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WALKER COUNTY, GEORGIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTAL INFORMATION

AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 1998

**W**ILLIAMSON  
& CO. CPA's  
Certified Public Accountants  
Cartersville, Georgia



**Walker County, Georgia  
Comprehensive Annual Financial Report  
Year Ended September 30, 1998**

**TABLE OF CONTENTS**

Financial Section	
Independent Auditor's Report .....	1
General Purpose Financial Statements	
• Exhibit 1 - Combined Balance Sheet – All Fund Types and Account Groups.....	3
• Exhibit 2 - Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Budgeted Governmental Fund Types .....	5
• Exhibit 3 - Combined Statements of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types .....	6
• Exhibit 4 - Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund (Component Unit) Water and Sewerage Authority .....	7
• Exhibit 5 - Statement of Cash Flows - Proprietary Fund (Component Unit) Water and Sewerage Authority.....	8
Notes to Financial Statements .....	9
Financial Statements of Individual Funds:	
GENERAL FUND	
• Balance Sheet .....	26
• Comparative Statement of Revenues, Expenditures, and Changes .....	27
• Schedule of Revenues and Expenses – Budget and Actual .....	28
CAPITAL PROJECTS	
• Combining Balance Sheet .....	34
• Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	35
TRUST AND AGENCY FUNDS	
• Combining Balance Sheet – Trust and Agency Funds .....	36
• Tax Commissioner – Statement of Changes in Assets and Liabilities .....	38
• Clerk of Superior Court – Statement of Changes in Assets and Liabilities .....	39
• Probate Judge – Statement of Changes in Assets and Liabilities .....	40
• Magistrate Court – Statement of Changes in Assets and Liabilities .....	41
(Continued)	

**Walker County, Georgia  
Comprehensive Annual Financial Report  
Year Ended September 30, 1998**

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**TABLE OF CONTENTS**

(Continued)

- Special Local Option Sales Tax – Statement of Changes in Assets and Liabilities ..... 42
- Employee Benefit – Statement of Changes in Assets and Liabilities ..... 43
- Pension Trust Fund – Balance Sheet ..... 44
- Pension Trust Fund – Statement of Revenues, Expenses and Changes in Fund Balance ..... 45
- Public Employees Retirement System – Required Supplementary Information ..... 46

**COMPLIANCE SECTION**

- Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 48
- Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 ..... 50
- Schedule of Expenditures of Federal Awards ..... 52
- Summary Schedule of Prior Audit Findings ..... 53
- Combined Schedule of Findings and Questioned Costs ..... 54
- Independent Auditor's Report on Special Purpose Local Option Sales Tax ..... 58
- Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds ..... 59





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## INDEPENDENT AUDITOR'S REPORT

Commissioner  
Walker County  
Lafayette, Georgia 30728

We have audited the accompanying general purpose financial statements of Walker County, Georgia, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Walker County, Georgia's management. 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. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the Walker County Water and Sewerage Authority, is based on the report of other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards contained in *Governmental 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain the records supporting the financial activities of the Law Library, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures.

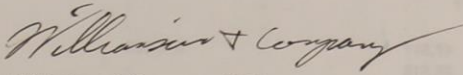
As described more fully in Note 1, the general purpose financial statements referred to above do not include general fixed assets acquired prior to 1984. In our opinion, generally accepted accounting principles require that these assets be included in the balance sheet.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. Walker County, Georgia has included such disclosures in Note 21. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Walker County Georgia's disclosures with respect to the 2000 issue made in Note 21. Further, we do not provide assurance that Walker County, Georgia is or will be 2000 ready, that Walker County Georgia's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Walker County, Georgia does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the audited financial statements of the Law Library, and the general fixed assets account group, had we been able to satisfy ourselves as to those financial activities by other auditing procedures, or had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Walker County, Georgia, as of September 30, 1998, and the results of its operations and cash flows of its nonexpendable trust funds 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 March 10, 1999, 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 taken as a whole and on the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards. As required by the U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and non-Profit Organizations, and the Schedule of Projects constructed with Special Local Option Sales Tax Proceeds as required by Georgia code section OCGA 48-8-121 are presented for the purpose 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Williamson & Company, CPAs  
Cartersville, Georgia  
March 10, 1999



WALKER COUNTY, GEORGIA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS  
 SEPTEMBER 30, 1998  
 (WITH COMPARATIVE TOTALS FOR 1997)

Exhibit 1

	Governmental Fund Types		Fiduciary Fund Type
	General	Capital Projects	Agency
<b>ASSETS</b>			
Cash	\$ 1,310,254	\$ 7,612,241	\$ 6,108,551
Certificates of Deposits	1,800,000	-	-
Deposits	-	-	-
Investments	-	-	-
Inventory	-	-	1,658,778
Receivables:			
Taxes	-	-	-
Accounts	47,517	-	876,628
Grants	28,515	-	-
Interest	81,718	-	-
Capital Lease	21,634	-	-
Other	-	-	-
Due From Other Funds	218,039	-	-
Due From Other Governments	402,118	-	-
Fixed Assets - Net of Accumulated Depreciation	2,272,451	-	-
Restricted Cash	-	-	-
Unamortized Bond Discount	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,182,246</b>	<b>\$ 7,612,241</b>	<b>\$ 8,643,957</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	\$ 848,261	\$ -	\$ 850
Due to Other Funds	-	109,925	292,193
Due to Other Governments	-	-	5,233,682
Due to Heirs, Litigants and Others	5,000	-	629,435
Deferred Revenues	-	-	829,019
Customer Deposits	441,442	-	-
Capital Leases	-	-	-
Landfill Cost Obligation	-	-	-
Interest Payable	-	-	-
Note and Bonds Payables	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,294,703</b>	<b>109,925</b>	<b>6,985,179</b>
<b>FUND EQUITY</b>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
Fund Balances:			
Reserved for Projects	-	7,502,316	-
Reserved for Employees Retirement Plan	-	-	1,658,778
Reserved for Landfill	481,701	-	-
Unreserved, Undesignated	4,405,842	-	-
<b>TOTAL FUND EQUITY</b>	<b>4,887,543</b>	<b>7,502,316</b>	<b>1,658,778</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 6,182,246</b>	<b>\$ 7,612,241</b>	<b>\$ 8,643,957</b>

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



WALKER COUNTY, GEORGIA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS  
 SEPTEMBER 30, 1998  
 (WITH COMPARATIVE TOTALS FOR 1997)

Exhibit 1

Account Groups		Total (Memorandum Only)	Component Unit	Totals (Memorandum Only) Reporting Entity	
General Fixed Assets	General Long-Term Debt	Primary Government	Water and Sewer Authority	1998	1997
\$ -	\$ -	\$ 15,031,046 ✓	\$ 567,481 ✓	\$ 15,598,527	\$ 10,603,012
-	-	1,800,000	-	1,800,000	2,302,614
-	-	-	377	377	377
-	-	-	39,393	39,393	36,290
-	-	-	-	-	-
-	-	924,145	361,457	1,285,602	1,397,516
-	-	28,515	-	28,515	-
-	-	81,718	-	81,718	615,611
-	-	21,634	3,255	24,889	32,927
-	-	-	717,464	717,464	743,212
-	-	218,039	76,514	294,553	48,886
-	-	402,118 ✓	-	402,118	304,149
-	-	2,272,451	29,864	2,302,315	2,299,171
23,736,538	-	23,736,538	24,133,667 ✓	47,870,205	46,138,774
-	-	-	2,963,464	2,963,464	4,553,891
-	-	-	253,558	253,558	282,098
-	13,027,989	13,027,989	-	13,027,989	8,836,415
\$ 23,736,538 ✓	\$ 13,027,989	\$ 59,202,971	\$ 29,146,494	\$ 86,690,687	\$ 78,150,042
\$ -	\$ -	\$ 849,111	\$ 263,274	\$ 1,112,385	\$ 738,472
-	-	402,118 ✓	-	402,118	261,102
-	-	5,238,682	-	5,238,682	8,237,371
-	-	629,435	-	629,435	542,338
-	-	1,270,461	-	1,270,461	626,673
-	257,040	-	298,646	298,646	284,913
-	2,597,849	257,040	-	257,040	116,463
-	-	2,597,849	-	2,597,849	3,053,000
-	-	-	235,878	235,878	243,633
-	10,173,100	10,173,100	8,168,469 ✓	18,341,569	15,051,722
-	13,027,989 ✓	21,417,796	8,966,267	30,384,063	29,156,887
23,736,538	-	23,736,538	15,423,404 ✓	23,736,538	22,296,424
-	-	-	4,756,823 ✓	15,423,404	15,217,683
-	-	-	-	4,756,823	4,888,761
-	-	7,502,316	-	7,502,316	-
-	-	1,658,778	-	1,658,778	1,658,778
-	-	481,701	-	481,701	212,892
-	-	4,405,842	-	4,405,842	4,718,617
23,736,538	-	37,785,175	20,180,227	57,965,402	48,993,155
\$ 23,736,538	\$ 13,027,989	\$ 59,202,971	\$ 29,146,494	\$ 88,349,465	\$ 78,150,042

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 FISCAL YEAR ENDED SEPTEMBER 30, 1998

