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WALKER COUNTY, GEORGIA

ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2008

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WALKER COUNTY, GEORGIA

ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 2008

BURK & PEARLMAN
NEBBEN & HUGGINS, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WALKER COUNTY GEORGIA
ANNUAL FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2008

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Report of Independent Public Accountants	1-2
Management's Discussion and Analysis	3-13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Assets - Proprietary Fund	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Statement of Fiduciary Net Assets - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	24
Notes to the Basic Financial Statements	25-44
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	46-47
Budgetary Comparison Schedule - Fire and Rescue Fund	48
Schedule of Funding Progress - Retirement Plan	49

WALKER COUNTY GEORGIA
ANNUAL FINANCIAL STATEMENTS
Fiscal Year Ended September 30, 2008

TABLE OF CONTENTS
(Continued)

	Page
Schedule of Employer Contributions - Retirement Plan	50
Notes to Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	54
Combining Balance Sheet - Nonmajor Special Revenue Funds	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	56
Combining Balance Sheet - Nonmajor Capital Projects Fund	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Capital Projects Fund	58
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	59
Combining Statement of Changes in Assets and Liabilities - Agency Funds	60
Statement of Changes in Assets and Liabilities - Tax Commissioner	61
Statement of Changes in Assets and Liabilities - Clerk of Courts	62
Statement of Changes in Assets and Liabilities - Probate Judge	63
Statement of Changes in Assets and Liabilities - Magistrate Judge	64
Statement of Changes in Assets and Liabilities - SPLOST 2	65
Statement of Expenditures to Budget - Family Connection Program	66
Budgetary Comparison Schedule - E911	67
Budgetary Comparison Schedule - Law Library	68

WALKER COUNTY GEORGIA
 ANNUAL FINANCIAL STATEMENTS
 Fiscal Year Ended September 30, 2008

TABLE OF CONTENTS
 (Continued)

	Page
Budgetary Comparison Schedule - Court Supervision	69
Budgetary Comparison Schedule - HEAT Program	70
Budgetary Comparison Schedule - Connection	71
Budgetary Comparison Schedule - Forfeiture	72
Budgetary Comparison Schedule - Multiple Grant	73
Budgetary Comparison Schedule - Food Pantry	74
Budgetary Comparison Schedule - Transportation	75
Budgetary Comparison Schedule - Capital Projects Fund	76
 COMPLIANCE	
FEDERAL COMPLIANCE AND INTERNAL CONTROL REPORTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	80-81
Schedule of Expenditures of Federal Awards	82-83
Summary Schedule of Prior Audit Findings and Questioned Costs	84
Schedule of Findings and Questioned Costs	85-88
 STATE COMPLIANCE	
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds Adopted April 24, 2003	89
CORRECTIVE ACTION PLAN	90-91

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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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, 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 46 through 51 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 66, 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, Pearlman, Nelson, Higgins, PLLC

Chattanooga, Tennessee
March 31, 2009

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, 2008. 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, 2008 by \$89,659,800 (Net Assets). Of this amount, \$80,107,911 represented the investment in capital assets net of the related debt. This resulted in unrestricted net assets of \$9,551,889 that may be used to meet the government's ongoing obligations to citizens and creditors.
- The citizens of Walker County elected to extend the Special Purpose Local Option Sales Tax (SPLOST) for an additional 6 years. This is projected to bring in up to \$28,500,000 over this period.
- In the county's business-type activities, expenditures exceeded revenues by \$582,856. 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 a portion of the loss.
- The County's governmental activities reported combining ending net assets of \$87,736,979, an increase of \$3,116,179 over the prior year net assets. Of this amount, \$10,577,965 remains in the various funds as unrestricted.
- Debt decreased by \$4,705,220. This was primarily due to bond payments of \$4,130,777, and lease payments of \$672,586. The remaining SPLOST revenue bonds matured during fiscal year 2008.

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.

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

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

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. Complete financial statements of the Health Department can be obtained from their office: 603 E. Villanow St., LaFayette, Georgia 30728.

FUND FINANCIAL STATEMENTS

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

The County has three kinds of funds:

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

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

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 \$89,659,800. This excess is divided into two net asset categories. Investment in capital assets less any outstanding debt used to acquire these assets 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, 2008, is \$9,551,889 which may be used to meet the County's ongoing obligations.

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

Net Assets
September 30 2008 and 2007

	Governmental Activities		Business -type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 17,337,714	\$ 18,116,390	\$ 31,562	\$ 301,740	\$ 17,369,276	\$ 18,418,130
Capital assets	78,844,312 ✓	79,527,566	3,283,713 ✓	3,583,064	82,128,025	83,110,630
Total assets	\$ 96,182,026 ✓	\$ 97,643,956	\$ 3,315,275 ✓	\$ 3,884,804	\$ 99,497,301	\$ 101,528,760
Liabilities						
Long-term liabilities	\$ 6,198,112 ✓	\$ 10,916,823	\$ 1,392,454 ✓	\$ 1,378,963	\$ 7,590,566	\$ 12,295,786
Other liabilities	2,246,935	2,106,333		164	2,246,935	2,106,497
Total liabilities	\$ 8,445,047 ✓	\$ 13,023,156	\$ 1,392,454	\$ 1,379,127	\$ 9,837,501	\$ 14,402,283
Net assets						
Invested in capital assets, net of related debt	\$ 77,159,014 ✓	\$ 75,986,895	\$ 2,948,897 ✓	\$ 3,150,338	\$ 80,107,911	\$ 79,137,233
Unrestricted	10,577,965	8,633,905	(1,026,076)	(644,661)	9,551,889	7,989,244
Total net assets	\$ 87,736,979 ✓	\$ 84,620,800	\$ 1,922,821 ✓	\$ 2,505,677	\$ 89,659,800	\$ 87,126,477

Net assets of the County's governmental activities increased by \$3,116,179 while the net assets of the business type activities decreased by \$582,856. The County's sole business activity is the Walker County Landfill. The landfill operated at a loss due to closure and depreciation expenses.

Walker County's property tax revenue increased 11% over the prior year while local option sales tax revenue was down \$261,669. Approximately 32% of the County's total revenue from governmental activities came from sales tax and 26% from property tax. Charges for services amounted to about 18% of governmental revenue with grants and contributions contributing approximately 6%.

The County's largest expenses are Sheriff (24%), Public Works (22%), Public Safety (16%) and Judicial (10%) of total governmental expenses.

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

Changes in Net Assets
Years ended September 30, 2008 and 2007

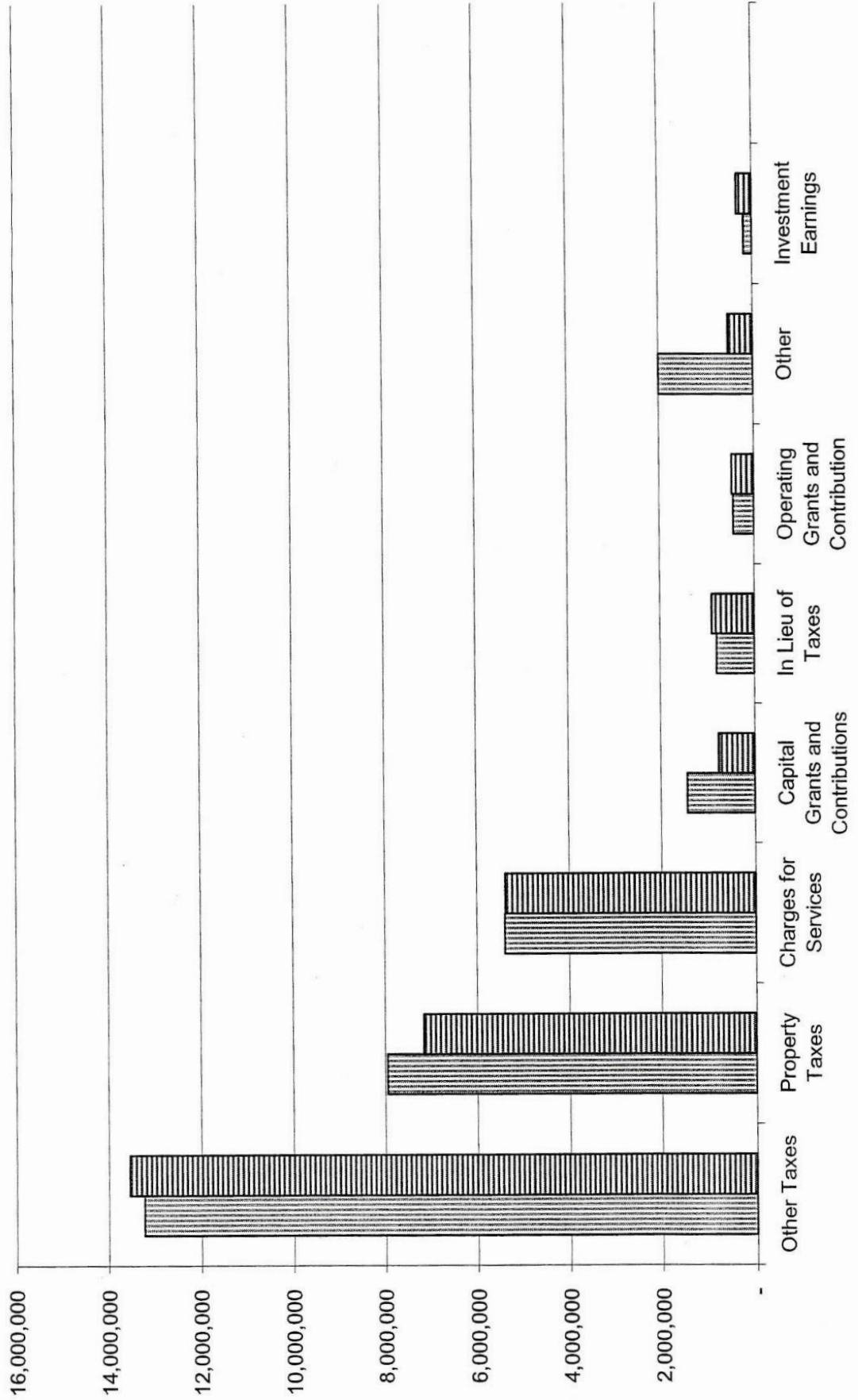
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	5,397,607 ✓	5,386,487	1,141,353 ✓	1,369,111	6,538,960	6,755,598
Operating Grants & Contributions	442,864 ✓	472,058			442,864	472,058
Capital Grants & Contributions	1,427,416 ✓	771,489			1,427,416	771,489
General Revenues:						
Property Taxes	7,942,326	7,144,412			7,942,326	7,144,412
Other Taxes	12,604,768	13,119,524			12,604,768	13,119,524
Other	3,012,101	2,253,809			3,012,101	2,253,809
Total Revenues	30,827,082	29,147,779	1,141,353	1,369,111	31,968,435	30,516,890
Expenses:						
General government	3,730,307	3,315,085			3,730,307	3,315,085
Judicial	2,811,854	2,923,042			2,811,854	2,923,042
Sheriff	6,783,823	5,850,491			6,783,823	5,850,491
Public Safety	4,561,704	4,347,428			4,561,704	4,347,428
Public Works	6,306,433	5,870,192			6,306,433	5,870,192
Health and Welfare	1,544,299	1,414,815			1,544,299	1,414,815
Recreation and Culture	495,163	567,494			495,163	567,494
Housing and Development	423,001	373,893			423,001	373,893
Intergovernment Payments	753,444	642,877			753,444	642,877
Interest on Long Term Debt	204,101	317,962			204,101	317,962
Solid Waste			1,820,983	2,067,918	1,820,983	2,067,918
Total Expenses	27,614,129 ✓	25,623,279	1,820,983 /	2,067,918	29,435,112	27,691,197
Increase (decrease) in net assets before transfers	3,212,953	3,524,500	(679,630)	(698,807)	2,533,323	2,825,693
Transfers	(96,774) ✓	(674,123)	96,774 ✓	674,123		
Increase (decrease) in net assets	3,116,179 ✓	2,850,377	(582,856) ✓	(24,684)	2,533,323	2,825,693
Net assets - October 1	84,620,800	24,490,360	2,505,677	2,530,361	87,126,477	27,020,721
Prior period adjustment		57,280,063			-	57,280,063
Net assets - September 30	87,736,979 ✓	84,620,800	1,922,821 ✓	2,505,677	89,659,800	87,126,477

