

WALKER COUNTY, GEORGIA

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 1997

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WILLIAMSON
& CO. CPA's
Certified Public Accountants
Cartersville, Georgia

Walker County, Georgia
Annual Financial Statements
Year Ended September 30, 1997

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WALKER COUNTY, GEORGIA
Annual Financial Statements
With Supplemental Information and
Independent Auditor's Report

September 30, 1997

Walker County, Georgia
Comprehensive Annual Financial Report
Year Ended September 30, 1997

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William & Company City

INCORPORATED
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The following is a summary of the financial statements of William & Company City for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

FINANCIAL SECTION

The accompanying financial statements consist of a balance sheet as at December 31, 1954, and a statement of income and retained earnings for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

The accompanying financial statements consist of a balance sheet as at December 31, 1954, and a statement of income and retained earnings for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

The accompanying financial statements consist of a balance sheet as at December 31, 1954, and a statement of income and retained earnings for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

The accompanying financial statements consist of a balance sheet as at December 31, 1954, and a statement of income and retained earnings for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

The accompanying financial statements consist of a balance sheet as at December 31, 1954, and a statement of income and retained earnings for the year ended December 31, 1954. The financial statements were prepared in accordance with the accounting principles generally accepted in the United States of America. The financial statements were audited by the independent accountants, Messrs. ... and ... who are members of the Institute of Certified Public Accountants. Their report is included in this report.

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WILLIAMSON & CO. CPA's

EARL WILLIAMSON
LLOYD M. WILLIAMSON

GREG BRADY
MARIE WILLIAMSON

INDEPENDENT AUDITOR'S REPORT

Commissioner
Walker County
Lafayette, Georgia 30728

We have audited the general-purpose financial statements of Walker County, Georgia, as of and for the year ended September 30, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of Walker County. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the component unit, the Walker County Water and Sewerage Authority. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Walker County Water and Sewerage Authority, is based solely on the report of other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We did not audit the financial statements of the component unit, the Walker County Water and Sewerage Authority. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Walker County Water and Sewerage Authority, is based solely on the report of other auditors.

As described more fully in Note 1, the general-purpose financial statements referred to above do not include general fixed assets acquired prior to 1984. In our opinion, generally accepted accounting principles require that these assets be included in the balance sheet.

In our opinion, except for the effects on the financial statements of not capitalizing general fixed assets acquired prior to 1984 referred to in the preceding paragraph, the component unit general purpose financial statements referred to above present fairly, in all material respects, the financial position of Walker County, Georgia, as of September 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 1998, on our consideration of Walker County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Walker County, Georgia, taken as a whole and on the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Walker County, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the general

purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Williamson & Company, CPA's

Williamson & Company, CPAs
January 22, 1998

WALKER COUNTY, GEORGIA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1997

Exhibit 1

	Governmental Fund Types		
	General	Capital Projects	Agency
ASSETS			
Cash	\$ 372,003	\$ -	\$ 9,986,222
Certificates of Deposits	2,302,614	-	-
Deposits	-	-	-
Inventory	-	-	-
Receivables:	-	-	-
Taxes	25,184	-	-
Accounts	-	-	1,327,332
Grants	-	-	-
Interest	269,352	-	-
Capital Lease	29,555	-	-
Note Receivable	-	-	-
Due From Other Funds	-	-	-
Prepaid Expenses	261,102	-	-
Fixed Assets - Net of Accumulated Depreciation	2,270,896	-	-
Restricted Cash	-	-	-
Unamortized Bond Discount	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-
	-	-	-
TOTAL ASSETS	\$ 5,530,706	\$ -	\$ 11,313,554
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 584,106	\$ -	\$ 1,180
Due to Other Funds	-	-	2,030,293
Due to Other Governments	5,000	-	-
Due to Heirs, Litigants and Others	-	-	7,006,721
Deferred Revenues	-	-	616,582
Customer Deposits	10,091	-	-
Capital Leases	-	-	-
Landfill Cost Obligation	-	-	-
Interest Payable	-	-	-
Note and Bonds Payables	-	-	-
	-	-	-
TOTAL LIABILITIES	599,197	-	9,654,776
FUND EQUITY			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
Fund Balances:	-	-	-
Reserved for Employees Retirement Plan	-	-	1,658,778
Reserved for Landfill	212,892	-	-
Unreserved, Undesignated	4,718,617	-	-
	-	-	-
TOTAL FUND EQUITY	4,931,509	-	1,658,778
TOTAL LIABILITIES AND FUND EQUITY	\$ 5,530,706	\$ -	\$ 11,313,554

The accompanying notes are an integral part of this financial statement.

**WALKER COUNTY, GEORGIA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1997**

Exhibit 1

General Fixed Assets	General Long-Term Debt	Total (Memorandum Only) Primary Government	Water and Sewer Authority	Totals (Memorandum Only) Reportable Entity
\$ -	\$ -	\$ 10,358,225	\$ 244,787	\$ 10,603,012
-	-	2,302,614	-	2,302,614
-	-	-	377	377
-	-	-	36,290	36,290
-	-	1,352,516	-	1,352,516
-	-	269,352	346,259	615,611
-	-	29,555	3,372	32,927
-	-	-	743,212	743,212
-	-	-	48,886	48,886
-	-	261,102 ✓	43,047	304,149
22,296,424 ✓	-	2,270,896	28,275	2,299,171
-	-	22,296,424	23,842,350 ✓	46,138,774
-	-	-	4,553,891	4,553,891
-	-	-	282,098	282,098
-	8,836,514	8,836,514	-	8,836,514
<u>\$ 22,296,424</u>	<u>\$ 8,836,514</u>	<u>\$ 47,977,198</u>	<u>\$ 30,172,844</u>	<u>\$ 78,150,042</u>
\$ -	\$ -	\$ 585,286	\$ 153,183	\$ 738,469
-	-	2,030,293	-	2,030,293
-	-	5,000	-	5,000
-	-	7,006,721	-	7,006,721
-	-	626,673	-	626,673
-	116,463 ✓	-	284,913	284,913
-	3,053,000	116,463	-	116,463
-	-	3,053,000	-	3,053,000
-	5,667,051 ✓	-	243,633	243,633
-	-	5,667,051	9,384,671	15,051,722
-	8,836,514 ✓	-	-	-
-	-	19,090,487	10,066,400	29,156,887
22,296,424	-	22,296,424	-	22,296,424
-	-	-	15,217,683	15,217,683
-	-	-	4,888,761 ✓	4,888,761
-	-	1,658,778	-	1,658,778
-	-	212,892	-	212,892
-	-	4,718,617	-	4,718,617
22,296,424	-	28,886,711	20,106,444	48,993,155
<u>\$ 22,296,424</u>	<u>\$ 8,836,514</u>	<u>\$ 47,977,198</u>	<u>\$ 30,172,844</u>	<u>\$ 78,150,042</u>

The accompanying notes are an integral part of this financial statement.

WALKER COUNTY, GEORGIA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Exhibit 2

	General Fund			Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Property Taxes	\$ 3,434,200	\$ 3,935,645	\$ 501,445	\$ -	\$ -	\$ -
Other Taxes	5,363,156	5,731,530	368,374	-	-	-
Licenses and Permits	66,800	76,635	9,835	-	129,174	129,174
Charges for Current Services	2,594,000	3,246,207	652,207	-	-	-
Intergovernmental Revenue	1,111,482	569,438	(542,044)	-	-	-
Fees from County Officers	1,081,500	1,155,698	74,198	-	-	-
Investment Earnings	120,000	211,635	91,635	-	-	-
Other Revenue	344,800	399,073	53,273	-	-	-
Total Revenue	14,115,938	15,324,861	1,208,923	-	129,174	129,174
EXPENDITURES						
Current						
General Government	2,052,556	1,852,076	200,480	-	1,101	(1,101)
Judicial	1,446,600	1,455,262	(8,662)	-	-	-
Sheriff	3,412,082	3,496,512	(84,430)	-	-	-
Public Safety	1,445,800	1,141,230	304,570	-	-	-
Public Works	3,742,600	3,524,733	217,867	-	-	-
Culture and Recreation	55,500	82,954	(27,454)	-	-	-
Health and Welfare	354,800	549,475	(194,675)	-	-	-
Unallocated	1,020,200	908,342	111,858	-	-	-
Other Programs and Services	331,800	546,560	(214,760)	-	-	-
Capital	3,570,943	3,272,627	298,316	-	128,073	(128,073)
Debt Service - Principal	-	159,565	(159,565)	-	-	-
Debt Service - Interest	-	193,608	(193,608)	-	-	-
Total Expenditures	17,432,881	17,182,944	249,937	-	129,174	(129,174)
Excess (Deficiency) of Revenues Over Expenditures	(3,316,943)	(1,858,083)	1,458,860	-	-	-
Other Financial Sources (Uses):						
Operating Transfers in (Out)	-	-	-	-	-	-
Proceeds from Capital Leases	2,199,943	2,380,374	180,431	-	-	-
Total Other Sources	2,199,943	2,380,374	180,431	-	-	-
Excess of Revenues and Other Sources Over Expenditures	\$ (1,117,000)	522,291	\$ 1,639,291	\$ -	\$ -	\$ -
Fund Balance - October 1		5,631,153				
Prior Period Adjustment		(1,221,935)				
Beginning Fund Balance Restated		4,409,218				
Fund Balance - September 30		\$ 4,931,509				