Exhibit 2

	General Fund			Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Property Taxes	\$ 3,471,656	\$ 3,505,377	\$ 33,721	\$ -	\$ -	\$ -
Other Taxes	5,416,645	5,872,132	455,487	-	-	-
Licenses and Permits	101,000	78,173	(22,827)	-	1,491,265	1,491,265
Charges for Current Services	2,888,417	3,324,443	436,026	-	-	-
Intergovernmental Revenue	1,137,095	984,333	(152,762)	-	-	-
Fees from County Officers	1,080,000	1,079,380	(620)	-	-	-
Investment Earnings	135,000	202,682	67,682	-	209,695	209,695
Other Revenue	564,200	726,993	162,793	-	-	-
Total Revenue	14,794,013	15,774,113	980,100	-	1,700,960	1,700,960
<b>EXPENDITURES</b>						
Current						
General Government	1,653,101	2,000,616	(347,515)	-	-	-
Judicial	1,715,509	1,705,075	10,434	-	-	-
Sheriff	3,387,015	3,305,224	81,791	-	-	-
Public Safety	1,093,548	1,045,990	47,558	-	-	-
Public Works	3,297,992	3,674,829	(376,837)	-	-	-
Culture and Recreation	63,649	99,975	(36,326)	-	-	-
Health and Welfare	1,340,666	585,983	35,917	-	-	-
Unallocated Employee Benefits	621,900	1,351,662	(109,677)	-	-	-
Other Programs and Services	536,213	645,890	(109,677)	-	-	-
Capital	364,312	778,132	(413,820)	-	-	-
Debt Service - Principal	570,084	434,251	135,833	-	758,255	(758,255)
Debt Service - Interest	-	295,345	(295,345)	-	-	-
Total Expenditures	14,643,989	15,922,972	(1,278,983)	-	758,255	(758,255)
Excess (Deficiency) of Revenues Over Expenditures	150,024	(148,859)	(298,883)	-	942,705	942,705
Other Financial Sources (Uses):						
Bond Proceeds	-	-	-	-	-	-
Proceeds from Capital Leases	-	280,877	280,877	-	4,800,000	4,800,000
Total Other Sources	-	280,877	280,877	-	4,800,000	4,800,000
Excess of Revenues and Other Sources Over Expenditures	\$ 150,024	132,018	\$ (18,006)	\$ -	5,742,705	\$ 5,742,705
Fund Balance - October 1		4,931,509				
Prior Period Adjustment		(175,983)				
Beginning Fund Balance Restated		4,755,526			1,759,611	
Fund Balance - September 30		4,887,544			1,759,611	
					\$ 7,502,316	

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, 1998**

Exhibit 3

	Governmental Fund Types		Total (Memorandum Only)	
	General	Capital	1998	1997
		Projects		
<b>REVENUE</b>				
Property Taxes	\$ 3,505,377	\$ -	\$ 3,505,377	\$ 3,935,645
Other Taxes	5,872,132	1,491,265	7,363,397	5,860,704
Licenses and Permits	78,173	-	78,173	76,635
Charges for Services	3,324,443	-	3,324,443	3,247,325
Intergovernmental Revenue	984,933	-	984,933	562,245
Fees From County Officials	1,079,380	-	1,079,380	1,154,580
Investment Earnings	202,682	209,695	412,377	211,635
Unclassified	726,993	-	726,993	471,757
<b>Total Revenues</b>	<b>15,774,113</b>	<b>1,700,960</b>	<b>17,475,073</b>	<b>15,520,526</b>
<b>EXPENDITURES</b>				
Current				
General Government	2,000,616	-	2,000,616	1,919,668
Judicial	1,705,075	-	1,705,075	1,455,262
Sheriff	3,305,224	-	3,305,224	3,496,512
Public Safety	1,045,990	-	1,045,990	1,141,230
Public Works	3,674,829	-	3,674,829	3,524,733
Culture and Recreation	99,975	-	99,975	82,954
Health and Welfare	585,983	-	585,983	549,475
Unallocated Employee Benefits	1,351,662	-	1,351,662	908,342
Other	645,890	-	645,890	546,560
Capital	778,132	758,255	1,536,387	3,400,700
Debt Service - Principal	434,251	-	434,251	159,565
Debt Service - Interest	295,345	-	295,345	193,608
	<u>15,922,972</u>	<u>758,255</u>	<u>16,681,227</u>	<u>17,378,609</u>
Excess (Deficiency) of Revenues Over Expenditures	(148,859)	942,705	793,846	(1,858,083)
Other Financing Sources (Uses):				
Bond Proceeds	-	4,800,000	4,800,000	-
Proceeds from Capital Lease	280,877	-	280,877	2,380,374
Total Other Financial Sources (Uses)	<u>280,877</u>	<u>4,800,000</u>	<u>5,080,877</u>	<u>2,380,374</u>
Excess of Revenues and Other Financial Sources Over Expenditures	132,018	5,742,705	5,874,723	522,291
Fund Balance - October 1	4,931,509		4,931,509	5,631,153
Prior Period Adjustment	(175,983)	1,759,611	1,583,628	(1,221,935)
Beginning Fund Balance Restated	<u>4,755,526</u>	<u>1,759,611</u>	<u>6,515,137</u>	<u>4,409,218</u>
Fund Balance - September 30	\$ <u>4,887,544</u>	\$ <u>7,502,316</u>	\$ <u>12,389,860</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, 1998**

Exhibit 4

	<u>1998</u>	<u>1997</u>
<b>Operating Revenues</b>		
Water Sales	\$ 1,799,752	\$ 1,784,213
Sewerage Charges	875,926	871,504
Wastewater Treatment Surcharge	31,373	32,966
Penalties	56,731	56,176
Tap and Reconnections	88,048	59,030
Other	35,309	20,589
Refunds	(1,923)	780
Total Operating Revenues	<u>2,885,216</u>	<u>2,825,258</u>
<b>Operating Expenses</b>		
Salaries	488,730	462,970
Employee Benefits	168,735	179,000
Charge for Services	374,425	358,604
Professional Fees	78,732	53,274
Utilities	462,983	408,304
Repairs and Maintenance	238,963	258,587
Travel and Training	20,253	19,281
Office Expense	105,012	96,563
Contracts	79,911	66,283
Depreciation and Amortization	752,960	742,415
Bad Debts	4,716	9,280
Total Operating Expenses	<u>2,775,420</u>	<u>2,654,561</u>
Operating Income (Loss)	<u>109,796</u>	<u>170,697</u>
<b>Non-operating Income (Expense)</b>		
Interest Expense	(507,754)	(569,551)
Interest Income	166,276	222,428
Sinking Fund Income	94,662	57,648
Gain on Sale of Fixed Assets	1,149	5,392
Rent	3,933	-
Total Non-operating Income (Expense)	<u>(241,734)</u>	<u>(284,083)</u>
Net Income (Loss)	<u>(131,938)</u>	<u>(113,386)</u>
Retained Earnings - Beginning	<u>4,888,761</u> ✓	<u>5,002,147</u>
Retained Earnings - Ending	<u>\$ 4,756,823</u> ✓	<u>\$ 4,888,761</u>

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, 1998  
(WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED SEPTEMBER 30, 1997)

Exhibit 5

	1998	1997
<b>Cash Flows From Operating Activities</b>		
Cash Received from Customers	\$ 2,892,218	\$ 2,848,012
Cash Payments for Goods and Services	(1,530,478)	(1,418,741)
Cash Payments to Employees for Services	(487,396)	(460,110)
Net Cash Provided by Operating Activities	<u>874,344</u>	<u>969,161</u>
<b>Cash Flows From Non-capital Financing Activities</b>	-	-
<b>Cash Flows From Capital and Related Financial Activities</b>		
Payment for Capital Acquisitions	(893,780)	(599,266)
Proceeds from Special Local Option Sales Tax	118,535	531,465
Principal Payments - Notes	(904,380)	(793,908)
Receipts to Construct Capital Assets	87,186	-
Payment to Bond Sinking Fund	(1,000,000)	(746,482)
Principal Received - Notes	2,167	2,001
Proceeds From Rental Income	3,933	-
Principal Received - Leases	25,748	22,832
Interest Received - Notes	3,833	4,281
Interest Received - Leases	39,834	41,154
Proceeds From Sale of Equipment	2,983	8,101
Interest Paid - Notes	(26,660)	(102,494)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(2,540,601)</u>	<u>(1,632,316)</u>
<b>Cash Flows From Investing Activities</b>		
Interest on Investments	86,955	162,383
Purchase of Certificates of Deposit	(111,594)	(1,072,781)
Maturities of Certificates of Deposits	300,000	1,383,729
Maturities of Investments	-	1,000,000
Net Cash Provided by (Used In) Investing Activities	<u>275,361</u>	<u>1,473,331</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,390,896)	810,176
Cash and Cash Equivalents - Beginning (Including \$1,906,125 in Restricted Cash)	<u>2,150,912</u>	<u>1,340,736</u>
Cash and Cash Equivalents - Ending (Including \$192,535 in Restricted Cash)	<u>\$ 760,016</u>	<u>\$ 2,150,912</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 109,796	\$ 170,697
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	752,960	742,415
Provision for Uncollectible Accounts	4,716	9,280
(Increase) Decrease in Assets:		
Accounts Receivables	(19,914)	(32,199)
Inventory	(3,103)	23,824
Prepaid Expenses	(1,520)	(1,733)
Due From Other Governments	13,183	44,866
Increase (Decrease) in Liabilities:		
Accounts Payables	3,358	(1,135)
Accrued Expenses	1,135	3,059
Customer Deposits	13,733	10,087
Non-cash Investing, Capital and Financial Activities	<u>\$ 874,344</u>	<u>\$ 969,161</u>
Funds Used to Pay Principal on Revenue Bonds	330,000	315,000
Funds Used to Pay Interest on Revenue Bonds	487,266	501,441
Funds Used to Pay Trustee Fees	1,597	18
Bond Fund Earnings	56,736	57,648
Capitalized Interest	50,430	-

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

**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

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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**

**A. 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. Complete financial Statements of the Authority can be obtained from their office: Box 248, Flintstone, Georgia 30725.