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

Total government wide revenue of \$31,968,435 was comprised of governmental activities (\$30,827,082) and business type activities (\$1,141,353). The following chart illustrates the distribution of the governmental revenue. The revenue of the business type activity was almost solely charges for services. The predominate source of revenue is the other tax category which is primarily Local Option Sales Tax, Special Purpose Local Option Sales Tax and business taxes. Special Purpose Local Option Sales Tax revenue which totaled \$5,496,736 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)

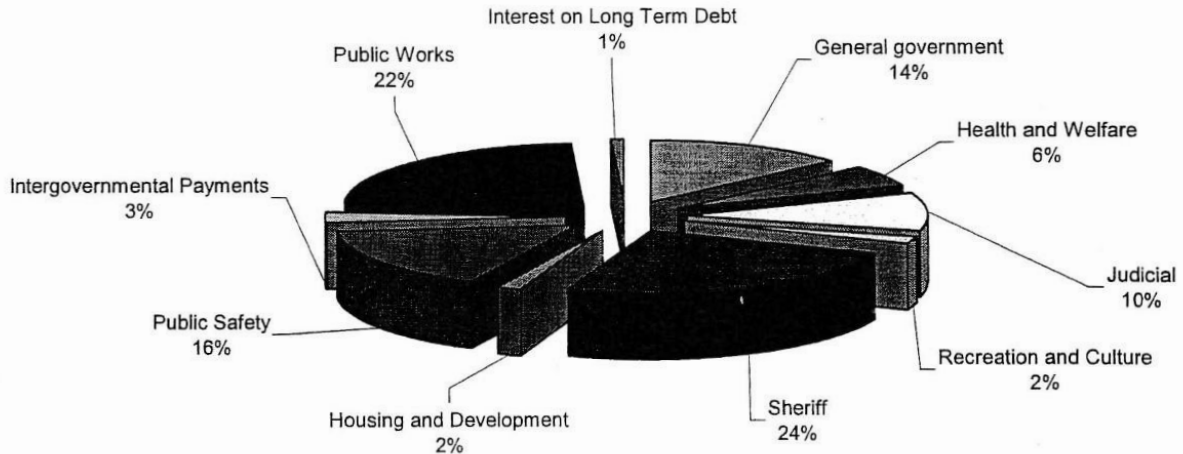
REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES



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

Government-wide expenses totaled \$29,435,112 for fiscal year 2008, including governmental activity expense of \$27,614,129 and business type activity expense of \$1,820,983. The following chart provides a visual depiction of expenditures of the governmental activities by function.

EXPENSE 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 \$9,139,702. 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.

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 \$7,463,000. The unreserved fund balance increased by \$94,360 during the current year. This increase included operating transfers of \$973,518 to supplement operations of other funds. Among the operating transfers were \$340,599 to E911, \$275,950 to fire & rescue, \$239,130 to county transportation system, \$96,774 to landfill and \$21,065 required by federal and/or state grants as the county's matching share.

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

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, (\$74,014) and SPLOST 2003, \$1,557,525. The fund balance in Fire and Rescue decreased by \$32,658 and the fund balance in SPLOST 2003 decreased by \$1,900,661. 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 \$2,098,572 and fund actual expenditures and other financing uses exceeding budgeted expenditures by \$2,068,589. The excess of revenues over budgeted revenues was primarily due to the following revenue categories where actual revenues exceeded budgeted revenues: contributions by \$1,420,088, other taxes by \$779,473, charges for services by \$163,839 and fines and forfeitures by \$95,655.

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, 2008 totals \$78,844,312 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The County's investment in capital assets for the current fiscal year decreased by \$982,605, net of accumulated depreciation. This was comprised of two significant items, the donation of \$1,301,500 of land right of ways and the current year depreciation expense of \$3,874,949.

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

- . Land right of ways in the Mountain Cove area consisting of 52 acres was donated to the County.
- . A former health department building was finished being restored to house a medical facility for treatment, primarily, of lower income citizens. This was funded through a Community Development Block Grant.
- . An historic school house and the accompanying land was contributed during the year by various citizens.
- . Work continued on a number of road paving projects funded in part by GA DOT and will continue into next fiscal year.

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

**Capital Assets at Year-end
September 30, 2008 and 2007**

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2008	2007	2008	2007	2008	2007
Non-depreciable assets:						
Land	\$ 1,974,887 /	\$ 648,387			\$ 1,974,887	\$ 648,387
Building		297,600				297,600
Construction in progress	374,163 /	498,933			374,163	498,933
Depreciable assets:						
Buildings and improvements	17,987,828	17,753,154	306,771	306,771	18,294,599	18,059,925
Machinery and equipment	16,196,760	16,174,351	1,685,052	1,648,780	17,881,811	17,823,131
Infrastructure	89,595,933	88,779,351			89,595,933	88,779,351
C&D Landfill			4,832,721	4,806,437	4,832,721	4,806,437
Total	126,129,571	124,151,776	6,824,544	6,761,988	132,954,114	130,913,764
Less: accumulated depreciation	(47,285,259)	(44,624,210)	(3,540,831)	(3,178,924)	(50,826,089)	(47,803,134)
Net capital assets	\$ 78,844,312 ✓	\$ 79,527,566	\$3,283,713 ✓	\$3,583,064	\$82,128,025	\$83,110,630

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

Debt - At the end of the current fiscal year, the County had total debt outstanding of \$7,590,566. This consisted of notes payable, lease obligations, landfill closure and postclosure costs and compensated absences.

SPLOST bonds in the amount of \$4,115,000 matured and were paid from current year SPLOST receipts which are escrowed for this purpose.

**Outstanding Debt at Year End
September 30, 2008 and 2007**

	Governmental		Business -type		Totals	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
General Obligation Bonds		\$ 4,130,777			\$	\$ 4,130,777
Lease Obligations	2,661,212 ✓	3,235,889	334,816 ✓	432,725	2,996,028	3,668,614
Notes Payable	297,600 ✓	297,600			297,600	297,600
Compensated Absences	532,606 ✓	536,487	4,536 ✓	4,536	537,142	541,023
Landfill Closure Costs	2,706,694 ✓	2,716,070	1,053,102 ✓	941,702	3,759,796	3,657,772
Totals	\$ 6,198,112 ✓	\$ 10,916,823	\$ 1,392,454 ✓	\$ 1,378,963	\$ 7,590,566	\$ 12,295,786

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

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

ECONOMIC FACTORS AND THE 2009 BUDGET

Local Option Sales Tax decreased 5.61% in fiscal year 2008 compared to fiscal year 2007. The property tax digest grew \$47,031,783 (4.48%) while the net millage rate decreased less than 0.1 mill.

Walker County adopted its fiscal year 2009 budget September 30, 2008. The General Fund budget reflected a small increase over fiscal year 2008 of \$34,827. Revenues are not expected to increase by very much in the next year.

