

WALKER COUNTY, GEORGIA

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For the Year Ended September 30, 2007

BURK PEARLMAN
NEBBEN & HUGGINS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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WALKER COUNTY, GEORGIA

ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2007

WALKER COUNTY GEORGIA
ANNUAL FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2007

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**BURK PEARLMAN
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INDEPENDENT AUDITOR'S REPORT

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2007, which collectively comprise Walker County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Walker County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, the Walker County Health Department. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Walker County Health Department, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2008, on our consideration of Walker County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and other required supplementary information on pages 3 through 13 and 45 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walker County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of Projects constructed with Special Local Option Sales Tax Proceeds as required by Georgia code section OCGA 48-8-121 are also not a required part of the basic financial statements of Walker County, Georgia. The schedule of grant activities on page 65, the schedule of expenditures of federal awards, and the schedule of projects constructed with special purpose local option sales tax proceeds have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Burt, Pankratz, Nelson, Higgins, PLLC

Chattanooga, Tennessee
May 23, 2008

WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Walker County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2007. Please read it in conjunction with the County's financial statements which follow this analysis.

FINANCIAL HIGHLIGHTS

- The assets of Walker County exceeded its liabilities at September 30, 2007 by \$87,126,477 (Net Assets). Of this amount, \$79,137,233 represented the investment in capital assets net of the related debt. This resulted in unrestricted net assets of \$7,989,244 that may be used to meet the government's ongoing obligations to citizens and creditors.
- To comply with the Governmental Accounting Standards Board, Statement 34, the County's infrastructure was valued and recorded on the Statement of Net Assets net of accumulated depreciation. This resulted in an increase in net assets of \$57,280,063.
- In the County's business-type activities, expenditures exceeded revenues by \$698,807. Revenues were insufficient to recoup costs largely due to high depreciation expense and accrued postclosure costs. An operating transfer from the general fund was made to cover most of the loss.
- The County's governmental activities reported combining ending net assets of \$84,620,800, an increase of \$60,130,440 over the prior year net assets. The increase was primarily due to infrastructure mentioned above. Of this amount, \$8,633,905 remains in the various funds as unrestricted.
- Debt decreased by \$4,196,989. This was primarily due to bond payments of \$4,015,432, lease payments of \$836,571, the addition of a note payable of \$297,600 for the purchase of a building and the acquisition of a new landfill lease for \$164,900.
- Property tax revenue increased \$1,273,279 primarily due to an increase in the net tax digest. The increase in property tax revenue that was due to the increase in the net tax digest was partially offset by a decrease in the millage rate. Walker County's millage rate is still among the lowest in the state.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as trustee or agent for the benefit of those outside the government.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

Component unit - The County includes the following separate entity in its report - Walker County Health Department. Although legally separate, this "component unit" is included because the County is financially accountable and provides operating and capital funding as well as oversight. The Health Department has a June 30 year end.

FUND FINANCIAL STATEMENTS

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

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

The County has three kinds of funds:

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, the county's assets exceeded liabilities by \$87,126,477. This excess is divided into two net asset categories. Investment in capital assets less any debt used to acquire these assets that is still outstanding is one of the components of net assets. Walker County uses these assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The other component is unrestricted net assets. The amount in this category normally represents amounts that may be used to meet the ongoing obligations to its citizens and creditors. The balance at September 30, 2007, is \$7,989,244 which may be used to meet the County's ongoing obligations.

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

Net Assets
September 30, 2007 and 2006

	Governmental		Business -type		Total	
	Activities		Activities		Primary	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$ 18,116,390	\$ 18,493,967	\$ 301,740	\$ 93,809	\$ 18,418,130	\$ 18,587,776
Capital assets	79,527,566	23,577,075	3,583,064	3,861,993	83,110,630	27,439,068
Total assets	\$ 97,643,956	\$ 42,071,042	\$ 3,884,804	\$ 3,955,802	\$ 101,528,760	\$ 46,026,844
Liabilities						
Long-term liabilities	\$ 10,916,823	\$ 15,141,088	\$ 1,378,963	\$ 1,351,687	\$ 12,295,786	\$ 16,492,775
Other liabilities	2,106,333	2,439,594	164	73,754	2,106,497	2,513,348
Total liabilities	\$ 13,023,156	\$ 17,580,682	\$ 1,379,127	\$ 1,425,441	\$ 14,402,283	\$ 19,006,123
Net assets						
Invested in capital assets, net of related debt	\$ 75,986,895	\$ 17,608,617	\$ 3,150,338	\$ 2,513,688	\$ 79,137,233	\$ 20,122,305
Restricted						
Unrestricted	8,633,905	6,881,743	(644,661)	16,673	7,989,244	6,898,416
Total net assets	\$ 84,620,800	\$ 24,490,360	\$ 2,505,677	\$ 2,530,361	\$ 87,126,477	\$ 27,020,721

Net assets of the County's governmental activities increased by \$60,130,440 while the net assets of the business type activities decreased by \$24,684. Effective with the fiscal year ended September 30, 2007, Walker County began reporting infrastructure net of accumulated depreciation for the governmental activities on the Statement of Net Assets. The initial recording of the infrastructure resulted in a prior period adjustment of \$57,280,063. The remaining increase was mainly due to a large part of the County's road work being financed with SPLOST funds and the increase in tax revenue due in part to the increase in the net digest. The County's sole business activity is the Walker County Landfill. The landfill operated at a loss due to closure and depreciation expense.

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

Changes in Net Assets
Year-ended September 30, 2007 and 2006

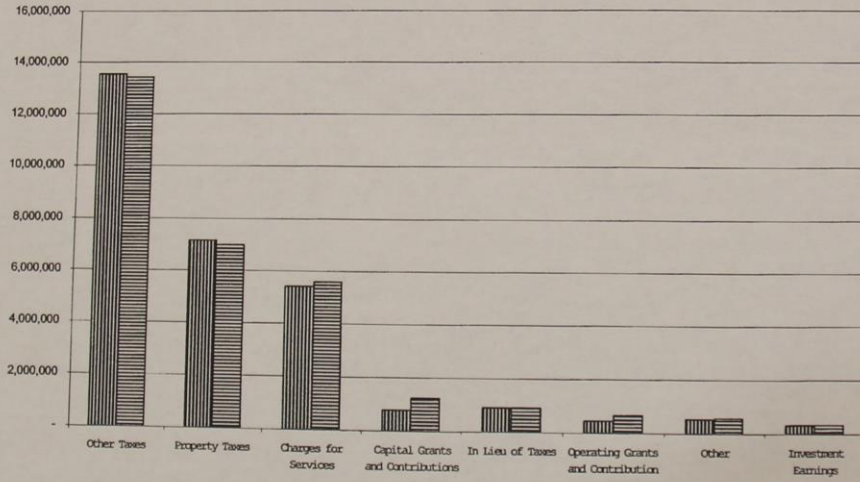
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$5,386,487 ✓	\$5,563,840 ✓	\$1,369,111 ✓	\$1,275,758 ✓	\$6,755,598	\$6,839,598
Operating Grants & Contributions	472,058 ✓	682,235 ✓			472,058	682,235
Capital Grants & Contributions	771,489 ✓	1,230,008 ✓			771,489	1,230,008
General Revenues:						
Property Taxes	7,144,412 ✓	6,975,484			7,144,412	6,975,484
Other Taxes	13,119,524	13,195,944			13,119,524	13,195,944
Other	2,253,809	2,046,814		75,933 ✓	2,253,809	2,122,747
Total Revenues	29,147,779	29,694,325 ✓	1,369,111	1,351,691 ✓	30,516,890	31,046,016
Expenses:						
General government	3,315,085	3,212,386			3,315,085	3,212,386
Judicial	2,923,042	2,633,104			2,923,042	2,633,104
Sheriff	5,850,491	5,459,325			5,850,491	5,459,325
Public Safety	4,347,428	3,763,714			4,347,428	3,763,714
Public Works	5,870,192	4,829,120			5,870,192	4,829,120
Health and Welfare	1,414,815	1,363,903			1,414,815	1,363,903
Culture and Recreation	567,494	382,355			567,494	382,355
Housing and Development	373,893	368,610			373,893	368,610
Intergovernment Payments	642,877	329,637			642,877	329,637
Interest on Long-Term Debt	317,962	434,195			317,962	434,195
Landfill						
			2,067,918	2,290,278	2,067,918	2,290,278
Total Expenses	25,623,279 ✓	22,776,349 ✓	2,067,918 ✓	2,290,278 ✓	27,691,197	25,066,627
Increase (decrease) in net assets before transfers	3,524,500	6,917,976	(698,807)	(938,587)	2,825,693	5,979,389
Transfers	(674,123) ✓	(1,127,370)	674,123 ✓	1,127,370		
Increase (decrease) in net assets	2,850,377 ✓	5,790,606	(24,684) ✓	188,783	2,825,693	5,979,389
Net assets - October 1	24,490,360 ✓	18,699,754	2,530,361 ✓	2,341,578	27,020,721	21,041,332
Prior period adjustment	57,280,063				57,280,063	
Net assets - September 30	\$84,620,800 ✓	\$24,490,360 ✓	\$2,505,677 ✓	\$2,530,361 ✓	\$87,126,477	\$27,020,721

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

Total government wide revenue of \$30,516,890 was comprised of governmental activities \$29,147,779 and business type activities \$1,369,111. The following chart illustrates the distribution of the governmental revenue. The revenue of the business type activity was almost solely charges for services. The predominant source of revenue is the other tax category which is primarily Local Option Sales Tax, Special Purpose Local Option Sales Tax and business taxes. Special Purpose Local Option Sales Tax revenue which totaled \$5,829,587 is specifically earmarked and cannot be used to finance the normal operations of the county. The current year column has the vertical stripes while the prior year is the horizontal striped column.

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

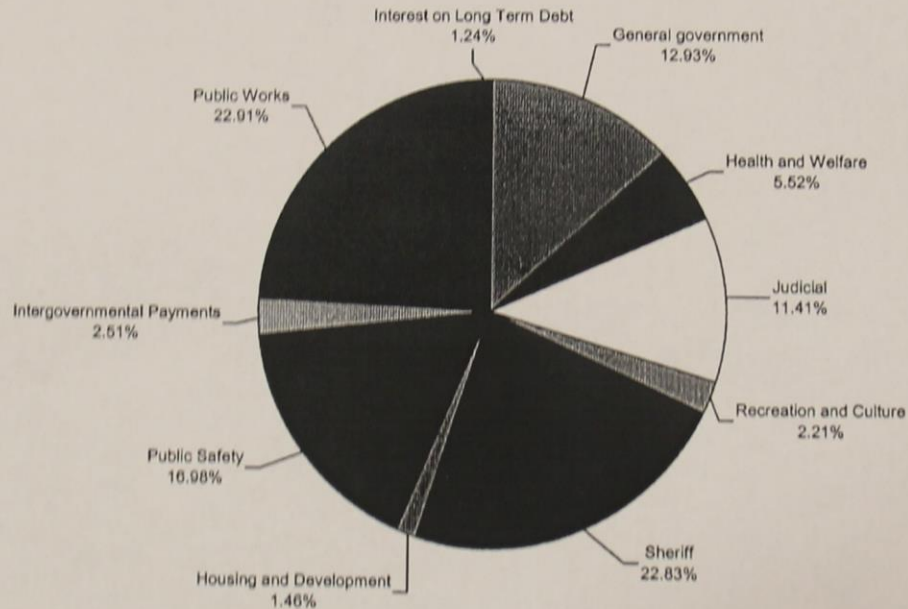
REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



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

Government-wide expenses totaled \$27,691,197 for fiscal year 2007, including governmental activity expense of \$25,623,279 and business type activity expense of \$2,067,918. The following chart provides a visual depiction of expenditures of the governmental activities by function.

EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the County completed the year, its governmental funds reported a combined fund balance of \$10,984,506. All but \$28,000 constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed. The reserved fund balance represents funds that are required to be expended on building maintenance.

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

The general fund is the chief operating fund of Walker County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,368,640. The unreserved fund balance increased by \$827,759 during the current year. This increase included operating transfers of \$2,720,095 to supplement operations of other funds. Among the operating transfers were \$254,027 to E911, \$1,451,527 to fire & rescue, \$248,119 to county transportation system, \$674,123 to landfill and \$517,452 required by federal and/or state grants as the county's matching share.

The focus of the fund financial statements is on major funds which generally represent the government's most important funds. Non-major funds are aggregated and presented in single columns. The major funds, other than the general fund, of Walker County and their fund balances at year-end are: Fire and Rescue, (\$41,356) and SPLOST 2003, \$3,458,186. The fund balance in Fire and Rescue increased by \$840,236 and the fund balance in SPLOST 2003 decreased by \$1,794,412. The change in Fire and Rescue was the result of an operating transfer to fund emergency services. This is a service provided by the Fire & Rescue Service beyond their budgeted duties. The decrease in SPLOST 2003 was primarily the result of acquiring capital assets which in fund accounting are treated as expenditures and act to decrease fund balance.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The county adopted a final budget after the end of the fiscal year. This amendment was primarily to account for the General Fund actual revenues exceeding budgeted revenues by \$1,730,648 and fund actual expenditures and other financing uses exceeding budgeted expenditures by \$895,889. The excess of revenues over budgeted revenues was primarily due to the following revenue categories where actual revenues exceeded budgeted revenues: intergovernmental receipts by \$173,509, other taxes by \$909,820, charges for services by \$85,282 and fines and forfeitures by \$745,765.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets - The County's investment in capital assets for its governmental funds as of September 30, 2007 totals \$79,527,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The County's investment in capital assets for the current fiscal year increased by \$55,950,491 net of accumulated depreciation. This was comprised of two significant items; the \$57,280,063 of prior year infrastructure, net of accumulated depreciation, that was entered in the statement of net assets for the first time, and the excess of current year depreciation over asset additions of \$1,329,572.