**B. 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, 1998**

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*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.

**C. 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 unmaturing 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.

**D. 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



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

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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. The legal level of budgeting control is at the department level or elected office. All appropriations lapse at the end of each fiscal year.

**E. 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.

**F. 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.

**G. 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.

**H. 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.

**I. 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.

**J. 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



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

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they are a component of reported assets of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

**K. Other Assets**

Other assets held are recorded and accounted for at cost.

**L. 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.

**M. 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. Donated assets are reported at their estimated fair value on the date of acquisition.

**N. 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.

**O. 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. For governmental fund types, bond premiums and discounts, as well as issuance cost, are recognized during the current period.

**P. 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.

**Q. 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.

**R. 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

**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

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governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

**S. 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, 1998. 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.

**T. 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.

**U. 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.

**V. Bond Discounts/Issuance Costs**

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges. Bond discounts and issuance costs for the General Fund are expensed as part of the construction cost for the current year.

**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, 1998**

**Note – 4. PROPERTY TAXES**

Walker County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The following are normal dates 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, 1998, are composed of the following:

<u>Year of Levy:</u>	
1997	\$ 451,225
1996	179,015
1995	41,510
Before 1995	<u>351,907</u>
Total property taxes receivable	1,023,657
Less allowance for uncollectibles	<u>(976,140)</u>
	<u>\$ 47,517</u> ✓

Due to revaluation of property, the 1998 tax digest was not approved until January, 1999.

**Note – 5. INVESTMENTS**

**Primary Government:**

At year-end, the book balance of the County's deposits was \$16,831,046 and the bank balance was \$17,282,926. Of the bank balance, \$700,000 was covered by federal depository insurance and \$16,214,294 by collateral held by the County's agent in the County's name. The balance was covered by collateral held in the pledging financial institution's trust department in a pooled collateral account specifically pledged to the County. This represents a category 2 level of risk.

**Component Units:**

**Walker County Water and Sewerage Authority:**

The Authority's cash and cash equivalents are considered to be demand deposits.

Each fund's portion of cash is displayed on the balance sheet as "Cash" or "Restricted Cash" under each fund's caption. State statutes authorize the Authority to invest its funds. In selecting among avenues of investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

1. Obligations issued by the State of Georgia or by other states
2. Obligations issued by the United States government
3. Obligations fully insured or guaranteed by the United States government or a United States government agency
4. Obligations of any corporation of the United States government

**WALKER COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 1998**

5. Prime banker's acceptances
6. The Local Government Investment Pool administered by the State of Georgia, Office of Treasury and Fiscal Services
7. Repurchase agreements
8. Obligations of other political subdivisions of the State of Georgia

The carrying amount of the Authority's deposits and short-term investments with financial institutions was \$1,913,819 and the bank balance was \$1,916,201. The bank balance is categorized as follows:

Amount insured by the FDIC	\$ 414,122
Amount collateralized by U.S. Treasury Securities pledged to the Authority but not in the Authority's name	<u>1,502,079</u>
Total bank balance	<u>\$ 1,916,201</u>

**Note - 6. DUE TO/FROM OTHER FUNDS**

As of September 30, 1998, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 402,118	\$ 0
Agency Funds:		
Tax Commissioner	0	151,812
Clerk of Courts	0	127,122
Probate Judge	0	3,345
Magistrate Court	0	9,914
Capital Projects		
Bond Projects	0	104,925
SPLOST Project	<u>0</u>	<u>5,000</u>
<b>TOTAL</b>	<u>\$ 402,118</u> ✓	<u>\$ 402,118</u> ✓

**Note - 7. FIXED ASSETS**

Activity in the general fixed assets account group for the fiscal year ended September 30, 1998, was as follows:

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

	Balance October 1, 1997	Additions	Deletions	Balance September 1, 1998
Land	\$ 589,306	\$ 1,095	\$ -0-	\$ 590,401
Land Improvement	20,247	-0-	-0-	20,247
Building	9,673,488	94,456	-0-	9,767,944
Building Improvements	702,354	34,038	-0-	736,392
Equipment	7,064,571	90,321	56,160	7,098,732
Vehicles	3,391,419	465,425	132,589	3,724,255



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

Furniture and Fixtures	45,825	85,277	-0-	131,102
Construction in Progress:				
Bond Projects	-0-	508,027	-0-	508,027
SPLOST Projects	809,214	250,228	-0-	1,059,442
General – Fire Department	-0-	99,996	-0-	99,996
	<u>\$ 22,296,424</u>	<u>\$ 1,628,863</u>	<u>\$ 188,749</u>	<u>\$ 23,736,538</u>

**Schedule of General Fixed Assets by Source  
September 30, 1998**

	Balance October 1, 1997	Additions	Deletions	Balance September 30, 1998
General Fund	\$ 16,289,237	\$ 589,731	\$ 56,160	\$ 16,822,808
Sales Tax	128,073	250,228	-0-	378,301
Capital Leases	5,879,114	280,877	132,589	6,027,402
Bonds	-0-	508,027	-0-	508,027
Total General Fixed Assets	<u>\$ 22,296,424</u>	<u>\$ 1,628,863</u>	<u>\$ 188,749</u>	<u>\$ 23,736,538</u>

**Component Unit – Water and Sewerage Authority**

Property and Equipment consist of the following:

	1998	1997
Land	\$ 155,109	\$ 155,109
Land Improvement	38,038	33,238
Buildings	406,571	406,571
Water System	7,857,829	7,598,910
Water Treatment Plant	3,728,812	3,728,812
Industrial Water Line	339,137	339,137
Wastewater Treatment Plant	2,618,280	2,618,280
Sewerage System	15,235,699	15,202,643
Trucks and Tractors	302,685	317,817
Equipment	294,432	266,634
Office Equipment	123,354	116,619
Construction in Progress	<u>2,023,547</u>	<u>1,353,656</u>
	33,123,493	32,137,426
Less Accumulated Depreciation and Amortization	<u>(8,989,826)</u>	<u>(8,295,076)</u>
Total	<u>\$ 24,133,667</u>	<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 1998, no interest costs were capitalized. Depreciation is based on the

**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

straight-line method over the estimated useful life of assets. Estimated useful lives are: Equipment 5-10 years; Buildings 25-40 years; Vehicles 4-5 years; Water & Sewer System 20-50 years.

**NOTE 8. PENSION PLAN**

**Plan Description.** Two hundred and six (206) of the County's full time employees are covered by either the Pension Plan for Employees of the Walker County Commissioner (Commissioner's Plan) or the Pension Plan for Employees of the Walker County Sheriff's Department (Sheriff's Plan). These self administered plans are single-employer, non-contributory, defined benefit plans established January 1, 1973, restated effective January 1, 1984 and amended effective July 1, 1996. Authority to establish, amend or discontinue the plans is assigned to Walker County. The plans are included in this report because the County has oversight responsibility as prescribed by the Governmental Accounting Standards Board. The plans do not issue separate financial statements but includes the financial statements and required supplementary information in the County's annual financial report. The plans provide retirement, disability and death benefits to plan members, and their beneficiaries, that have been employed full time for one year. Employees are vested after 7 years. Members may retire at age 65 with 12 years of service or at age 60 with 20 years of service. Benefits are calculated at 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.

**Funding Policy and Pension Cost.** Contribution requirements are actuarially determined and may be amended by the County. The 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. The normal cost for the Commissioner's Plan for 1997 increased as a percentage of covered payroll over the normal cost for 1996, primarily due to unfavorable earnings and investment experience. The normal cost for the Sheriff's Plan for 1997 decreased slightly as a percentage of payroll over the 1996 normal cost, primarily due to favorable earnings experience.

The contributions to the plans during the year ended December 31, 1996 was \$414,841 and was made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 1996. The County's current-year covered payroll and its total current-year payroll for all employees amount to \$4,483,955 based upon the actuarial valuation of January 1, 1997.

**Summary of Significant Account Policies.** The plans financial statements are prepared on the accrual basis of accounting. Contributions from the County are recognized as revenue in the period in which the employees provide services to the County. Investment income is recognized as earned by the plan. The net appreciation (depreciation) in the fair value of investments held by the plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. All funds are invested in universal life policies and are valued at fair value. There are no investments in, loans to, or leases with parties related to the pension plan.

**Funded Status.** GASB No. 27 requires disclosure of the County's annual pension cost, percentage of annual percentage cost contributed and net pension obligation for the most recent three years. The three years do not include the years prior to the transition year which began on January 1, 1997.