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997

Exhibit 3

	Governmental Fund Types		Total (Memorandum Only)
	General	Capital Projects	
REVENUE			
Property Taxes	\$ 3,935,645	\$ -	\$ 3,935,645
Other Taxes	5,731,530	129,174	5,860,704
Licenses and Permits	76,635	-	76,635
Charges for Services	3,247,325	-	3,247,325
Intergovernmental Revenue	562,245	-	562,245
Fees From County Officials	1,154,580	-	1,154,580
Investment Earnings	211,635	-	211,635
Unclassified	471,757	-	471,757
Total Revenues	<u>15,391,352</u>	<u>129,174</u>	<u>15,520,526</u>
EXPENDITURES			
Current			
General Government	1,918,567	1,101	1,919,668
Judicial	1,455,262	-	1,455,262
Sheriff	3,496,512	-	3,496,512
Public Safety	1,141,230	-	1,141,230
Public Works	3,524,733	-	3,524,733
Culture and Recreation	82,954	-	82,954
Health and Welfare	549,475	-	549,475
Unallocated	908,342	-	908,342
Other Program and Services	546,560	-	546,560
Capital	3,272,627	128,073	3,400,700
Debt Service - Principal	159,565	-	159,565
Debt Service - Interest	193,608	-	193,608
	<u>17,249,435</u>	<u>129,174</u>	<u>17,378,609</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,858,083)</u>	<u>-</u>	<u>(1,858,083)</u>
Other Financing Sources (Uses):			
Operating Transfers In (Out)			
Proceeds from Capital Lease	2,380,374	-	2,380,374
Total Other Financial Sources (Uses)	<u>2,380,374</u>	<u>-</u>	<u>2,380,374</u>
Excess of Revenues and Other Financial Sources Over Expenditures	522,291	-	522,291
Fund Balance - October 1	5,631,153 ✓	-	5,631,153
Prior Period Adjustment	(1,221,935)	-	(1,221,935)
Beginning Fund Balance Restated	<u>4,409,218</u>	<u>-</u>	<u>4,409,218</u>
Fund Balance - September 30	<u>\$ 4,931,509 ✓</u>	<u>\$ - ✓</u>	<u>\$ 4,931,509</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND (COMPONENT UNIT) WATER AND SEWERAGE AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997

Exhibit 4

	Proprietary Fund Type
	Component Unit Water and Sewerage
Operating Revenues	
Water Sales	\$ 1,784,213
Sewerage Charges	871,504
Wastewater Treatment Surcharge	32,966
Penalties	56,176
Tap and Reconnections	59,030
Other	20,589
Refunds	780
Total Operating Revenues	2,825,258
Operating Expenses	
Operating and Maintenance	1,902,866
Depreciation and Amortization	742,415
Bad Debts	9,280
Total Operating Expenses	2,654,561
Operating Income (Loss)	170,697
Non-operating Income (Expense)	
Interest Expense	(569,551)
Interest Income	222,428
Sinking Fund Income	57,648
Gain on Sale of Fixed Assets	5,392
Total Non-operating Income (Expense)	(284,083)
Net Income (Loss)	(113,386)
Retained Earnings - Beginning	5,002,147
Retained Earnings - Ending	\$ 4,888,761 ✓

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (COMPONENT UNIT) WATER AND SEWERAGE AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1997

Exhibit 5

Cash Flows From Operating Activities	
Cash Received from Customers	\$ 2,848,012
Cash Payments for Goods and Services	(1,418,741)
Cash Payments to Employees for Services	(460,110)
Net Cash Provided by Operating Activities	<u>969,161</u>
Cash Flows From Capital and Related Financial Activities	
Payment for Capital Acquisitions	(599,266)
Proceeds from Special Local Option Sales Tax	531,465
Principal Payments - Notes	(793,908)
Payment to Bond Sinking Fund	(746,482)
Principal Received - Notes	2,001
Principal Received - Leases	22,832
Interest Received - Notes	4,281
Interest Received - Leases	41,154
Proceeds From Sale of Equipment	8,101
Interest Paid - Notes	(102,494)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(1,632,316)</u>
Cash Flows From Investing Activities	
Interest on Investments	162,383
Purchase of Certificates of Deposit	(1,072,781)
Maturities of Certificates of Deposits	1,383,729
Maturities of Investments	1,000,000
Net Cash Provided by (Used In) Investing Activities	<u>1,473,331</u>
Net Increase (Decrease) in Cash and Cash Equivalents	810,176
Cash and Cash Equivalents - Beginning	<u>1,340,736</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,150,912</u>

The accompanying notes are an integral part of this financial statement.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

The accounting methods and procedures adopted by Walker County, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of Walker County's General Purpose Financial Statements.

Note - 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

Component unit: In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

Discretely presented component unit: The Walker County Water and Sewerage Authority, an entity legally separate from the County, is governed by a five-member board appointed by the County Commissioner. For financial reporting purposes, the Water and Sewerage Authority is reported as if it were part of the County's operations because its purpose is to provide water and sewerage services to the citizens of the County.

Accounting Policies

Basis of presentation - Fund accounting: The accounts of Walker County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The County has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into three fund types and five generic funds as described below:

Governmental Fund types: These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

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

Debt Service Funds: These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Funds: These funds are established to account for major capital expenditures not financed by Enterprise Funds.

Proprietary Fund Types: These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Enterprise Funds: These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types: These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds: These funds are used to account for funds that are held in escrow for other parties.

Account Groups: In addition to the three broad types of governmental funds, the County also maintains two account groups as described below:

General Fixed Assets Account Group: This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Funds.

General Long-Term Debt Account Group: This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

Basis of Accounting and Measurement Focus

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.

Governmental funds types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when they are measurable and available (often referred to as *susceptible to accrual*). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The County considers revenues to be available if they are expected to be collected within 60 days of the year end. Generally tax revenues (including taxpayer-assessed taxes), fees and nontax revenues are recognized when received. Grants, entitlements, and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied, with proper allowances made for estimated uncollectible accounts and delinquent accounts. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due.

Proprietary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred (flow of economic resources measurement focus). Under this basis of accounting and measurement focus, the County applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997

Budgetary Data

The County Commissioner prepares a proposed budget for the upcoming fiscal year in September of the preceding fiscal year and makes it available for public inspection at the county courthouse. After a public hearing on the proposed budget is 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 a budget for all governmental funds. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles. For this reason, there is no common basis for preparing a reconciliation between budgeted and actual amounts. 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 budgeted financial statements represented in this report reflect the final budget authorization, including all amendments. During the fiscal year ended September 30, 1997, no significant budgetary amendments were approved by the Commissioner.

Cash

The County pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in certificates of deposits with various maturities or transferred to interest-bearing savings accounts. Deposits in excess of federally insured amounts are required to be collateralized by securities of the depository bank.

Investments

Investments are valued at amortized cost in the proprietary fund since it is the County's policy to hold such securities until they mature. At maturity, the resources are deposited in the construction fund for capital improvements under construction by the Water and Sewerage Authority.

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 state law, repurchase agreements, and obligations of other political subdivisions of Georgia.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the Water and Sewerage Authority Fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year. The Water and Sewerage Authority purchased the sewer collection from the County of Chickamauga, Georgia, and then leased it back to County under a direct financing lease which expires in 2014. The principal portion of this capital lease receivable is shown on the balance sheet under current assets and other assets.

Due To And Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Interest Receivable

Interest on investments and certain receivables is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Inventories

For all governmental funds are valued at average cost. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of their respective funds. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

Other Assets

Other assets held are recorded and accounted for at cost.

Restricted Assets

Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt.

Property, Plant, And Equipment

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Beginning in 1984, Property, plant, and equipment acquired or constructed for general governmental operations is recorded as an expenditure in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group. Prior to 1984, assets purchased were recorded as expenditures in the governmental funds and the assets were not capitalized. Therefore, the general fixed asset account group includes only assets purchased after December 31, 1983. The effects of this departure on financial position is not reasonably determinable.

Advances

Advances to and advances from governmental funds represent noncurrent portions of interfund receivables and payables. The governmental fund making the advance establishes a fund balance reserve equal to the amount of the advance.

