WALKER COUNTY, GEORGIA

LaFayette, Georgia

ANNUAL FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended September 30, 2013

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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INDEPENDENT AUDITORS' REPORT

Commissioner
Walker County, Georgia
LaFayette, Georgia:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Walker County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, Walker County Health Department, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Walker County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 16 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page vi through xiv and 39 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walker County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the Schedule of Projects constructed with Special Purpose Local Option Sales Tax proceeds as required by Georgia code section OCGA 48-8-121 are also not a required part of the basic financial statements.

The schedule of grant activities on page 56, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the Schedule of Projects constructed with Special Purposes Local Option Sales Tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditors, the information is 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2014, 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walker County, Georgia's internal control over financial reporting and compliance.

Johnson, Nickey & Meacham, P.C.

July 2, 2014
Chattanooga, Tennessee

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, 2013. Please read it in conjunction with the County's financial statements which follow this analysis.

FINANCIAL HIGHLIGHTS

- The assets of Walker County exceeded its liabilities and deferred inflow of resources at September 30, 2013 by $82,363,774 (Net Position), a decrease of $1,135,897 from the prior year. Of this amount, $2,486,859 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- In the County's business-type activities, expenditures exceeded revenues by $643,776. Revenues were insufficient to recoup costs largely due to high depreciation expense and accrued postclosure costs. An operating transfer from the general fund was made to cover most of the loss.

- The County's governmental activities reported combining ending net position of $77,837,326, a decrease of $1,940,194 over the prior year net position. Of this amount, $4,075,793 remains in the various funds as unrestricted.

- Debt decreased by $1,694,114. This was primarily due to a bond payment of $4,115,114, a net increase in leases of $15,811, retirement of a tax anticipation note for $1,650,000 and the addition of a tax anticipation note for $4,000,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 3. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as trustee or agent for the benefit of those outside the government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

These two statements report the County's net position and changes in them. One can think of the County's net position – the difference between assets and its liabilities and deferred inflow of resources – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. 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 Position and the Statement of Activities, we divide the County into the following:

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

Business-type activities – The County charges fees to customers to cover the cost of operations for its enterprise funds. The county maintains two enterprise funds. The landfill maintains the County transfer station, the construction and demolition landfill, and the solid waste landfill, which was closed in 1998. Under federal guidelines, the County must maintain the solid waste landfill for 30 years after it is closed. The special facilities fund operates the Mountain Cove convention and recreation area. It is being developed to host weddings, small conventions and for leisure outings.

Component unit – The County includes the following separate entity in its report – Walker County Health Department. Although legally separate, this "component unit" is included because the County is financially accountable and provides operating and capital funding as well as oversight. The Health Department has a June 30 year end. Complete financial statements of the Health Department can be obtained from their office: 603 E. Villanow St., LaFayette, Georgia 30728.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements provide more information about 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.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, the County's assets exceeded its liabilities and deferred inflow of resources by $82,363,774. This excess is divided into three net position categories. Investment in capital assets less any outstanding debt used to acquire these assets that is still outstanding is one of the components of net position. Walker County uses these assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted, the balance of which is subject to external restrictions. The other component is unrestricted net position. The amount in this category normally represents amounts that may be used to meet the ongoing obligations to its citizens and creditors. The balance at September 30, 2013, is $2,486,859 which may be used to meet the County's ongoing obligations.

Net Position
September 30, 2013 and 2012

	Governmental Activities		Business -type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	$ 19,414,052	$ 19,741,221	$ 183,129	$ 152,403	$ 19,597,181	$ 19,893,624
Capital assets	81,384,081	84,134,340	6,231,124	5,294,658	87,615,205	89,428,998
Total assets	$ 100,798,133	$ 103,875,561	$ 6,414,253	$ 5,447,061	$ 107,212,386	$ 109,322,622
Liabilities						
Long-term liabilities	$ 20,080,285	$ 21,880,525	$ 1,828,307	$ 1,722,111	$ 21,908,592	$ 23,602,636
Other liabilities	2,171,949	1,930,353	59,498	2,799	2,231,447	1,933,152
Total liabilities	$ 22,252,234	$ 23,810,878	$ 1,887,805	$ 1,724,910	$ 24,140,039	$ 25,535,788
Deferred inflow of resources						
Unavailable revenue	$ 708,573	$ 22,906	$ -	$ -	$ 708,573	$ 22,906
Total deferred inflows	$ 708,573	$ 22,906	$ -	$ -	$ 708,573	$ 22,906
Net position						
Net investment in capital assets	$ 68,329,627	$ 66,839,972	$ 6,115,382	$ 5,141,430	$ 74,445,009	$ 71,981,402
Restricted	5,431,906	5,492,920	-	-	5,431,906	5,492,920
Unrestricted	4,075,793	7,708,885	(1,588,934)	(1,419,279)	2,486,859	6,289,606
Total net position	$ 77,837,326	$ 80,041,777	$ 4,526,448	$ 3,722,151	$ 82,363,774	$ 83,763,928