Commissioners Plan:

**Three-Year Trend Information**

Fiscal Year Ending	Employer Annual Pension Cost (APC)	Percentage Of APC Contributed	Net (EOY) Pension Obligation
December 31, 1996	\$ 196,768	100%	\$ 0



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

Sheriff's Plan:

**Three-Year Trend Information**

Fiscal Year Ending	Employer Annual Pension Cost ( APC)	Percentage Of APC Contributed	Net (EOY) Pension Obligation
December 31, 1996	\$ 143,583	100%	\$ 0

Commissioner's Plan:

**Schedule of Funding Progress**

Actuarial Valuation For Plan Year Beginning 1/1	(1) Actuarial Value Of Assets	(2) Actuarial Accrued Liability Frozen Entry Age Cost Method	(3) Unfunded Actuarial Accrued Liability (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % Of Covered Payroll (3) / (5)
1995	\$ 913,232	\$ 1,656,691	\$(743,459)	55.1%	\$1,868,207	39.8%
1996	1,183,792	1,845,366	(661,574)	64.1%	2,155,245	30.7%
1997	974,067	1,610,015	(635,948)	60.5%	2,404,903	26.4%

Sheriff's Plan:

**Schedule of Funding Progress**

Actuarial Valuation For Plan Year Beginning 1/1	(1) Actuarial Value Of Assets	(2) Actuarial Accrued Liability Frozen Entry Age Cost Method	(3) Unfunded Actuarial Accrued Liability (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % Of Covered Payroll (3) / (5)
1995	\$361,886	\$437,828	\$(75,942)	82.7%	\$1,774,033	4.3%
1996	526,020	569,054	(43,034)	92.4%	2,005,403	2.1%
1997	684,711	719,061	(34,350)	95.2%	2,079,052	1.7%

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

The significant actuarial assumptions used in the current valuation are:

Rate of return on investment	7.0% per year
Projected salary increases	5.0% per year

Actuarial Methods:



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

Amortization method	Level dollar
Asset valuation method	Market Value
Valuation cost method	Frozen Entry Age with Normal Cost expressed as a Percentage of covered payroll.

Actuarial assumptions are the same as those used in the preceding year.

**Plan membership data:** As of January 1, 1997, the current plan membership includes the following categories of participants:

*Commissioner's Plan:*

- Retirees and beneficiaries currently receiving benefits	2
- Terminated employees entitled to benefits but not yet receiving them	7
- Active participants	<u>109</u>
- Total	<u>118</u>

*Sheriff's Plan:*

- Retirees and beneficiaries currently receiving benefits	2
- Terminated employees entitled to benefits but not yet receiving them	1
- Active participants	<u>85</u>
- Total	<u>88</u>

**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 four 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 during the current year through capital leases are as follows:

<u>Date</u>	<u>Asset</u>	<u>To General Fixed Asset</u>
October 30, 1997	Grader	\$ 184,296
October 9, 1997	Police Cars	<u>96,581</u>
	Total	<u>\$ 280,877</u>

**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

The future minimum lease obligations as of September 30, 1998, were as follows:

Year Ending September 30	To General Long Term Debt				
	<u>Vehicles</u>	<u>Fire Trucks</u>	<u>Buildings</u>	<u>Grader</u>	<u>Total</u>
1999	\$ 125,400	\$ 287,271	\$ 307,244	\$ 16,686	\$ 736,601
2000	61,432	287,271	309,671	16,686	675,060
2001	-0-	287,271	319,381	16,686	623,338
2002	-0-	287,271	329,383	16,686	633,340
2003	-0-	287,271	339,684	16,686	643,641
Thereafter	-0-	<u>1,149,033</u>	<u>3,127,433</u>	<u>15,296</u>	<u>4,291,762</u>
Total Minimum Lease	186,832	2,585,388	4,732,796	98,726	7,603,742
Less: Interest	<u>(13,424)</u>	<u>(559,272)</u>	<u>(1,385,812)</u>	<u>(15,094)</u>	<u>(1,973,602)</u>
Present Value of Minimum Lease Payments	<u>\$ 173,408</u>	<u>\$ 2,026,116</u>	<u>\$ 3,346,984</u>	<u>\$ 83,632</u>	<u>\$ 5,630,140</u>

**Note - 10. LONG TERM DEBT**

Bonds payable at September 30, 1998 are comprised of the following:

General Obligation Bonds:

\$4,800,000 1998 General obligation bonds due in annual installments of \$1,910,000 to \$900,000 through August 1, 2001, interest at 3.75% to 4.10%. \$4,800,000

The annual requirement to amortize all bonded indebtedness outstanding as of September 30, 1998, including interest payable of \$371,166, are as follows:

September 30	General Obligation Bonds		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
1999	\$ 1,910,000	\$ 218,335	\$ 2,128,335
2000	1,980,000	115,520	2,095,520
2001	910,000	37,310	947,310

There are a number of limitations and restrictions contained in the bond issue. The County is in compliance with all significant limitations and restrictions.

General Long Term Obligations:

	Balance September 30, 1997	Additions	Reductions	Balance September 30, 1998
	Capital Leases			\$ 5,783,514
Landfill Closure and Post closure Bonds	3,053,000	-0-	455,151	2,597,849
	<u>-0-</u>	<u>4,800,000</u>	<u>-0-</u>	<u>4,800,000</u>
	<u>\$ 8,836,514</u> ✓	<u>\$ 5,080,877</u>	<u>\$ 889,402</u>	<u>\$ 13,027,989</u> ✓



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

**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 1999 or early 2000. Financing for expansion will be provided by local funds and Special Local Option Sales Tax.

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, 1998, the counties have not been required to pay any monies to the Hospital Authority.

**Component Unit  
Water and Sewerage Authority**

Revenue Bonds:

\$9,500,000 Walker County Water and Sewerage Authority Revenue Bonds Series 1994 due in annual installments of \$225,000 to \$770,000 through April, 2014 interest rate varies from 3.60% to 6.125%.\$8,168,469

The following is a summary of changes in long-term obligations:

	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>
Debt outstanding – Beginning	\$ 8,480,291	\$ 904,380	\$ 9,384,671 ✓
Retirements	(330,000)	(904,380)	(1,234,380)
Amortized Deferred Bond Refund Cost	18,178	0	18,178
Debt Outstanding – Ending	<u>\$ 8,168,469</u>	<u>\$ -0-</u>	<u>\$ 8,168,469</u>
Current Portion	\$ 345,000		
Long Term Portion	<u>7,985,000</u>		
	<u>\$ 8,330,000</u>		



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

Presented below is a summary of debt service requirements to maturity by years:

Revenue Bonds			
Date of Maturity	Principal	Interest	Total
1999	\$ 345,000	\$ 471,756	\$ 816,756
2000	360,000	455,024	815,024
2001	380,000	437,024	817,024
2002	395,000	417,644	812,644
2003	415,000	397,499	812,499
2004-2014	6,435,000	2,523,552	8,958,552
	<b>\$ 8,330,000</b>	<b>\$ 4,702,499</b>	<b>\$ 13,032,499</b>

Outstanding revenue bonds are secured by a first lien on net revenues earned by the Authority. The Authority is required to (1) operate, maintain and repair the system in accordance with sound business practice (2) produce an amount equal to 120% of the Debt Service Requirements for each sinking fund year (3) create and maintain in the Debt Service Reserve Fund an amount equal to the lesser of: (a) 10% of the stated principal amount of the Bonds, (b) 125% of the average annual principal and interest requirements on the Bonds, or (c) the maximum annual principal and interest requirements on the Bonds, and (4) make the payments then required to be made into the Renewal and Extension Fund.

In 1978, the Authority defeased its Series 1977 Revenue Bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At September 30, 1998 and 1997, \$2,630,000 and \$2,840,000 of bonds outstanding are considered defeased. Long-term debt consists of:

\$9,500,000 Revenue Bonds, Series 1994	\$ 8,330,000
Less – Deferred Bond Refunding Costs	<u>(161,531)</u>
	<b><u>\$ 8,168,469</u></b> ✓

**NOTE – 11. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of September 30, 1998, 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	\$ 100,000	1999
Board of Education Expansion	2,180,000	1999
Landfill Expansion	6,000,000	2000

**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

**NOTE – 12. FUND EQUITY – FUND BALANCES.**

Reservations of fund equity are created to either (1) satisfy legal covenants that require that a portion of the fund equity be segregated or (2) identify the portion of the fund equity that is not available for future expenditures. Specific reservations of the fund equity accounts are summarized below:

**General Fund Balance**

Reserved for Landfill This reserve was created to represent the portion of the fund balance that is anticipated to be used in the upcoming year.

**Trust Fund Balance**

Reserve for Employees Retirement This reserve was created to represent the portion that is not available for normal operations.

**Reserve for Capital Projects**

Reserve for Capital Projects This reserve was created in conjunction with the Special Purpose Local Option Sales Tax that are restricted for construction.

**Reserved Portion All Funds**

	<u>General Fund</u> ✓	<u>Capital</u> ✓	<u>Trust</u> ✓
Balance September 30, 1997	\$212,892	\$	\$1,658,778
Increase	<u>268,809</u> ✓	<u>7,502,316</u>	<u>-0-</u>
Balance September 30, 1998	<u>\$481,701</u> ✓	<u>\$7,502,316</u> ✓	<u>\$1,658,778</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 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 LIABILITES**

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.



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

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.

**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, 1998, 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.

**NOTE-21. YEAR 2000 ISSUE**

The year 2000 issue is a result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the County's operations as early as fiscal 1999.

The County is currently in the testing/validation stage as it has made remedial efforts concerning its accounting system. The County has contracted from its software provider, TBS, software upgrade, which is stated to be year 2000 compliant. The cost of this upgrade will be approximately \$4,500. If additional costs are incurred concerning year 2000 compliance the County believes they will have the necessary financial resources to offset these additional expenses. The County Sheriff's department is also in the testing/validation stage as it has made remedial efforts concerning its accounting system.

Because of the nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the County is or will be year 2000 ready, that the County's remediation efforts will be successful in whole or in part, or that parties with whom the County does business will be year 2000 ready.

**NOTE- 22. SUBSEQUENT EVENTS**

In June 1998, voters approved a referendum to impose a 1% Special Local Option Sales Tax. Collection of the tax began on October 1, 1998 with the first payment received in December 1998. The proceeds from this sales tax are to be used to pay for the further renovation of county buildings, landfill expenses and public infrastructure.