Long-term Debt

Long-term obligations of the County are reported in the General Long-Term Debt Account Group. Long-term liabilities for certain general obligation bonds, revenue bonds, and mortgage bonds are reported in the appropriate Enterprise Fund.

Pensions

The provision for pension cost is recorded on an accrual basis, and the County's policy is to fund pension costs as they accrue.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distribution. Reserved retained earnings for proprietary funds represent the net assets that have been legally identified for specific purposes.

Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and nontax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues

Property taxes are levied on October 20 based on the assessed value of property as listed on the previous January 1. Assessed values are an approximation of market value. A valuation of all real property must be made every seven years. The last valuation date was January 1, 1997. 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.

Vacation, Sick Leave, and Other Compensated Absences

The County allows employees sick leave up to a maximum of ten days per year and funeral leave for immediate family members up to three days per year. These absences cannot be carried over by the employee and can only be used for their designated purpose. Thus, no liability is required for sick leave or funeral leave. Earned vacation time is required to be used by the end of each calendar year with no carryover to the next year. Thus, the liability for accrued vacation leave is all to be paid from current resources.

Total Columns

The Combined Financial Statements include total columns that are described as memoranda only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

Note - 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deposits with financial institutions: State statutes require that the County's deposits be collateralized by securities held in the name of the County by the trust department of a bank that does not hold the collateralized deposits. On two occasions during the year, the County permitted a bank to hold securities that collateralized deposits held by the same bank.

Note - 3. CASH

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the County or by its agent in the County's name.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Note – 4. PROPERTY TAXES

Walker County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The following dates are applicable to property taxes:

Lien date	January 1
Levy date	October 20
Due date	December 20

All property taxes are recognized in compliance with National Council on Governmental Accounting Interpretation No. 3 (Revenue Recognition—Property Taxes), which states that such revenue should be recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Property taxes receivable as of September 30, 1997, are composed of the following:

<u>Year of Levy :</u>	
1996	\$ 455,002
1995	60,574
1994	60,025
Before 1994	<u>252,793</u>
Total property taxes receivable	823,394
Less allowance for uncollectibles	<u>(803,210)</u>
	<u>\$ 25,184</u> ✓

Note – 5. INVESTMENTS

Investments made by the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk within the following three categories:

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

Component Unit: Water and Sewerage Authority

Deposits with Financial Institutions: The deposits of the Authority were fully collateralized at September 30, 1997. The following schedule classified the deposits into three categories to give an indication of the level of risk assumed by the Authority at period end.

Category 1 includes deposits insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. Category 3 includes uninsured and uncollateralized deposits.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$ 414,118	\$ 414,122
Category 2	3,028,573	3,065,478
Category 3	<u>0</u>	<u>0</u>
Total Deposits with Financial Institutions	<u>\$ 3,442,691</u>	<u>\$ 3,479,600</u>

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Note - 6. DUE TO/FROM OTHER FUNDS

As of September 30, 1997, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 261,102	\$ 0
Agency Funds		
Tax Commissioner	0	112,441
Clerk of courts	0	128,034
Special Purpose Sales Tax	0	7,174
Probate Judge	0	3,149
Magistrate Court	0	10,304
TOTAL	<u>\$ 261,102</u>	<u>\$ 261,102</u>

Note - 7. FIXED ASSETS

Activity in the general fixed assets account group for the fiscal year ended September 30, 1997, was as follows:

Summary of Changes in the General Fixed Asset Account Group During the Fiscal Year

	Balance October 1, 1996	Additions	(Deletions) Corrections	Transfer from Fire and Rescue	Balance September 1, 1997
Land	\$ 136,980	\$ 451,926	\$ -0-	\$ 400	\$ 589,306
Land Improvement	20,247	-0-	-0-	-0-	20,247
Building	5,795,423	-0-	3,562,705	315,360	9,673,488
Building Improvements	673,654	28,700	-0-	-0-	702,354
Equipment	6,196,210	323,798	(186,646)	550,465	6,883,827
Vehicles	-0-	2,437,287	-0-	954,132	3,391,419
Furniture and Fixtures	-0-	29,343	-0-	16,482	45,825
Construction in Progress	720,756	-0-	-0-	88,458	809,214
	<u>\$ 13,543,270</u>	<u>\$ 3,271,054</u>	<u>\$ 3,376,059</u>	<u>\$ 1,925,297</u>	<u>\$ 22,115,680</u>

22,296,424
180,744

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

**Comparative Schedules of General Fixed Assets by Source
September 30, 1997 and 1996**

	<u>1997</u>	<u>1996</u>
General Fixed Assets:		
Land	\$ 589,306	\$ 136,980
Land Improvements	20,247	20,247
Buildings	9,673,488	5,795,423
Building Improvements	702,354	673,654
Equipment	7,064,571	6,196,210
Vehicles	3,391,419	0
Furniture and Fixtures	45,825	0
Construction in Progress	<u>809,214</u>	<u>720,756</u>
Total General Fixed Assets	<u>\$ 22,296,424</u>	<u>\$ 13,543,270</u>
Investment in General Fixed Assets By Source:		
General Fund	\$ 16,289,237	\$ 10,833,750
Sales Tax	128,073	2,676,786
Capital Leases	5,879,114	0
Donations	<u>0</u>	<u>32,734</u>
Total Investment in General Fixed Assets	<u>\$ 22,296,424</u>	<u>\$ 13,543,270</u>

The buildings include \$3,562,705 capital lease not recorded in prior years General Fixed Assets which was acquired November 7, 1995.

Component Unit – Water and Sewerage Authority

Property and Equipment consist of the following:

	<u>1997</u>
Land	\$ 155,109
Land Improvement	33,238
Buildings	406,571
Water System	7,598,910
Water Treatment Plant	3,728,812
Industrial Water Line	339,137
Wastewater Treatment Plant	2,618,280
Sewerage System	15,202,643
Trucks and Tractors	317,817
Equipment	266,634
Office Equipment	116,619
Construction in Progress	<u>1,353,656</u>
	32,137,426
Less Accumulated Depreciation and Amortization	<u>(8,295,076)</u>
Total	<u>\$ 23,842,350</u>

Accounting Standards Board (FASB) Statement No. 34 (Capitalization of Interest Cost) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 1997, no interest costs were capitalized.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

NOTE - 8. PENSION COSTS

Plan Description:

Walker County contributes to the Walker County Commissioner's and Sheriff's Defined Benefit Pension Plans which are single-employer defined benefit pension plans and cover all employees. The plans provide retirement and death benefits to plan members and their beneficiaries.

As of January 1, 1997, employee membership data related to the pension plan were as follows:

Number of retirees and beneficiaries currently receiving benefits	4
Number of terminated employees entitled to benefits but not yet receiving them	8
Number of active plan participants	<u>194</u>
	<u>206</u>

The major provisions of the plan are outlined below:

Effective Date: Original effective January 1, 1973; restated January 1, 1984; amended effective July 1, 1996.

Eligibility for Participation Begins on the first day of the month coincident with or following completion of one year of service.

Vesting Years of Service 50% after seven years increasing 10% per year until fully vested after twelve years of service.

Normal Retirement Benefit:

Eligibility Age 65.

Basic Monthly Benefit Payable monthly in an amount equal to 1.10% of five years average earnings multiplied by credited service plus 0.65% of overage compensation in excess of \$10,000 multiplied by service up to 35 years.

Early Retirement Benefit:

Eligibility Age 60 and 20 years of credited service.

Benefit Computed the same as normal retirement, reduced on an actuarially equivalent basis.

Full accrued benefits payable immediately.

Late Retirement Benefit:

Eligibility Retirement after eligibility for normal retirement.

Benefit Normal retirement benefit based on compensation and service at actual date of retirement.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Deferred Vested Benefit:

Eligibility	10 years of vesting service.
Benefit	Payment will commence on the participant's normal retirement date or if participant chooses at any time on or after the participant attains the age of 60 in an amount equal to the actuarial equivalent of the vested benefit commencing on participant's normal retirement date.
Employee Contributions	Employer contributions only.
Employer Contributions	The County contributes 5.4% of total covered payroll based on the annual recommendations of independent actuaries.

The County's total covered payroll amounted to \$4,483,955. Covered payroll refers to all compensation paid by the County to active employees covered by the Walker County and Sheriff's pension plans on which contributions to the plan are based.

Summary of Significant Accounting Policies and Plan Asset Matters:

The Walker County financial statements are prepared on the accrual basis of accounting. Contributions from the County are recognized as revenue in the period in which employees provide services to the County. Investment income is recognized as earned by the pension plan. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. There are no investments in, loans to, or leases with parties related to the pension plan.

