and Human Services:</b>			
Direct Award -			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104		785,678
<b>U.S. Department of Homeland Security:</b>			
Passed through Georgia Emergency Management Agency -			
2012 Homeland Security	97.067	EMW-2012-SS-00063	6,900
Citizens Corp Program	97.067	EMW-2011-SS-00081	19,654
			<u>26,554</u>
Direct Award -			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		99,464
Emergency Management Performance Grants	97.042		26,203
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		241,743
			<u>367,410</u>
Total U. S. Department of Homeland Security			<u>393,964</u>
<b>JAG Program Cluster:</b>			
U.S. Department of Justice			
Direct Award -			
ARRA - Officer Safety and Education Program	16.804		16,329
Passed through State Criminal Justice Coordinating Council -			
Justice Assistance Grant	16.738	2011-DJ-BX-3020	917
Justice Assistance Grant	16.738	2012-DJ-BX-0173	(2,231)
			<u>(1,314)</u>
Total JAG Program Cluster			<u>15,015</u>
			<u>\$ 1,895,571</u>

**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**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	\$ 785,678

**WALKER COUNTY, GEORGIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2014**

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**Finding Control Number and Status**

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

**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued:	Unmodified	
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>  X  </u> Yes	<u>      </u> None reported
Noncompliance material to financial statements noted?	<u>  X  </u> Yes	<u>      </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:	Unmodified
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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
--	-------------------	-----------------

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.104	Comprehensive Community Health Services for Children with Serious Emotional Disturbances
20.509	GA DOT Formula Grants for Other Than Urbanized Areas

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, 2014**

**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 77-78.

**Finding 14-1 –**

*Condition:* Road projects are underway that were to be funded by SPLOST revenues and state grants. The projects were performed in the SPLOST 2013 fund, however, all of the grant funds allocated to the project had been deposited into the general fund. Those funds were not transferred to the SPLOST 2013 fund as required. This resulted in a due from the general fund in the SPLOST fund.

*Criteria:* SPLOST funds are not to be expended for the portion of a project that was outside the SPLOST 2013 referendum.

*Effect:* SPLOST 2013 was out of compliance with Georgia state law.

*Recommendation:* Any time grant funds are going to be used in conjunction with a SPLOST project, these grant funds should be transferred into a bank account within the SPLOST fund prior to beginning the project.

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

*Planned Corrective Plan:* Management's response is located on pages 77-78.



**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2014**

Finding 14-2 –

*Condition:* A project worksheet was not provided to the finance office resulting in an understatement of grant receivables.

*Criteria:* All grant funding requests should be recorded as receivable if funds have not been received by the end of the year.

*Effect:* Grant receivables were understated for the current fiscal year.

*Recommendation:* Design and implement centralized grant procedures which are issued to each department of the County requiring a copy of all grant applications to be forwarded to the finance office. This will allow for more complete reporting of all grant receivables.

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

*Planned Corrective Plan:* Management's response is located on pages 77-78.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH**  
**2008 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
		PRIOR YEARS	CURRENT YEAR	TOTAL		
Water and sewer projects	\$ 5,000,000	\$ 2,771,112	\$ -	\$ 2,771,112	55%	\$ -
Solid waste and stormwater management	1,000,000	-	-	-	0%	-
Emergency services	5,800,000	5,530,668	-	5,530,668	95%	-
Technology	2,000,000	1,244,107	-	1,244,107	62%	-
Animal shelter	30,000	-	-	-	0%	-
Historical projects	100,000	35,384	-	35,384	35%	-
Recreation	2,000,000	414,759	-	414,759	21%	-
Roads, bridges, and road department equipment	5,000,000	4,701,407	-	4,701,407	94%	1,187,913
Building construction and improvements	2,500,000	2,809,668	-	2,809,668	100%	-
Industrial and economic development	3,570,000	3,289,566	-	3,289,566	92%	-
Public library	1,500,000	1,155,184	344,816	1,500,000	100%	-
Payments to Cities:						
LaFayette	4,434,600	3,108,937	585,501	3,694,438	83%	-
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>	<u>70%</u>	<u>-</u>
	<u>\$ 38,000,000</u>	<u>\$ 28,633,411</u>	<u>\$ 930,317</u>	<u>\$ 29,563,728</u>		<u>\$ 1,187,913</u>

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

SPLOST 2008 expenditures per financial statements	\$ 5,436,466
Less debt service:	
Principal	4,270,000
Interest and fiscal agent fees	236,149
Less grant receivable written off	<u>-</u>
SPLOST 2008 expenditures per schedule of projects	<u>\$ 930,317</u>