On January 5, 1999, the County issued \$4,900,000 in General Obligation Bonds. The purpose of these funds are to pay a portion of the cost of acquiring, constructing, equipping, and expansion of the new county landfill and designated infrastructure.

**NOTE-23. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceeded appropriations in the following General Fund departments:

General Government	347,515
Public Works	376,837
Culture and Recreation	36,326
Employee Benefits	10,996
Other Programs and Services	109,677
Capital	413,820
Debt Service:	
Interest	295,345



**WALKER COUNTY, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1998**

The County's fund balance increased \$132,018 (prior to adjustment for write off of old grant receivable of \$175,983) and has a balance of \$4,887,544 as of September 30, 1998. The overage in Capital was due to unexpected purchases at the County landfill. The General government approved several unanticipated expenditures which were not included in any of the four amendments to the budget made during the year.

**NOTE-24. RESTATEMENTS**

After the close of the previous fiscal year, September 30, 1997, reporting errors were discovered and/or corrections were made. The General Fund recorded grants in prior years as revenues, which never materialized totaling \$175,983. In prior years the capital projects for the County SPLOST was reported within the County "Agency Fund" for Special Local Option Sales Tax. The monies held by the county for County Capital Projects totaled \$1,759,611 and was reported under Due to Other Governments. The result of this restatement increased the Fund Balance for the "Capital Project Fund" and decreased the "Due to Other Governments" in the Agency Fund.

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

	<u>General Fund</u>	<u>Debt Service</u>	<u>Enterprise Fire and Rescue</u>
1997 Fund Balance as Previously Reported	\$ 4,931,509	\$ 0	\$ 0
	(175,983)	0	0
	0	1,759,611	(1,759,611)
	0	0	1,759,611
	0	0	0
Effects of Errors and Corrections	<u>(175,983)</u>	<u>1,759,611</u>	<u>0</u>
Beginning Fund Balance Restated	<u>\$ 4,755,526</u>	<u>\$ 1,759,611</u>	<u>\$ 0</u>

**NOTE -25 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

As of June 1998 the County ceased to accept solid waste at their landfill. The solid waste is accepted at dumpster sites and transported to a location out of the County by an outside contractor. In order to close the landfill the County incurred cost in 1997 and 1998 and will continue to incur costs in 1999 and beyond to adequately cover existing waste according to EPD requirements. In addition, the County will be required to monitor various wells for a period of time. Since the landfill has been closed, no additional capacity will be used. Management estimates that the county will incur costs of approximately \$2,597,849, per engineering reports, in postclosure costs to complete the closure of its solid waste landfill and to monitor and maintain the landfill site in future years. However, management's estimate of postclosure costs is contingent upon its ability to satisfy EPD requirements, and costs could be significantly higher if full compliance is not achieved, and possibly higher due to inflation, changes in technology, or change in landfill laws and regulations. These costs will be met with future County revenues. At the present time there is \$481,701 specifically restricted for this purpose.



**WALKER COUNTY, GEORGIA  
GENERAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 1998 AND 1997**

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$ 1,310,254	\$ 372,003
Certificates of deposits	1,800,000	2,302,614
Accrued interest	21,634	29,555
Due from other governmental	2,272,451	2,270,896
Due from other funds	402,118	261,102
Taxes receivable	47,517	25,184
Other receivable (net of allowance for uncollectibles)	<u>328,272</u>	<u>269,352</u>
 Total assets	 <u>\$ 6,182,246</u>	 <u>\$ 5,530,706</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 848,261	\$ 584,106
Due to other governments	5,000	5,000
Due to other funds	-	-
Deferred revenue	<u>441,442</u>	<u>10,091</u>
Total liabilities	<u>1,294,703</u>	<u>599,197</u>
Fund balances -		
Designated for landfill closure and postclosure	481,701	212,892
Unreserved, undesignated	<u>4,405,842</u>	<u>4,718,617</u>
Total fund balances	<u>4,887,543</u>	<u>4,931,509</u>
Total liabilities and fund equity	<u>\$ 6,182,246</u>	<u>\$ 5,530,706</u>

The accompanying notes are an integral part of this statement.



**Walker County, Georgia**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For The Fiscal Year Ended June 30, 1998 and 1997**

<b>REVENUE</b>	<b>1998</b>	<b>1997</b>
Property Taxes	\$ 3,505,377	\$ 3,935,645
Other Taxes	5,872,132	5,860,704
Licenses and Permits	78,173	76,635
Charges for Services	3,324,443	3,247,325
Intergovernmental Revenue	984,933	562,245
Fees From County Officials	1,079,380	1,154,580
Interest Earned	202,682	211,635
Other Revenues	726,993	471,757
<b>Total Revenues</b>	<b>15,774,113</b>	<b>15,520,526</b>
<b>EXPENDITURES</b>		
General Government	2,000,616	1,919,668
Judicial	1,705,075	1,455,262
Sheriff	3,305,224	3,496,512
Public Safety	1,045,990	1,141,230
Public Works	3,674,829	3,524,733
Culture and Recreation	99,975	82,954
Health and Welfare	585,983	549,475
Unallocated Expenses	1,351,662	908,342
Other Programs	645,890	546,560
Capital Expenses	778,132	3,400,700
Debt Service:		
Principal	434,251	159,565
Interest	295,345	193,608
<b>Total Expenditures</b>	<b>15,922,972</b>	<b>17,378,609</b>
<b>Excess (deficiency) of Revenues over Expenditures</b>	<b>(148,859)</b>	<b>(1,858,083)</b>
<b>Other Financing Sources (uses):</b>		
Bond Proceeds	-	-
Proceeds from Capital Lease	280,877	2,380,374
<b>Total Other Financial Sources (uses)</b>	<b>280,877</b>	<b>2,380,374</b>
<b>Excess of Revenues and Other Financial Sources Over Expenditures</b>	<b>132,018</b>	<b>522,291</b>
Fund Balance - October 1	4,931,509	5,631,153
Prior Period Adjustment	(175,983)	(1,221,935)
Beginning Fund Balance Restated	4,755,526	4,409,218
<b>Fund Balance - September 30</b>	<b>\$ 4,887,544</b>	<b>\$ 4,931,509</b>

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

**WALKER COUNTY, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>TAXES</b>			
Taxes Collected	\$ 2,807,056	\$ 2,890,740	\$ 83,684
Tax Comm-Commissions	280,000	266,139	(13,861)
Vehicle Taxes	381,000	342,067	(38,933)
Timber Taxes	3,600	6,431	2,831
	<u>3,471,656</u>	<u>3,505,377</u>	<u>33,721</u>
<b>OTHER TAXES</b>			
Local Option Sales Tax	3,277,913	3,341,569	63,656
Cable Franchise Tax	95,076	116,727	21,651
Develop Auth-Lieu of Tax	121,400	248,009	126,609
Insurance Premium Tax	1,455,356	1,605,370	150,014
Real Estate Transfer Tax	25,900	28,737	2,837
Intangible Taxes	153,000	213,638	60,638
Beer & Wine Tax Receipts	288,000	318,082	30,082
	<u>5,416,645</u>	<u>5,872,132</u>	<u>455,487</u>
<b>LICENSES AND PERMITS</b>			
Occupational Tax	40,000	32,581	(7,419)
Building Permits	45,000	19,900	(25,100)
Mobile Home Permits	-	10,450	10,450
Beer & Wine Licenses	8,000	5,375	(2,625)
Miscellaneous	8,000	9,867	1,867
	<u>101,000</u>	<u>78,173</u>	<u>(22,827)</u>

(Continued)

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



**WALKER COUNTY, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
<b>CHARGES FOR SERVICES</b>			
Maps & Copies	\$ 1,700	\$ 4,663	\$ 2,963
Commissions Vending Mach	100	58	(42)
Meals On Wheels Contract	10,164	9,990	(174)
Election Fees	-	8,156	8,156
Voters List	256	152	(104)
Reimbursed DA Expenses	177,028	165,090	(11,938)
Serve Civil Process Paper	60,000	72,685	12,685
Sheriff Reports	-	176	176
Fire and Rescue	670,000	670,458	458
E911 Collections	520,000	486,012	(33,988)
Rent	50,000	305,348	255,348
Civic Center	28,937	29,285	348
Animal Shelter Receipt	7,000	8,058	1,058
Landfill Receipts	1,363,232	1,564,312	201,080
	<u>2,888,417</u>	<u>3,324,443</u>	<u>436,026</u>
<b>Intergovernmental:</b>			
State Grants-			
Road and Bridge Projects	250,000	246,407	(3,593)
Food Stamp Program	10,000	17,141	7,141
Other State Funds	83,000	18,970	(64,030)
Georgia Emergency Management	200,000	88,720	(111,280)
	<u>543,000</u>	<u>371,238</u>	<u>(171,762)</u>
Federal Assistance -			
Transit Assistance	-	56,750	56,750
Community Dev. Block Grant	-	32,236	32,236
Family violence	-	-	-
DARE Grants	-	4,088	4,088
COPS Grants	43,500	65,653	22,153
Domestic violence	66,000	84,861	18,861
Task Force	377,795	244,535	(133,260)
Soil Conservation	6,800	6,800	-
Family Connection	55,000	62,500	7,500
Other	18,000	9,569	(8,431)
LLEBG	-	21,772	21,772
School Resource Grant	27,000	24,931	(2,069)
	<u>594,095</u>	<u>613,695</u>	<u>19,600</u>
Total Intergovernmental	<u>1,137,095</u>	<u>984,933</u>	<u>(152,162)</u>
(Continued)			