Funding Status and Progress:

Presented below is the total pension benefit obligation of the Walker County and Sheriff's pension plans. The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effects of projected salary increases and any step-rate benefits. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of the financial statements to (a) assess the funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among pension plans.

Because the standardized measure is used only for disclosure purposes by the Walker County and Sheriff's retirement plans, the measurement is independent of the actuarial computation made to determine contributions to the plans. The actuarial funding method used to determine contributions to the plans are explained later in this note.

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.0% per year compounded annually, and (b) projected salary increases of 5%.

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

The standardized measure of the unfunded pension benefit obligation as of January 1, 1997, is as follows:

	<u>County</u>	<u>Sheriff</u>	<u>Total</u>
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	\$ 151,931	\$ 78,064	\$ 229,995
Current Employees-			
Vested	918,940	191,457	1,110,397
Nonvested	<u>997,978</u>	<u>539,535</u>	<u>1,537,513</u>
Total Pension Obligation	2,068,849	809,056	2,877,905
Net assets available	<u>974,067</u>	<u>684,711</u>	<u>1,658,778</u>
Unfunded pension benefit (assets less than PBO)	<u>\$ (1,094,782)</u>	<u>\$ (124,345)</u>	<u>\$ (1,219,127)</u>

Contributions Required and Contributions Made:

Walker County's funding policy for each 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.

Total contributions to the pension plan for the fiscal year amounted to \$414,841. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of January 1, 1996. The pension contributions represent funding for normal cost of \$309,541 and the amortization of the unfunded actuarial accrued liability of \$105,300. Contributions made by the Walker County and its employees represent 9.3% and 0%, respectively, of covered payroll for the year.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

Trend Information:

Trend information for the three plan years ended January 1, 1995, 1996, and 1997 is presented below:

	<u>Plan Year</u>		
	<u>1997</u>	<u>1996</u>	<u>1995</u>
-Net assets available for benefits as a percentage of the pension benefit obligation applicable to the County's employees	80.6%	64.9%	67.6%
-Unfunded pension (assets in excess of) benefit obligation as a percentage of the County's annual covered payroll*	27.2%	22.2%	16.8%
-County's contributions to the pension plan as a percentage of annual covered payroll**	9.6%	5.4%	9.6%

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

*Ten-year historical trend information is disclosed on pages 36 and 37 of the Comprehensive Annual Financial Report.

**All contributions were made in accordance with actuarial recommendations.

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

NOTE - 9. LEASE OBLIGATIONS

Operating Lease: The County has numerous but no significant operating lease obligations. Generally the leases are for small items of equipment.

Capital Leases: The County has two leases through capital lease arrangements in the general fund.

The assets and obligations for these agreements of the general fund are recorded in the general fixed assets accounts group and the general long term debt account groups, respectively. The assets acquired through capital leases are as follows:

Date	Asst	To General Fixed Asset
September 9, 1997	Seven 1997 Ford Crown Victoria Police Sedans, Three 1997 Ford Taurus Sedans	\$ 180,431
January 2, 1997	Fifteen Fire Trucks and Equipment	2,199,943
November 7, 1995*	28,800 Square Foot Office Building ("DFACS")	<u>3,582,705</u>
	TOTAL	<u>\$ 5,943,079</u>

*This lease not reflected on prior year audit.

The future minimum lease obligations as of September 30, 1997, were as follows:

Year Ending September 30	To General Long Term Debt			
	Vehicles	Fire Trucks	Buildings	Total
1998	\$ 63,968	\$ 287,271	\$ 298,091	\$ 649,330
1999	63,968	287,271	307,244	658,483
2000	0	287,271	309,671	569,942
2001	0	287,271	319,381	606,652
2002	0	287,271	329,383	616,654
Thereafter	<u>0</u>	<u>1,436,304</u>	<u>3,467,117</u>	<u>4,930,421</u>
Total Minimum Lease	127,936	2,872,659	5,030,887	8,031,482
Less: Interest	<u>(11,473)</u>	<u>(672,716)</u>	<u>(1,563,776)</u>	<u>(2,247,965)</u>
Present Value of Minimum Lease Payments	<u>\$ 116,463</u>	<u>\$ 2,199,943</u>	<u>\$ 3,467,111</u>	<u>\$ 5,783,517</u>

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Note - 10. LONG TERM DEBT

The following represents long-term liabilities that are not reported as fund liabilities, but are reported in the general long-term debt account group:

	Balance October 1, 1996	Additions	Reductions	Balance September 30, 1997
Capital Leases	\$ 3,562,705	\$ 2,380,374	\$ 159,562	\$ 5,783,514
Landfill Closure and Post closure	<u>2,382,000</u>	<u>671,000</u>	<u>0</u>	<u>3,053,000</u>
	<u>\$ 5,944,705</u>	<u>\$ 3,051,374</u>	<u>\$ 159,562</u>	<u>\$ 8,836,514</u>

The balance as of September 30, 1996, has been restated to reflect the addition of the "DFACS" building lease. The balance as of then was \$3,562,705.

Landfill Closure and Post Closure Care Cost

Walker County owns and operates a landfill site located east of Lafayette. The landfill has been operated from the present site since 1973. State and federal laws and regulations will require the Government to close the landfill once its capacity is reached and to monitor and maintain the site for thirty subsequent years. The Government recognizes a portion of closure and post closure care cost in each operating period even though actual payouts will not occur until the landfill capacity used as of the balance sheet date. The original landfill site, approximately 118 acres (47 for existing landfill and 55 for the proposed expansion), was projected to reach capacity in 1996. A vertical expansion was approved until June 1998. Walker County has planned an expansion of approximately 55 acres to the existing landfill. The new expansion is designed to meet the Federal Subtitle D Standards. The new expansion should be available for operation in late 1998 or early 1999. Financing for expansion will be provided by local funds and Special Local Option Sales Tax.

Conduit Debt- Not reported within General Long-term Debt

On August 1, 1985, Walker County entered into a contract with the Hospital Authority of Walker, Dade, and Catoosa Counties which provides that the counties pay to the Authority from time to time amounts sufficient to pay the principal of, redemption premium (if any) and interest on the Authority's Series 1985 Certificates to the extent that the Gross Revenues of the Authority are insufficient to provide for such payment. This contract was subsequently amended on July 16, 1991 due to the defeasance of the Series 1991A and 1991B Certificates. The amendment make the provisions of the contract apply to the 1991 issues. As of September 30, 1997, the counties have not been required to pay any monies to the Hospital Authority.

Component Unity – Water and Sewerage Authority

The following is a summary of long-term debt transactions

	Bonds	Notes	Total
Debt outstanding – Beginning	\$ 8,777,089	\$ 1,698,288	\$ 10,475,377
Retirements	(315,000)	(793,908)	(1,108,908)
Amortized Deferred Bond Refund Cost	18,202	0	18,202
Debt Outstanding – Ending	<u>\$ 8,480,291</u>	<u>\$ 904,380</u>	<u>\$ 9,384,671</u>

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

Long-term debt consists of:

Note Payable to Georgia Development Authority at 5.3%, quarterly \$22,705, until December 2011	\$ 904,380
\$9,500,000 Revenue Bonds, Series 1994	<u>8,480,291</u>
	<u>\$ 9,384,671</u>

NOTE - 11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of September 30, 1997, the county had the following commitments with respect to unfinished capital projects:

Construction Project	Remaining Construction Commitment	Expected Date Of Completion
SPLOST Funds:		
Courthouse Renovation	\$ 803,000	1999
Athletic Complex	1,903,000	1999
Gymnasium	800,000	1999
Landfill Expansion	6,000,000	1999

NOTE - 12. RESTATEMENT OF PRIOR YEARS FUND BALANCES.

After the close of the previous fiscal year, September 30, 1996, reporting errors were discovered and/or corrections were made. Reclassification of the Fire and Rescue Enterprise fund from an enterprise fund to a department within the General Fund resulted in a net adjustment of \$(266,361); establishing the Employee Benefit fund \$(12,958); \$(787,571) in property tax revenues levied in October 1996 and overstated; \$(89,640) prepaid expenses overstated; \$(65,405) of 1996 grant revenues overstated; \$(460,214) capital lease shown as lease receivable in 1996 reported as a conduit debt.