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

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

- A building was purchased in which to move the county administration offices to make space available for the sheriff's offices. A note was signed with the prior owners for the purchase.
- A former health department building was restored to house a medical facility for treatment, primarily, of lower income citizens. This was funded through a Community Development Block Grant.
- A security system was installed in the courthouse to monitor access. Two entrances have been equipped to scan all visitors.
- Work continued on a number of road paving projects funded in part by GA DOT and will continue into next fiscal year.

Capital Assets at Year-end
September 30, 2007 and 2006

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	2007	2006	2007	2006	2007	2006
Non-depreciable assets:						
Land	\$ 648,387	\$ 370,443	\$	\$	\$ 648,387	\$ 370,443
Building	297,600				297,600	
Construction in progress	498,933	374,163		747,651	498,933	1,121,814
Depreciable assets:						
Buildings and improvements	17,753,154	17,710,038	306,771	306,771	18,059,925	18,016,809
Machinery and equipment	16,174,351	15,152,609	1,648,780	1,416,379	17,823,131	16,568,988
Infrastructure	88,779,351	2,567,196			88,779,351	2,567,196
C&D Landfill			4,806,437	4,016,605	4,806,437	4,016,605
Total	124,151,776	36,174,449	6,761,988	6,487,406	130,913,764	42,661,855
Less: accumulated depreciation	(44,624,210)	(12,597,374)	(3,178,924)	(2,625,413)	(47,803,134)	(15,222,787)
Net capital assets	\$ 79,527,566	\$23,577,075	\$ 3,583,064	\$ 3,861,993	\$ 83,110,630	\$27,439,068

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

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

Debt - At the end of the current fiscal year, the County had total debt outstanding of \$12,295,786. This consisted of notes payable, bonds, lease obligations, landfill closure and postclosure costs, and compensated absences.

SPLOST bonds in the amount of \$4,015,432 matured and were paid from current year SPLOST receipts which are escrowed for this purpose.

Outstanding Debt at Year End
 September 30, 2007 and 2006

	Governmental Activities		Business -type Activities		Totals	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 4,130,777	\$ 8,146,209	\$	\$	\$ 4,130,777	\$ 8,146,209
Lease Obligations	3,235,889	3,742,260	432,725	598,025	3,668,614	4,340,285
Notes Payable	297,600	-			297,600	-
Compensated Absences	536,487	486,004	4,536	3,382	541,023	489,386
Landfill Closure Costs	2,716,070	2,766,615	941,702	750,280	3,657,772	3,516,895
Totals	\$ 10,916,823	\$ 15,141,088	\$ 1,378,963	\$ 1,351,687	\$ 12,295,786	\$ 16,492,775

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

ECONOMIC FACTORS AND THE 2008 BUDGET

Local Option Sales Tax decreased 1.79% in fiscal year 2007 compared to fiscal year 2006. The fiscal year net maintenance and operation property tax digest shows a growth of 2.66% while the net millage rate decreased less than 0.1 mill.

Walker County adopted its fiscal year 2008 budget October 1, 2007. The General Fund budget reflected an increase over fiscal year 2007 of \$1,112,819. The primary increase in the revenue was due to a large increase in fine revenue that was under estimated in fiscal year 2007.

REQUESTS FOR INFORMATION

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

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	\$ 1,929,496	\$ 418	\$ 1,929,914	\$ 854,822
Restricted cash	214,385	--	214,385	--
Investments	4,146,192	--	4,146,192	--
Receivables:				
Taxes	5,753,943	--	5,753,943	--
Accounts	272,927	70,597	343,524	27,856
Due from other governments	5,498,644	230,725	5,729,369	83,111
Prepaid expenses	208,364	--	208,364	--
Deferred charges - issuance costs	92,439	--	92,439	--
Capital assets not being depreciated	1,444,920	--	1,444,920	--
Capital assets, net of accumulated depreciation	78,082,646	3,583,064	81,665,710	--
TOTAL ASSETS	97,643,956	3,884,804	101,528,760	965,789
LIABILITIES				
Accounts payable and accrued expenses	1,281,304	--	1,281,304	2,962
Due to other governments	637,877	--	637,877	77,779
Due to heirs, litigants, and others	55,881	--	55,881	--
Deferred revenue	15,234	--	15,234	--
Accrued interest payable	116,037	164	116,201	--
Long-term liabilities -				
Portion due or payable within one year:				
Bonds payable	4,130,777	--	4,130,777	--
Capital leases	627,911	97,908	725,819	--
Compensated absences	255,858	4,536	260,394	70,019
Landfill closure and postclosure care costs	110,133	--	110,133	--
Portion due or payable after one year:				
Bonds payable	--	--	--	--
Capital leases	2,607,978	334,817	2,942,795	--
Note payable	297,600	--	297,600	--
Compensated absences	280,629	--	280,629	--
Landfill closure and postclosure care costs	2,605,937	941,702	3,547,639	--
TOTAL LIABILITIES	13,023,156	1,379,127	14,402,283	150,760
NET ASSETS				
Invested in capital assets, net of related debt	75,986,895	3,150,338	79,137,233	--
Unrestricted	8,633,905	(644,661)	7,989,244	815,029
TOTAL NET ASSETS	\$84,620,800	\$ 2,505,677	\$ 87,126,477	\$ 815,029

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

FUNCTION/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$ 3,315,085	\$ 749,887	\$ --	\$ --	\$(2,565,198)		\$(2,565,198)	
Judicial	2,923,042	1,863,809	100,475	--	(958,758)		(958,758)	
Sheriff	5,850,491	155,263	7,263	24,135	(5,663,830)		(5,663,830)	
Public safety	4,347,428	2,285,367	18,118	224,890	(1,819,053)		(1,819,053)	
Public works	5,870,192	--	32,876	502,464	(5,334,852)		(5,334,852)	
Health and welfare	1,414,815	63,437	305,326	--	(1,046,052)		(1,046,052)	
Culture and recreation	567,494	57,105	8,000	20,000	(482,389)		(482,389)	
Housing and development	373,893	211,619	--	--	(162,274)		(162,274)	
Intergovernmental payments	642,877	--	--	--	(642,877)		(642,877)	
Interest on long-term debt	317,962	--	--	--	(317,962)		(317,962)	
Total governmental activities	<u>25,623,279</u>	<u>5,386,487</u>	<u>472,058</u>	<u>771,489</u>	<u>(18,993,245)</u>		<u>(18,993,245)</u>	
Business-type activities:								
Landfill	<u>2,067,918</u>	<u>1,369,111</u>	--	--	--	\$(698,807)	(698,807)	
Total business-type activities	<u>2,067,918</u>	<u>1,369,111</u>	--	--	--	(698,807)	(698,807)	
Total primary government	<u>\$27,691,197</u>	<u>\$6,755,598</u>	<u>\$ 472,058</u>	<u>\$ 771,489</u>	<u>(18,993,245)</u>	<u>(698,807)</u>	<u>(19,692,052)</u>	
COMPONENT UNIT:								
Walker County Health Department	<u>\$ 1,521,489</u>	<u>\$ 304,162</u>	<u>\$ 1,016,087</u>	<u>\$ --</u>				<u>\$(201,240)</u>
General Revenues:								
Taxes:								
General property taxes					7,144,412		7,144,412	
General sales and use tax					10,492,685		10,492,685	
Selective sales and use taxes					306,109		306,109	
Business taxes					2,320,730		2,320,730	
Penalties and interest on delinquent taxes					427,684		427,684	
In lieu of taxes					903,109		903,109	
Payment from Walker County					--		--	277,946
Unrestricted investment earnings					331,169		331,169	25,744
Gain on sale of capital assets					61,800		61,800	--
Miscellaneous					530,047		530,047	2,619
Transfers					(674,123)	674,123	--	--
Total general revenues and transfers					<u>21,843,622</u>	<u>674,123</u>	<u>22,517,745</u>	<u>306,309</u>
Change in net assets					<u>2,850,377</u>	<u>(24,684)</u>	<u>2,825,693</u>	<u>105,069</u>
Net assets - beginning					<u>24,490,360</u>	<u>2,530,361</u>	<u>27,020,721</u>	<u>709,960</u>
Prior period adjustment					<u>57,280,063</u>	--	<u>57,280,063</u>	--
Net assets - ending					<u>\$84,620,800</u>	<u>\$2,505,677</u>	<u>\$87,126,477</u>	<u>\$ 815,029</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

	General Fund	Fire and Rescue	SPLOST 2003	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,812,116	\$ 25,281	\$ 500	\$ 91,599	\$ 1,929,496
Restricted cash	213,885	--	500	--	214,385
Investments	--	--	4,146,192	--	4,146,192
Receivables:					
Taxes	5,753,943	--	--	--	5,753,943
Accounts	181,482	77,839	--	13,606	272,927
Due from other funds	1,803,741	--	578,821	324,800	2,707,362
Due from other governments	<u>3,995,800</u>	--	<u>1,045,057</u>	<u>457,786</u>	<u>5,498,643</u>
TOTAL ASSETS	\$13,760,967	\$ 103,120	\$5,771,070	\$ 887,791	\$20,522,948
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,202,216	\$ 78,498	\$ --	\$ 589	\$ 1,281,303
Compensated absences	64,863	--	--	--	64,863
Due to other funds	324,800	--	1,679,007	707,555	2,707,362
Due to other governments	--	--	637,877	--	637,877
Due to heirs, litigants and others	55,881	--	--	--	55,881
Deferred revenue	<u>4,716,567</u>	<u>65,978</u>	--	<u>8,611</u>	<u>4,791,156</u>
TOTAL LIABILITIES	<u>6,364,327</u>	<u>144,476</u>	<u>2,312,884</u>	<u>716,755</u>	<u>9,538,442</u>
Fund Balances:					
Reserved for:					
Building maintenance	28,000	--	--	--	28,000
Unreserved, reported in:					
General fund	7,368,640	--	--	--	7,368,640
Special revenue funds	--	(41,356)	--	171,036	129,680
Capital projects funds	--	--	<u>3,458,186</u>	--	<u>3,458,186</u>
TOTAL FUND BALANCES	<u>7,396,640</u>	<u>(41,356)</u>	<u>3,458,186</u>	<u>171,036</u>	<u>10,984,506</u>
TOTAL LIABILITIES AND FUND BALANCES	\$13,760,967	\$ 103,120	\$5,771,070	\$ 887,791	\$20,522,948

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 September 30, 2007

Total fund balances - governmental fund types		\$ 10,984,506 ✓
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	\$ 648,387	
Construction in progress	498,933	
Infrastructure, net of \$30,363,499 accumulated depreciation	58,415,853	
Buildings and improvements, net of \$3,987,713 accumulated depreciation	14,063,040	
Equipment, net of \$1,014,951 accumulated depreciation	1,406,266	
Vehicles, net of \$6,740,868 accumulated depreciation	3,374,709	
Trucks and construction equipment, net of \$2,517,179 accumulated depreciation	<u>1,120,378</u>	
		79,527,566 ✓
Some of the County's expenditures are charged directly to the statement of revenues and expenditures under the modified accrual basis of accounting. Under the full accrual basis, these expenditures are reported as prepaid.		
		-208,364 ✓
County taxes and fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.		
		-4,775,922 ✓
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Bond issuance costs of \$15,206 were incurred in connection with the debt issued at the end of fiscal year 2003, that will be expensed over the remaining life of the debt in the statement of activities. Balances at September 30, 2007, are:		
Accrued interest on bonds		(116,037) ✓
Bond issuance costs, net of amortization		-92,439 ✓
Bonds payable	(4,130,777) ✓	
Capital leases	(3,235,889) ✓	
Note payable	(297,600) ✓	
Compensated absences	(471,624) ✓	
Landfill closure and postclosure care costs	<u>(2,716,070) ✓</u>	
Total long-term liabilities		(10,851,960)
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ 84,620,800 ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	General Fund	Fire and Rescue	SPLOST 2003	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 7,045,054	\$ --	\$ --	\$ --	\$ 7,045,054
Other taxes	7,717,620	--	5,829,587	--	13,547,207
Licenses and permits	275,455	--	--	--	275,455
Intergovernmental	903,109	--	--	1,243,547	2,146,656
Charges for services	771,582	1,588,164	--	725,607	3,085,353
Fines and forfeitures	1,811,465	--	--	52,344	1,863,809
Investment income	71,904	5,940	252,166	1,159	331,169
Contributions and donations	13,900	--	--	5,022	18,922
Rental income	425,125	--	--	--	425,125
Miscellaneous	187,634	15,450	--	38,180	241,264
TOTAL REVENUES	19,222,848	1,609,554	6,081,753	2,065,859	28,980,014
EXPENDITURES					
Current:					
General government	3,127,260	--	2,250	23,962	3,153,472
Judicial	2,658,005	--	--	211,729	2,869,734
Sheriff	5,638,136	--	--	31,398	5,669,534
Public safety	633,847	1,892,389	--	1,196,400	3,722,636
Public works	1,988,434	--	--	889,285	2,877,719
Health and welfare	601,529	--	--	619,323	1,220,852
Culture and recreation	321,784	--	--	24,030	345,814
Housing and development	363,524	--	--	--	363,524
Capital outlay	--	--	2,599,053	160,954	2,760,007
Debt service:					
Principal retirement	299,078	207,290	3,970,000	--	4,476,368
Interest	98,197	95,699	205,019	--	398,915
Intergovernmental payments	--	--	637,877	5,000	642,877
TOTAL EXPENDITURES	15,729,794	2,195,378	7,414,199	3,162,081	28,501,452
Excess (deficiency) of revenues over expenditures	3,493,054	(585,824)	(1,332,446)	(1,096,222)	478,562
OTHER FINANCING SOURCES (USES)					
Transfers in	--	1,451,527	--	1,081,878	2,533,405
Transfers out	(2,720,095)	(25,467)	(461,966)	--	(3,207,528)
Sale of capital assets	61,800	--	--	--	61,800
TOTAL OTHER FINANCING SOURCES (USES)	(2,658,295)	1,426,060	(461,966)	1,081,878	(612,323)
Net changes in fund balance	834,759	840,236	(1,794,412)	(14,344)	(133,761)
Fund balances - beginning of year	6,561,881	(881,592)	5,252,598	185,380	11,118,267
Fund balances - end of year	\$ 7,396,640	\$ (41,356)	\$ 3,458,186	\$ 171,036	\$10,984,506