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

**WALKER COUNTY, GEORGIA  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
<b>Fees From County Offices</b>			
Magistrate	50,000	56,766	6,766
Clerk of Court	955,000	869,054	(85,946)
Probate Judge	32,000	37,697	5,697
Sheriff	43,000	115,863	72,863
	<u>1,080,000</u>	<u>1,079,380</u>	<u>(620)</u>
<b>Investment Earnings</b>			
Interest	<u>135,000</u>	<u>202,682</u>	<u>67,682</u>
<b>Other Revenues</b>			
Sale of Assets	32,000	56,159	24,159
Jail Improvements	56,000	66,166	10,166
Drug Awareness	12,000	-	(12,000)
Sheriff	114,000	205,084	91,084
Insurance Claims	180,000	184,698	4,698
Miscellaneous	170,200	214,886	44,686
	<u>564,200</u>	<u>726,993</u>	<u>162,793</u>
<b>Total Revenues</b>	<b>\$ 14,794,013</b>	<b>\$ 15,774,113</b>	<b>\$ 1,020,100</b>

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



**WALKER COUNTY, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES</b>			
General Government:			
County Commissioner	\$ 595,146	\$ 827,017	\$ (231,871)
Tax Commissioner	355,259	350,304	4,955
Tax assessors	637,710	699,235	(61,525)
Board of Registrars	64,986	124,060	(59,074)
Total General Government	<u>1,653,101</u>	<u>2,000,616</u>	<u>(347,515)</u>
<b>JUDICIAL</b>			
Superior Court	233,263	242,328	(9,065)
Clerk of Court	357,044	344,115	12,929
State Court	212,905	237,947	(25,042)
Magistrate Court	156,136	139,165	16,971
Juvenile Court	182,079	182,906	(827)
Coroner	50,436	54,987	(4,551)
Court Reporter	44,584	42,815	1,769
Probate Court	137,298	128,732	8,566
Bailiff	5,099	5,170	(71)
District Attorney	308,404	312,617	(4,213)
Probation Officers	28,261	14,000	14,261
Non-Specified Court	-	293	(293)
Total Judicial	<u>1,715,509</u>	<u>1,705,075</u>	<u>10,434</u>
<b>SHERIFF</b>	<u>3,387,015</u>	<u>3,305,224</u>	<u>81,791</u>
<b>PUBLIC SAFETY</b>			
Fire and Rescue	255,806	294,619	(38,813)
Emergency 911	585,965	547,928	38,037
County Police	166,858	129,400	37,458
Animal and Rabies Control	84,919	74,043	10,876
Total Public Safety	<u>1,093,548</u>	<u>1,045,990</u>	<u>47,558</u>
<b>PUBLIC WORKS</b>			
Planning Commission	79,585	89,142	(9,557)
Roads and Street	2,625,426	2,250,226	375,200
Solid Waste and Landfill	592,981	1,335,461	(742,480)
Total Public Works	<u>3,297,992</u>	<u>3,674,829</u>	<u>(376,837)</u>

(Continued)

The accompanying notes are an integral part of this statement.

**WALKER COUNTY, GEORGIA  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
<b>CULTURE AND RECREATION</b>			
County agents	58,049	57,362	687
Civic Center	5,600	42,613	(37,013)
Total Culture and Recreation	63,649	99,975	(36,326)
<b>HEALTH AND WELFARE</b>			
Family Connection	53,000	39,128	13,872
County Foodstamp Program	40,000	37,174	2,826
Children's Welfare	42,000	28,876	13,124
Mosquito Control	8,000	8,925	(925)
County Health Department	255,400	255,384	16
Miscellaneous	82,500	96,050	(13,550)
Transportation	141,000	120,446	20,554
Total Health and Welfare	621,900	585,983	35,917
<b>EMPLOYEE BENEFITS</b>			
Liability Insurance	270,000	220,653	49,347
Group Health	431,394	411,548	19,846
Life Insurance	69,315	61,011	8,304
Retirement	266,298	445,692	(179,394)
Disability Insurance	23,900	5,517	18,383
Dental Insurance	44,230	48,824	(4,594)
Worker's Compensation Insurance	235,529	158,417	77,112
Other	-	-	-
Total Unallocated	1,340,666	1,351,662	(10,996)
<b>OTHER PROGRAMS AND SERVICES</b>			
County Buildings Archives	306,060	382,421	(76,361)
Archives	122,053	155,371	(33,318)
Malt Beverage Board	8,100	8,098	2
Library Appropriation	100,000	100,000	-
Total Other Programs and Services	536,213	645,890	(109,677)

(Continued)

The accompanying notes are an integral part of this statement.

WALKER COUNTY, GEORGIA  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
(Continued)			
<b>CAPITAL EXPENSES</b>			
Commissioner	4,000	48,041	(44,041)
Tax Assessor	8,500	259	8,241
Tax Commissioner	1,500	1,489	11
Judicial	20,000	11,573	8,427
Sheriff	202,812	300,696	(97,884)
Fire and Rescue	-	869	(869)
Emergency 911	-	4,124	(4,124)
Street and Road	100,000	296,097	(196,097)
Solid Waste and Landfill	-	9,389	(9,389)
Public Welfare	5,000	1,027	3,973
County Buildings	21,000	100,402	(79,402)
Culture and Recreation	1,500	4,166	(2,666)
Total Capital Expenses	<u>364,312</u>	<u>778,132</u>	<u>(413,820)</u>
<b>DEBT SERVICE</b>			
Principal	570,084	434,251	135,833
Interest	-	295,345	(295,345)
Total Debt Service	<u>570,084</u>	<u>729,596</u>	<u>(159,512)</u>
Total Expenditures	<u>\$ 14,643,989</u>	<u>\$ 15,922,972</u>	<u>\$ (1,278,983)</u>

The accompanying notes are an integral part of this statement.



UNION COUNTY, MISSISSIPPI  
CAPITAL PROJECTS FUNDS  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 1988 AND 1987

	1988	1987
REVENUES		
General	1,000,000	1,000,000
Special	500,000	500,000
Other	100,000	100,000
Total	1,500,000	1,500,000
EXPENDITURES		
Construction	1,200,000	1,200,000
Maintenance	200,000	200,000
Other	100,000	100,000
Total	1,500,000	1,500,000
CHANGES IN FUND BALANCES		
Beginning	1,000,000	1,000,000
Additions	500,000	500,000
Deductions	(100,000)	(100,000)
Total	1,400,000	1,400,000

**CAPITAL PROJECTS FUNDS**

UNION COUNTY, MISSISSIPPI  
CAPITAL PROJECTS FUNDS  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 1988 AND 1987

WALKER COUNTY, GEORGIA  
 CAPITAL PROJECTS FUND  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 1998 AND 1997

	Bond Construction	Splost Construction	Total (Memorandum Only)	
			1998	1997
Cash and Cash Equivalents	\$ 4,540,765	\$ 3,071,476	\$ 7,612,241	\$ -
Total Assets	\$ 4,540,765	\$ 3,071,476	\$ 7,612,241 ✓	\$ -
Liabilities:				
Due to Other Funds	\$ 104,925	\$ 5,000	\$ 109,925 ✓	\$ -
Total Liabilities	104,925	5,000	109,925	-
Fund Balance				
Reserved for Completion of Projects	4,435,840	3,066,476	7,502,316 ✓	-
Total Liabilites and Fund Balance	\$ 4,540,765	\$ 3,071,476	\$ 7,612,241 ✓	\$ -



WALKER COUNTY, GEORGIA  
 CAPITAL PROJECTS FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1998 AND 1997

	Bond Construction	Splost Construction	Totals (Memorandum Only)	
			1998	1997
<b>Revenues</b>				
Splost Tax Revenue	\$ -	\$ 1,491,265	\$ 1,491,265	\$ 129,174
Interest Earned	143,867	65,828	209,695	-
Total Revenue	143,867	1,557,093	1,700,960 ✓	129,174
<b>Expenditures</b>				
Capital Outlays	508,027	250,228	758,255 ✓	128,073
Other	-	-	-	1,101
Total Expenditures	508,027	250,228	758,255	129,174
Excess (deficiency) of Revenues Over Expenditures	(364,160)	1,306,865	942,705 ✓	-
<b>Other Financing Sources</b>				
Bond Proceeds	4,800,000	-	4,800,000 ✓	-
Excess (deficiency) of Revenues and Other Sources Over Expenditures	4,435,840	1,306,865	5,742,705 ✓	-
Fund Balance at Beginning of Year	-	-	-	-
Prior Period Adjustment	-	1,759,611	1,759,611 ✓	-
Beginning Fund Balance Restated	-	1,759,611	1,759,611	-
Fund Balance at End of Year	\$ 4,435,840	\$ 3,066,476	\$ 7,502,316 ✓	\$ -

35

Fund	Balance	Change	Total
Trust Funds	1,987,811		1,987,811
Agency Funds	1,987,811		1,987,811