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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	\$ 3,803,221	\$ 418	\$ 3,803,639	\$ 1,039,154
Restricted cash	188,235	--	188,235	--
Investments	1,337,715	--	1,337,715	--
Receivables:				
Taxes	6,560,623	--	6,560,623	--
Accounts	396,894	31,144	428,038	900
Due from other governments	4,844,278	--	4,844,278	102,663
Prepaid expenses	206,748	--	206,748	715
Capital assets not being depreciated	2,349,050	--	2,349,050	--
Capital assets, net of accumulated depreciation	<u>76,495,262</u>	<u>3,283,713</u>	<u>79,778,975</u>	<u>--</u>
TOTAL ASSETS	<u>96,182,026</u>	<u>3,315,275</u>	<u>99,497,301</u>	<u>1,143,432</u>
LIABILITIES				
Accounts payable and accrued expenses	1,370,187	--	1,370,187	19,804
Due to other governments	753,444	--	753,444	73,005
Due to heirs, litigants, and others	32,616	--	32,616	--
Deferred revenue	25,487	--	25,487	--
Accrued interest payable	65,201	--	65,201	--
Long-term liabilities -				
Portion due or payable within one year:				
Capital leases	622,700 ✓	103,395 ✓	726,095	--
Note payable	297,600 ✓	--	297,600	--
Compensated absences	318,670 ✓	4,536 ✓	323,206	81,534
Landfill closure and postclosure care costs	112,779 ✓	--	112,779	--
Portion due or payable after one year:				
Capital leases	2,038,512 ✓	231,421 ✓	2,269,933	--
Compensated absences	213,936 ✓	--	213,936	--
Landfill closure and postclosure care costs	<u>2,593,915</u> ✓	<u>1,053,102</u> ✓	<u>3,647,017</u>	<u>--</u>
TOTAL LIABILITIES	<u>8,445,047</u>	<u>1,392,454</u>	<u>9,837,501</u>	<u>174,343</u>
NET ASSETS				
Invested in capital assets, net of related debt	77,159,014 ✓	2,948,897 ✓	80,107,911	-- ✓
Unrestricted	<u>10,577,965</u>	<u>(1,026,076)</u>	<u>9,551,889</u>	<u>969,089</u>
TOTAL NET ASSETS	<u>\$87,736,979</u>	<u>\$ 1,922,821</u>	<u>\$89,659,800</u>	<u>\$ 969,089</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008

FUNCTION/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	\$ 3,730,307	\$ --	\$ --	\$ (2,761,975)		\$ (2,761,975)	
Judicial	2,811,854	108,404	--	(817,234)		(817,234)	
Sheriff	6,783,823	--	4,422	(6,618,727)		(6,618,727)	
Public safety	4,561,704	--	148,582	(2,165,444)		(2,165,444)	
Public works	6,306,433	41,064	772,812	(5,492,557)		(5,492,557)	
Health and welfare	1,544,299	293,396	501,600	(680,950)		(680,950)	
Culture and recreation	495,163	--	--	(428,809)		(428,809)	
Housing and development	423,001	--	--	(423,001)		(423,001)	
Intergovernmental payments	753,444	--	--	(753,444)		(753,444)	
Interest on long-term debt	204,101	--	--	(204,101)		(204,101)	
Total governmental activities	27,614,129	442,864	1,427,416	(20,346,242)		(20,346,242)	
Business-type activities:							
Landfill	1,820,983	--	--	--	\$ (679,630)	(679,630)	
Total business-type activities	1,820,983	--	--	--	(679,630)	(679,630)	
Total primary government	\$29,435,112	\$ 442,864	\$1,427,416	(20,346,242)	(679,630)	(21,025,872)	
COMPONENT UNIT:							
Walker County Health Department	\$ 1,611,900	\$ 1,011,656	\$ --				\$ (170,884)
General Revenues:							
Taxes:							
General property taxes				7,942,326		7,942,326	
General sales and use tax				9,898,165		9,898,165	
Selective sales and use taxes				319,803		319,803	
Business taxes				2,386,800		2,386,800	
Penalties and interest on delinquent taxes				623,916		623,916	
In lieu of taxes				800,639		800,639	
Payment from Walker County				--		--	
Unrestricted investment earnings				182,868		182,868	
Gain (loss) on sale of capital assets				(591,343)		(591,343)	
Miscellaneous				1,996,021		1,996,021	
Transfers				(96,774)	96,774	--	
Total General Revenues and Transfers				23,462,421	96,774	23,559,195	
Change in net assets				3,116,179	(582,856)	2,533,323	
Net assets - beginning				84,620,800	2,505,677	87,126,477	
Net assets - ending				\$87,736,979	\$1,922,821	\$89,659,800	

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General Fund	Fire and Rescue	SPLOST 2003	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 3,626,672	\$ 92,833	\$ 500	\$ 83,216	\$ 3,803,221
Restricted cash	187,735	--	500	--	188,235
Investments	--	--	1,337,715	--	1,337,715
Receivables:					
Taxes	6,560,623	--	--	--	6,560,623
Accounts	242,556	76,391	--	77,947	396,894
Due from other funds	307,453	--	282,453	442,520	1,032,426
Due from other governments	3,813,793	--	904,902	125,586	4,844,281
TOTAL ASSETS	\$14,738,832	\$ 169,224	\$2,526,070	\$ 729,269	\$18,163,395
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,292,072	\$ 70,449	\$ --	\$ 7,669	\$ 1,370,190
Compensated absences	274,216	31,413	--	--	305,629
Due to other funds	207,916	78,486	215,101	530,923	1,032,426
Due to other governments	--	--	753,444	--	753,444
Due to heirs, litigants, and others	32,616	--	--	--	32,616
Deferred revenue	5,441,012	62,890	--	25,486	5,529,388
TOTAL LIABILITIES	7,247,832	243,238	968,545	564,078	9,023,693
Fund Balances:					
Reserved for:					
Building maintenance	28,000	--	--	--	28,000
Unreserved, reported in:					
General fund	7,463,000	--	--	--	7,463,000
Special revenue funds	--	(74,014)	--	165,191	91,177
Capital projects funds	--	--	1,557,525	--	1,557,525
TOTAL FUND BALANCES	7,491,000	(74,014)	1,557,525	165,191	9,139,702
TOTAL LIABILITIES AND FUND BALANCES	\$14,738,832	\$ 169,224	\$2,526,070	\$ 729,269	\$18,163,395

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 September 30, 2008

\$ 9,139,702 ✓

Total fund balances - governmental fund types

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	\$ 1,974,887
Construction in progress	374,163
Infrastructure, net of \$32,465,916 accumulated depreciation	57,130,017
Buildings and improvements, net of \$4,272,699 accumulated depreciation	13,715,129
Equipment, net of \$1,266,116 accumulated depreciation	1,343,616
Vehicles, net of \$6,575,319 accumulated depreciation	3,311,839
Trucks and construction equipment, net of \$2,705,209 accumulated depreciation	<u>994,661</u>

78,844,312 ✓

206,748 ✓

5,503,901 ✓

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.

County taxes and fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.

Balances at September 30, 2008, are:

Accrued interest	(65,201) ✓
Capital leases	(2,661,212) ✓
Note payable	(297,600) ✓
Compensated absences	(226,977) ✓
Landfill closure and postclosure care costs	<u>(2,706,694) ✓</u>

(5,957,684) ✓

\$ 87,736,979

Total long-term liabilities

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2008

	General Fund	Fire and Rescue	SPLOST 2003	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 6,857,635	\$ --	\$ --	\$ --	\$ 6,857,635
Other taxes	8,084,473	--	5,496,736	--	13,581,209
Licenses and permits	186,228	--	--	--	186,228
Intergovernmental	800,639	--	--	1,870,280	2,670,919
Charges for services	891,039	1,517,920	--	759,011	3,167,970
Fines and forfeitures	1,816,355	--	--	69,861	1,886,216
Investment income	47,242	2,665	132,109	852	182,868
Contributions and donations	1,420,088	--	--	6,000	1,426,088
Rental income	472,705	--	--	--	472,705
Miscellaneous	188,987	41,277	--	28,343	258,607
TOTAL REVENUES	<u>20,765,391</u>	<u>1,561,862</u>	<u>5,628,845</u>	<u>2,734,347</u>	<u>30,690,445</u>
EXPENDITURES					
Current:					
General government	3,554,899	--	4,750	19,919	3,579,568
Judicial	2,613,843	--	--	215,685	2,829,528
Sheriff	6,734,330	--	--	10,052	6,744,382
Public safety	1,150,267	1,567,286	--	1,207,670	3,925,223
Public works	3,632,886	--	--	251,669	3,884,555
Health and welfare	741,668	--	--	1,106,981	1,848,649
Culture and recreation	466,533	--	--	--	466,533
Housing and development	415,219	--	--	--	415,219
Capital outlay	--	--	2,274,915	819,446	3,094,361
Debt service:					
Principal retirement	357,134	217,542	4,115,000	--	4,689,676
Interest	95,111	85,447	90,156	--	270,714
Intergovernmental payments	--	--	753,444	--	753,444
TOTAL EXPENDITURES	<u>19,761,890</u>	<u>1,870,275</u>	<u>7,238,265</u>	<u>3,631,422</u>	<u>32,501,852</u>
Excess (deficiency) of revenues over expenditures	<u>1,003,501</u>	<u>(308,413)</u>	<u>(1,609,420)</u>	<u>(897,075)</u>	<u>(1,811,407)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,000	275,950	--	892,230	1,169,180
Transfers out	(973,518)	(195)	(291,241)	(1,000)	(1,265,954)
Sale of capital assets	63,377	--	--	--	63,377
TOTAL OTHER FINANCING SOURCES (USES)	<u>(909,141)</u>	<u>275,755</u>	<u>(291,241)</u>	<u>891,230</u>	<u>(33,397)</u>
Net changes in fund balance	94,360	(32,658)	(1,900,661)	(5,845)	(1,844,804)
Fund balances - beginning of year	7,396,640	(41,356)	3,458,186	171,036	10,984,506
Fund balances - end of year	<u>\$ 7,491,000</u>	<u>\$(74,014)</u>	<u>\$ 1,557,525</u>	<u>\$ 165,191</u>	<u>\$ 9,139,702</u>

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, 2008

Net changes in fund balances - total government funds	\$ (1,844,804) ✓
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 \$3,846,415 and the related depreciation expense was \$3,874,949	(28,534) ✓
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets.	(654,720) ✓
Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.	732,166 ✓
Fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.	(4,187) ✓
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	4,115,000 ✓
Amortization of bond issuance costs	(92,439) ✓
Amortization of bond premiums	15,777 ✓
Capital lease obligation payments	<u>574,677</u> ✓
Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.	4,613,015 ✓
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.	(1,616) ✓
Compensated absences	244,647 ✓
Accrued interest	50,836 ✓
Landfill closure and postclosure care costs	9,376 ✓
Change in net assets of governmental activities	<u>\$ 3,116,179</u> ✓

Net changes in fund balances - total government funds

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 \$3,846,415 and the related depreciation expense was \$3,874,949

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets.

Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.

Fire fees reported as revenue under the modified accrual basis, but not susceptible to accrual in the statement of net assets.

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
- Amortization of bond issuance costs
- Amortization of bond premiums
- Capital lease obligation payments

Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.