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended September 30, 2007

Net changes in fund balances - total government funds	\$(133,761)✓
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. Capital outlay for the period was \$2,226,247 and the related depreciation expense was \$3,853,415.	(1,627,168)✓
Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.	99,358✓
Fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.	6,606✓
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond principal payments	\$3,970,000✓
Amortization of bond issuance costs	(89,183)✓
Amortization of bond premiums	45,431✓
Capital lease obligation payments	<u>506,368</u> ✓
Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.	4,432,616
	37,142✓
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified basis of accounting until due, rather than as it accrues.	
Compensated absences	(50,483)✓
Accrued interest	35,522✓
Landfill closure and postclosure care costs	<u>50,545</u> ✓
Change in net assets of governmental activities	<u>\$ 2,850,377</u> ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2007

	Enterprise Fund
	Landfill
ASSETS	
CURRENT ASSETS	
Cash	\$ 418
Receivables, net of allowances	70,597
Due from other governments	230,725
TOTAL CURRENT ASSETS	301,740
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation:	
C and D landfill	2,643,540
Buildings and improvements	231,427
Equipment	708,097
Total capital assets, net of accumulated depreciation	3,583,064
TOTAL NONCURRENT ASSETS	3,583,064
TOTAL ASSETS	3,884,804
LIABILITIES	
CURRENT LIABILITIES	
Compensated absences	4,536
Capital lease payable - short-term	97,908
Accrued interest payable	164
TOTAL CURRENT LIABILITIES	102,608
NONCURRENT LIABILITIES	
Capital lease payable - long-term	334,817
Landfill closure and postclosure care costs - long-term	941,702
TOTAL NONCURRENT LIABILITIES	1,276,519
TOTAL LIABILITIES	1,379,127
NET ASSETS	
Invested in capital assets, net of related debt	3,150,338
Unrestricted (deficit) net assets	(644,661)
TOTAL NET ASSETS	\$ 2,505,677 ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended September 30, 2007

	Enterprise Fund
	Landfill
OPERATING REVENUES	
Charges for services	\$ 1,138,386
Intergovernmental	<u>230,725</u>
TOTAL REVENUE	<u>1,369,111</u>
OPERATING EXPENSES	
Salaries	361,991
Employee benefits	154,185
Purchased services	568,433
Landfill closure/postclosure care costs	191,423
Professional fees	26,934
Repairs and maintenance	105,910
Depreciation	553,511
Supplies	<u>79,200</u>
TOTAL OPERATING EXPENSES	<u>2,041,587</u>
OPERATING INCOME (LOSS)	(<u>672,476</u>)
NONOPERATING REVENUES (EXPENSES)	
Gain on sale of capital asset	--
Interest expense on capital leases	(<u>26,331</u>)
TOTAL NONOPERATING REVENUES (EXPENSES)	(<u>26,331</u>)
TRANSFERS IN	<u>674,123</u>
CHANGE IN NET ASSETS	(<u>24,684</u>)
Total net assets - beginning	<u>2,530,361</u> ✓
Total net assets - ending	<u>\$ 2,505,677</u> ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2007

	Enterprise Fund
	<u>Landfill</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,161,178
Payments to suppliers	(854,067)
Payments to employees	(515,022)
NET CASH USED BY OPERATING ACTIVITIES	(207,911)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	674,123
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	674,123
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(109,681)
Principal paid on capital lease obligations	(330,200)
Interest paid on capital lease obligations	(26,331)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(466,212)
CASH FLOWS FROM INVESTING ACTIVITIES	--
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	--
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	418 ✓
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 418 ✓
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$(672,476) ✓
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	553,511
Provisions for losses on accounts receivable	46,531
Landfill closure/postclosure care costs	191,423
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(254,464)
Increase (decrease) in accounts payable	(63,985)
Increase (decrease) in accrued expenses	(8,451)
NET CASH USED BY OPERATING ACTIVITIES	\$(207,911) ✓
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital lease	\$ 164,900

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2007

	<u>Pension</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
ASSETS		
Cash	\$ --	\$ 1,159,706
Investments, at fair value:		
Guaranteed fixed income account	2,369,243	--
Mutual funds	<u>2,759,995</u>	<u>--</u>
TOTAL ASSETS	<u>5,129,238</u>	<u>1,159,706</u>
LIABILITIES		
Accounts payable	--	35,670
Due to other governments	--	499,156
Due to heirs, litigants, and others	<u>--</u>	<u>624,880</u>
TOTAL LIABILITIES	<u>--</u>	<u>1,159,706</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (see schedule of funding progress)	<u>\$ 5,129,238</u>	<u>\$ --</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
September 30, 2007

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>896,307</u>
Total contributions	<u>896,307</u>
Investment income:	
Interest	<u>297,630</u>
Net investment income	<u>297,630</u>
TOTAL ADDITIONS	<u>1,193,937</u>
DEDUCTIONS	
Benefits	2,020,522
Insurance premiums	<u>43,822</u>
Total deductions	<u>2,064,344</u>
CHANGE IN NET ASSETS	(870,407)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>5,999,645</u> ✓
End of year	<u>\$ 5,129,238</u> ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.1 *Reporting Entity*

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

A.1.1 *Discretely Presented Component Unit*

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

A.1.2 *Related Organizations*

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

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

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

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

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

A.2 *Basis of Presentation*

A.2.1 *Government-wide Statements*

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

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

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

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

A.2.2 *Fund Financial Statements*

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

The County reports the following major governmental funds:

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

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

Fire and Rescue Fund. This fund is used to account for fees collected by the Tax Commissioner on behalf of the County that are specifically restricted to providing fire and rescue services.

SPLOST 2003 Bond Construction Fund. This fund is used to account for the construction of numerous County projects. The advance bond issued from the 2003 special purpose local option sales tax (SPLOST) referendum, SPLOST revenues and State grant revenues are used to finance these projects.

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

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

A.2.3 Accounting Period

All funds of Walker County, Georgia, are on fiscal year basis with the year ending September 30, 2007, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2007.

A.3 Measurement Focus, Basis of Accounting

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

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

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

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

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

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

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

A.4 Budgetary Data

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

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

A.5 Encumbrances

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

A.6 Assets, Liabilities and Net Assets

A.6.1 Cash and Investments

Cash in excess of current requirements is invested in certificates of deposits

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

with various maturities, transferred to interest-bearing savings accounts, invested in the Georgia Local Government Investment Pool, or invested in any corporation of the U.S. government. Deposits in excess of federally insured amounts are required to be collateralized by securities of the depository bank.

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

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

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

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

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

A.6.2 Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The amounts estimated to be uncollectible from property taxes receivable and accounts receivable for fire and rescue fees are \$335,600 and \$252,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are \$15,000.

A.6.3 Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Amounts receivable from or payable to fiduciary funds are included in the Statement of Net Assets as receivable from

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

and payable to external parties, not as internal balances. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

A.6.4 Prepaid Expenses

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

A.6.5 Deferred Charges

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

A.6.6 Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. An exception to the \$5,000 threshold is capital lease assets. The County capitalizes all capital lease assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations. For the fiscal year ended September 30, 2007, the County has implemented GASB Statement No. 34 requirements for retroactive reporting of major general infrastructure assets. This category is the largest asset class of the County. Historically, the financial statements have not reflected this asset category or the depreciation expense for the systematic allocation of its consumption. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized for the fiscal year ending September 30, 2007.

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

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

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

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

A.6.7 Other Assets

Other assets held are recorded and accounted for at cost.

A.6.8 Accounts Payable and Accrued Liabilities

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

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

A.6.9 Deferred Revenues

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

A.6.10 Long-term Obligations

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

A.6.11 Net Assets

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

A.6.12 Governmental Fund Balance Reserves

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

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

A.7 *Revenues and Expenditures and Expense*

A.7.1 *Property Tax Revenues*

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

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

Lien date	January 1, 2007
Levy date	July 26, 2007
Due date	October 20, 2007
Delinquency date	December 20, 2007

A.7.2 *Interfund Transactions*

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

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

A.7.3 *Payments Between the County and Component Units*

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

A.8 *Estimates*

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

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

NOTE B - CASH AND INVESTMENTS

Primary Government

The cash and investments of the County were fully collateralized at September 30, 2007. The following schedules classify the cash and investments into three categories to give an indication of the level of risk assumed by the County at year end.

Deposit Categories of Custodial Credit Risk

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

Investment Categories of Custodial Credit Risk

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

The following schedule of cash and investments of all of the County's funds (including fiduciary funds) as of September 30, 2007, are categorized by custodial credit risk:

Cash Deposits with financial institutions	Category			Carrying Amount	Bank Balance	Weighted Average Maturity (Years)
	1	2	3			
	\$3,868,569	\$ --	\$ --	\$3,294,430	\$3,868,569	

Investment Type	Category			Carrying Amount	Credit Rating	Maturities	Weighted Average Maturity (Years)
	1	2	3				
<u>Primary Government</u>							
Georgia Fund 1	\$ --	\$4,146,192	\$ --	\$4,146,192	AAAm	less than 6 months	.08
<u>Fiduciary Fund</u>							
Guaranteed fixed income account	\$ --	\$2,369,243	\$ --	\$2,369,243	N/A	less than 6 months	
Open end mutual funds	\$ --	2,759,995	\$ --	2,759,995	N/A	less than 6 months	
	\$ --	\$5,129,238	\$ --	\$5,129,238			

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

The deposits of the County are included in the following classifications at September 30, 2007.

Primary government:	
Cash and cash equivalents	\$ 1,920,339
Restricted cash	214,385
Agency funds:	
Cash	<u>1,159,706</u>
Total deposits with financial institutions	<u>\$ 3,294,430</u>

Component Unit

Walker County Health Department. The Health Department's cash and cash equivalents are considered to be demand deposits. All deposits were entirely insured or collateralized as of June 30, 2007.

At June 30, 2007, cash consisted of the following:

Cash and cash equivalents	\$ <u>854,822</u>
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NOTE C - INTERFUND BALANCES AND ACTIVITY

Balances Due To/From Other Funds

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

Due to:	
General fund from SPLOST 2003 fund	\$1,675,007
General fund from nonmajor governmental funds	128,734
SPLOST 2003 fund from nonmajor governmental funds	578,821
Nonmajor governmental funds from General fund	<u>324,800</u>
Total	<u>\$ 2,707,362</u>
Due from:	
Other funds, Balance Sheet - Governmental Funds	\$ 2,707,362
Total	<u>\$ 2,707,362</u>

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

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

Transfers To/From Other Funds

Transfers to/from other funds at September 30, 2007, consist of the following:

From the General fund to the Landfill fund for operating expenditures	\$ 674,123
From the General fund to the E911 fund for operating expenditures	254,027
From the General fund to the Grant fund for County matching requirements	91,603
From the General fund to the Transportation Fund for operating expenditures	248,119
From the General fund to the Fire and Rescue Fund to fund prior year EMS expenditures	1,451,527
From the General fund to the Food Pantry fund for operating expenditures	696
From the Fire and Rescue fund to the Grant fund for County matching requirements	25,467
From the SPLOST 2003 fund to the Lakeview Sewer fund for capital expenditures	61,584
From the SPLOST 2003 fund to the Grant fund for capital expenditures	400,382
Total	<u>\$ 3,207,528</u>

NOTE D - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Infrastructure Implementation	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$ 370,443	\$ 47,087	\$ --	\$ 230,857	\$ 648,387
Building	--	297,600	--	--	297,600
Construction in progress	<u>374,163</u>	<u>124,770</u>	--	--	<u>498,933</u>
Total capital assets not being depreciated	<u>744,606</u>	<u>469,457</u>	--	<u>230,857</u>	<u>1,444,920</u>
Capital assets being depreciated:					
Infrastructure	2,567,196	989,528	--	85,222,627	88,779,351
Buildings and improvements	17,710,038	43,116	--	--	17,753,154
Equipment	2,105,090	316,127	--	--	2,421,217
Vehicles	9,689,018	426,559	--	--	10,115,577
Trucks and construction equipment	<u>3,358,501</u>	<u>279,056</u>	--	--	<u>3,637,557</u>
Total capital assets being depreciated	<u>35,429,843</u>	<u>2,054,386</u>	--	<u>85,222,627</u>	<u>122,706,856</u>
Less accumulated depreciation for:					
Infrastructure	166,516	2,023,562	--	28,173,421	30,363,499
Buildings and improvements	3,664,165	323,548	--	--	3,987,713
Equipment	748,967	265,984	--	--	1,014,951
Vehicles	5,800,130	940,738	--	--	6,740,868
Trucks and construction equipment	<u>2,217,596</u>	<u>299,583</u>	--	--	<u>2,517,179</u>
Total accumulated depreciation	<u>12,597,374</u>	<u>3,853,415</u>	--	<u>28,173,421</u>	<u>44,624,210</u>
Total capital assets being depreciated, net	<u>22,832,469</u>	<u>(1,799,029)</u>	--	<u>57,049,206</u>	<u>78,082,646</u>
Governmental activity capital assets, net	<u>\$23,577,075</u>	<u>\$ (1,329,572)</u>	\$ --	<u>\$57,280,063</u>	<u>\$ 79,527,566</u>