## 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, 1998 AND 1997

	AGENCY FUNDS				
	Tax Commissioner	Superior Court Clerk	Probate Judge	Magistrate Judge	Special Local Option Sales Tax
<u>Assets</u>					
Cash	\$ 341,124	\$ 680,607	\$ 5,103	\$ 25,263	\$ 4,997,611
Investments	-	-	-	-	-
Taxes Receivable (net of allowance for uncollectibles)	876,626	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,217,752</b>	<b>\$ 680,607</b>	<b>\$ 5,103</b>	<b>\$ 25,263</b>	<b>\$ 4,997,611</b>
<u>Liabilities</u>					
Accounts Payable	\$ 850	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	236,071	-	-	-	4,997,611
Due to General Fund	151,812	127,122	3,345	9,914	-
Due to Heirs, Litigants and Others	-	553,485	1,758	15,349	-
Deferred Revenues	829,019	-	-	-	-
<b>Total Liabilities</b>	<b>1,217,752</b>	<b>680,607</b>	<b>5,103</b>	<b>25,263</b>	<b>4,997,611</b>
Fund Balance Reserved for Retirement Benefits	-	-	-	-	-
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,217,752</b>	<b>\$ 680,607</b>	<b>\$ 5,103</b>	<b>\$ 25,263</b>	<b>\$ 4,997,611</b>

Continued

**WALKER COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET - TRUST AND AGENCY FUNDS**  
**SEPTEMBER 30, 1998 AND 1997**

Employee Health Benefit	Pension Trust Fund	Total (Memorandum Only)	
		1998	1997
\$ 58,843	\$ -	\$ 6,108,551	\$ 9,986,222
-	1,658,778	1,658,778	-
-	-	876,628	1,327,332
<u>\$ 58,843</u>	<u>\$ -</u>	<u>\$ 8,643,957</u> ✓	<u>\$ 11,313,554</u>
\$ -	\$ -	\$ 850	\$ 1,180
-	-	5,233,682	8,232,371
-	-	292,193	262,305
58,843	-	629,435	542,338
-	-	829,019	616,582
<u>58,843</u>	<u>-</u>	<u>6,985,179</u> ✓	<u>\$ 9,654,776</u>
-	1,658,778	1,658,778 ✓	1,658,778
<u>\$ 58,843</u>	<u>\$ 1,658,778</u>	<u>\$ 8,643,957</u> ✓	<u>\$ 11,313,554</u>

WALKER COUNTY, GEORGIA  
 TAX COMMISSIONER  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 1998

<u>Assets</u>	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
Cash	\$ 126,789	\$ 16,200,383	\$ 15,986,048	\$ 341,124
Taxes Receivable	697,437	195,263	16,072	876,628
Total Assets	<u>\$ 824,226</u>	<u>\$ 16,395,646</u>	<u>\$ 16,002,120</u>	<u>\$ 1,217,752</u>
 <u>Liabilities</u>				
Accounts Payable	\$ 1,180	\$ 677	\$ 1,007	\$ 850
Due to General Fund	112,441	4,212,464	4,173,093	151,812
Due to other Government	94,023	11,741,559	11,599,511	236,071
Deferred Revenues	616,582	440,946	228,509	829,019
Total Liabilities	<u>\$ 824,226</u>	<u>\$ 16,395,646</u>	<u>\$ 16,002,120</u>	<u>\$ 1,217,752</u>

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, 1998

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<u>Assets</u>				
Cash	\$ 611,228	\$ 2,027,058	\$ 1,957,679	\$ 680,607
Total Assets	<u>\$ 611,228</u>	<u>\$ 2,027,058</u>	<u>\$ 1,957,679</u>	<u>\$ 680,607</u>
<u>Liabilities</u>				
Due to General Fund Due to Heirs, Litigants and Others	\$ 128,034	\$ 444,821	\$ 445,733	\$ 127,122
	<u>483,194</u>	<u>1,582,237</u>	<u>1,511,946</u>	<u>553,485</u>
Total Liabilities	<u>\$ 611,228</u>	<u>\$ 2,027,058</u>	<u>\$ 1,957,679</u>	<u>\$ 680,607</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, 1998

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<u>Assets</u>				
Cash	\$ 6,735	\$ 48,007	\$ 49,639	\$ 5,103
Total Assets	\$ 6,735	\$ 48,007	\$ 49,639	\$ 5,103
<u>Liabilities</u>				
Due to General Fund	\$ 3,149	\$ 34,322	\$ 34,126	\$ 3,345
Due to Heirs, Litigants and Others	3,586	13,685	15,513	1,758
Total Liabilities	\$ 6,735	\$ 48,007	\$ 49,639	\$ 5,103

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA  
MAGISTRATE COURT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 1998

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<u>Assets</u>				
Cash	\$ 25,991	\$ 272,737	\$ 273,465	\$ 25,263
Total Assets	<u>\$ 25,991</u>	<u>\$ 272,737</u>	<u>\$ 273,465</u>	<u>\$ 25,263</u>
<u>Liabilities</u>				
Due to General Fund	\$ 10,304	\$ 105,728	\$ 106,118	\$ 9,914
Due to Litigants and Others	15,687	167,009	167,347	15,349
Total Liabilities	<u>\$ 25,991</u>	<u>\$ 272,737</u>	<u>\$ 273,465</u>	<u>\$ 25,263</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, 1998**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<u>Assets</u>				
Cash	\$ 7,516,830	\$ 3,894,542	\$ 6,413,761	\$ 4,997,611
Taxes Receivable (SPLOST)	629,895	-	629,895	-
 Total Assets	 <u>\$ 8,146,725</u>	 <u>\$ 3,894,542</u>	 <u>\$ 7,043,656</u>	 <u>\$ 4,997,611</u>
 <u>Liabilities</u>				
Due to General Fund	\$ 8,377	\$ -	\$ 8,377	\$ -
Due to other Government Entities	<u>8,138,348</u>	<u>3,894,542</u>	<u>7,035,279</u>	<u>4,997,611</u>
 Total Liabilities	 <u>\$ 8,146,725</u>	 <u>\$ 3,894,542</u>	 <u>\$ 7,043,656</u>	 <u>\$ 4,997,611</u>

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, 1998**

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>Assets</b>				
Cash	\$ 39,871	\$ 75,260	\$ 56,288	\$ 58,843
Total Assets	<u>\$ 39,871</u>	<u>\$ 75,260</u>	<u>\$ 56,288</u>	<u>\$ 58,843</u>
<b>Liabilities</b>				
Due to General Fund	\$ -	\$ -	\$ -	\$ -
Due to Heirs, Litigants, and Others	<u>39,871</u>	<u>75,260</u>	<u>56,288</u>	<u>58,843</u>
Total Liabilities	<u>\$ 39,871</u>	<u>\$ 75,260</u>	<u>\$ 56,288</u>	<u>\$ 58,843</u>

The accompanying notes are an integral part of these statements.

WALKER COUNTY, GEORGIA  
 PENSION TRUST FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 1998

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  
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					Employer Contributions as a Percentage of Covered Payroll
	Employees	Contributions		Investment Income	Total	
		Employer	Total			
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%

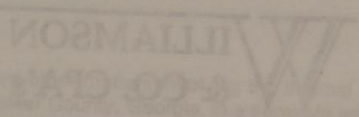
Plan Year End	Expenses by Type			Total
	Benefits	Administrative Expenses		
01/01/96	\$ 12,081	\$ 54,667		\$ 66,748
01/01/97	507,271	55,432		562,703

COMPLIANCE SECTION

(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 AUDITING STANDARDS

*[Signature]*

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

Comptroller  
Walker County  
Waynes, Georgia 30758

We have audited the general ledger financial statements of Walker County, Georgia, as of and for the year ended September 30, 1998, and have issued our report thereon dated March 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards specific to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### COMPLIANCE SECTION

As part of obtaining reasonable assurance about whether Walker County, Georgia's general ledger financial statements are free of material misstatement, we performed tests of documents and records supporting the amounts and disclosures in the financial statements. This procedure is designed to detect material misstatements only if they are supported by documents and records. However, providing an opinion on compliance with those provisions that have an impact on the financial statements is not our responsibility. The results of our tests of documents and records are reported in the separate section of this report titled "Compliance with Government Auditing Standards." We also tested certain internal controls of management that we have reported in management's letter to Walker County, Georgia, in a separate letter dated March 8, 1999.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered Walker County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general ledger 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, Georgia's ability to record, process, summarize and report financial data consistent with the standards of management in the general ledger financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as 98-0-1, 98-0-2, 98-0-3, 98-0-4, and 98-0-5.

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 reasonably low level the risk of misstatements in amounts that would be material to the financial statements being audited and not be detected when a properly planned and executed audit of the financial statements is performed. Our consideration of the internal control over financial reporting issues and weaknesses identified by us in the internal control over financial reporting section of this report and the accompanying schedule of findings and questioned costs are reported in the separate section of this report titled "Internal Control over Financial Reporting." However, we believe that the reportable conditions described in this

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**WILLIAMSON  
& CO. CPA's**

EARL WILLIAMSON  
LLOYD WILLIAMSON  
GREG BRADY  
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 general purpose financial statements of Walker County, Georgia, as of and for the year ended September 30, 1998, and have issued our report thereon dated March 10, 1999. 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, Georgia's general purpose 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 items 98-B-6 and 98-B-7. We also noted certain immaterial instances of noncompliance that we have reported to management of Walker County, Georgia, in a separate letter dated March 5, 1999.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Walker County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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, Georgia's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as 98-B-1, 98-B-2, 98-B-3, 98-B-4, 98-B-5, and 98-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 believe all of the reportable conditions described above are

material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of Walker County, Georgia, in a separate letter dated March 5, 1999.