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
 - Accrued interest
 - Landfill closure and postclosure care costs
- Change in net assets of governmental activities

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
September 30, 2008

	Enterprise Fund
	Landfill
ASSETS	
CURRENT ASSETS	
Cash	\$ 418
Receivables, net of allowances	<u>31,144</u>
TOTAL CURRENT ASSETS	<u>31,562</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation:	
C and D landfill	2,464,688
Buildings and improvements	223,688
Equipment	<u>595,337</u>
Total capital assets, net of accumulated depreciation	<u>3,283,713</u>
TOTAL NONCURRENT ASSETS	<u>3,283,713</u>
TOTAL ASSETS	<u>3,315,275</u>
LIABILITIES	
CURRENT LIABILITIES	
Compensated absences	4,536
Capital lease payable - short-term	<u>103,395</u>
TOTAL CURRENT LIABILITIES	<u>107,931</u>
NONCURRENT LIABILITIES	
Capital lease payable - long-term	231,421
Landfill closure and postclosure care costs - long-term	<u>1,053,102</u>
TOTAL NONCURRENT LIABILITIES	<u>1,284,523</u>
TOTAL LIABILITIES	<u>1,392,454</u>
NET ASSETS	
Invested in capital assets, net of related debt	2,948,897
Unrestricted net assets (deficit)	<u>(1,026,076)</u>
TOTAL NET ASSETS	<u>\$ 1,922,821</u> ✓

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, 2008

	Enterprise Fund
	Landfill
OPERATING REVENUES	
Charges for services	\$ 910,628
Intergovernmental	<u>230,725</u>
TOTAL REVENUE	<u>1,141,353</u>
OPERATING EXPENSES	
Salaries	388,971
Employee benefits	159,467
Purchased services	570,513
Landfill closure/postclosure care costs	111,399
Professional fees	17,100
Repairs and maintenance	83,731
Depreciation	368,807
Supplies	<u>99,505</u>
TOTAL OPERATING EXPENSES	<u>1,799,493</u>
OPERATING INCOME (LOSS)	(<u>658,140</u>)
NONOPERATING REVENUES (EXPENSES)	
Interest expense on capital leases	(<u>21,490</u>)
TOTAL NONOPERATING REVENUES (EXPENSES)	(<u>21,490</u>)
TRANSFERS IN	<u>96,774</u>
CHANGE IN NET ASSETS	(582,856) ✓
Total net assets - beginning	<u>2,505,677</u> ✓
Total net assets - ending	<u>\$ 1,922,821</u> ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2008

	Enterprise Fund
	<u>Landfill</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,411,532
Payments to suppliers	(771,012)
Payments to employees	(548,438)
NET CASH PROVIDED BY OPERATING ACTIVITIES	92,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	96,774
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	96,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(69,457)
Principal paid on capital lease obligations	(97,909)
Interest paid on capital lease obligations	(21,490)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(188,856)
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)	\$(658,140) ✓
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	368,807
Provisions for losses on accounts receivable	13,557
Landfill closure/postclosure care costs	111,399
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	256,623
Increase (decrease) in accounts payable	--
Increase (decrease) in accrued expenses	(164)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 92,082 ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2008

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ --	\$ 4,221,675
Investments, at fair value:		
Guaranteed fixed income account	3,193,238	--
Mutual funds	<u>2,857,848</u>	<u> --</u>
TOTAL ASSETS	<u>6,051,086</u>	<u>4,221,675</u>
LIABILITIES		
Accounts payable	--	30,847
Due to other governments	--	740,159
Due to heirs, litigants, and others	<u> --</u>	<u>3,450,669</u>
TOTAL LIABILITIES	<u>6,051,086</u>	<u>4,221,675</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (see schedule of funding progress)	<u>\$ 6,051,086</u>	<u>\$ --</u>

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended September 30, 2008

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ <u>1,151,637</u>
Total contributions	<u>1,151,637</u>
Investment income:	
Interest	<u>535,748</u>
Net investment income	<u>535,748</u>
TOTAL ADDITIONS	<u>1,687,385</u>
DEDUCTIONS	
Benefits	733,504
Insurance premiums	<u>32,033</u>
Total deductions	<u>765,537</u>
CHANGE IN NET ASSETS	921,848
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Beginning of year	<u>5,129,238</u> ✓
End of year	<u>\$ 6,051,086</u> ✓

See accompanying notes to basic financial statements.

WALKER COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2008

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, 2008, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2008.

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 \$393,400 and \$276,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are \$5,500.

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 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, 2008.

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, 2008
Levy date	July 31, 2008
Due date	October 20, 2008
Delinquency date	December 20, 2008

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, 2008. 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, 2008, are categorized by custodial credit risk:

Cash	Category			Carrying Amount	Bank Balance	Weighted Average Maturity (Years)
	1	2	3			
Deposits with financial institutions	\$8,921,965	\$--	\$--	\$8,213,549 ✓	\$8,921,965	

Investment Type	Category			Carrying Amount	Credit Rating	Maturities	Weighted Average Maturity (Years)
	1	2	3				
<u>Primary Government</u>							
Georgia Fund 1	\$--	\$1,337,715	\$--	\$1,337,715 ✓	AAAm	less than 6 months	.11
<u>Fiduciary Fund</u>							
Guaranteed fixed income account	\$--	\$3,193,238	\$--	\$3,193,238	N/A	less than 6 months	
Open end mutual funds	--	2,857,848	--	2,857,848	N/A	less than 6 months	
	\$--	\$6,051,086	\$--	\$6,051,086 ✓			

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

The deposits of the County are included in the following classifications at September 30, 2008.

Primary government:	
Cash and cash equivalents	\$ 3,803,639 ✓
Restricted cash	188,235 ✓
Agency funds:	
Cash	<u>4,221,675</u> ✓
Total deposits with financial institutions	<u>\$ 8,213,549</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, 2008.

At June 30, 2008, cash consisted of the following:

Cash and cash equivalents	\$ <u>1,039,154</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 Fire and Rescue fund	\$ 5,722 ✓
General fund from SPLOST 2003 fund	53,261 ✓
General fund from nonmajor governmental funds	248,470 ✓
SPLOST 2003 fund from nonmajor governmental funds	282,453 ✓
Nonmajor governmental funds from General fund	207,916 ✓
Nonmajor governmental funds from SPLOST 2003	161,840 ✓
Nonmajor governmental funds from Fire and Rescue fund	<u>72,764</u> ✓
Total	\$ <u>1,032,426</u>
Due from:	
Other funds, Balance Sheet - Governmental Funds	\$ <u>1,032,426</u>
Total	\$ <u>1,032,426</u>

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

Interfund balances in the SPLOST 2003 fund are created by advances made for expenditures on a grant reimbursable project.

Interfund balances in the nonmajor governmental funds are created mainly by local matching requirements of grants and from payment of invoices on behalf of other funds.

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

Transfers To/From Other Funds

Transfers to/from other funds at September 30, 2008, consist of the following:

From the General fund to the Landfill fund for operating expenditures	\$ 96,774 ✓
From the General fund to the E911 fund for operating expenditures	340,599 ✓
From the General fund to the Grant fund for County matching requirements	21,065 ✓
From the General fund to the Transportation Fund for operating expenditures	239,130 ✓
From the General fund to the Fire and Rescue Fund to fund prior year EMS expenditures	275,950 ✓
From the Fire and Rescue fund to the Grant fund for County matching requirements	195 ✓
From the SPLOST 2003 fund to the CDBG fund for capital expenditures	161,840 ✓
From the SPLOST 2003 fund to the Grant fund for County matching requirements	129,401 ✓
From Food Pantry fund to the General Fund to close out fund	1,000 ✓
Total	\$ 1,265,954

NOTE D - CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifi- cations	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	\$ 648,387	\$1,326,500	\$ --	\$ --	\$ 1,974,887
Building	297,600	--	--	(297,600)	--
Construction in progress	498,933	--	--	(124,770)	374,163
Total capital assets not being depreciated	<u>1,444,920</u>	<u>1,326,500</u>	<u>--</u>	<u>(422,370)</u>	<u>2,349,050</u> ✓
Capital assets being depreciated:					
Infrastructure	88,779,351	816,582	--	--	89,595,933
Buildings and improvements	17,753,154	407,050	568,346	395,970	17,987,828
Equipment	2,421,217	188,916	401	--	2,609,732
Vehicles	10,115,577	1,015,704	1,270,523	26,400	9,887,158
Trucks and construction equipment	3,637,557	91,663	29,350	--	3,699,870
Total capital assets being depreciated	<u>122,706,856</u>	<u>2,519,915</u>	<u>1,868,620</u>	<u>422,370</u>	<u>123,780,521</u>
Less accumulated depreciation for:					
Infrastructure	30,363,499	2,102,417	--	--	32,465,916
Buildings and improvements	3,987,713	319,087	34,101	--	4,272,699
Equipment	1,014,951	251,487	322	--	1,266,116
Vehicles	6,740,868	948,776	1,114,325	--	6,575,319
Trucks and construction equipment	2,517,179	253,182	65,152	--	2,705,209
Total accumulated depreciation	<u>44,624,210</u>	<u>3,874,949</u>	<u>1,213,900</u>	<u>--</u>	<u>47,285,259</u>
Total capital assets being depreciated, net	<u>78,082,646</u>	<u>(1,355,034)</u>	<u>654,720</u>	<u>422,370</u>	<u>76,495,262</u> ✓
Governmental activity capital assets, net	<u>\$ 79,527,566</u> ✓	<u>\$ (28,534)</u>	<u>\$ 654,720</u> ✓	<u>\$ --</u>	<u>\$ 78,844,312</u>

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifi- cations</u>	<u>Ending Balances</u>
BUSINESS-TYPE ACTIVITIES:					
Landfill:					
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --
Capital assets being depreciated and amortized:					
C & D Landfill	4,806,437	26,284	--	--	4,832,721
Buildings and improvements	306,771	--	--	--	306,771
Machinery and equipment	472,518	35,095	--	--	507,613
Capital lease assets	1,118,842	--	--	--	1,118,842
Vehicles	47,377	--	6,900	--	40,477
Furniture and fixtures	1,028	--	--	--	1,028
Software	1,508	--	--	--	1,508
Computers, radios, and electronics	7,506	8,078	--	--	15,584
Total capital assets being depreciated and amortized	<u>6,761,987</u>	<u>69,457</u>	<u>6,900</u>	--	<u>6,824,544</u>
Less accumulated depreciation and amortization for:					
C & D Landfill	2,162,897	205,136	--	--	2,368,033
Buildings and improvements	75,344	7,739	--	--	83,083
Machinery and equipment	110,639	10,097	--	--	120,736
Capital lease assets	491,308	130,909	--	--	622,217
Vehicles	330,833	13,100	6,900	--	337,033
Furniture and fixtures	196	53	--	--	249
Software	848	287	--	--	1,135
Computers, radios, and electronics	6,859	1,486	--	--	8,345
Total accumulated depreciation and amortization	<u>3,178,924</u>	<u>368,807</u>	<u>6,900</u>	--	<u>3,540,831</u>
Total capital assets being depreciated, net	<u>3,583,063</u>	(299,350)	--	--	<u>3,283,713</u>
Business-type activities capital assets, net	<u>\$3,583,063</u> ✓	\$ (299,350)	\$ --	\$ --	<u>\$3,283,713</u> ✓