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

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
BUSINESS-TYPE ACTIVITIES:					
Landfill:					
Capital assets not being depreciated:					
Construction-in-progress	\$ 747,651	\$ 42,181	\$ --	\$(789,832)	\$ --
Total capital assets not being depreciated	<u>747,651</u>	<u>42,181</u>	<u>--</u>	<u>(789,832)</u>	<u>--</u>
Capital assets being depreciated and amortized:					
C & D Landfill	4,016,605	--	--	789,832	4,806,437
Buildings and improvements	306,771	--	--	--	306,771
Machinery and equipment	405,018	67,501	--	--	472,519
Capital lease assets	953,942	164,900	--	--	1,118,842
Vehicles	47,377	--	--	--	47,377
Furniture and fixtures	1,028	--	--	--	1,028
Software	1,508	--	--	--	1,508
Computers, radios, and electronics	<u>7,506</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,506</u>
Total capital assets being depreciated and amortized	<u>5,739,755</u>	<u>232,401</u>	<u>--</u>	<u>789,832</u>	<u>6,761,988</u>
Less accumulated depreciation and amortization for:					
C & D Landfill	1,762,775	400,122	--	--	2,162,897
Buildings and improvements	67,244	8,100	--	--	75,344
Machinery and equipment	387,868	11,726	--	--	399,594
Capital lease assets	363,147	128,161	--	--	491,308
Vehicles	37,728	4,150	--	--	41,878
Furniture and fixtures	145	51	--	--	196
Software	546	302	--	--	848
Computers, radios, and electronics	<u>5,960</u>	<u>899</u>	<u>--</u>	<u>--</u>	<u>6,859</u>
Total accumulated depreciation and amortization	<u>2,625,413</u>	<u>553,511</u>	<u>--</u>	<u>--</u>	<u>3,178,924</u>
Total capital assets being depreciated, net	<u>3,114,342</u>	<u>(321,110)</u>	<u>--</u>	<u>--</u>	<u>3,583,064</u>
Business-type activities capital assets, net	<u>\$ 3,861,993</u>	<u>\$(278,929)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$3,583,064</u>

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES:				
Component Unit:				
Capital assets being depreciated				
Machinery and equipment	\$ 14,142	\$ --	\$ --	\$ 14,142
Total capital assets being depreciated	<u>14,142</u>	<u>--</u>	<u>--</u>	<u>14,142</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>13,133</u>	<u>1,009</u>	<u>--</u>	<u>14,142</u>
Total accumulated depreciation	<u>13,133</u>	<u>1,009</u>	<u>--</u>	<u>14,142</u>
Governmental activities capital assets, net	<u>\$ 1,009</u>	<u>\$(1,009)</u>	<u>\$ --</u>	<u>\$ --</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 69,344
Judicial	58,935
Sheriff	257,117
Public safety	785,608
Public works	2,410,529
Health and welfare	221,552
Culture and recreation	38,298
Housing and development	<u>12,032</u>
	<u>\$3,853,415</u>

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

NOTE E - PENSION PLAN

Plan Description. Two hundred fifty-four (254) of the County's full time employees are covered by the Pension Plan for Employees of the Walker County Commissioner and Sheriff's Department. This self-administered plan is a single employer, noncontributory, defined benefit plan established January 1, 1973, restated effective January 1, 1984 and amended effective December 31, 2005. Authority to establish, amend or discontinue the plan is assigned to Walker County. The plan is included in this report because the County has oversight responsibility as prescribed by the Governmental Accounting Standards Board. The plan does not issue separate financial statements but includes the financial statements and required supplementary information in the County's annual financial report. The plan provides retirement, disability and death benefits to all employees hired prior to December 31, 2005, and their beneficiaries, that have been employed full time for one year. Employees begin vesting after 3 years of service and are fully vested after 7 years. Members may retire at age 65 with 3 years of service, age 60 with 20 years of service, or age 55 with 25 years of service. Benefits are calculated at 1.10% of five years average earnings multiplied by credited service plus 0.65% of average compensation in excess of \$10,000 multiplied by credited service up to 35 years. The plan was amended effective December 31, 2005, and participation was frozen for individuals who were not active employees or participants on that date and who were hired or rehired after that date.

Funding Policy and Pension Cost. Contribution requirements are actuarially determined and may be amended by the County. Plan members are not allowed to contribute to the plan. The funding policy for the plan is to make annual contributions at least equal to the minimum contribution required for public retirement systems under Section 47-20-10 of the Official Code of Georgia Annotated. This minimum contribution is equal to the normal cost for the year plus annual payments to amortize increases (decreases) in the unfunded actuarial accrued liability over various prescribed periods. The normal cost for the County's Plan for 2006 has increased as a percentage of covered payroll from 10.55% in 2005 to 11.53% in 2006. The unfunded actuarial accrued liability is amortized over 30 years from 1/1/92. These amortization periods, if applicable, are closed for this plan year.

The contributions to the plan during the year ended December 31, 2006 were \$921,222 and were made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2007, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2007, was \$7,312,827 and the total payroll was \$10,828,574.

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

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

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

Three-Year Trend Information

Year Ending	Employer Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net (EOY) Pension Obligation
December 31, 2004	\$771,765	\$771,765	100.0%	--
December 31, 2005	884,590	884,590	100.0	--
December 31, 2006	918,196	921,222	99.7	--

Schedule of Funding Progress

Actuarial Valuation for Plan Year Beginning January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability Frozen Entry Age Cost Method (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as % of Covered Payroll (b-a/c)
2005	\$5,472,256	\$6,041,225	\$568,969	90.6%	\$7,394,886	7.7%
2006	5,999,645	6,528,556	528,911	91.9	7,426,230	7.1
2007	5,129,238	5,612,261	483,023	91.4	7,312,827	6.6

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%
Projected salary and inflation increases	5.0%
Actuarial methods:	
Actuarial cost method	Frozen entry age
Amortization method	Level dollar
Asset valuation method	Market value
Valuation cost method	Frozen entry age with normal cost expressed as a percentage of covered payroll.

The projected salary and inflation increases assumption changed from 4.0% to 5.0%. All other actuarial assumptions are the same as those used in the preceding year.

Plan Membership Data. As of January 1, 2007, the current plan membership includes the following categories of participants.

Plan Participants:	
Retirees and beneficiaries currently receiving benefits	10
Terminated employees entitled to benefits but not yet receiving them	22
Active participants	<u>254</u>
Total	<u>286</u>

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

Investments

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

Summary of Investments as of January 1, 2007

	<u>Fair Value</u>	<u>% of Total</u>
Lincoln Financial Group:		
Guaranteed fixed income account	\$ 2,369,243	46.19%
Balanced account	1,359,433	26.50
Equity Growth account	781,424	15.24
Government/Corporate bond fund	<u>619,138</u>	<u>12.07</u>
Total	<u>\$ 5,129,238</u>	<u>100.00%</u>

NOTE F - DEFINED CONTRIBUTION PLAN

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

Plan 1 is administered by Nationwide Retirement Solutions. Participants and contributions for the past two plan years are:

	<u>2007</u>	<u>2006</u>
Number of participants	20	28
Participant contributions	\$29,555	\$35,505

Plan 2 is administered by Lincoln Financial Group. Participants and contributions for the past two plan years are:

	<u>2007</u>	<u>2006</u>
Number of participants	19	17
Participant contributions	\$55,636	\$58,104

Note G - POST-EMPLOYMENT BENEFITS

The County sponsors a post employment benefit plan to eligible employees of the County. These employees must have attained age 60 with at least twenty years of service, and have retired from the County with no other medical insurance. The retired employee will be allowed to continue the medical insurance coverage they were receiving as of the date of retirement, with the County continuing to pay the employer portion of the cost until the employee attains age 65. The employee must contribute the amount that would be withheld from payroll if still employed. At September 30, 2007, the County had not adopted a resolution for the plan's provisions. The plan is financed on a pay-as-you-go basis. The benefit expenditure at September 30, 2007, was \$22,581, net of any participant contributions. Four participants were eligible to receive benefits at September 30, 2007.

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

NOTE H - LONG-TERM DEBT

Long-term Obligation Activity

The following is a summary of the County's long-term debt transactions for the year ended September 30, 2007.

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007	Amounts Due Within One Year	Accrued Interest
GOVERNMENTAL ACTIVITIES						
Capital leases	\$ 3,742,260	\$ --	\$ 506,371	\$ 3,235,889	\$ 627,911	\$ 82,175
Bonds payable	8,146,209	--	4,015,432	4,130,777	4,130,777	32,639
Note payable	--	297,600	--	297,600	--	1,223
Compensated absences	486,004	58,938	8,455	536,487	255,858	--
Landfill closure/ postclosure costs	2,766,615	--	50,545	2,716,070	110,133	--
	<u>\$15,141,088</u>	<u>\$ 356,538</u>	<u>\$ 4,580,803</u>	<u>\$10,916,823</u>	<u>\$ 5,124,679</u>	<u>\$ 116,037</u>
BUSINESS-TYPE ACTIVITIES						
Landfill:						
Capital leases	\$ 598,025	\$ 164,900	\$ 330,200	\$ 432,725	\$ 97,908	\$ 164
Compensated absences	3,382	1,154	--	4,536	4,536	--
Landfill closure/ postclosure costs	750,280	191,422	--	941,702	--	--
	<u>\$ 1,351,687</u>	<u>\$ 357,476</u>	<u>\$ 330,200</u>	<u>\$ 1,378,963</u>	<u>\$ 102,444</u>	<u>\$ 164</u>

Compensated absences typically have been liquidated in the general and other governmental funds. The capital lease debt is paid by the fund leasing the corresponding assets. The note payable will be paid by the General Fund. The bonds payable will be paid by the 2003 Special Purpose Local Option Sales Tax. The MSW landfill closure/postclosure costs will be liquidated in the general fund, and the C&D landfill closure/postclosure costs will be liquidated in the landfill proprietary fund.

Debt Service Requirements

Debt service requirements on bonds payable at September 30, 2007, are as follows:

Year ending September 30,	Governmental Activities	
	Bonds	
	Principal	Interest
2008	\$ 4,130,777	\$ 90,156

The County issued \$17,355,000 in general obligation sales tax bonds, series 2003, on September 30, 2003, for capital outlay projects outlined in the special purpose local option sales tax referendum. The interest rate on the bonds range from 2.0% to 4.0% with principal payments due in amounts ranging from \$1,690,000 to \$4,115,000. Principal payments began July 2004 and mature in July 2008. Interest and principal payments are due semi-annually. The bonds are payable from proceeds of the 2003 special purpose local option sales tax referendum.

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

Capital Leases

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

	Governmental Activities	Business-type Activities	
		Landfill	Total
Buildings	\$ 3,562,705	\$ --	\$ 3,562,705
Vehicles and equipment	6,960,983	1,118,842	8,079,825
Total capital lease assets	<u>10,523,688</u>	<u>1,118,842</u>	<u>11,642,530</u>
Accumulated amortization	5,386,042	491,308	5,877,350
Capital lease assets, net	<u>\$ 5,137,646</u>	<u>\$ 627,534</u>	<u>\$ 5,765,180</u>

Future minimum lease payments at September 30, 2007, are as follows:

Year Ending September 30,	Governmental Activities	Business-type Activities	
		Landfill	
2008	\$ 733,443	\$ 119,563	
2009	719,355	119,563	
2010	732,056	119,563	
2011	707,552	127,040	
2012	302,990	--	
2013-2016	<u>563,242</u>	<u>--</u>	
Total minimum lease payments	3,758,638	485,729	
Less: Deferred interest	(522,749)	(53,004)	
Present value minimum lease payments	<u>\$ 3,235,889</u>	<u>\$ 432,725</u>	

The interest rates on the capitalized leases range from 4.07% to 5.80% and are imputed based on the County's incremental borrowing rate at the inception of the lease. All capital leases have a bargain purchase option for a nominal amount.

NOTE I - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

I.1 *Compliance with Finance Related Legal and Contractual Provisions*

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

I.2 *Excess of Expenditures Over Appropriations in Individual Funds*

For the year ended September 30, 2007, the County had no material excess of expenditures over appropriations in individual funds.

I.3 *Deficit Fund Balances*

The fire and rescue fund had a deficit fund balance of \$41,356 at September 30, 2007. This deficit will be eliminated through future charges for services.

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

NOTE J - RISK MANAGEMENT

Walker County, Georgia, is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Being unable to obtain 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 Workers' Compensation Fund. These are public entity risk pools currently operating as a common risk management and insurance program for many of the counties in the State. The County pays an annual premium to the funds for 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 is obligated to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

The County continues to carry commercial insurance for 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 K - CLAIMS AND JUDGMENTS

The County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of September 30, 2007, significant amounts of grant expenditures have not been audited, but the County believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the County.