Accordingly, the effects of the above mentioned errors and additions are as follows:

	General Fund	Debt Service	Enterprise Fire and Rescue
1996 Fund Balance as Previously Reported	\$ 5,631,153 ✓	\$ 460,214 ✓	\$ 1,251,752 ✓
	(266,361)	(460,214)	(1,251,752)
	(12,958)	0	0
	(787,571)	0	0
	(89,640)	0	0
	(65,405)	0	0
Effects of Errors and Corrections	<u>(1,221,935)</u>	<u>(460,214)</u>	<u>(1,251,752)</u>
Beginning Fund Balance Restated	<u>\$ 4,409,218</u>	<u>\$ 0</u>	<u>\$ 0</u>

NOTE - 13. 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 general liability and 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 - Inter local Risk Management Agency and the Group Self-Insured Worker's Compensation Fund. These are public entity risk pools currently operating as a common risk management and insurance program for many of the

**WALKER COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 1997**

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

NOTE - 14. CONTINGENT LIABILITIES

On August 1, 1985 Walker County entered into a contract with the Hospital Authority of Catoosa, Dade and Catoosa Counties (the Authority) to assure that medical care and hospitalization is provided to the County's indigent sick persons. Catoosa County and Dade County are also parties to the same contract.

The County has guaranteed payment of the sinking fund requirements for principal and interest on the Authority's Revenue Anticipation Certificates, Series 1991A, in the aggregate amount of \$43,975.

The County may also be required to make additional payments to the Authority if the cost of providing indigent care exceeds one and one-half percent of the Authority's gross patient service revenue. While the liability of the three counties is joint and several with respect to the Authority's debt service, the County's ultimate liability is effectively limited to its pro rate share based on the ratio of its preceding year's tax digest to the total tax digests of the three counties.

The County is also contingently liable, as of September 30, 1997 for \$3,166,000 of the Walker County Water and Sewer Authority Revenue Board, Series 1993. The bonds are payable in varying amounts through April 1, 2006. The probability of this contingent liability being realized is remote.

NOTE - 15. CLAIMS AND JUDGMENTS

The county participates in a number of federal, state, and county programs that are full 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, 1997, 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.

WALKER COUNTY, GEORGIA
 STATEMENT OF FINANCIAL POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Taxes	1,750,000	1,750,000
State Grants	200,000	200,000
Federal Grants	50,000	50,000
Local Grants	100,000	100,000
Other Revenues	100,000	100,000
Reserve for Contingencies	100,000	100,000
Other Taxes	100,000	100,000
Total	2,300,000	2,300,000
Other Taxes		
Land Use Tax		
State Property Tax		
Local Property Tax		
Other Taxes		

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

	2017	2016
Salaries	1,000,000	1,000,000
Benefits	200,000	200,000
Travel	50,000	50,000
Printing	100,000	100,000
Supplies	100,000	100,000
Other Expenses	100,000	100,000
Total	1,650,000	1,650,000

**WALKER COUNTY, GEORGIA
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 1997**

ASSETS

Cash and cash equivalents	\$ 372,003
Certificates of deposits	2,302,614
Accrued interest	29,555
Due from other governmental	2,270,896
Due from other funds	261,102
Taxes receivable	25,184
Other receivable, net of allowance for uncollectibles of	<u>269,352</u>
 Total assets	 <u>\$ 5,530,706</u>

LIABILITIES AND FUND EQUITY

Liabilities	
Accounts payable and accrued expenses	\$ 584,106
Due to other governments	5,000
Due to other funds	0
Deferred revenue	<u>10,091</u>
Total liabilities	<u>599,197</u>
 Fund balances –	
Designated for landfill closure and postclosure	212,892
Unreserved, undesignated	<u>4,718,617</u>
 Total fund balances	 <u>4,931,509</u>
 Total liabilities and fund equity	 <u>\$ 5,530,706</u>

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Taxes Collected	\$ 2,745,000	\$ 3,173,668	\$ 428,668
Tax Comm-Commissions	285,000	311,032	26,032
Fed-TVA in Lieu of Taxes	16,700	-	(16,700)
Vehicle Taxes	380,000	447,653	67,653
Railroad Taxes	3,900	-	(3,900)
Timber Taxes	3,600	3,292	(308)
	<u>3,434,200</u>	<u>3,935,645</u>	<u>501,445</u>
OTHER TAXES			
Local Option Sales Tax	3,200,000	3,439,089	239,089
State-TVA Distribution	80,400	108,166	27,766
Cable Franchise Tax	85,000	95,076	10,076
Develop Auth-Lieu of Tax	65,600	65,625	25
Insurance Premium Tax	1,455,356	1,531,499	76,143
Real Estate Transfer Tax	25,800	25,644	(156)
Intangible Taxes	153,000	161,118	8,118
Beer & Wine Tax Receipts	298,000	305,313	7,313
	<u>5,363,156</u>	<u>5,731,530</u>	<u>368,374</u>
LICENSES AND PERMITS			
Occupational Tax	34,600	33,685	(915)
Building Permits	24,000	27,160	3,160
Mobile Home Permits	-	1,050	1,050
Beer & Wine Licenses	8,000	8,250	250
Miscellaneous	200	6,490	6,290
	<u>66,800</u>	<u>76,635</u>	<u>9,835</u>

(Continued)

The accompanying notes are in integral part of this financial statement.

WALKER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1997

(Continued)	Budget	Actual	Variance Favorable (Unfavorable)
CHARGES FOR SERVICES			
Maps & Copies	\$ 5,200	\$ 2,144	\$ (3,056)
Commissions Vending Mach	-	15	15
Meals On Wheels Contract	7,400	4,932	(2,468)
Food Pantry Receipts	13,000	1,693	(11,307)
Election Fees	-	13,591	13,591
Maps & Copies	-	1,898	1,898
Voters List	-	425	425
Maps & Copies	-	2,520	2,520
Sheriff's Service	-	16,090	16,090
Serve Civil Process Paper	83,000	8,506	(74,494)
Sheriff Reports	-	330	330
Fire and Rescue	688,000	719,366	31,366
Contract Refunds	-	(19,405)	(19,405)
E911 Collections	467,000	511,662	44,662
Maps & Copies	-	114	114
Rent	12,000	289,205	277,205
Civic Center	12,000	15,789	3,789
Animal Shelter Receipt	6,400	8,739	2,339
Landfill Receipts	1,300,000	1,668,593	368,593
	<u>2,594,000</u>	<u>3,246,207</u>	<u>652,207</u>
Intergovernmental:			
State Grants-			
Road and Bridge Projects	364,000	16,495	(347,505)
Real Estate Transfer Tax	-	-	-
Food Stamp Program	18,000	17,274	(726)
Other State Funds	290,800	99,899	(190,901)
	<u>672,800</u>	<u>133,668</u>	<u>(539,132)</u>
Federal Assistance -			
Family violence	94,082	16,066	(78,016)
DARE Grants	45,500	18,881	(26,619)
COPS Grants	-	33,049	33,049
Domestic violence	-	12,839	12,839
Task Force	221,300	279,348	58,048
Soil Conservation	6,800	6,663	(137)
Family Connection	71,000	54,765	(16,235)
Other	-	14,159	14,159
	<u>438,682</u>	<u>435,770</u>	<u>(2,912)</u>
Total Intergovernmental	<u>1,111,482</u>	<u>569,438</u>	<u>(542,044)</u>

The accompanying notes are in integral part of this financial statement.

WALKER COUNTY, GEORGIA
 GENERAL FUND
 STATEMENT OF REVENUES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

(Continued)	Budget	Actual	Variance Favorable (Unfavorable)
Fees From County Offices			
Magistrate	50,000	65,147	15,147
Clerk of Court	963,000	972,240	9,240
Probate Judge	32,000	38,659	6,659
Sheriff	36,500	79,652	43,152
	<u>1,081,500</u>	<u>1,155,698</u>	<u>74,198</u>
Investment Earnings			
Interest	120,000	211,635	91,635
Other Revenues			
Sale of Assets	70,000	16,567	(53,433)
Jail Improvements	65,000	69,770	4,770
Drug Awareness	19,000	10,435	(8,565)
Sheriff	146,700	96,804	(49,896)
Insurance Claims	-	113,402	113,402
Miscellaneous	44,100	91,095	46,995
	<u>344,800</u>	<u>398,073</u>	<u>53,273</u>
Total Revenues	\$ 14,115,938	\$ 15,324,861	\$ 1,275,414

The accompanying notes are in integral part of this financial statement.