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
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>14,142</u>
Less accumulated depreciation for:				
Machinery and equipment	14,142	--	--	14,142
Total accumulated depreciation	<u>14,142</u>	--	--	<u>14,142</u>
Governmental activities capital assets, net	<u>\$ --</u> ✓	\$ --	\$ --	<u>\$ --</u> ✓

Depreciation expense was charged to governmental functions as follows:

General government	\$ 65,249
Judicial	65,907
Sheriff	257,752
Public safety	785,101
Public works	2,442,826
Health and welfare	205,912
Culture and recreation	39,249
Housing and development	12,953
	<u>\$3,874,949</u> ✓

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

NOTE E - DEFINED BENEFIT PENSION PLAN

Plan Description. Two hundred twenty-eight (228) 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 35 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 2007 has increased as a percentage of covered payroll from 11.53% in 2006 to 11.91% in 2007. 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, 2007 were \$1,195,458 and were made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2008, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2008, was \$7,266,593, and the total payroll was \$11,921,764.

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

<u>Year Ending</u>	<u>Employer Annual Pension Cost (APC)</u>	<u>Annual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net (EOY) Pension Obligation</u>
December 31, 2005	\$884,590	\$ 884,590	100.0%	--
December 31, 2006	918,196	921,222	100.0%	--
December 31, 2007	978,839	1,195,458	122.0%	--

Schedule of Funding Progress

<u>Actuarial Valuation for Plan Year Beginning January 1,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Frozen Entry Age Cost Method (b)</u>	<u>Unfunded Actuarial Accrued Liability (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll (b-a/c)</u>
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
2008	6,051,086	6,274,654	223,568	96.4	7,266,593	3.1

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	4.0%
Actuarial methods:	
Actuarial cost method	Frozen entry age
Amortization method	Level dollar
Asset valuation method	Market value
Valuation cost method	Frozen entry age with normal cost expressed as a percentage of covered payroll.

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

Plan Membership Data. As of January 1, 2008, 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	28
Active participants	<u>228</u>
Total	<u>266</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, 2008

	<u>Fair Value</u>	<u>% of Total</u>
Lincoln Financial Group:		
Guaranteed fixed income account	\$ 3,193,238	52.77%
Balanced account	1,422,126	23.50
Equity Growth account	795,072	13.14
Government/Corporate bond fund	<u>640,650</u>	<u>10.59</u>
 Total	 \$ <u>6,051,086</u>	 <u>100.00%</u>

NOTE F - DEFINED CONTRIBUTION PLAN

Effective January 1, 2007, the County established the Walker County Commissioner Employees 401(a) plan. The County will begin funding the plan in May 2009. This plan covers employees who are not covered under the defined benefit pension plan and has attained age 18 and completed one year of service. Walker County will contribute a percentage of gross wages based on the following contribution schedule:

<u>Age</u>	<u>Percent of Contribution</u>
Up to 30	3
30-40	4
40-50	5
50-60	6
60 and up	7

Plan participants vest 50% after five years of service and 100% after ten years of service. Forfeited funds are distributed equitably to all remaining participants in the plan.

The Walker County Deferred Compensation Plan is two defined contribution plans under Code Section 457(b) established by the County to provide benefits at retirement to all employees. Membership in the plans is voluntary. Employees can contribute up to the maximum allowed by law. Walker County makes no contributions to the plans. Plan provisions and contribution requirements are established and may be amended by the County Commissioner.

Plan 1 is administered by Nationwide Retirement Solutions. Participants and contributions for the 2008 plan year are:

Number of participants	16
Participant contributions	\$17,105

Plan 2 is administered by Lincoln Financial Group. Participants and contributions for the 2008 plan year are:

Number of participants	17
Participant contributions	\$58,246

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

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, 2008, 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, 2008, was \$21,859, net of any participant contributions. Five participants were eligible to receive benefits at September 30, 2008.

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, 2008.

	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Amounts Due Within One Year	Accrued Interest
GOVERNMENTAL ACTIVITIES						
Capital leases	\$ 3,235,889	\$ --	\$ 574,677	\$ 2,661,212 ✓	\$ 622,700	\$ 64,019
Bonds payable	4,130,777	--	4,130,777	--	--	--
Note payable	297,600	--	--	297,600 ✓	297,600	1,182
Compensated absences	536,487	43,265	47,146	532,606 ✓	318,670	--
Landfill closure/ postclosure costs	<u>2,716,070</u>	<u>--</u>	<u>9,376</u>	<u>2,706,694</u> ✓	<u>112,779</u>	<u>--</u>
	<u>10,916,823</u> ✓	<u>\$ 43,265</u>	<u>\$ 4,761,976</u>	<u>\$ 6,198,112</u>	<u>\$ 1,351,749</u>	<u>\$ 65,201</u>
BUSINESS-TYPE ACTIVITIES						
Landfill:						
Capital leases	432,725	--	97,909	✓ 334,816 ✓	103,395	\$ --
Compensated absences	4,536	--	--	4,536 ✓	4,536	--
Landfill closure/ postclosure costs	<u>941,702</u>	<u>111,400</u>	<u>--</u>	<u>1,053,102</u> ✓	<u>--</u>	<u>--</u>
	<u>\$ 1,378,963</u> ✓	<u>\$ 111,400</u>	<u>\$ 97,909</u>	<u>\$ 1,392,454</u>	<u>\$ 107,931</u>	<u>\$ --</u>

Compensated absences typically have been liquidated in the general and other governmental funds. The capital lease debt is paid by the fund leasing the corresponding assets. The 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

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. The bonds are payable from proceeds of the 2003 special purpose local option sales tax referendum. The bonds matured during fiscal year 2008.

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

The County purchased an office building at the corner of Duke and Wither Street, LaFayette, Georgia, with the note payable for \$297,600. The interest rate on the note payable is 5.0%. The note requires three monthly payments of \$25,682 beginning September 1, 2008 and one additional payment of \$224,901 due December 1, 2008. The September 1, 2008 payment was not made until October 3, 2008.

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 <u>Landfill</u>	<u>Total</u>
Buildings	\$ 3,562,705	\$ --	\$ 3,562,705
Vehicles and equipment	6,960,983	534,900	7,495,883
Total capital lease assets	10,523,688	534,900	11,058,588
Accumulated amortization	6,000,624	229,712	6,230,336
Capital lease assets, net	<u>\$ 4,523,064</u>	<u>\$ 305,188</u>	<u>\$ 4,828,252</u>

Future minimum lease payments at September 30, 2008, are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Business-type Activities Landfill</u>
2009	\$ 719,355	\$ 119,563
2010	732,056	119,563
2011	707,552	127,040
2012	302,990	--
2013	552,988	--
Total minimum lease payments	3,014,941	366,166
Less: Deferred interest	(353,729) ✓	(31,350) ✓
Present value minimum lease payments	<u>\$ 2,661,212</u> ✓	<u>\$ 334,816</u> ✓

The interest rates on the capitalized leases range from 4.75% 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, 2008, the County had no material excess of expenditures over appropriations in individual funds.

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

I.3 *Deficit Fund Balances*

The fire and rescue fund had a deficit fund balance of \$74,014 at September 30, 2008. This deficit will be eliminated through future charges for services.

The E911 fund had a deficit fund balance of \$1,556 at September 30, 2008. This deficit will be eliminated through future operating transfers from the general fund.

The transportation fund had a deficit fund balance of \$788 at September 30, 2008. This deficit will be eliminated through future operating transfers from the general fund.

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.

The County maintains a medical benefit plan to self-insure claims up to \$55,000 per year for each individual covered; claims above \$55,000 are covered by a stop-loss insurance policy. The County also had an aggregate stop-loss insurance policy which covers claims above \$198,763 monthly and \$2,385,000 annually. The County and its covered employees contribute to the fund to pay the claims and stop-loss

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

insurance premiums. At September 30, 2008, management believes that the County has made provisions sufficient to cover estimated claims, including claims incurred but not yet reported.

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, 2008, 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.

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, 2008, the County had incurred a liability of approximately \$1,053,102 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 49 percent of landfill capacity used to date. The remaining estimated liability for these costs is \$1,098,171 which will be recognized as the remaining capacity is used (estimated to be approximately 13 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, 2008, a liability for postclosure care costs is recorded in the amount of \$2,706,694 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.