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

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

NOTE L - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

At September 30, 2007, the County had incurred a liability of approximately \$941,702 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 45 percent of landfill capacity used to date. The remaining estimated liability for these costs is approximately \$1,144,886 which will be recognized as the remaining capacity is used (estimated to be approximately 8 years).

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

The County also owns a solid waste landfill which discontinued operations in June 1998. The solid waste is accepted at a transfer station and transported to a location out of the County by an outside contractor. The landfill will continue to incur costs associated with the closing of the landfill in order to comply with EPA requirements. In addition, the County will be required to monitor various wells for a period of time. At September 30, 2007, a liability for postclosure care costs is recorded in the amount of \$2,716,070, which is based on engineering reports, for maintaining the landfill site in future years. However, management's estimate of postclosure costs is contingent upon its ability to satisfy EPA requirements, and costs could be significantly higher if full compliance is not achieved. These costs will be met with future County revenues.

NOTE M - JOINT VENTURE

Walker County is a member of the Coosa Valley Regional Development Center (RDC). The RDC was created under the laws of the State of Georgia. Cities and Counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The County has no equity interest in the RDC nor does the County materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from Coosa Valley Regional Development Center, P. O. Box 1793, Rome, Georgia 30162.

NOTE N - CHANGES IN BEGINNING EQUITY

The beginning balance of the net assets has been adjusted to reflect infrastructure assets placed into service after September 30, 1980. This retroactive reporting is required by GASB Statement No. 34. This adjustment increased beginning net assets by \$57,280,063.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 7,297,200	\$ 7,045,054	\$ 7,045,054	\$ --
Other taxes	6,807,800	7,717,620	7,717,620	--
Licenses and permits	260,100	275,455	275,455	--
Intergovernmental	729,600	903,109	903,109	--
Charges for services	686,300	771,582	771,582	--
Fines and forfeitures	1,065,700	1,811,465	1,811,465	--
Investment income	20,000	71,904	71,904	--
Contributions and donations	--	13,900	13,900	--
Rental income	431,300	425,125	425,125	--
Miscellaneous	256,000	187,634	187,634	--
Total revenues	<u>17,554,000</u>	<u>19,222,848</u>	<u>19,222,848</u>	<u>--</u>
EXPENDITURES				
Current:				
General government				
Governing body	637,695	656,453	656,453	--
Elections	124,550	201,264	201,264	--
Accounting	170,328	228,177	228,177	--
Licensing	8,100	7,875	7,875	--
Data processing	61,288	98,463	98,463	--
Tax commissioner	689,500	814,753	814,753	--
Tax assessor	538,967	591,849	591,849	--
Board of equalization	8,000	10,880	10,880	--
General government buildings and plant	338,870	291,407	291,407	--
Marsh Warthen house	4,954	6,944	6,944	--
Records management	76,364	81,931	81,931	--
General administration fees	58,400	65,764	65,764	--
Special projects	59,596	71,500	71,500	--
Judicial				
Clerk of courts	616,170	673,488	673,488	--
Superior court	247,690	202,190	202,190	--
District attorney	327,700	282,260	282,260	--
State court	234,530	258,307	258,307	--
State court solicitor	155,946	183,954	183,954	--
Magistrate court	286,356	317,879	317,879	--
Probate court	177,390	273,944	273,944	--
Juvenile court	243,389	257,486	257,486	--
Grand jury	600	300	300	--
Public defender	172,503	148,683	148,683	--
Court reporter	54,379	59,514	59,514	--
Sheriff				
Law enforcement administration	392,834	429,793	429,793	--
Criminal investigation	705,336	705,265	705,265	--
Vice control	91,913	51,487	51,487	--
Patrol	1,768,776	1,754,399	1,754,399	--
Custody of prisoners	1,944,571	1,666,478	1,666,478	--
Champs program	146,740	138,590	138,590	--
Training	65,443	58,768	58,768	--
Special detail services	18,145	10,874	10,874	--
Sheriff's office and building	132,394	94,662	94,662	--
Court services	745,010	715,211	715,211	--
Bailiff	14,288	12,609	12,609	--
Public safety				
County police	274,104	329,663	329,663	--
Coroner/medical examiner	48,504	67,067	67,067	--
Animal control	138,744	237,117	237,117	--

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public works				
Highways and streets administration	\$ 421,872	\$ 1,107,554	\$ 1,107,554	\$ --
Paved street	1,141,442	(284,172)	(284,172)	--
Other maintenance	531,288	547,746	547,746	--
Bridges, viaducts, and grade separations	15,604	--	--	--
Traffic engineering	100,110	133,498	133,498	--
Closure and postclosure costs	--	116,849	116,849	--
Maintenance and shop	377,692	366,959	366,959	--
Health and welfare				
Public health administration	277,946	283,190	283,190	--
Mosquito control	4,794	9,141	9,141	--
Ambulance services	211,500	157,500	157,500	--
Indigent medical care	1,000	--	--	--
Health department building and plant	9,400	7,636	7,636	--
Children's Crisis Center	10,000	10,000	10,000	--
Intergovernmental welfare payments	73,400	39,171	39,171	--
Food pantry	705	--	--	--
Other welfare payments	1,000	2,904	2,904	--
DEFACS building and plant	30,000	27,189	27,189	--
Meals on wheels	85,070	58,906	58,906	--
Senior center	6,956	5,892	5,892	--
Culture and recreation				
Civic center	163,203	176,118	176,118	--
Agricultural center	24,628	18,440	18,440	--
Historical preservation	5,734	10,891	10,891	--
Library administration	143,750	107,813	107,813	--
Conservation administration	23,500	8,522	8,522	--
Housing and development				
County agent	70,015	56,568	56,568	--
Forest resources	--	7,617	7,617	--
Planning and zoning	136,192	133,103	133,103	--
Economic development administration	--	66,171	66,171	--
Economic development	80,840	100,065	100,065	--
Debt Service:				
Principal retirement	1,000,000	299,078	299,078	--
Interest	--	98,197	98,197	--
 Total expenditures	 <u>16,727,708</u>	 <u>15,729,794</u>	 <u>15,729,794</u>	 <u>--</u>
 Excess (deficiency) of revenues over expenditures	 <u>826,292</u>	 <u>3,493,054</u>	 <u>3,493,054</u>	 <u>--</u>
 OTHER FINANCING SOURCES (USES)				
Transfers out	(826,292)	(2,720,095)	(2,720,095)	--
Sale of capital assets	--	61,800	61,800	--
 Total other financing sources (uses)	 <u>(826,292)</u>	 <u>(2,658,295)</u>	 <u>(2,658,295)</u>	 <u>--</u>
 Net changes in fund balance	 <u>\$ --</u>	 834,759	 834,759	 <u>\$ --</u>
 Fund balances - beginning of year		<u>6,561,881</u>	<u>6,561,881</u>	
 Fund balance - end of year		<u>\$ 7,396,640</u>	<u>\$ 7,396,640</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FIRE & RESCUE FUND
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 1,780,000	\$ 1,588,164	\$ 1,588,164	--
Investment income	--	5,940	5,940	--
Miscellaneous	--	<u>15,450</u>	<u>15,450</u>	--
Total revenues	<u>1,780,000</u>	<u>1,609,554</u>	<u>1,609,554</u>	--
EXPENDITURES				
Current:				
Public safety	1,741,625	1,892,389	1,892,389	--
Debt Service:				
Principal retirement	--	207,290	207,290	--
Interest	--	<u>95,699</u>	<u>95,699</u>	--
Total expenditures	<u>1,741,625</u>	<u>2,195,378</u>	<u>2,195,378</u>	--
Excess (deficiency) of revenues over expenditures	<u>38,375</u>	(<u>585,824</u>)	(<u>585,824</u>)	--
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,451,527	1,451,527	--
Transfers out	--	(<u>25,467</u>)	(<u>25,467</u>)	--
Total other financing (uses)	--	<u>1,426,060</u>	<u>1,426,060</u>	--
Net changes in fund balance	38,375	840,236	840,236	--
Fund balance - beginning of year	(<u>881,592</u>)	(<u>881,592</u>)	(<u>881,592</u>)	--
Fund balance - end of year	\$ (<u>843,217</u>)	\$ (<u>41,356</u>)	\$ (<u>41,356</u>)	\$ --

WALKER COUNTY, GEORGIA
 DEFINED BENEFIT PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
 September 30, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (a) + (b)	Unfunded* AAL (UAAL) (b)	Funded Ratio a/(a+b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b/c)
01/01/98	\$1,742,773	\$2,433,323	\$690,550	71.6%	\$4,647,077	14.9%
01/01/99	2,309,409	2,902,921	593,512	79.6%	5,042,778	11.8%
01/01/00	2,867,526	3,553,479	685,953	80.7%	5,028,457	13.6%
01/01/01	3,325,964	3,975,028	649,064	83.7%	4,794,350	13.5%
01/01/02	3,486,682	4,059,602	572,920	85.9%	5,691,074	10.1%
01/01/03	3,952,757	4,232,747	279,990	93.4%	6,198,617	4.5%
01/01/04	4,663,473	5,258,586	595,113	88.7%	7,045,250	8.4%
01/01/05	5,472,256	6,041,225	568,969	90.6%	7,394,886	7.7%
01/01/06	5,999,645	6,528,556	528,911	91.9%	7,426,230	7.1%
01/01/07	5,129,238	5,612,261	483,023	91.4%	7,312,827	6.6%

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

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

WALKER COUNTY, GEORGIA
 DEFINED BENEFIT PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - RETIREMENT PLAN
 September 30, 2007

Plan Year <u>Ended</u>	Annual Required <u>Contribution</u>	Actual <u>Contribution</u>	Percentage <u>Contributed</u>
01/01/98	\$393,430	\$418,901	106.5%
01/01/99	440,693	532,518	120.8
01/01/00	448,758	469,203	104.6
01/01/01	522,290	560,921	107.4
01/01/02	475,741	551,981	116.3
01/01/03	548,884	549,758	100.0
01/01/04	650,888	650,888	100.0
01/01/05	771,765	771,765	100.0
01/01/06	884,590	884,590	100.0
01/01/07	918,196	921,222	99.7

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

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2007
Actuarial cost method	Frozen entry age
Amortization method	Level dollar
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.0%

WALKER COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2007

NOTE A - BUDGETARY BASIS OF ACCOUNTING

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

SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2007

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 88,079	\$ 3,520	\$ 91,599
Accounts receivable	13,606	--	13,606
Due from other funds	324,800	--	324,800
Due from other governments	<u>364,416</u>	<u>93,370</u>	<u>457,786</u>
TOTAL ASSETS	\$ <u>790,901</u>	\$ <u>96,890</u>	\$ <u>887,791</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 589	\$ --	\$ 589
Due to other funds	610,665	96,890	707,555
Deferred revenue	<u>8,611</u>	<u>--</u>	<u>8,611</u>
TOTAL LIABILITIES	<u>619,865</u>	<u>96,890</u>	<u>716,755</u>
FUND BALANCES			
Unreserved, reported in:			
Special revenue funds	<u>171,036</u>	<u>--</u>	<u>171,036</u>
TOTAL FUND BALANCES	<u>171,036</u>	<u>--</u>	<u>171,036</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>790,901</u>	\$ <u>96,890</u>	\$ <u>887,791</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2007

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Intergovernmental	\$ 1,144,177	\$ 99,370	\$ 1,243,547
Charges for services	725,607	--	725,607
Fines and forfeitures	52,344	--	52,344
Investment income	1,159	--	1,159
Contributions and donations	5,022	--	5,022
Miscellaneous	<u>38,180</u>	<u>--</u>	<u>38,180</u>
Total	<u>1,966,489</u>	<u>99,370</u>	<u>2,065,859</u> ✓
EXPENDITURES			
CURRENT			
General government	23,962	--	23,962
Judicial	211,729	--	211,729
Sheriff	31,398	--	31,398
Public safety	1,196,400	--	1,196,400
Public works	889,285	--	889,285
Health and welfare	619,323	--	619,323
Culture and recreation	24,030	--	24,030
Capital outlay	--	160,954	160,954
Intergovernmental payments	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Total	<u>3,001,127</u>	<u>160,954</u>	<u>3,162,081</u> ✓
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,034,638)	(61,584)	(1,096,222)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,020,294</u>	<u>61,584</u>	<u>1,081,878</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,020,294</u>	<u>61,584</u>	<u>1,081,878</u>
NET CHANGES IN FUND BALANCE	(14,344)	--	(14,344) ✓
FUND BALANCES - BEGINNING OF YEAR	<u>185,380</u>	<u>--</u>	<u>185,380</u>
FUND BALANCES - END OF YEAR	<u>\$ 171,036</u>	<u>\$ --</u>	<u>\$ 171,036</u> ✓