**WALKER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
CURRENT EXPENDITURES			
General Government:			
County Commissioner	\$ 1,010,300	\$ 1,198,832	\$ (188,532)
Tax Commissioner	272,700	333,045	(60,345)
Tax assessors	729,356	224,432	504,924
Board of Registrars	12,200	27,454	(15,254)
Board of Elections	28,000	68,313	(40,313)
Total General Government	<u>2,052,556</u>	<u>1,852,076</u>	<u>200,480</u>
JUDICIAL			
Superior Court	225,100	222,558	2,542
Clerk of Court	293,200	322,406	(29,206)
State Court	186,700	224,529	(37,829)
Magistrate Court	112,700	126,911	(14,211)
Juvenile Court	177,200	168,589	8,611
Coroner	48,600	49,119	(519)
Court Reporter	40,600	44,769	(4,169)
Probate Court	120,200	120,406	(206)
Bailiff	4,600	4,823	(223)
District Attorney	165,600	159,392	6,208
Probation Officers	15,900	11,600	4,300
Non-Specified Court	56,200	160	56,040
Total Judicial	<u>1,446,600</u>	<u>1,455,262</u>	<u>(8,662)</u>
SHERIFF			
	<u>3,412,082</u>	<u>3,496,512</u>	<u>(84,430)</u>
PUBLIC SAFETY			
Fire and Rescue	636,000	348,927	287,073
Emergency 911	599,500	596,159	3,341
County Police	155,300	132,666	22,634
Animal and Rabies Control	55,000	63,478	(8,478)
Total Public Safety	<u>1,445,800</u>	<u>1,141,230</u>	<u>304,570</u>
PUBLIC WORKS			
Planning Commission	-	57,129	(57,129)
Roads and Street	2,897,600	2,533,068	364,532
Solid Waste and Landfill	845,000	934,536	(89,536)
Total Public Works	<u>3,742,600</u>	<u>3,524,733</u>	<u>217,867</u>

(Continued)

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
CULTURE AND RECREATION			
County agents	55,500	56,527	(1,027)
Civic Center	-	26,427	(26,427)
Total Culture and Recreation	<u>55,500</u>	<u>82,954</u>	<u>(27,454)</u>
HEALTH AND WELFARE			
County Foodstamp Program	40,000	31,665	8,335
Children's Welfare	28,000	27,461	539
Mosquito Control	8,000	6,433	1,567
County Health Department	255,400	255,384	16
Miscellaneous	23,400	228,532	(205,132)
Total Health and Welfare	<u>354,800</u>	<u>549,475</u>	<u>(194,675)</u>
UNALLOCATED EXPENSES			
Liability Insurance	240,000	213,658	26,342
Group Health	280,000	202,159	77,841
Life Insurance	48,000	49,370	(1,370)
Retirement	230,000	291,487	(61,487)
Disability Insurance	10,000	20,151	(10,151)
Dental Insurance	24,000	15,446	8,554
Worker's Compensation Insurance	115,000	116,071	(1,071)
Other	73,200	-	73,200
Total Unallocated	<u>1,020,200</u>	<u>908,342</u>	<u>111,858</u>
OTHER PROGRAMS AND SERVICES			
County Buildings Archives	-	188,784	(188,784)
Archives	238,600	262,076	(23,476)
Malt Beverage Board	3,200	5,700	(2,500)
Library Appropriation	90,000	90,000	-
Total Other Programs and Services	<u>331,800</u>	<u>546,560</u>	<u>(214,760)</u>

(Continued)

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1997

(Continued)	Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL EXPENSES			
Commissioner	796,000	481,269	314,731
Tax Assessor	-	3,995	(3,995)
Board of Registrars	-	2,335	(2,335)
Judicial	40,000	25,354	14,646
Sheriff	137,000	294,294	(157,294)
Fire and Rescue	2,251,943	2,293,987	(42,044)
Emergency 911	-	67,352	(67,352)
Street and Road	200,000	23,483	176,517
Solid Waste and Landfill	-	35,275	(35,275)
Public Welfare	-	5,565	(5,565)
County Buildings	120,000	13,403	106,597
Archives	25,000	26,315	(1,315)
County Agent	1,000	-	1,000
Total Capital Expenses	<u>3,570,943</u>	<u>3,272,627</u>	<u>298,316</u>
DEBT SERVICE			
Principal	-	159,565	(159,565)
Interest	-	193,608	(193,608)
Total Debt Service	<u>-</u>	<u>353,173</u>	<u>(353,173)</u>
Total Expenditures	<u>\$ 17,432,881</u>	<u>\$ 17,182,944</u>	<u>\$ 249,937</u>

The accompanying notes are an integral part of this statement.

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for asset held by the government as a agent for individuals, private organizations, other governments and other funds.

TAX COMMISSIONER

SUPERIOR COURT CLERK

PROBATE JUDGE

MAGISTRATE JUDGE

SPECIAL PURPOSE SALES TAX

EMPLOYEE HEALTH BENEFIT

EMPLOYEE PENSION TRUST FUND

WALKER COUNTY, GEORGIA
COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS
SEPTEMBER 30, 1997

	AGENCY FUNDS							Total
	Tax Commissioner	Superior Court Clerk	Probate Judge	Magistrate Judge	Special Local Option Sales Tax	Employee Health Benefit	Pension Trust Fund	
Assets								
Cash	\$ 126,789	\$ 611,228	\$ 6,735	\$ 25,991	\$ 7,516,830	\$ 39,871	\$ 1,658,778	\$ 9,986,222
Taxes Receivable (net of allowance for uncollectibles)	697,437	0	0	0	629,895	0	0	1,327,332
Total Assets	\$ 824,226	\$ 611,228	\$ 6,735	\$ 25,991	\$ 8,146,725	\$ 39,871	\$ 1,658,778	\$ 11,313,554
Liabilities								
Accounts Payable	\$ 1,180	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,180
Due to General Fund	112,441	128,034	3,149	10,304	1,776,365	0	0	2,030,293
Due to Heirs, Litigants and Others	94,023	483,194	3,586	15,687	6,370,360	39,871	0	7,006,721
Deferred Revenues	616,582	0	0	0	0	0	0	616,582
Total Liabilities	824,226	611,228	6,735	25,991	8,146,725	39,871	0	9,654,776
Fund Balance Reserved for Retirement Benefits	0	0	0	0	0	0	1,658,778	1,658,778
Total Liabilities and Fund Equity	\$ 824,226	\$ 611,228	\$ 6,735	\$ 25,991	\$ 8,146,725	\$ 39,871	\$ 1,658,778	\$ 11,313,554

WALKER COUNTY, GEORGIA
TAX COMMISSIONER
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Assets	Beginning	Additions	Deductions	Ending
Cash	\$ 388,476	\$ 17,937,004	\$ 18,198,682	\$ 126,789
Taxes Receivable	1,116,373	12,420,084	12,839,020	697,437
Total Assets	\$ 1,504,849	\$ 30,357,088	\$ 31,037,702	\$ 824,226
Liabilities				
Accounts Payable	\$ 462	\$ 25,477	\$ 24,759	\$ 1,180
Due to General Fund	232,448	4,178,112	4,298,119	112,441
Due to other Government	298,315	13,540,795	13,745,087	94,023
Deferred Revenues	973,615	12,612,704	12,969,737	616,582
Total Liabilities	\$ 1,504,840	\$ 30,357,088	\$ 31,037,702	\$ 824,226

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 CLERK OF SUPERIOR COURT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

<u>Assets</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Cash	\$ 328,472	\$ 2,221,962	\$ 1,939,206	\$ 611,228
Total Assets	<u>\$ 328,472</u>	<u>\$ 2,221,962</u>	<u>\$ 1,939,206</u>	<u>\$ 611,228</u>
 <u>Liabilities</u>				
Due to General Fund Due to Heirs, Litigants and Others	\$ 121,835	\$ 445,276	\$ 439,077	\$ 128,034
	<u>206,637</u>	<u>1,776,686</u>	<u>1,500,129</u>	<u>483,194</u>
Total Liabilities	<u>\$ 328,472</u>	<u>\$ 2,221,962</u>	<u>\$ 1,939,206</u>	<u>\$ 611,228</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 PROBATE JUDGE
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

<u>Assets</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Cash	\$ 4,037	\$ 454,929	\$ 452,231	\$ 6,735
Total Assets	<u>\$ 4,037</u>	<u>\$ 454,929</u>	<u>\$ 452,231</u>	<u>\$ 6,735</u>
 <u>Liabilities</u>				
Due to General Fund Due to Heirs, Litigants and Others	\$ 3,053	\$ 42,732	\$ 42,636	\$ 3,149
	<u>984</u>	<u>412,197</u>	<u>409,595</u>	<u>3,586</u>
Total Liabilities	<u>\$ 4,037</u>	<u>\$ 454,929</u>	<u>\$ 452,231</u>	<u>\$ 6,735</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 MASGISTRATE COURT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

<u>Assets</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Cash	\$ 20,223	\$ 247,907	\$ 242,139	\$ 25,991
Total Assets	<u>\$ 20,223</u>	<u>\$ 247,907</u>	<u>\$ 242,139</u>	<u>\$ 25,991</u>
<u>Liabilities</u>				
Accounts Payable	\$ 11,615	\$ -	\$ 11,615	\$ -
Due to General Fund	7,287	109,767	106,750	10,304
Due to Litigants and Others	<u>1,321</u>	<u>138,140</u>	<u>123,774</u>	<u>15,687</u>
Total Liabilities	<u>\$ 20,223</u>	<u>\$ 247,907</u>	<u>\$ 242,139</u>	<u>\$ 25,991</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 SPECIAL LOCAL OPTION SALES TAX
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