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

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 - SUBSEQUENT EVENT

On December 11, 2008, the County issued \$8,630,000 in series 2008 general obligation sales tax bonds and \$15,355,000 in series 2009 general obligation sales tax bonds for capital outlay projects outlined in the special purpose local option sales tax referendum. The interest rate on the bonds range from 2.2% to 5.0% with principal payments due in amounts ranging from \$200,000 to \$3,785,000. Principal payments will begin January 2009 and mature in January 2015. Interest and principal are due semi-annually. The bonds are payable from proceeds of the 2008 special purpose local option sales tax referendum.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 7,371,500	\$ 6,857,635	\$ 6,857,635	\$ --
Other taxes	6,980,000	8,084,473	8,084,473	--
Licenses and permits	290,000	186,228	186,228	--
Intergovernmental	949,700	800,639	800,639	--
Charges for services	727,200	891,039	891,039	--
Fines and forfeitures	1,720,700	1,816,355	1,816,355	--
Investment income	50,000	47,242	47,242	--
Contributions and donations	--	1,420,088	1,420,088	--
Rental income	439,419	472,705	472,705	--
Miscellaneous	138,300	188,987	188,987	--
Total revenues	<u>18,666,819</u>	<u>20,765,391</u>	<u>20,765,391</u> ✓	<u>--</u>
EXPENDITURES				
Current:				
General government				
Governing body	647,100	798,808	798,808	--
Elections	288,409	300,844	300,844	--
Accounting	200,700	229,364	229,364	--
Licensing	8,100	8,100	8,100	--
Data processing	85,300	110,538	110,538	--
Tax commissioner	812,625	830,149	830,149	--
Tax assessor	628,600	712,589	712,589	--
Board of equalization	8,000	5,754	5,754	--
General government buildings and plant	365,100	321,944	321,944	--
Marsh Warthen house	5,400	15,049	15,049	--
Records management	82,955	83,113	83,113	--
General administration fees	77,423	64,404	64,404	--
Judicial				
Clerk of courts	688,515	726,367	726,367	--
Superior court	204,416	159,256	159,256	--
District attorney	311,270	174,961	174,961	--
State court	250,700	243,626	243,626	--
State court solicitor	180,600	185,818	185,818	--
Magistrate court	317,200	336,888	336,888	--
Probate court	261,500	277,842	277,842	--
Juvenile court	265,234	274,839	274,839	--
Grand jury	600	698	698	--
Public defender	207,277	171,339	171,339	--
Court reporter	55,550	62,209	62,209	--
Sheriff				
Law enforcement administration	412,801	911,606	911,606	--
Criminal investigation	741,400	779,578	779,578	--
Vice control	63,100	66,594	66,594	--
Patrol	1,857,900	2,023,113	2,023,113	--
Custody of prisoners	1,980,138	1,715,128	1,715,128	--
Champs program	199,350	181,893	181,893	--
Training	75,700	108,777	108,777	--
Special detail services	18,600	6,959	6,959	--
Sheriff's office and building	130,500	88,130	88,130	--
Court services	921,645	846,667	846,667	--
Bailiff	16,200	5,885	5,885	--
Public safety				
County police	389,160	373,710	373,710	--
Emergency Medical Services (EMS)	758,215	464,190	464,190	--
Coroner/medical examiner	57,775	80,630	80,630	--
Animal control	238,100	231,737	231,737	--

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended September 30, 2008
 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public works				
Highways and streets administration	\$ 500,000	\$1,310,346	\$1,310,346	\$ --
Paved street	500,000	951,675	951,675	--
Other maintenance	400,000	633,292	633,292	--
Bridges, viaducts, and grade separations	20,000	115	115	--
Traffic engineering	100,000	124,221	124,221	--
Closure and postclosure costs	91,200	140,693	140,693	--
Maintenance and shop	600,000	472,544	472,544	--
Health and welfare				
Public health administration	281,295	283,859	283,859	--
Mosquito control	5,550	17,180	17,180	--
Ambulance services	157,500	208,125	208,125	--
Indigent medical care	1,000	--	--	--
Health department building and plant	9,400	34,572	34,572	--
Welfare administration	--	300	300	--
Children's Crisis Center	10,000	10,000	10,000	--
Intergovernmental welfare payments	50,000	46,531	46,531	--
Food pantry	900	306	306	--
Other welfare payments	1,000	55,484	55,484	--
DEFACS building and plant	12,100	17,947	17,947	--
Meals on wheels	66,900	62,166	62,166	--
Senior center	7,500	5,198	5,198	--
Special projects	69,850	74,243	74,243	--
Culture and recreation				
Civic center	181,400	188,642	188,642	--
Agricultural center	32,400	21,110	21,110	--
Historical preservation	6,350	71,717	71,717	--
Library administration	143,750	184,763	184,763	--
Conservation administration	28,851	301	301	--
Housing and development				
County agent	79,250	57,853	57,853	--
Forest resources	--	11,032	11,032	--
Planning and zoning	267,432	213,090	213,090	--
Economic development administration	100,416	119,588	119,588	--
Economic development	--	13,656	13,656	--
Debt Service:				
Principal retirement	328,195	357,134	357,134	--
Interest	74,822	95,111	95,111	--
Total expenditures	<u>17,940,219</u>	<u>19,761,890</u>	<u>19,761,890</u> ✓	--
Excess (deficiency) of revenues over expenditures	<u>726,600</u>	<u>1,003,501</u>	<u>1,003,501</u> ✓	--
OTHER FINANCING SOURCES (USES)				
Transfers in	--	1,000	1,000	--
Transfers out	(726,600)	(973,518)	(973,518)	--
Sale of capital assets	--	63,377	63,377	--
Total other financing sources (uses)	<u>(726,600)</u>	<u>(909,141)</u>	<u>(909,141)</u> ✓	--
Net changes in fund balance	<u>\$ --</u>	<u>\$ 94,360</u>	94,360 ✓	<u>\$ --</u>
Fund balances - beginning of year			<u>7,396,640</u>	
Fund balance - end of year			<u>\$ 7,491,000</u> ✓	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FIRE & RESCUE FUND
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 1,600,000	\$ 1,517,920	\$ 1,517,920	\$ --
Investment income	--	2,665	2,665	--
Miscellaneous	--	<u>41,277</u>	<u>41,277</u>	--
Total revenues	<u>1,600,000</u>	<u>1,561,862</u>	<u>1,561,862</u> ✓	--
EXPENDITURES				
Current:				
Public safety	1,298,000	1,567,286	1,567,286	--
Debt Service:				
Principal retirement	217,000	217,542	217,542	--
Interest	<u>85,000</u>	<u>85,447</u>	<u>85,447</u>	--
Total expenditures	<u>1,600,000</u>	<u>1,870,275</u>	<u>1,870,275</u> ✓	--
Excess (deficiency) of revenues over expenditures	--	(308,413)	(308,413) ✓	--
OTHER FINANCING SOURCES (USES)				
Transfers in	--	275,950	275,950	--
Transfers out	--	(195)	(195)	--
Total other financing (uses)	--	<u>275,755</u>	<u>275,755</u> ✓	--
Excess (deficiency) of revenues over (under) expenditures and other uses	\$ --	\$ (32,658)	(32,658) ✓	\$ --
Fund balance - beginning of year			(41,356)	
Fund balance - end of year			<u>\$ (74,014)</u> ✓	

WALKER COUNTY, GEORGIA
 DEFINED BENEFIT PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN
 September 30, 2008

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)
01/01/99	\$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%
01/01/08	6,051,086	6,274,654	223,568	96.4%	7,266,593	3.1%

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, 2008

<u>Plan Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
12/31/98	\$440,693	\$ 532,518	120.8%
12/31/99	448,758	469,203	104.6%
12/31/00	522,290	560,921	107.4%
12/31/01	475,741	551,981	116.3%
12/31/02	548,884	549,758	100.0%
12/31/03	650,888	650,888	100.0%
12/31/04	771,765	771,765	100.0%
12/31/05	884,590	884,590	100.0%
12/31/06	918,196	921,222	100.0%
12/31/07	978,839	1,195,458	122.0%

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	1/1/2008
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	4.0%

WALKER COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2008

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, 2008

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash	\$ 78,819	\$ 4,397	\$ 83,216
Accounts receivable	77,947	--	77,947
Due from other funds	280,680	161,840	442,520
Due from other governments	<u>125,586</u>	<u>--</u>	<u>125,586</u>
TOTAL ASSETS	<u>\$ 563,032</u>	<u>\$ 166,237</u>	<u>\$ 729,269</u> ✓
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,669	\$ --	\$ 7,669
Due to other funds	364,686	166,237	530,923
Deferred revenue	<u>25,486</u>	<u>--</u>	<u>25,486</u>
TOTAL LIABILITIES	<u>397,841</u>	<u>166,237</u>	<u>564,078</u> ✓
FUND BALANCES			
Unreserved, reported in:			
Special revenue funds	<u>165,191</u>	<u>--</u>	<u>165,191</u>
TOTAL FUND BALANCES	<u>165,191</u>	<u>--</u>	<u>165,191</u> ✓
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 563,032</u>	<u>\$ 166,237</u>	<u>\$ 729,269</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Intergovernmental	\$ 1,212,674	\$ 657,606	\$ 1,870,280
Charges for services	759,011	--	759,011
Fines and forfeitures	69,861	--	69,861
Investment income	852	--	852
Contributions and donations	6,000	--	6,000
Miscellaneous	<u>28,343</u>	<u>--</u>	<u>28,343</u>
Total	<u>2,076,741</u>	<u>657,606</u>	<u>2,734,347</u> ✓
EXPENDITURES			
CURRENT			
General government	19,919	--	19,919
Judicial	215,685	--	215,685
Sheriff	10,052	--	10,052
Public safety	1,207,670	--	1,207,670
Public works	251,669	--	251,669
Health and welfare	1,106,981	--	1,106,981
Capital outlay	<u>--</u>	<u>819,446</u>	<u>819,446</u>
Total	<u>2,811,976</u>	<u>819,446</u>	<u>3,631,422</u> ✓
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>735,235</u>)	(<u>161,840</u>)	(<u>897,075</u>) ✓
OTHER FINANCING SOURCES (USES)			
Transfers in	730,390	161,840	892,230
Transfers out	(<u>1,000</u>)	<u>--</u>	(<u>1,000</u>)
TOTAL OTHER FINANCING SOURCES (USES)	<u>729,390</u>	<u>161,840</u>	<u>891,230</u> ✓
NET CHANGES IN FUND BALANCE	(5,845)	--	(5,845) ✓
FUND BALANCES - BEGINNING OF YEAR	<u>171,036</u>	<u>--</u>	<u>171,036</u>
FUND BALANCES - END OF YEAR	<u>\$ 165,191</u>	<u>\$ --</u>	<u>\$ 165,191</u> ✓

WALKER COUNTY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 September 30, 2008