WALKER COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2007

	<u>E911</u>	<u>Law Library</u>	<u>Court Supervision</u>	<u>HEAT Program</u>	<u>Connection</u>	<u>Forfeiture</u>	<u>Multiple Grant</u>	<u>Food Pantry</u>	<u>Transpor- tation</u>	<u>Total</u>
ASSETS										
Cash	\$ --	\$ 30,952	\$ 51,445	\$ --	\$ 1,000	\$ --	\$ --	\$ 4,682	\$ --	\$ 88,079
Accounts receivable	13,606	--	--	--	--	--	--	--	--	13,606
Due from other funds	--	--	--	586	4,070	74,610	245,534	--	--	324,800
Due from other governments	--	--	--	--	10,655	--	353,761	--	--	364,416
TOTAL ASSETS	<u>\$13,606</u>	<u>\$ 30,952</u>	<u>\$ 51,445</u>	<u>\$ 586</u>	<u>\$ 15,725</u>	<u>\$ 74,610</u>	<u>\$599,295</u>	<u>\$ 4,682</u>	<u>\$ --</u>	<u>\$790,901</u>
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 589	\$ --	\$ --	\$ 589
Due to other funds	13,606	--	18,238	--	--	--	578,821	--	--	610,665
Deferred revenue	--	--	--	--	--	--	8,611	--	--	8,611
TOTAL LIABILITIES	<u>13,606</u>	<u>--</u>	<u>18,238</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>588,021</u>	<u>--</u>	<u>--</u>	<u>619,865</u>
FUND BALANCES										
Unreserved, reported in: Special revenue funds	--	30,952	33,207	586	15,725	74,610	11,274	4,682	--	171,036
TOTAL FUND BALANCES	<u>--</u>	<u>30,952</u>	<u>33,207</u>	<u>586</u>	<u>15,725</u>	<u>74,610</u>	<u>11,274</u>	<u>4,682</u>	<u>--</u>	<u>171,036</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$13,606</u>	<u>\$ 30,952</u>	<u>\$ 51,445</u>	<u>\$ 586</u>	<u>\$ 15,725</u>	<u>\$ 74,610</u>	<u>\$599,295</u>	<u>\$ 4,682</u>	<u>\$ --</u>	<u>\$790,901</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2007

	E911	Law Library	Court Supervision	HEAT Program	Connection	Forfeiture	Multiple Grant	Food Pantry	Trans- portation	Total
REVENUES										
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$49,920	\$ --	\$ 838,851	\$ 7,158	\$248,248	\$1,144,177
Charges for services	662,170	--	--	--	--	--	--	--	63,437	725,607
Fines and forfeitures	--	32,024	9,365	--	--	10,955	--	--	--	52,344
Investment income	--	611	548	--	--	--	--	--	--	1,159
Contributions and donations	--	--	--	1,000	--	--	1,000	3,022	--	5,022
Miscellaneous	--	--	--	--	--	38,180	--	--	--	38,180
TOTAL	<u>662,170</u>	<u>32,635</u>	<u>9,913</u>	<u>1,000</u>	<u>49,920</u>	<u>49,135</u>	<u>839,851</u>	<u>10,180</u>	<u>311,685</u>	<u>1,966,489</u>
EXPENDITURES										
CURRENT										
General government	--	--	--	--	--	--	23,962	--	--	23,962
Judicial	--	36,783	16,998	--	--	42,795	115,153	--	--	211,729
Sheriff	--	--	--	--	--	--	31,398	--	--	31,398
Public safety	916,197	--	--	11,728	--	--	268,475	--	--	1,196,400
Public works	--	--	--	--	--	--	889,285	--	--	889,285
Health and welfare	--	--	--	--	50,005	--	--	9,514	559,804	619,323
Culture and recreation	--	--	--	--	--	--	24,030	--	--	24,030
Intergovernmental	--	--	--	--	--	--	5,000	--	--	5,000
Total	<u>916,197</u>	<u>36,783</u>	<u>16,998</u>	<u>11,728</u>	<u>50,005</u>	<u>42,795</u>	<u>1,357,303</u>	<u>9,514</u>	<u>559,804</u>	<u>3,001,127</u>
Excess (deficiency) of revenues over expenditures	(254,027)	(4,148)	(7,085)	(10,728)	(85)	6,340	(517,452)	666	(248,119)	(1,034,638)
Other financing sources (uses)										
Transfers in	254,027	--	--	--	--	--	517,452	696	248,119	1,020,294
Total other financing sources (uses)	254,027	--	--	--	--	--	517,452	696	248,119	1,020,294
Net changes in fund balance	--	(4,148)	(7,085)	(10,728)	(85)	6,340	--	1,362	--	(14,344)
Fund balances - beginning of year	--	35,100	40,292	11,314	15,810	68,270	11,274	3,320	--	185,380
Fund balance - end of year	\$ --	\$30,952	\$33,207	\$ 586	\$15,725	\$74,610	\$ 11,274	\$ 4,682	\$ --	\$ 171,036

WALKER COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUND
 September 30, 2007

	<u>Capital Projects Fund</u>
ASSETS	
Cash	\$ 3,520
Due from other governments	<u>93,370</u>
TOTAL ASSETS	\$ <u>96,890</u> ✓
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Due to other funds	\$ 96,890
TOTAL LIABILITIES	<u>96,890</u> ✓
FUND BALANCES	
Unreserved, reported in:	
Capital projects funds	<u> --</u>
TOTAL FUND BALANCES	<u> --</u> ✓
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>96,890</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR CAPITAL PROJECTS FUND
 For the Year Ended September 30, 2007

	<u>Capital Projects Fund</u>
REVENUES	
Intergovernmental	\$ <u>99,370</u>
Total	<u>99,370</u> ✓
EXPENDITURES	
Capital outlay	<u>160,954</u>
Total	<u>160,954</u> ✓
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>61,584</u>)
OTHER FINANCING SOURCES	
Transfers in	<u>61,584</u>
TOTAL OTHER FINANCING SOURCES	<u>61,584</u>
NET CHANGES IN FUND BALANCE	-- ✓
Fund balance - beginning of year	<u> </u> --
Fund balance - end of year	\$ <u> </u> -- ✓

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended September 30, 2007

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Judge</u>	<u>Magistrate Judge</u>	<u>SFLOST 2</u>	<u>Total</u>
ASSETS						
Cash	\$ 309,298	\$ 687,441	\$ 21,830	\$ 19,411	\$ 121,726	\$ 1,159,706
TOTAL ASSETS	<u>309,298</u>	<u>687,441</u>	<u>21,830</u>	<u>19,411</u>	<u>121,726</u>	<u>1,159,706</u>
LIABILITIES						
Accounts payable	--	19,923	--	15,747	--	35,670
Due to other governments	309,298	63,868	600	3,664	121,726	499,156
Due to heirs, litigants, and others	--	603,650	21,230	--	--	624,880
TOTAL LIABILITIES	<u>309,298</u>	<u>687,441</u>	<u>21,830</u>	<u>19,411</u>	<u>121,726</u>	<u>1,159,706</u>
NET ASSETS	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ <u>1,618,288</u>	\$ <u>40,455,772</u>	\$ <u>40,914,354</u>	\$ <u>1,159,706</u>
Total Assets	\$ <u>1,618,288</u>	\$ <u>40,455,772</u>	\$ <u>40,914,354</u>	\$ <u>1,159,706</u>
LIABILITIES				
Accounts payable	\$ 19,032	\$ 1,060,632	\$ 1,043,994	\$ 35,670
Due to other governments	1,068,094	29,612,405	30,181,343	499,156
Due to heirs, litigants, and others	<u>531,162</u>	<u>307,610</u>	<u>213,892</u>	<u>624,880</u>
Total liabilities	<u>1,618,288</u>	<u>30,980,647</u>	<u>31,439,229</u>	<u>1,159,706</u>
Net Assets	\$ <u>--</u>	\$ <u>9,475,125</u>	\$ <u>9,475,125</u>	\$ <u>--</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER
For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 780,435	\$35,938,329	\$36,409,466	\$ 309,298
Total Assets	<u>\$ 780,435</u>	<u>\$35,938,329</u>	<u>\$36,409,466</u>	<u>\$ 309,298</u>
LIABILITIES				
Accounts payable	\$ 177	\$ 542,383	\$ 542,560	\$ --
Due to other governments	<u>780,258</u>	<u>25,781,014</u>	<u>26,251,974</u>	<u>309,298</u>
Total Liabilities	<u>780,435</u>	<u>26,323,397</u>	<u>26,794,534</u>	<u>309,298</u>
NET ASSETS	<u>\$ --</u>	<u>\$ 9,614,932</u>	<u>\$ 9,614,932</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CLERK OF COURTS
For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 646,892	\$ 4,096,218	\$ 4,055,669	\$ 687,441
Total assets	<u>\$ 646,892</u>	<u>\$ 4,096,218</u>	<u>\$ 4,055,669</u>	<u>\$ 687,441</u>
LIABILITIES				
Accounts payable	9,287	321,286	310,650	19,923
Due to other governments	127,133	3,768,510	3,831,775	63,868
Due to heirs, litigants, and others	<u>510,472</u>	<u>299,604</u>	<u>206,426</u>	<u>603,650</u>
Total liabilities	<u>646,892</u>	<u>4,389,400</u>	<u>4,348,851</u>	<u>687,441</u>
NET ASSETS	\$ --	\$ (293,182)	\$ (293,182)	\$ --

WALKER COUNTY, GEORGIA
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 PROBATE JUDGE
 For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ <u>21,215</u>	\$ <u>77,979</u>	\$ <u>77,364</u>	\$ <u>21,830</u>
Total assets	\$ <u>21,215</u>	\$ <u>77,979</u>	\$ <u>77,364</u>	\$ <u>21,830</u>
LIABILITIES				
Due to other governments	\$ 525	\$ 8,145	\$ 8,070	\$ 600
Due to heirs, litigants, and others	<u>20,690</u>	<u>8,006</u>	<u>7,466</u>	<u>21,230</u>
Total liabilities	<u>21,215</u>	<u>16,151</u>	<u>15,536</u>	<u>21,830</u>
NET ASSETS	\$ <u>--</u>	\$ <u>61,828</u>	\$ <u>61,828</u>	\$ <u>--</u>

WALKER COUNTY, GEORGIA
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 MAGISTRATE JUDGE
 For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 13,593	\$ 342,170	\$ 336,352	\$ 19,411
Total assets	<u>\$ 13,593</u>	<u>\$ 342,170</u>	<u>\$ 336,352</u>	<u>\$ 19,411</u>
LIABILITIES				
Accounts payable	\$ 9,568	\$ 196,963	\$ 190,784	\$ 15,747
Due to other governments	<u>4,025</u>	<u>53,660</u>	<u>54,021</u>	<u>3,664</u>
Total liabilities	<u>13,593</u>	<u>250,623</u>	<u>244,805</u>	<u>19,411</u>
NET ASSETS	<u>\$ --</u>	<u>\$ 91,547</u>	<u>\$ 91,547</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 SPLOST 2
 For the Year Ended September 30, 2007

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 156,153	\$ 1,076	\$ 35,503	\$ 121,726
Total assets	\$ 156,153	\$ 1,076	\$ 35,503	\$ 121,726
LIABILITIES				
Due to other governments	\$ 156,153	\$ 1,076	\$ 35,503	\$ 121,726
Total liabilities	156,153	1,076	35,503	121,726
NET ASSETS	\$ --	\$ --	\$ --	\$ --

WALKER COUNTY, GEORGIA
 STATEMENT OF EXPENDITURES TO BUDGET
 FAMILY CONNECTION PROGRAM
 CONTRACT 427-93-07070347-99

CONTRACT PERIOD: JULY 1, 2006 - JUNE 30, 2007

<u>Expenditure Type</u>	<u>Family Connection Budget</u>	<u>Contract Expenditures</u>	<u>(Over)/Under Budget</u>
Personal services	\$ --	\$ --	\$ --
Regular operating	3,802	3,917	(115)
Travel - staff	--	--	--
Equipment	--	--	--
Per diem, fees, and contracts	44,848	44,848	--
Telecommunications	1,350	1,226	124
Other support to customers	--	--	--
Total	<u>\$ 50,000</u>	<u>\$ 49,991</u>	<u>\$ 9</u>