Assets	Beginning	Additions	Deductions	Ending
Cash	\$ 5,263,943	\$ 4,222,940	\$ 1,970,053	\$ 7,516,830
Taxes Receivable	306,859	629,895	306,859	629,895
Total Assets	\$ 5,570,802	\$ 4,852,835	\$ 2,276,912	\$ 8,146,725
Liabilities				
Accounts Payables	\$ 79,181	\$ -	\$ 79,181	\$ -
Due to General Fund	8,377	2,513,516	745,528	1,776,365
Due to Capital Projects	-	-	-	-
Due to other Government Entities	5,483,244	2,339,319	1,452,203	6,370,360
Total Liabilities	\$ 5,570,802	\$ 4,852,835	\$ 2,276,912	\$ 8,146,725

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 EMPLOYEE BENEFIT
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 1997

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<u>Assets</u>				
Cash	\$ 12,958	\$ 81,529	\$ 54,616	\$ 39,871
Total Assets	<u>\$ 12,958</u>	<u>\$ 81,529</u>	<u>\$ 54,616</u>	<u>\$ 39,871</u>
<u>Liabilities</u>				
Due to General Fund	\$ -	\$ -	\$ -	\$ -
Due to Heirs, Litigants, and Others	<u>12,958</u>	<u>81,529</u>	<u>54,616</u>	<u>39,871</u>
Total Liabilities	<u>\$ 12,958</u>	<u>\$ 81,529</u>	<u>\$ 54,616</u>	<u>\$ 39,871</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
 PENSION TRUST FUND
 BALANCE SHEET
 SEPTEMBER 30, 1997

Assets			
Cash		\$	1,658,778
Fund Balance			
Reserved for Retirement Benefits		\$	1,658,778

The accompanying notes are an integral part of these financial statements.

WALKER COUNTY, GEORGIA
PENSION TRUST FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1997

Revenues	
Operating Revenues	
Contributions	
Employer	\$ 410,195
Total Contributions	<u>410,195</u>
Investment Income	
Interest - Net	101,474
Net Investment Income	<u>101,474</u>
Total Revenues	511,669
Expenses	
Contractual Services	
Pension Benefits	55,432
Total Expenses	<u>507,271</u>
Net Income (Loss)	(51,034)
Fund Balance - Beginning	<u>1,709,812</u>
Fund Balance - Ending	<u>\$ 1,658,778</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS

Valuation Date	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Excess) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Assets in Excess of) Pension Benefit Obligation as a Percentage of Covered Payroll
01/01/87	\$ 622,415	\$ *	*%	\$ *	\$ 1,466,679	*
01/01/88	580,065	*	*	*	1,535,824	*
01/01/89	800,829	800,101	100.1	(728)	1,536,446	0
01/01/90	748,103	789,065	94.8	40,962	1,577,435	2.6
01/01/91	707,674	739,450	95.7	31,776	2,153,035	1.5
01/01/92	807,858	934,636	86.4	126,768	2,538,794	4.9
01/01/93	948,485	1,083,305	87.6	134,820	2,925,571	4.6
01/01/94	1,209,416	1,652,239	73.2	442,823	3,586,867	12.3
01/01/95	1,275,110	1,886,063	67.6	610,945	3,642,240	16.8
01/01/96	1,709,812	2,633,763	64.9	923,951	4,160,648	22.2
01/01/97	1,658,778	2,877,905	57.6	1,219,127	4,488,955	27.2

Analysis of the dollar amounts of net assets available for benefits, pension benefits obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS. All annual contributions have been made in accordance with actuarial recommendations.

*Information not available.

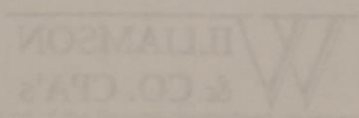
WALKER COUNTY, GEORGIA
PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
REVENUES BY SOURCE AND EXPENSES BY TYPE

Plan Year Ended	Revenues by Source				Investment Income	Total	Employer Contributions as a Percentage of Covered Payroll
	Employees	Employer	Total	Contributions			
01/01/96	0	\$ 387,236	\$ 387,236		\$ 114,206	\$ 501,442	9.3%
01/01/97		410,195	410,195		101,474	511,669	9.6%

Plan Year End	Expenses by Type		Total
	Benefits	Administrative Expenses	
01/01/96	\$ 12,081	\$ 54,667	\$ 66,748
01/01/97	507,271	55,432	562,703

(A) Information prior to 01/01/96 not available.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

SUPPLEMENTAL INFORMATION

As part of our audit, we have examined the supplemental information for the year ended December 31, 1991, and have found that such information is presented in accordance with the requirements of the Government Accounting Standards Board. The supplemental information is presented in accordance with the requirements of the Government Accounting Standards Board, and we have not audited such information. The supplemental information is presented in accordance with the requirements of the Government Accounting Standards Board, and we have not audited such information.

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MARIE WILLIAMSON

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Commissioner
Walker County
Lafayette, Georgia 30728

We have audited the financial statements of Walker County, Georgia, as of and for the year ended September 30, 1997, and have issued our report thereon dated January 22, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Walker County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs, as C-1 and C-2.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Walker County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Walker County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as B-1 through B-6.

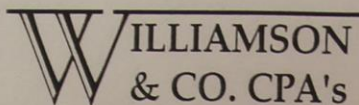
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items B-3, B-4, B-5 and B-6 to be material weaknesses.

This report is intended for the information of the finance committees, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Williamson & Co. CPAs

Williamson and Co., CPAs
January 22, 1998

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

Commissioner
Walker County
Lafayette, Georgia 30728

Compliance

We have audited the compliance of Walker County, Georgia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1997. Walker County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Walker County's management. Our responsibility is to express an opinion on Walker County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Walker County's compliance with those requirements.

In our opinion, Walker County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1997.

Internal Control Over Compliance

The management of Walker County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Walker County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Walker County's ability to administer a major federal program in accordance with applicable

requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questions costs as items B4, C1, C2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 97-3 to be a material weakness.

This report is intended for the information of the finance committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Williamson & Co., CPAs

Williamson & Co., CPAs
January 22, 1998

Walker County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1997

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Revenue Received</u>	<u>Expenditures</u>
U.S. Department of Justice				
Direct Award				
Bureau of Prisons:				
Public Safety And Community Policing	16.710	N/A	\$ 49,116	\$ 49,116
Bureau of Justice Assistance				
Byrne Formula Grant Program				
Drug Abuse Resistance Education Project	16.579	N/A	18,881	18,881
Multi-jurisdictional Task Force Project	16.579	N/A	<u>236,751</u>	<u>216,563</u>
			<u>255,632</u>	<u>235,444</u>
Department of Transportation				
Urban Mass Transportation	20.507	N/A	<u>40,425</u>	<u>40,425</u>
			<u>40,425</u>	<u>40,425</u>
			<u>\$ 296,057</u>	<u>\$ 297,361</u>

Walker County, Georgia
Summary Schedule of Prior Audit Findings
Year Ended September 30, 1997

None noted prior year.

**Walker County, Georgia
Combined Schedule of Findings and Questioned Costs
Year Ended September 30, 1997**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of Walker County due to the lack of information available on fixed assets prior to 1984.
2. Six reportable conditions disclosed during the audit of the financial statements are reported in the Walker County Report on Compliance and on Internal Controls.
3. No instance of noncompliance material to the financial statements of Walker County were disclosed during the audit.
4. Two reportable conditions disclosed during the audit of the major federal award programs are reported in the Report on Compliance. The conditions were not considered as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for Walker County expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Walker County are reported in Part C of this schedule.
7. The programs tested as major programs included: Multi-jurisdictional Task Force 16.579.
8. The threshold for distinguishing Type A and B programs was \$100,000.
9. Walker County was determined to be a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

1. Jury Fund

Condition: The Jury bank account was not reconciled to the general ledger nor was a check register maintained.

Criteria: Controls should be in place that provide reasonable assurance that accounts are reconciled and agree to the general ledger.

Effect: Because of the failure the assets and expenditures may be understated.

Recommendation: Procedures should be implemented requiring monthly reconciliations.

Response: We concur with the recommendation and have begun monthly reconciliations.