	<u>B911</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>Transportation</u>	<u>Total</u>
ASSETS										
Cash	\$ --	\$ 38,078	\$ 39,541	\$ --	\$ 1,000	\$ --	\$ --	\$ 200	\$ --	\$ 78,819
Accounts receivable	75,508	--	--	--	--	--	--	--	2,439	77,947
Due from other funds	--	--	--	586	3,507	72,407	204,180	--	--	280,680
Due from other governments	--	--	--	--	11,186	--	114,400	--	--	125,586
TOTAL ASSETS	\$ 75,508	\$ 38,078	\$ 39,541	\$ 586	\$ 15,693	\$ 72,407	\$ 318,580	\$ 200	\$ 2,439	\$ 563,032
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 7,469	\$ 200	\$ --	\$ 7,669
Due to other funds	77,064	--	1,942	--	--	--	282,453	--	3,227	364,686
Deferred revenue	--	--	--	--	--	--	25,486	--	--	25,486
TOTAL LIABILITIES	77,064	--	1,942	--	--	--	315,408	200	3,227	397,841
FUND BALANCES										
Unreserved, reported in:										
Special revenue funds	(1,556)	38,078	37,599	586	15,693	72,407	3,172	--	(788)	165,191
TOTAL FUND BALANCES	(1,556)	38,078	37,599	586	15,693	72,407	3,172	--	(788)	165,191
TOTAL LIABILITIES AND FUND BALANCE	\$ 75,508	\$ 38,078	\$ 39,541	\$ 586	\$ 15,693	\$ 72,407	\$ 318,580	\$ 200	\$ 2,439	\$ 563,032

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended September 30, 2008

	E911	Law Library	Court Supervision	HEAT Program	Connection	Forfeiture	Multiple Grant	Food Pantry	Trans- portation	Total
REVENUES										
Intergovernmental	\$ --	\$ --	\$ --	\$ --	\$ 50,469	\$ --	\$ 417,678	\$ --	\$ 744,527	\$ 1,212,674
Charges for services	690,658	--	--	--	--	--	--	--	68,353	759,011
Fines and forfeitures	--	30,854	11,500	--	--	27,507	--	--	--	69,861
Investment income	--	225	627	--	--	--	--	--	--	852
Contributions and donations	--	--	--	--	--	--	6,000	--	--	6,000
Miscellaneous	--	--	--	--	--	28,343	--	--	--	28,343
TOTAL	<u>690,658</u>	<u>31,079</u>	<u>12,127</u>	<u>--</u>	<u>50,469</u>	<u>55,850</u>	<u>423,678</u>	<u>--</u>	<u>812,880</u>	<u>2,076,741</u>
EXPENDITURES										
CURRENT										
General government	--	--	--	--	--	--	19,919	--	--	19,919
Judicial	--	23,953	7,735	--	--	58,053	125,944	--	--	215,685
Sheriff	--	--	--	--	--	--	10,052	--	--	10,052
Public safety	1,032,813	--	--	--	--	--	174,857	--	--	1,207,670
Public works	--	--	--	--	--	--	251,669	--	--	251,669
Health and welfare	--	--	--	--	50,501	--	--	3,682	1,052,798	1,106,981
Total	<u>1,032,813</u>	<u>23,953</u>	<u>7,735</u>	<u>--</u>	<u>50,501</u>	<u>58,053</u>	<u>582,441</u>	<u>3,682</u>	<u>1,052,798</u>	<u>2,811,976</u>
Excess (deficiency) of revenues over expenditures	(342,155)	7,126	4,392	--	(32)	(2,203)	(158,763)	(3,682)	(239,918)	(735,235)
Other financing sources (uses)										
Transfers in	340,599	--	--	--	--	--	150,661	--	239,130	730,390
Transfers out	--	--	--	--	--	--	--	(1,000)	--	(1,000)
Total other financing sources (uses)	<u>340,599</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>150,661</u>	<u>(1,000)</u>	<u>239,130</u>	<u>729,390</u>
Net changes in fund balances	(1,556)	7,126	4,392	--	(32)	(2,203)	(8,102)	(4,682)	(788)	(5,845)
Fund balances - beginning of year	--	30,952	33,207	586	15,725	74,610	11,274	4,682	--	171,036
Fund balances - end of year	<u>\$ (1,556)</u>	<u>\$ 38,078</u>	<u>\$ 37,599</u>	<u>\$ 586</u>	<u>\$ 15,693</u>	<u>\$ 72,407</u>	<u>\$ 3,172</u>	<u>\$ --</u>	<u>\$ (788)</u>	<u>\$ 165,191</u>

WALKER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
September 30, 2008

	<u>Capital Projects Fund</u>
ASSETS	
Cash	\$ 4,397
Due from other funds	<u>161,840</u>
TOTAL ASSETS	<u>\$ 166,237</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Due to other funds	\$ <u>166,237</u>
TOTAL LIABILITIES	<u>166,237</u>
FUND BALANCES	
Unreserved, reported in:	
Capital projects funds	<u> --</u>
TOTAL FUND BALANCES	<u> --</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 166,237</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE
 NONMAJOR CAPITAL PROJECTS FUND
 For the Year Ended September 30, 2008

	<u>Capital Projects Fund</u>
REVENUES	
Intergovernmental	\$ <u>657,606</u>
Total	<u>657,606</u>
EXPENDITURES	
Capital outlay	<u>819,446</u>
Total	<u>819,446</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>161,840</u>)
OTHER FINANCING SOURCES	
Transfers in	<u>161,840</u>
TOTAL OTHER FINANCING SOURCES	<u>161,840</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, 2008

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Judge</u>	<u>Magistrate Judge</u>	<u>SPLOST 2</u>	<u>Total</u>
ASSETS						
Cash	\$ 582,139	\$ 3,517,291	\$ 16,322	\$ 25,494	\$ 80,429	\$ 4,221,675
TOTAL ASSETS	<u>582,139</u>	<u>3,517,291</u>	<u>16,322</u>	<u>25,494</u>	<u>80,429</u>	<u>4,221,675</u>
LIABILITIES						
Accounts payable	9,690	--	--	21,157	--	30,847
Due to other governments	572,449	82,114	830	4,337	80,429	740,159
Due to heirs, litigants, and others	--	3,435,177	15,492	--	--	3,450,669
TOTAL LIABILITIES	<u>582,139</u>	<u>3,517,291</u>	<u>16,322</u>	<u>25,494</u>	<u>80,429</u>	<u>4,221,675</u>
NET ASSETS	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 1,159,706	\$41,211,079	\$38,149,110	\$ 4,221,675
Total Assets	<u>\$ 1,159,706</u>	<u>\$41,211,079</u>	<u>\$38,149,110</u>	<u>\$ 4,221,675</u>
LIABILITIES				
Accounts payable	\$ 35,670	\$ 475,427	\$ 480,250	\$ 30,847
Due to other governments	499,156	27,201,733	26,960,730	740,159
Due to heirs, litigants, and others	<u>624,880</u>	<u>3,083,581</u>	<u>257,792</u>	<u>3,450,669</u>
Total liabilities	<u>1,159,706</u>	<u>30,760,741</u>	<u>27,698,772</u>	<u>4,221,675</u>
Net Assets	<u>\$ ---</u>	<u>\$10,450,338</u>	<u>\$10,450,338</u>	<u>\$ ---</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 309,298	\$36,792,344	\$36,519,503	\$ 582,139
Total Assets	\$ 309,298	\$36,792,344	\$36,519,503	\$ 582,139
LIABILITIES				
Accounts payable	\$ --	\$ 249,475	\$ 239,785	\$ 9,690
Due to other governments	309,298	25,990,179	25,727,028	572,449
Total Liabilities	309,298	26,239,654	25,966,813	582,139
NET ASSETS	\$ --	\$10,552,690	\$10,552,690	\$ --

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CLERK OF COURTS

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ <u>687,441</u>	\$ <u>3,974,974</u>	\$ <u>1,145,124</u>	\$ <u>3,517,291</u>
Total assets	\$ <u>687,441</u>	\$ <u>3,974,974</u>	\$ <u>1,145,124</u>	\$ <u>3,517,291</u>
LIABILITIES				
Accounts payable	19,923	25,137	45,060	--
Due to other governments	63,868	1,150,056	1,131,810	82,114
Due to heirs, litigants, and others	<u>603,650</u>	<u>3,073,637</u>	<u>242,110</u>	<u>3,435,177</u>
Total liabilities	<u>687,441</u>	<u>4,248,830</u>	<u>1,418,980</u>	<u>3,517,291</u>
NET ASSETS	\$ <u>--</u>	\$ (<u>273,856</u>)	\$ (<u>273,856</u>)	\$ <u>--</u>

WALKER COUNTY, GEORGIA
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 PROBATE JUDGE

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 21,830	\$ 86,518	\$ 92,026	\$ 16,322
Total assets	<u>\$ 21,830</u>	<u>\$ 86,518</u>	<u>\$ 92,026</u>	<u>\$ 16,322</u>
LIABILITIES				
Due to other governments	\$ 600	\$ 9,085	\$ 8,855	\$ 830
Due to heirs, litigants, and others	<u>21,230</u>	<u>9,944</u>	<u>15,682</u>	<u>15,492</u>
Total liabilities	<u>21,830</u>	<u>19,029</u>	<u>24,537</u>	<u>16,322</u>
NET ASSETS	<u>--</u>	<u>\$ 67,489</u>	<u>\$ 67,489</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MAGISTRATE JUDGE

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 19,411	\$ 356,032	\$ 349,949	\$ 25,494
Total assets	<u>\$ 19,411</u>	<u>\$ 356,032</u>	<u>\$ 349,949</u>	<u>\$ 25,494</u>
LIABILITIES				
Accounts payable	\$ 15,747	\$ 200,815	\$ 195,405	\$ 21,157
Due to other governments	<u>3,664</u>	<u>51,202</u>	<u>50,529</u>	<u>4,337</u>
Total liabilities	<u>19,411</u>	<u>252,017</u>	<u>245,934</u>	<u>25,494</u>
NET ASSETS	<u>\$ --</u>	<u>\$ 104,015</u>	<u>\$ 104,015</u>	<u>\$ --</u>

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SPLOST 2

For the Year Ended September 30, 2008

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
ASSETS				
Cash	\$ 121,726	\$ 1,211	\$ 42,508	\$ 80,429
Total assets	<u>\$ 121,726</u>	<u>\$ 1,211</u>	<u>\$ 42,508</u>	<u>\$ 80,429</u>
LIABILITIES				
Due to other governments	\$ 121,726	\$ 1,211	\$ 42,508	\$ 80,429
Total liabilities	<u>121,726</u>	<u>1,211</u>	<u>42,508</u>	<u>80,429</u>
NET ASSETS	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