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 E911
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ 919,385	\$ 662,170	\$ 662,170	\$ --
Total Revenues	<u>919,385</u>	<u>662,170</u>	<u>662,170</u>	--
EXPENDITURES				
Current				
Public safety	919,385	916,197	916,197	--
Total Expenditures	<u>919,385</u>	<u>916,197</u>	<u>916,197</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(254,027)	(254,027)	--
OTHER FINANCING SOURCES (USES)				
Transfers in	--	254,027	254,027	--
TOTAL OTHER FINANCING SOURCES (USES)	--	<u>254,027</u>	<u>254,027</u>	--
NET CHANGES IN FUND BALANCE	\$ --	--	--	\$ --
FUND BALANCES - BEGINNING OF YEAR		--	--	
FUND BALANCES - ENDING OF YEAR		<u>\$ --</u>	<u>\$ --</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 LAW LIBRARY
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 32,024	\$ 32,024	\$ --
Investment income	<u> --</u>	<u> 611</u>	<u> 611</u>	<u> --</u>
Total Revenues	<u>40,000</u>	<u>32,635</u>	<u>32,635</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u>40,000</u>	<u>36,783</u>	<u>36,783</u>	<u> --</u>
Total Expenditures	<u>40,000</u>	<u>36,783</u>	<u>36,783</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	(4,148)	(4,148)	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	(4,148)	(4,148)	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR		<u>35,100</u>	<u>35,100</u>	
FUND BALANCES - ENDING OF YEAR		<u>\$ 30,952</u>	<u>\$ 30,952</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 COURT SUPERVISION
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 10,000	\$ 9,365	\$ 9,365	\$ --
Investment income	--	548	548	--
Total Revenues	<u>10,000</u>	<u>9,913</u>	<u>9,913</u>	<u>--</u>
EXPENDITURES				
Current				
Judicial	<u>10,000</u>	<u>16,998</u>	<u>16,998</u>	<u>--</u>
Total Expenditures	<u>10,000</u>	<u>16,998</u>	<u>16,998</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>(7,085)</u>	<u>(7,085)</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>(7,085)</u>	<u>(7,085)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR		<u>40,292</u>	<u>40,292</u>	
FUND BALANCES - ENDING OF YEAR		<u>\$ 33,207</u>	<u>\$ 33,207</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 HEAT Program
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions and donations	\$ 25,000	\$ 1,000	\$ 1,000	\$ --
Total Revenues	<u>25,000</u>	<u>1,000</u>	<u>1,000</u>	<u>--</u>
EXPENDITURES				
Current				
Public safety	<u>25,000</u>	<u>11,728</u>	<u>11,728</u>	<u>--</u>
Total Expenditures	<u>25,000</u>	<u>11,728</u>	<u>11,728</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	(10,728)	(10,728)	<u>--</u>
NET CHANGES IN FUND BALANCE	\$ <u>--</u>	(10,728)	(10,728)	\$ <u>--</u>
FUND BALANCES - BEGINNING OF YEAR		<u>11,314</u>	<u>11,314</u>	
FUND BALANCES - ENDING OF YEAR		\$ <u>586</u>	\$ <u>586</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 CONNECTION
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 50,000	\$ 49,920	\$ 49,920	\$ --
Total Revenues	<u>50,000</u>	<u>49,920</u>	<u>49,920</u>	<u>--</u>
EXPENDITURES				
Current				
Health and welfare	<u>50,000</u>	<u>50,005</u>	<u>50,005</u>	<u>--</u>
Total Expenditures	<u>50,000</u>	<u>50,005</u>	<u>50,005</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>(85)</u>	<u>(85)</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>(85)</u>	<u>(85)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR		<u>15,810</u>	<u>15,810</u>	
FUND BALANCES - ENDING OF YEAR		<u>\$ 15,725</u>	<u>\$ 15,725</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 For the Year Ended September 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 30,000	\$ 10,955	\$ 10,955	\$ --
Miscellaneous	<u> --</u>	<u> 38,180</u>	<u> 38,180</u>	<u> --</u>
Total Revenues	<u> 30,000</u>	<u> 49,135</u>	<u> 49,135</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u> 35,000</u>	<u> 42,795</u>	<u> 42,795</u>	<u> --</u>
Total Expenditures	<u> 35,000</u>	<u> 42,795</u>	<u> 42,795</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u> 5,000</u>)	<u> 6,340</u>	<u> 6,340</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	\$ (<u> 5,000</u>)	6,340	6,340	\$ <u> --</u>
FUND BALANCES - BEGINNING OF YEAR		<u> 68,270</u>	<u> 68,270</u>	
FUND BALANCES - ENDING OF YEAR		\$ <u> 74,610</u>	\$ <u> 74,610</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 MULTIPLE GRANT
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$2,100,402	\$ 838,851	\$ 838,851	\$ --
Contributions and donations	--	<u>1,000</u>	<u>1,000</u>	--
Total Revenues	<u>2,100,402</u>	<u>839,851</u>	<u>839,851</u>	--
EXPENDITURES				
Current				
General government	2,100,402	23,962	23,962	--
Judicial	--	115,153	115,153	--
Sheriff	--	31,398	31,398	--
Public safety	--	268,475	268,475	--
Public works	--	889,285	889,285	--
Culture and recreation	--	24,030	24,030	--
Intergovernmental payment	--	<u>5,000</u>	<u>5,000</u>	--
Total Expenditures	<u>2,100,402</u>	<u>1,357,303</u>	<u>1,357,303</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	(517,452)	(517,452)	--
OTHER FINANCING SOURCES (USES)				
Transfer in	--	<u>517,452</u>	<u>517,452</u>	--
TOTAL OTHER FINANCING SOURCES (USES)	--	<u>517,452</u>	<u>517,452</u>	--
NET CHANGES IN FUND BALANCE	\$ --	--	--	\$ --
FUND BALANCES - BEGINNING OF YEAR		<u>11,274</u>	<u>11,274</u>	
FUND BALANCES - ENDING OF YEAR		\$ <u>11,274</u>	\$ <u>11,274</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FOOD PANTRY
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ --	\$ 7,158	\$ 7,158	\$ --
Contributions and donations	--	<u>3,022</u>	<u>3,022</u>	--
Total Revenues	--	<u>10,180</u>	<u>10,180</u>	--
EXPENDITURES				
Current				
Health and welfare	--	<u>9,514</u>	<u>9,514</u>	--
Total Expenditures	--	<u>9,514</u>	<u>9,514</u>	--
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	<u>666</u>	<u>666</u>	--
OTHER FINANCING SOURCES				
Transfers in	--	<u>696</u>	<u>696</u>	--
Total Other Financing Sources	--	<u>696</u>	<u>696</u>	--
NET CHANGES IN FUND BALANCE	\$ --	1,362	1,362	\$ --
FUND BALANCES - BEGINNING OF YEAR		<u>3,320</u>	<u>3,320</u>	
FUND BALANCES - ENDING OF YEAR		<u>\$ 4,682</u>	<u>\$ 4,682</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION
 For the Year Ended September 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 234,000	\$ 248,248	\$ 248,248	\$ --
Charges for services	<u>52,000</u>	<u>63,437</u>	<u>63,437</u>	<u>--</u>
Total Revenues	<u>286,000</u>	<u>311,685</u>	<u>311,685</u>	<u>--</u>
EXPENDITURES				
Current				
Health and welfare	<u>520,000</u>	<u>559,804</u>	<u>559,804</u>	<u>--</u>
Total Expenditures	<u>520,000</u>	<u>559,804</u>	<u>559,804</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(234,000)	(248,119)	(248,119)	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>234,000</u>	<u>248,119</u>	<u>248,119</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>234,000</u>	<u>248,119</u>	<u>248,119</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	\$ <u>--</u>	--	--	\$ <u>--</u>
FUND BALANCES - BEGINNING OF YEAR		<u>--</u>	<u>--</u>	
FUND BALANCES - ENDING OF YEAR		\$ <u>--</u>	\$ <u>--</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 For the Year Ended December 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 965,923	\$ 965,923	\$ 99,370	\$ (866,553)
Total Revenues	<u>965,923</u>	<u>965,923</u>	<u>99,370</u>	<u>(866,553)</u>
EXPENDITURES				
Capital outlay	965,923	965,923	160,954	(804,969)
Total Expenditures	<u>965,923</u>	<u>965,923</u>	<u>160,954</u>	<u>(804,969)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	--	--	(61,584)	(61,584)
OTHER FINANCING SOURCES (USES)				
Transfer in	--	--	61,584	61,584
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>61,584</u>	<u>61,584</u>
NET CHANGES IN FUND BALANCE	\$ --	--	--	\$ --
FUND BALANCES - BEGINNING OF YEAR		--	--	
FUND BALANCES - ENDING OF YEAR		<u>\$ --</u>	<u>\$ --</u>	

COMPLIANCE

**BURK PEARLMAN
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CERTIFIED PUBLIC ACCOUNTANTS

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

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2007, which except for the component unit audited by other auditors, collectively comprise the Walker County, Georgia's basic financial statements and have issued our report thereon dated May 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Walker County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Walker County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Walker County, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 04-4 through 07-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Walker County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 04-5, 04-7, and 06-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walker County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 04-6.

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

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

Burk, Kaufman, Nelson, Higgins, PLLC

Chattanooga, Tennessee
May 23, 2008

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

Commissioner
Walker County, Georgia
LaFayette, Georgia 30728

Compliance

We have audited the compliance of Walker County, Georgia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. Walker County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Walker County, Georgia's management. Our responsibility is to express an opinion on Walker County, Georgia's compliance based on our audit.

Walker County, Georgia's, basic financial statements include the operations of the Walker County Health Department component unit which received \$311,380 in federal awards which is not included in the schedule during the year ended June 30, 2007. Our audit, described below, did not include the operations of the Walker County Health Department component unit because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, Walker County, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Burt, Pappas, Nelson, Higgins, PLLC

Chattanooga, Tennessee
May 23, 2008

WALKER COUNTY, GEORGIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2007

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Georgia Department of Community Affairs Community Development Block Grant	14.228	06P-1-146-1-3248 06PRD-Y-146-1-3275	\$ <u>99,370</u>
U. S. DEPARTMENT OF JUSTICE Passed through State Council of Juvenile Court Judges Purchase of services for Juvenile Offenders Program	16.523	03B-ST-0003	30
Direct Award Bureau of Justice Assistance Special Operations Team	16.738	2007-DJ-BX-0895	7,263
Passed through State Criminal Justice Coordinating Council Victims of Crime Act (VOCA)	16.575	CO6-8-140	<u>95,474</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>102,767</u>
U. S. DEPARTMENT OF TRANSPORTATION Passed through State Department of Transportation Transit Operating Assistance	20.509	GA-18-9025 GA-18-9028	<u>310,718</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY Passed through Georgia Department of Natural Resources Erosion and Sedimentation Control Enforcement Program	66.460	751-50029	<u>85,808</u>
U.S. DEPARTMENT OF HOMELAND SECURITY Direct Award Assistance to Firefighters Grant	97.044	EMW-2006-FG-01015	225,720
Passed through Georgia Emergency Management Agency FY06 Citizen Corps Grant	97.053	GAN-2006-GE-T6-0066	<u>18,598</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>244,318</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>842,981</u>

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2007

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

Subrecipient

The County did not provide Federal assistance to any subrecipient.

WALKER COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding Control Number and Status

- 04-4 The County has failed to implement the corrective action plan. A policy is being developed to keep adequate records of cash to secure balances.
- 04-5 The County has failed to implement the corrective action plan. A policy is being developed to reconcile cash disbursements to cash receipts.
- 04-6 The County has failed to implement the corrective action plan. The County is in the process of establishing procedures for a grant coordinator.
- 04-7 The County has failed to implement the corrective action plan. An employee information change form has been developed but not placed in service.
- 05-1 Previously reported corrective action plan implemented. The finding is closed.
- 06-1 The County has failed to implement the corrective action plan. Not all departments are securing backups offsite.
- 06-2 The County has failed to implement the corrective action plan. The employee information checklist is not consistently used for all transactions related to employee files.
- 06-3 Previously reported corrective action plan implemented. The finding is closed.

WALKER COUNTY, GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2007

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

FEDERAL AWARDS

Internal control over major programs:

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

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

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

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Programs or Cluster</u>
14.228	U.S. Department of Housing and Urban Community Development Block Grant
97.044	U.S. Department of Homeland Security Assistance to Firefighters Grant

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 04-4:

Condition: The Clerk of Court's office does not have adequate procedures to maintain reconciliations between individual cash to secure balances and the cash to secure account.

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

Effect: Due to the lack of proper procedures, the department has no method to reconcile individual accounts to the cash account. This could result in lost or missing funds going undetected.

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

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 04-5:

Condition: The Tax Commissioner's office does not employ sufficient internal control procedures for cash disbursements.

Criteria: Procedures should be in place to facilitate the department in reconciling the cash disbursements journal to the revenue reports on a monthly basis.

Effect: Due to the lack of proper procedures, the department has no method to ensure the proper amounts are being disbursed to the various funds or government agencies.

Recommendation: Procedures should be implemented to reconcile the cash disbursements journal on a monthly basis to the revenue reports.

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 04-6:

Condition: A central office to account for and maintain records for all grant and award programs needs to be established.

Criteria: Internal control procedures should be implemented to assure that the compliance requirements on all grants are adhered to and properly monitored. Additionally, procedures should be in place to ensure that all required documentation is centrally located.

Effect: Due to inadequate supervision and monitoring of decentralized program operations, the accounting records were not appropriately maintained. Resulting noncompliance with grant requirements may result in future grant losses.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007
(Continued)

Recommendation: We recommend that one individual be in charge of and maintain the accounting records on all grant and award programs. This grant coordinator should be responsible for obtaining and verifying all compliance issues in each grant and, if necessary, advise the departments when they are not in compliance with grant regulations. The accounting system should provide for accumulating and recording expenditures by grant and cost category as shown in the approved budget. Also, grant and award programs should be posted properly and reconciled to the general ledger on a monthly basis. When grant or award money is received, a copy of such receipt and documentation should be sent to the appropriate department and grant coordinator.

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 04-7:

Condition: The payroll department currently has no internal control procedures in place to verify changes made to employee information are correct and appropriate.

Criteria: Internal control procedures should be in place to monitor all changes made to employee records.

Effect: Due to lack of proper procedures, errors in pay rates and other employee information may be unnoticed, conceivably costing the County additional money.

Recommendation: We recommend that all information concerning changes to an employee record be submitted to the payroll department in writing. We also recommend that the County Clerk be responsible for verifying this information after it is entered by the payroll department. A password protected report can be generated from the payroll system as an edit check that the Clerk can verify back to the written change documentation.

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 06-1:

Condition: There is no offsite storage of computer backups and monthly backups are not being made for several offices in the County. Also, all offices are not periodically tested.

Criteria: Procedures should be in place to ensure County offices are making monthly backups, testing them periodically and storing the backups at an offsite location.

Effect: Failure to make the backups and test them could leave the County without necessary computer records for operations in the event of a computer system failure.

Recommendation: Procedures should be implemented to require that each office of the County maintains a computer system backup at all times. These procedures should also include a County policy on offsite storage and backup testing requirements.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007
(Continued)

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 06-2:

Condition: Insufficient documentation pertaining to employee personnel files was noted. Records of additions to or deductions from wages, and signed authorization forms approving employee pay raises, were missing from employee personnel files. Additionally, applications and written authority from supervisors are not always required to add individuals to the payroll. The condition was a prior year finding.