Walker County, Georgia
Combined Schedule of Findings and Questioned Costs
Year Ended September 30, 1997

2. **FIXED ASSETS**

- Condition:* An up-to-date record of fixed assets has not been prepared for all county assets. A yearly inventory is performed but controls are not in place to provide assurance concerning their safeguard.
- Criteria:* Prior to 1984 fixed asset records were not maintained. Assets acquired after 1984 have been maintained by an outside audit firm but not in sufficient detail.
- Effect:* The yearly audit is qualified.
- Recommendation:* We recommend a new fixed assets/inventory system be acquired and a complete inventory of all assets entered on the system.
- Response:* We concur and plan to have the fixed assets updated and placed on an internally prepared system within the next three years. We will adopt a capitalization policy prior to September 1998 which will establish guidelines for capitalization.

3. **CHECK ENDORSEMENTS**

- Condition:* The Clerk of Courts has control over approximately twelve bank accounts. The accounts require only one signature and in numerous cases the checks are made out to Clerk of Courts, signed by Clerk of Courts and endorsed on the back by Clerk of Courts.
- Criteria:* Internal controls should be in place to provide for the separation of duties related to approving and disbursing funds.
- Effect:* Additional time is required to trace checks written to endorser.
- Recommendation:* We recommend two signatures be required on all checks over \$200 (or less) and no check be written to the Clerk of Courts to transfer monies.
- Response:* Checks issued to and signed by Same – This is the procedure determined by the Clerk of Court to be the most adequate and efficient measure of documenting the change of an amount in one account to another. Bill McDaniel will continue to operate with discretion, the proceedings of the Clerk's office.
- Check Signing – All accounts held by The Clerk of Court are single endorsement. The Clerk of Court is **RESPONSIBLE** for any and all money generated through his office, so the Clerk will **CONTINUE** to be **RESPONSIBLE** for any and all money disbursed. There will be no change in the endorsements of any checks.

**Walker County, Georgia
Combined Schedule of Findings and Questioned Costs
Year Ended September 30, 1997**

4 GRANT RECORDS

Condition: The Clerk of Courts received a \$10,000 grant from a non-profit group to upgrade the computer and for land deed modernization. The grant was not reported nor processed through the County's control office.

Criteria: All monies should be processed through the central office.

Effect: Revenues may be understated.

Recommendation: We recommend all income flow through the central office, grants recorded and any restrictions followed.

Response: The Grant which was distributed to the Clerk's Offices throughout Georgia, was simply just that, given to the Clerk's Offices. The money was deposited into a special account which was documented accurately. This grant was given to update the deed records, and has been spent accordingly. The amount of \$3,862.81 was spent for a new Laser Printer and installation of the same. The balance will pay for expenses incurred to re-index the older hand written books. This money was not intended to be part of the County's General Fund. This money has been and will continue to be distributed for the use in which it was given.

5. SUPERIOR COURT LEDGER

Condition: The ledger maintained was out of balance \$10,089.27.

Criteria: Controls should be in place to insure correct recording of all transactions.

Effect: Under or overstatement of accounts is likely and time required to find errors is increased.

Recommendation: We recommend that the ledger be balanced each month and any problems resolved prior to closing for the month.

Response: This ledger is checked every month for accuracy of posting, however mistakes are not always found. The ledger was out of balance due to an error made which was easily found by the County Auditor in very little time after examining the ledger. The inaccuracy was only in the actual posting of money, and not in the money itself.

6. INTEREST EARNED NOT TURNED OVER

Condition: In years prior to 1994 all interest earned in the Clerk of Courts accounts should have been turned over monthly to the Governing County Authority. This policy was not followed and the interest on the accounts has been kept. The interest amounts to approximately \$110,000.

Criteria: Interest earned in each account should have been turned over each month.

Effect: Revenues are understated and unavailable for current expenditures.

**Walker County, Georgia
Combined Schedule of Findings and Questioned Costs
Year Ended September 30, 1997**

Response: The Clerk of Court has determined that until an audit of cases still pending has been completed, it would be inappropriate for the Clerk to relinquish funds without the knowledge and accuracy to whom it should be given.

C: FINDINGS – FEDERAL AWARD PROGRAMS AUDIT.

U.S. Department of Justice

Bureau of Prisons – Public Safety and Community Policy - CFDA 16.710;

1. ATTENDANCE REPORTS

Condition: Several attendance reports did not agree to weekly time sheets.

Effect: Since these were isolated occurrences no wages are questioned costs.

Cause: Due to change in office employees and complex schedule used by officers for keeping track of hours worked, sick leave, etc. the worksheets are hard to match to grant documents.

Recommendation: More time and attention should be given to preparation of reports and the approving officers should verify time.

Response: We intend to review more carefully the reports prior to their leaving.

2. DUE DATES MISSED

Condition: Reports due 45 days after quarter ending were filed late three out of the last four quarters.

Effect: None – possible future grant losses.

Cause: Importance of deadlines not stressed.

Recommendation: Reports should be completed as soon as possible following the end of the quarter.

Response: We intend to meet all deadlines.

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INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE
LOCAL OPTION SALES TAX

Commissioner
Walker County
Lafayette, Georgia 30728

We have audited the financial statements of Walker County, Georgia, as of and for the fiscal year ended September 30, 1997, and have issued our report thereon dated January 22, 1998. In our report, our opinion was qualified because the general purpose financial statements do not include general fixed assets acquired prior to 1984. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States as required by Section 48-8-121 of the Official Code of Georgia Annotated (OCGA).

In the conduct of our audit, we verified and tested expenditures of each project constructed or under construction which were identified in the resolution or ordinance claiming for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedules which list each identified project and information required by Section 48-8-121 OCGA present fairly the original estimated cost of each project through September 30, 1997, the end of the fiscal year covered by this audit.

Williamson & Company, CPA's

Williamson & Company, CPAs
January 22, 1998

Walker County, Georgia
 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
 Adopted August 17, 1987
 For the Fiscal Year Ended September 30, 1997

Project	Expenditures				Estimated Percentage of Completion
	Original Estimated Cost	Prior Years	Current Period	Total	
Public Auditorium and Senior Citizens Center	\$ 700,000	\$ 1,743,438	\$ -	\$ 1,743,438	100
Parking Garage	400,000	-	-	-	0
Water Plant Storage Tank	540,000	524,409	-	524,409	100
Fire Protection Program	125,000	130,761	-	130,761	100
Wastewater Treatment Program	2,413,200	409,867	-	490,867	100
Lateral and Interceptor Sewer Projects	8,235,000	9,961,651	-	9,961,651	100
Wastewater Treatment Works	612,400	405,391	-	405,391	100
Fire Hydrants and Water Line Installation	42,800	38,000	-	38,000	100
Recreation Facility	300,000	300,000	-	300,000	100
Renovation of Town Creek Interceptor Sewer Line and Improvements of City of Lafayette Wastewater Treatment Works	1,602,800	705,857	50,108	755,965	47
Construction and Renovate City of Rossville Sewer Lines	1,028,800	798,629	47,702	846,331	94
Total	\$ 16,000,000	\$ 15,018,003	\$ 97,810	\$ 15,196,813	

Walker County, Georgia
 Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
 Adopted April 27, 1993
 For the Fiscal Year Ended September 30, 1997

Expenditures					
Project	Original Estimated Cost	Prior Years	Current Period	Total	Estimated Percentage of Completion
Walker County:					
Fire Stations	\$ 1,200,000	\$ 1,163,228	\$ 59,480	\$ 1,222,708	100
Athletic Complex	2,500,000	569,886	-	569,886	20
Chattanooga Gymnasium	800,000	-	-	-	0
Water Treatment Plant	1,000,000	350,000	537,173	887,173	89
Landfill Equipment	400,000	212,592	15,000	227,592	57
Courthouse Renovation	900,000	21,545	74,861	96,406	11
Jail Expansion	800,000	699,211	59,014	758,225	95
City of Lafayette:					
Sewer Projects	1,600,150	-	-	-	0
Highway 27 Sewer Interceptor Lines	4,700,000	2,505,117	-	2,505,117	100
Recreation Facilities	500,000	500,000	-	500,000	100
City of Rossville:					
Fire Stations	150,000	-	-	-	0
Sewer Projects	436,250	-	-	-	0
Recreation	50,000	50,000	-	50,000	100
Gymnasium	1,200,000	-	-	-	0
Senior Citizen Center	500,000	23,617	230,701	254,318	51
City of Chickamauga:					
Fire Station	50,000	68,657	-	68,657	100
Recreation	30,000	29,699	-	29,699	100
Senior Citizen Center	60,000	89,804	-	89,804	100
Water Project	538,150	186,340	21,000	207,340	39
Lookout Mountain:					
Sewer Project	466,150	73,703	53,374	127,077	27
Recreation	50,000	43,449	17,273	60,722	100
Fire Protection	-	-	76,932	76,932	-
City of Ft. Oglethorpe:					
Sewer Projects	69,300	-	-	-	0
	<u>\$ 18,000,000</u>	<u>\$ 6,586,848</u>	<u>\$ 1,144,808</u>	<u>\$ 7,731,656</u>	