WALKER COUNTY, GEORGIA
 STATEMENT OF EXPENDITURES TO BUDGET
 FAMILY CONNECTION PROGRAM
 CONTRACT 427-93-08080310-99

CONTRACT PERIOD: JULY 1, 2007 - JUNE 30, 2008

<u>Expenditure Type</u>	<u>Family Connection Budget</u>	<u>Contract Expenditures</u>	<u>(Over)/Under Budget</u>
Personal services	\$ --	\$ --	\$ --
Regular operating	3,802	3,657	145
Travel - staff	--	--	--
Equipment	--	--	--
Per diem, fees, and contracts	44,848	45,036	(188)
Telecommunications	1,350	1,249	101
Other support to customers	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 50,000</u>	<u>\$ 49,942</u>	<u>\$ 58</u>

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E911

For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	\$ 890,278	\$ 690,658	\$ 690,658	\$ --
Total Revenues	<u>890,278</u>	<u>690,658</u>	<u>690,658</u>	<u>--</u>
EXPENDITURES				
Current				
Public safety	<u>890,278</u>	<u>1,032,813</u>	<u>1,032,813</u>	<u>--</u>
Total Expenditures	<u>890,278</u>	<u>1,032,813</u>	<u>1,032,813</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>(342,155)</u>	<u>(342,155)</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>--</u>	<u>340,599</u>	<u>340,599</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>340,599</u>	<u>340,599</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ (1,556)</u>	<u>(1,556)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>--</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ (1,556)</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 LAW LIBRARY
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 40,000	\$ 30,854	\$ 30,854	\$ --
Investment income	<u> --</u>	<u> 225</u>	<u> 225</u>	<u> --</u>
Total Revenues	<u>40,000</u>	<u>31,079</u>	<u>31,079</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u>40,000</u>	<u>23,953</u>	<u>23,953</u>	<u> --</u>
Total Expenditures	<u>40,000</u>	<u>23,953</u>	<u>23,953</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u> 7,126</u>	<u> 7,126</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ 7,126</u>	<u> 7,126</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>30,952</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 38,078</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 COURT SUPERVISION
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 10,000	\$ 11,500	\$ 11,500	\$ --
Investment income	<u> --</u>	<u> 627</u>	<u> 627</u>	<u> --</u>
Total Revenues	<u>10,000</u>	<u>12,127</u>	<u>12,127</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u>10,000</u>	<u>7,735</u>	<u>7,735</u>	<u> --</u>
Total Expenditures	<u>10,000</u>	<u>7,735</u>	<u>7,735</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u>4,392</u>	<u>4,392</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ 4,392</u>	4,392	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>33,207</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 37,599</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 HEAT Program
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions and donations	\$ 15,000	\$ --	\$ --	\$ --
Total Revenues	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES				
Current				
Public safety	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ --</u>	<u>--</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>586</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 586</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 CONNECTION
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 50,000	\$ 50,469	\$ 50,469	\$ --
Total Revenues	<u>50,000</u>	<u>50,469</u>	<u>50,469</u>	<u> --</u>
EXPENDITURES				
Current				
Health and welfare	<u>50,000</u>	<u>50,501</u>	<u>50,501</u>	<u> --</u>
Total Expenditures	<u>50,000</u>	<u>50,501</u>	<u>50,501</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u>(32)</u>	<u>(32)</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ (32)</u>	<u>(32)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>15,725</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 15,693</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FORFEITURE
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Fines and forfeitures	\$ 3,882	\$ 27,507	\$ 27,507	\$ --
Miscellaneous	<u> --</u>	<u>28,343</u>	<u>28,343</u>	<u> --</u>
Total Revenues	<u>3,882</u>	<u>55,850</u>	<u>55,850</u>	<u> --</u>
EXPENDITURES				
Current				
Judicial	<u>59,400</u>	<u>58,053</u>	<u>58,053</u>	<u> --</u>
Total Expenditures	<u>59,400</u>	<u>58,053</u>	<u>58,053</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>55,518</u>)	(<u>2,203</u>)	(<u>2,203</u>)	<u> --</u>
NET CHANGES IN FUND BALANCE	\$ (<u>55,518</u>)	\$ (<u>2,203</u>)	(<u>2,203</u>)	\$ <u> --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>74,610</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 72,407</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 MULTIPLE GRANT
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$1,152,064	\$ 417,678	\$ 417,678	\$ --
Contributions and donations	<u> --</u>	<u> 6,000</u>	<u> 6,000</u>	<u> --</u>
Total Revenues	<u>1,152,064</u>	<u>423,678</u>	<u>423,678</u>	<u> --</u>
EXPENDITURES				
Current				
General government	40,000	19,919	19,919	--
Judicial	129,343	125,944	125,944	--
Sheriff	--	10,052	10,052	--
Public safety	306,550	174,857	174,857	--
Public works	683,000	251,669	251,669	--
Culture and recreation	45,000	--	--	--
Intergovernmental payment	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total Expenditures	<u>1,203,893</u>	<u>582,441</u>	<u>582,441</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>51,829</u>)	(<u>158,763</u>)	(<u>158,763</u>)	<u> --</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>51,829</u>	<u>150,661</u>	<u>150,661</u>	<u> --</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>51,829</u>	<u>150,661</u>	<u>150,661</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ (8,102)</u>	<u>(8,102)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u>11,274</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ 3,172</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 FOOD PANTRY
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Contributions and donations	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total Revenues	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
EXPENDITURES				
Current				
Health and welfare	<u> --</u>	<u> 3,682</u>	<u> 3,682</u>	<u> --</u>
Total Expenditures	<u> --</u>	<u> 3,682</u>	<u> 3,682</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u>(3,682)</u>	<u>(3,682)</u>	<u> --</u>
OTHER FINANCING SOURCES				
Transfers out	<u> --</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u> --</u>
Total Other Financing Sources	<u> --</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u> --</u>
NET CHANGES IN FUND BALANCE	<u>\$ --</u>	<u>\$ (4,682)</u>	<u>(4,682)</u>	<u>\$ --</u>
FUND BALANCES - BEGINNING OF YEAR			<u> 4,682</u>	
FUND BALANCES - ENDING OF YEAR			<u>\$ --</u>	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 222,333	\$ 744,527	\$ 744,527	\$ --
Charges for services	<u>49,408</u>	<u>68,353</u>	<u>68,353</u>	<u>--</u>
Total Revenues	<u>271,741</u>	<u>812,880</u>	<u>812,880</u>	<u>--</u>
EXPENDITURES				
Current				
Health and welfare	<u>494,074</u>	<u>1,052,798</u>	<u>1,052,798</u>	<u>--</u>
Total Expenditures	<u>494,074</u>	<u>1,052,798</u>	<u>1,052,798</u>	<u>--</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(<u>222,333</u>)	(<u>239,918</u>)	(<u>239,918</u>)	<u>--</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>222,333</u>	<u>239,130</u>	<u>239,130</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>222,333</u>	<u>239,130</u>	<u>239,130</u>	<u>--</u>
NET CHANGES IN FUND BALANCE	\$ <u> --</u>	\$ (<u> 788</u>)	(<u> 788</u>)	\$ <u> --</u>
FUND BALANCES - BEGINNING OF YEAR			<u> --</u>	
FUND BALANCES - ENDING OF YEAR			\$ (<u> 788</u>)	

WALKER COUNTY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 For the Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ <u>1,400,080</u>	\$ <u>1,400,080</u>	\$ <u>657,606</u>	\$(<u>742,474</u>)
Total Revenues	<u>1,400,080</u>	<u>1,400,080</u>	<u>657,606</u>	<u>(742,474)</u>
EXPENDITURES				
Capital outlay	<u>1,400,080</u>	<u>1,400,080</u>	<u>819,446</u>	<u>(583,634)</u>
Total Expenditures	<u>1,400,080</u>	<u>1,400,080</u>	<u>819,446</u>	<u>(583,634)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> --</u>	<u> --</u>	<u>(161,840)</u>	<u>(161,840)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u> --</u>	<u> --</u>	<u>161,840</u>	<u>161,840</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u> --</u>	<u>161,840</u>	<u>161,840</u>
NET CHANGES IN FUND BALANCE	\$ <u> --</u>	\$ <u> --</u>	<u> --</u>	\$ <u> --</u>
FUND BALANCES - BEGINNING OF YEAR			<u> --</u>	
FUND BALANCES - ENDING OF YEAR			\$ <u> --</u>	

COMPLIANCE

**BURK PEARLMAN
NEBBEN & HUGGINS, PLLC**
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, 2008, 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 March 31, 2009. 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 Walker County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Walker County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, 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 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 06-2 and 07-1 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.

Burt, Pumphrey, Nelson, Higgins, PLLC

Chattanooga, Tennessee
March 31, 2009

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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, 2008. 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 \$199,873 in federal awards which is not included in the schedule during the year ended June 30, 2008. 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, 2008.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Walker County, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Walker County, Georgia's 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
March 31, 2009

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2008

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

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, 2008

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 Previously reported corrective action plan implemented. The finding is closed.
- 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 Previously reported corrective action plan implemented. The finding is closed.
- 06-1 Previously reported corrective action plan implemented. The finding is closed.
- 06-2 The County has failed to implement the corrective action plan. The employee personnel files do not contain all necessary documentation.
- 07-1 The County has failed to implement the corrective action plan. Journal entries were made during the audit to adjust balance sheet accounts due to there again being a delay in receipt of the necessary information by the accounting department.

WALKER COUNTY, GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2008

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:

CFDA Number	Name of Federal Programs or Cluster
20.509	U.S. Department of Transportation Transit Operating Assistance
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, 2008
(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 90-91.

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.

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 90-91.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2008
(Continued)

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 90-91.

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, 2008
(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 90-91.

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, 2008

Project	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Water and sewer projects	\$ 5,000,000	\$ 2,424,193	\$ 454,564	\$ 2,878,757	58%
Fire hydrants	500,000	449,813	7,049	456,862	91
Emergency services	4,500,000	3,930,241	256,308	4,186,549	93
Technology	500,000	642,786	--	642,786	100
Animal shelter	300,000	578,780	--	578,780	100
Historical projects	200,000	319,332	--	319,332	100
Recreation	500,000	282,625	37,676	320,301	64
Roads, bridges, and road department equipment	4,875,000	6,230,726	1,808,314	8,039,040	100
Building construction and improvements	250,000	525,369	2,244	527,613	100
Industrial park improvements	4,000,000	556,907	--	556,907	14
Total for all projects	\$20,625,000	\$15,940,772	\$ 2,566,155	\$18,506,927	