Criteria: Internal control procedures should be in place to provide reasonable assurance that payroll is computed using rates and other factors in accordance with contracts, relevant laws and regulations, and to insure that payroll disbursements are made only for the work authorized and performed.

Effect: Due to the lack of adequate payroll documentation and inadequate internal control procedures, there is a possibility of employee salaries and wages being computed incorrectly, allocated to programs in amounts not supportable, or out of compliance with relevant regulations.

Recommendation: Internal control procedures must be implemented to provide reasonable assurance that employee personnel files are maintained on all County employees. Employee files should include the correct supporting documentation in accordance with Regulations 29 CFR Part 516 and the recordkeeping requirements should be in accordance with the Fair Standards Labor Act. Before the disbursement of an employee's payroll check, all required forms and supporting documentations should be obtained for this employee.

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

Planned corrective action: Management's response is located on pages 90-92.

Finding 07-1:

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

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

Effect: Failure to appropriately monitor balance sheet reconciliations could result in undetected material misstatements in the financial statements. The failure to ensure appropriate account reconciliations could allow errors to go undetected in the financial statements that management uses as part of its decision making process. Conversely, appropriate account reconciliations should provide management with more confidence in the financial statements.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007
(Continued)

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

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

Planned corrective action: Management's response is located on pages 90-92.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

WALKER COUNTY, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED WITH
 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
 ADOPTED APRIL 24, 2003
 For the Year Ended September 30, 2007

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Water and sewer projects	\$ 5,000,000	\$ 1,736,484	\$ 687,709	\$ 2,424,193	48%
Fire hydrants	500,000	432,263	17,550	449,813	90
Emergency services	4,500,000	3,643,131	287,110	3,930,241	87
Technology	500,000	584,784	58,002	642,786	100
Animal shelter	300,000	575,548	3,232	578,780	100
Historical projects	200,000	319,332	--	319,332	100
Recreation	500,000	75,920	206,705	282,625	57
Roads, bridges, and road department equipment	4,875,000	4,577,698	1,653,028	6,230,726	100
Building construction and improvements	250,000	506,283	19,086	525,369	100
Industrial park improvements	4,000,000	428,310	128,597	556,907	14
Total for all projects	<u>\$20,625,000</u>	<u>\$12,879,753</u>	<u>\$ 3,061,019</u>	<u>\$15,940,772</u>	

Bebe Heiskell
Walker County Commissioner

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

May 27, 2008

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

Walker County, Georgia submits the following plan for corrective action regarding control deficiencies associated with our internal controls and compliance for the year ended September 30, 2007

The "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" issued by Burk, Pearlman, Nebben & Huggins, PLLC, on May 23, 2008, referenced instances of noncompliance and control deficiencies. The corrective action taken on these items is as follows:

Finding 04-4

CLERK OF COURT OFFICE ACCOUNT RECONCILIATION

Clerk does not reconcile cash to secure balance to account balance.

Corrective Action Plan/Management Response

We concur with the recommendation. Superior court began reconciling from October 2004 forward. Cases/balances prior to October 2004 have not been reconciled. The Clerk states that he does not have the personnel to take on this task at the present time. The county does not feel that the benefit of a reconciled balance would outweigh the cost of a new employee.

There is an ongoing process of moving the Clerks accounting to computer. This is being handled by the Clerks Authority and is moving slowly at present. It is hoped that once implemented, the system will have its own supplemental detail to support balances on the general ledger.

Finding 04-5

TAX COMMISSIONERS CONTROL OVER CASH DISBURSEMENTS

Georgia Department of Audits & Accounts
May 27, 2008

The tax commissioner does not employ sufficient internal control procedures over cash disbursements.

Corrective Action Plan/Management Response

We concur with the recommendation. The tax commissioner prepares a monthly spreadsheet accounting for total receipts and the disbursement of these funds to the appropriate recipient. The commissioner does not tie total receipts into receipts per the bank statement. She will continue to be encouraged to complete this reconciliation.

Finding 04-6

CENTRALIZED GRANT ACCOUNTING

All grant records should be centrally maintained under the control of a grants coordinator to insure compliance and proper reporting.

Corrective Action Plan/Management Response

We partly concur with the recommendation. The finance director is obtaining copies of grant documents and is ensuring the proper accounting for the grants. Each department that is a recipient of a grant has personnel designated with report filing and compliance. It is not cost beneficial to have one person designated to handle all grant work. The number of grants involved does not warrant full time employment.

Finding 04-7

PAYROLL INFORMATION VERIFICATION

The payroll department currently has no internal control procedures to verify changes made to employee information.

Corrective Action Plan/Management Response

We concur with the recommendation. The County Clerk has begun verifying new employee information by use of the employee personnel file and by use of a checklist of all required information. She is to sign off on the checklist and place in employee file. The County Clerk is to spot check miscellaneous recurring items for proper posting.

Finding 06-1

NO OFFSITE STORAGE OF COMPUTER BACKUPS AND FAILURE TO MAKE BACKUPS

There is not an offsite storage plan in place for computer backups. Also, some departments are failing to backup systems at least monthly.

Corrective Action Plan/Management Response

Georgia Department of Audits & Accounts
May 27, 2008

We concur with the recommendation. The county IT personnel have been designated to determine that backups are being made for every county department and that they will function properly. The department heads/elected officials will be responsible for insuring that the backups are secured offsite. The IT personnel will verify to the commissioner that backups are being performed. The department heads that report to the commissioner will be required to document their offsite storage plans. Elected officials will be requested to provide their plans to the commissioner's office. As of September 30, 2007 all departments were doing backups and all but five departments had offsite storage of backups. Of these 5, 2 had fireproof safes that were being used.

Finding 06-2
INSUFFICIENT DOCUMENTATION PERTAINING TO EMPLOYEE PERSONNEL FILES

Various documents pertaining to payroll are missing from the files.

Corrective Action Plan/Management Response

We concur with the recommendation. The County Clerk has begun verifying new employee information by use of the employee personnel file and by use of a checklist of all information required to be kept on file. She is to sign off on the checklist and place in employee file.

Finding 07-1
SOME MATERIAL BALANCE SHEET ACCOUNTS WERE NOT RECONCILED TO SUPPORTING DOCUMENTATION AT YEAR END.

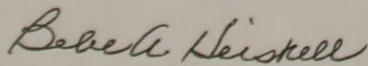
Accounts not reconciled to supporting documentation

Corrective Action Plan/Management Response

We concur with the recommendation. Most unreconciled accounts are related to interfund activity and a final decision as to treatment as a due from/ due to or as an operating transfer. Employing additional personnel or delaying audit field work, neither of which are practical, appear to be the only solutions.

If you have any questions, please contact Greg McConnell, Finance Officer, at (706) 683-4137.

Sincerely,



Bebe A. Heiskell
Walker County Commissioner

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JUN 25 2008

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NALGAD

WALKER COUNTY, GEORGIA

ANNUAL REPORT OF 9-1-1 COLLECTIONS AND EXPENDITURES

For the Year Ended September 30, 2007

BURK PEARLMAN
NEBBEN & HUGGINS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**BURK PEARLMAN
NEBBEN & HUGGINS, PLLC**
CERTIFIED PUBLIC ACCOUNTANTS

7030 LEE HIGHWAY • SUITE 202 • CHATTANOOGA, TENNESSEE 37421
TELEPHONE: (423) 490-8500 • FAX: (423) 490-1400
admin@bphcpa.com

INDEPENDENT ACCOUNTANT'S REPORT

Commissioner
Walker County, Georgia
LaFayette, Georgia

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about Walker County, Georgia's compliance during the fiscal year ended September 30, 2007, with the requirements to expend 9-1-1 funds in compliance with the expenditures requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Walker County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Walker County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Walker County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of Walker County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Walker County, Georgia complied with the aforementioned requirement during the fiscal year ended September 30, 2007, is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Burk, Pearlman, Nebben, Huggins, PLLC

June 5, 2008

WALKER COUNTY GEORGIA
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended September 30, 2007

Line No.	O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):	
	<input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund	
2	Monthly 9-1-1 charge billed to each exchange access facility subscriber:	46-S-134(a)(1) \$ 1.50
3	Total revenue from exchange access facility subscribers:	\$ 435,442
4	Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)	
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
5	If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)	
	<input checked="" type="checkbox"/> System provides location of base station or cell site	46-S-134(a)(2)(A)
	<input type="checkbox"/> System provides automatic location identification	46-S-134(a)(2)(B)
6	If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:	46-S-134(a)(2) \$ 1.00
7	Total revenue from wireless telecommunications connection subscribers:	\$ 226,728
8	Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)	\$ 662,170
9	Additional revenue sources:	
9a	Federal (UCOA Revenue Source 33.1000) Identify each funding agency individually. Attach list, if necessary.	46-S-134(d)
	NONE	\$ -
		\$ -
9b	State (UCOA Revenue Source 33.4000) Identify each funding agency individually. Attach list, if necessary.	46-S-134(d)
	NONE	\$ -
		\$ -
9c	Local (UCOA Revenue Source 33.6000) Identify each unit of local government individually. Attach list, if necessary.	46-S-134(d)
	NONE	\$ -
		\$ -
9d	Private (UCOA Revenue Source 37.1000) Identify each private source individually. Attach list, if necessary.	46-S-134(d)
	NONE	\$ -
		\$ -

WALKER COUNTY GEORGIA
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended September 30, 2007

Line No.	U.C. SA Reference	Amount
10 Investment Income (UCGA Revenue Source 36.1000 through 36.3000)		\$ _____
11 Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 23 and not included here.		
NONE _____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
12 Total Revenues (total of all amounts reported on Lines 9 through 11)		\$ <u>662,170</u> ✓
Expenditures (UCGA Activity 3800)		
13 Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	86-S-13406	
_____		\$ _____
_____		\$ _____
_____		\$ _____
14 Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
14a Lease costs	86-S-13400(1)	\$ _____
14b Purchase costs	86-S-13400(1)	\$ _____
14c Maintenance costs	86-S-13400(1)	\$ <u>59,656</u>
15 Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	86-S-13400(2)	\$ <u>66,523</u>
16 Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system: Number of employees classified as: Full time - 24 Part time - 0		
16a Salaries and wages	86-S-13400(3)	\$ <u>570,036</u>
16b Employee benefits	86-S-13400(3)	\$ <u>165,476</u>

WALKER COUNTY GEORGIA
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended September 30, 2007

Line No.	O.C.G.A. Reference	
17	46-5-134(03)	\$ 2,163
18	46-5-134(04)	\$ 3,197
19a		
19a1	46-5-134(05)	\$ _____
19a2	46-5-134(05)	\$ _____
19b	46-5-134(05)	\$ _____
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
20		
20a	46-5-134(06)	\$ _____
20b	46-5-134(06)	\$ _____
20c	46-5-134(06)	\$ 3,250
21	46-5-134(07)	\$ 6,070
22		
22a	46-5-134(08)	\$ _____
22b	46-5-134(08)	\$ _____
22c	46-5-134(08)	\$ _____
23		
Other expenditures not included in Lines 13 through 22 above. Identify by object and purpose. Transfers to other funds of the local government should be reported on Line 26 and not included here.		
Postage		\$ 129
Copier		\$ 4,438
Travel		\$ 2,131
Utilities		\$ 14,784
Insurance		\$ 9,981
Repair		\$ 7,108
Fuel		\$ 450
Uniforms		\$ 748
Other		\$ 57
_____		\$ _____
_____		\$ _____
_____		\$ _____
24		\$ 916,197 ✓

WALKER COUNTY GEORGIA
 Annual Report of 9-1-1 Collections and Expenditures
 For the Year Ended September 30, 2007

Line No.	O.C.G.A. Reference:	
25	Transfers From Other Funds (identify by fund)	
	GENERAL FUND	\$ 254,027 ✓
		\$ _____
26	Transfers To Other Funds (identify by fund)	
	NONE	\$ - ✓
		\$ _____
27	Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)	
		\$ _____
		\$ _____
28	Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)	\$ (0) ✓
29	Fund Balance - Beginning of Year	\$ -
30	Fund Balance - End of Year	\$ (0) ✓

31a Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?
 Yes No

31b If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official Bebe Heiskell Date 6/23/08

Print Name of Chief Elected Official Bebe Heiskell

Title of Chief Elected Official Sole Commissioner

Signature of Chief Financial Officer Gregory H. McConnell Date 6/23/08

Print Name of Chief Financial Officer Gregory H. McConnell

**BURK PEARLMAN
NEBBEN & HUGGINS, PLLC**
CERTIFIED PUBLIC ACCOUNTANTS

7030 LEE HIGHWAY • SUITE 202 • CHATTANOOGA, TENNESSEE 37421
TELEPHONE: (423) 490-8500 • FAX: (423) 490-1400
admin@bphcpa.com

June 20, 2008

Georgia Department of Audits and Accounts
Local Government Audit Review Section
Suite 322
254 Washington Street, S.W.
Atlanta, GA 30334-8400

EM
RECEIVED
JUN 25 11 08 AM
DEPT. OF AUDITS
NALGAD
CAP

Re: Walker County, Georgia

Dear Sir or Madam:

Enclosed are the Walker County State of Georgia Grant Certification Forms for the fiscal year ended September 30, 2007, the Local Government Annual Financial Report Review Checklist, and the Annual Report of 9-1-1 Collections and Expenditures. The Annual Financial Statements were transmitted electronically on June 20, 2008.

If you have any questions about this report, please let us know.

Sincerely yours,

BURK, PEARLMAN, NEBBEN & HUGGINS

Barry R. Huggins
Barry R. Huggins

BRH:jm

cc: Bebe Heiskell, Commissioner

Enclosures