This report is intended for the information of the audit 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 and Co., CPAs  
March 10, 1999

WILLIAMSON & CO., CPAs  
101 WEST MAIN STREET  
CARTERSVILLE, GA 30130

Commissioner  
Walker County  
Lafayette, Georgia 30724

Compliance

We have audited the compliance of Walker County, Georgia, with the type of compliance requirements applicable in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to each of its major federal programs for the year ended September 30, 1998. 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, Audit of State, Local, Government, and Non-Profit Organizations. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether compliance with the type of compliance requirements related to those that could have a direct and material effect on a major federal program occurred. An audit includes reviewing, 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 related to those that are applicable to each of its major federal programs for the year ended September 30, 1998.

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.



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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, 1998. 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, 1998.

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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

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  
March 10, 1999

**Walker County, Georgia**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 1998**

<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	16.579	N/A	18,881	18,881
Drug Abuse Resistance Education Project	16.579	N/A	236,751	216,563
Multi-jurisdictional Task Force Project			<u>255,632</u>	<u>235,444</u>
Department of Transportation				
Urban Mass Transportation	20.507	N/A	40,425	40,425
			<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, 1998

<u>Auditor's Reference Number</u>	<u>Status</u>
B97-1	Not resolved and continues to be an issue.
B97-2	Not resolved. Due to history this will continue.
B97-3	Not resolved and unresponsive.
B97-4	Not resolved and continues to be an issue.
B97-5	Corrected this year.
B97-6	Not resolved and continues to be an issue.
C97-1	Corrected this year.
C97-2	Corrected this year.

**Walker County, Georgia  
 Combined Schedule of Findings and Questioned Costs  
 Year Ended September 30, 1998**

**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: **Qualified**

Internal control over financial reporting:

Material weakness(es) identified?       Yes       No

Reportable condition(s) identified not considered to be material weaknesses?       Yes       None reported

Noncompliance material to financial statements noted?       Yes       No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?       Yes       No

Reportable condition(s) identified not considered to be material weaknesses?       Yes       None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.579	U. S. Department of Justice Bureau of Justice Assistance Multi-Jurisdictional Task Force

Dollar threshold used to distinguish between Type A and Type B programs:      \$300,000

Auditee qualified as low-risk auditee?       Yes       No



Walker County, Georgia  
Combined Schedule of Findings and Questioned Costs  
Year Ended September 30, 1998

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**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**REPORTABLE CONDITIONS**

**1. JURY FUND CASH ACCOUNT**

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

*Condition:* The Jury Fund bank account was not reconciled to the general ledger nor was a check register maintained. Manual checks are being written out of this account. This was also a prior year condition. An attempt was made to bring reconciliations up to date, but due to loss of personnel, the bank statements have not been reconciled since June, 1998.

*Effect:* Because of these continued lack of controls over the Jury Fund cash account, cash may be lost and expenditures may be understated.

*Recommendation:* Procedures should be implemented requiring monthly reconciliations. A check register needs to be established for recording deposits and checks. No transfers of money should be made from the Superior Court accounts to the Jury Fund account. Efforts to avoid the manual check writing system should be made.

**2. FIXED ASSETS SCHEDULE**

*Criteria:* It is the responsibility of management to put in place all internal controls necessary to safeguard the property, plant, and equipment of the County, in order that reasonable assurance can be given as to the fixed asset valuation on the financial statements.

*Condition:* Prior to 1984, fixed asset records were not maintained. Assets acquired after 1984 have been maintained by an outside auditor. 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 asset security. A uniform capitalization policy is not followed by all departments in the County government.

*Effect:* The yearly audit is qualified.

*Recommendation:* We recommend a new fixed assets/inventory system be acquired and a complete inventory of all assets be entered on the system, and that a County wide capitalization policy be put into practice. We suggest that all expenditure items with lives greater than one year or equal to or greater than \$1000.00 be considered a capital expenses. These recommendations were made in the prior year, but have not been accomplished across all departments.

**3. CLERK OF COURTS – LACK OF PROPER CONTROLS OVER CASH**

Walker County, Georgia  
Combined Schedule of Findings and Questioned Costs  
Year Ended September 30, 1998

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*Criteria:* Internal controls should be in place to provide for the safeguarding of cash.

*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. Bank reconciliations are attempted by inadequately trained personnel. Checks are pre-signed and left in the manual check book in an unlocked drawer. These conditions, lack of segregation of duties for cash functions and breach of security measures to safeguard cash, were cited in the prior year.

*Effect:* These material weaknesses limit management's effectiveness in safeguarding the Court's cash balances against errors and irregularities.

*Recommendation:* We recommend that two signatures be required on all checks over \$200 (or less) and no check be written to the Clerk of Courts to transfer monies. The lack of adequately trained personnel could continue to be a problem in the upcoming year if employees are not permitted to ask questions or ask for help when they have a problem completing tasks. No blank checks should be left in an unsecured place. And no checks should be signed in advance of actual issuance.

4. **CLERK OF COURTS – IMPROPER RECORDING OF CONTRACT REVENUE AND UNDOCUMENTED EXPENDITURE (QUESTIONED COST)**

*Criteria:* Proper system wide accounting requires that all revenues in all departments should be processed and recorded through the County central office.

*Condition:* The Clerk of Courts received a \$10,000 contract award from a non-profit group to upgrade the computer for land deed modernization in 1997. The grant has never been reported nor processed through the County's central office. Subsequently, a printer was purchased, but no documentary or physical evidence of the purchase could be produced.

*Effect:* Revenues may be understated and expenditures may be unrecorded and/or inappropriately spent.

*Recommendation:* We recommend all income flow through the central office, grants recorded and any restrictions followed. All expenditures should be properly recorded and adequately documented.

5. **SUPERIOR COURT – UNTIMELY AND INCORRECT RECORDING OF LEDGER ACTIVITY**

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

*Condition:* Untimely and incorrect recording of activity continues to be a problem in the current year as it was in the prior year. The court ledgers were not up to date as of September, 1998. We helped with the posting from June to September, 1998. However, as of January, 1999, the ledger was not up to date and several reports were completed in error.

*Effect:* Management's attitude at the Clerk of Court's office toward the proper and timely recording and reporting of financial data affects the fair presentation of the accounts that make up the County's financial statements. Under or



**Walker County, Georgia**  
**Combined Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 1998**

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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.

**6. INTEREST EARNED NOT TURNED OVER, NON-COMPLIANCE WITH STATE LAW**

*Criteria:* Interest earned in each cash account in the Clerk of Court's office should have been turned over each month.

*Compliance:* The Clerk of Courts has chosen to disregard state law, (GA Code 15-21-55) which says that all surplus funds should be paid into the general fund for usage as specified in the law.

*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 by the Clerk of Courts' office. The interest amounts to approximately \$110,000, part but not all of which has been relinquished to County's general fund.

*Effect:* Revenues are understated and unavailable for current expenditures.

*Recommendation:* We recommend that all of the pre 1994 interest revenue be turned over as required for recording by and use by the County general fund.

**7. SCOPE LIMITATION ON STATE COMPLIANCE FOR THE COUNTY LAW LIBRARY FUNDS**

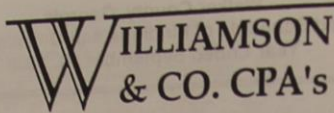
*Compliance:* In maintaining the County law library, funds received for the law library must be deposited in the county law library fund, and the courts should impose in each civil or criminal case a fee of \$5 or less for the support of the county law library per GA Code 36-15-5 and 36-15-9.

*Condition:* We sent three letters requesting information concerning the Law Library funds and discussed the need for information with individuals handling these funds. We never received any response from them.

*Effect:* There is a scope limitation for the Auditor's reporting on internal controls and compliance with State law.



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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, 1998, and have issued our report thereon dated March 10, 1999. 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, 1998, the end of the fiscal year covered by this audit.

Williamson & Company, CPAs  
March 10, 1999

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, 1998

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		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	755,965	388,532	1,144,497	71
Construction and Renovate City of Rossville Sewer Lines	1,028,800	968,685	-	968,685	94
<b>Total</b>	<b>\$ 16,000,000</b>	<b>\$ 15,238,167</b>	<b>\$ 388,532</b>	<b>\$ 15,707,699</b>	

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, 1998

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Period	Total	
Walker County:					
Fire Stations	\$ 1,200,000	\$ 1,222,708	\$ 20,789	\$ 1,243,497	100
Water Treatment Plant	1,000,000	887,173	118,535	1,005,708	100
Landfill Equipment	400,000	227,592	51,000	278,592	70
Courthouse Renovation	900,000	96,406	9,287	105,693	12
Jail Expansion	800,000	758,225	50,617	808,842	100
LaFayette Sewer Lines - Hwy 27	4,700,000	2,505,117	-	2,505,117	53
Walker Board of Education	4,500,000	569,886	1,746,968	2,316,854	52
	<u>13,500,000</u>	<u>6,267,107</u>	<u>1,997,196</u>	<u>8,264,303</u>	
City of Lafayette:					
Sewer Projects	1,600,150	-	-	-	-
Recreation Facilities	500,000	500,000	-	500,000	100
City of Rossville: (Amended 2/98)					
Fire Stations	150,000	-	104,962	104,962	70
Sewer Projects	100,000	-	45,372	45,372	46
Recreation	50,000	50,000	-	50,000	100
Senior Citizen Center	836,250	254,318	650,558	904,876	100
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	207,340	-	207,340	39
Lookout Mountain:					
Sewer Project	466,150	127,077	95,825	222,902	48
Recreation	50,000	60,722	897	61,619	100
Fire Protection	-	76,932	-	76,932	100
City of Ft. Oglethorpe:					
Sewer Projects	69,300	-	-	-	-
	<u>\$ 18,000,000</u>	<u>\$ 7,731,656</u>	<u>\$ 2,894,810</u>	<u>\$ 10,626,466</u>	