**WALKER COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH**  
**2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**YEAR ENDED SEPTEMBER 30, 2014**

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES			PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
		PRIOR YEARS	CURRENT YEAR	TOTAL		
Industrial Park	\$ 6,600,000	\$ -	\$ 4,268,831	\$ 4,268,831	65%	\$ -
Road resurfacing and other capital roadwork improvements	9,100,000	-	2,600,003	2,600,003	29%	1,503,370
Equipment and vehicles for law enforcement	1,900,000	-	8,119	8,119	0%	-
Bridges and right of way acquisitions and maintenance	250,000	-	45,960	45,960	18%	-
Emergency services equipment including vehicles, fire hydrants and radio repeater for E-911	1,000,000	-	953,367	953,367	95%	-
Shooting range for Sheriff's office	30,000	-	-	-	0%	-
State patrol bar code readers and 10 assault rifles	30,000	-	30,000	30,000	100%	-
Industrial Park Development	1,300,000	-	594,330	594,330	46%	-
Library-LaFayette project	300,000	-	349,118	349,118	100%	-
Library-Rossville project	600,000	-	-	-	0%	-
Multipurpose emergency facility-Mt. Pleasant community	400,000	-	-	-	0%	-
Multipurpose emergency facility-Hinkle community	250,000	-	26,326	26,326	11%	-
Emergency facility and community center-Cedar Grove	1,500,000	-	23,527	23,527	2%	-
Recreational facilities	1,000,000	-	385,970	385,970	39%	-
Water and Sewer improvements, including Armuchee	2,000,000	-	1,948,902	1,948,902	97%	-
Office equipment and furnishings	100,000	-	-	-	0%	-
Payments to Cities:						
LaFayette	2,904,660	-	-	-	0%	-
Rossville	1,674,420	-	1,282,825	1,282,825	77%	-
Chickamauga	1,265,220	-	968,860	968,860	77%	-
Lookout Mountain	653,400	-	511,291	511,291	78%	-
Ft. Oglethorpe	<u>102,300</u>	-	<u>74,871</u>	<u>74,871</u>	73%	-
	<u>\$ 32,960,000</u>	<u>\$ -</u>	<u>\$ 14,072,300</u>	<u>\$ 14,072,300</u>		<u>\$ 1,503,370</u>

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

SPLOST 2013 expenditures per financial statements	\$ 14,838,269
Less debt service:	
Principal	-
Interest and issuance costs	<u>765,969</u>
SPLOST 2013 expenditures per schedule of projects	<u>\$ 14,072,300</u>

*Bebe Heiskell*  
*Walker County Commissioner*

101 South Duke Street  
Post Office Box 445  
LaFayette, Georgia 30728

July 24, 2015

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, 2014

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 July 24, 2015, 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 the failure of various departments to report in a timely manner. 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 14-1

SPLOST FUNDS USED ON PROJECT OUTSIDE THE SPLOST 2013 REFERENDUM.

SPLOST out of compliance with Georgia state law

Corrective Action Plan/Management Response

Georgia Department of Audits & Accounts  
July 24, 2015

We concur with the recommendation. A separate account is being opened into which all grant funds are to be deposited. The general fund will advance payment for all expenditures and then be reimbursed from the grant funds as appropriate. SPLOST funds are already maintained in a separate account and are used to reimburse the general fund for SPLOST expenditures. Reimbursement by SPLOST to the general fund will require greater documentation so as to prevent unauthorized use of funds. Funds were misused for Industrial Park development, an amount in excess of the funds authorized, but are being reimbursed by the Walker County Development Authority by the proceeds of a bond issued by them.

Finding 14-2

PROJECT WORKSHEET WAS NOT PROVIDED TO THE FINANCE OFFICE RESULTING IN AN UNDERSTATEMENT OF GRANT RECEIVABLES.

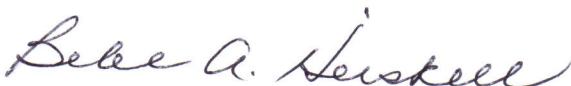
Grant project worksheets in conjunction with grant receivables.

Corrective Action Plan/Management Response

We concur with the recommendation. New rules are being formulated to insure that proper documentation is being provided to the finance office in a timely manner for financial reporting purposes.

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

Sincerely,

A handwritten signature in cursive script that reads "Bebe A. Heiskell".

Bebe A. Heiskell  
Walker County Commissioner