Net position of the County's governmental activities decreased by $2,204,451 while the net position of the business type activities increased by $804,297. The County's two business activities are the Walker County Landfill and the Special Facilities recreation area. The landfill operated at a loss due to closure and depreciation expense while the Special Facilities had a loss due to renovation of property and initial startup costs.

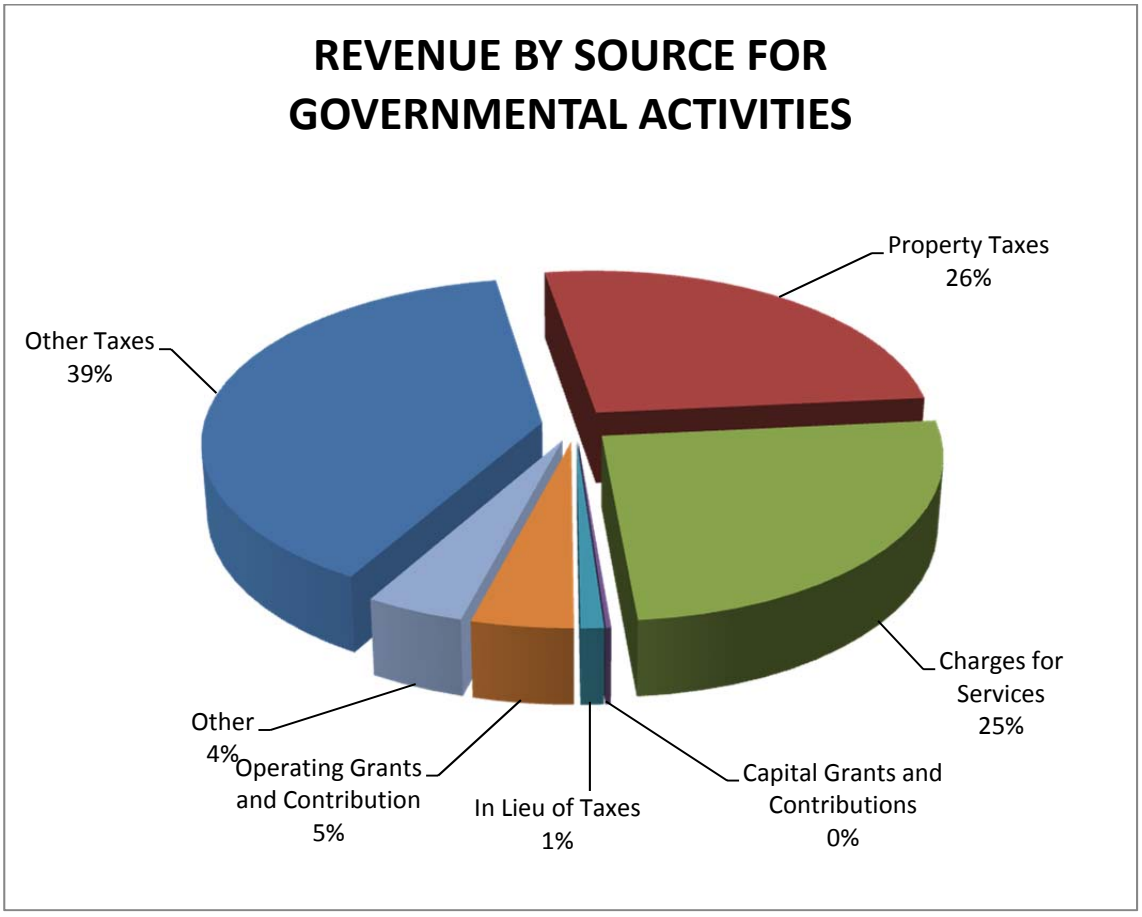
Walker County's overall revenue was down 9% in 2013 compared to 2012. Property tax revenue increased 6%, and sales tax revenue decreased 11%. Approximately 28% of the County's total revenue from governmental activities came from sales tax and 26% from property tax. Charges for services amounted to about 26% of governmental revenue with grants and contributions contributing approximately 4%.

The County's largest expenditures are for Public Safety (26%), Sheriff (22%), Public Works (15%), Judicial (9%) and Health and welfare (7%) of total governmental expenses.

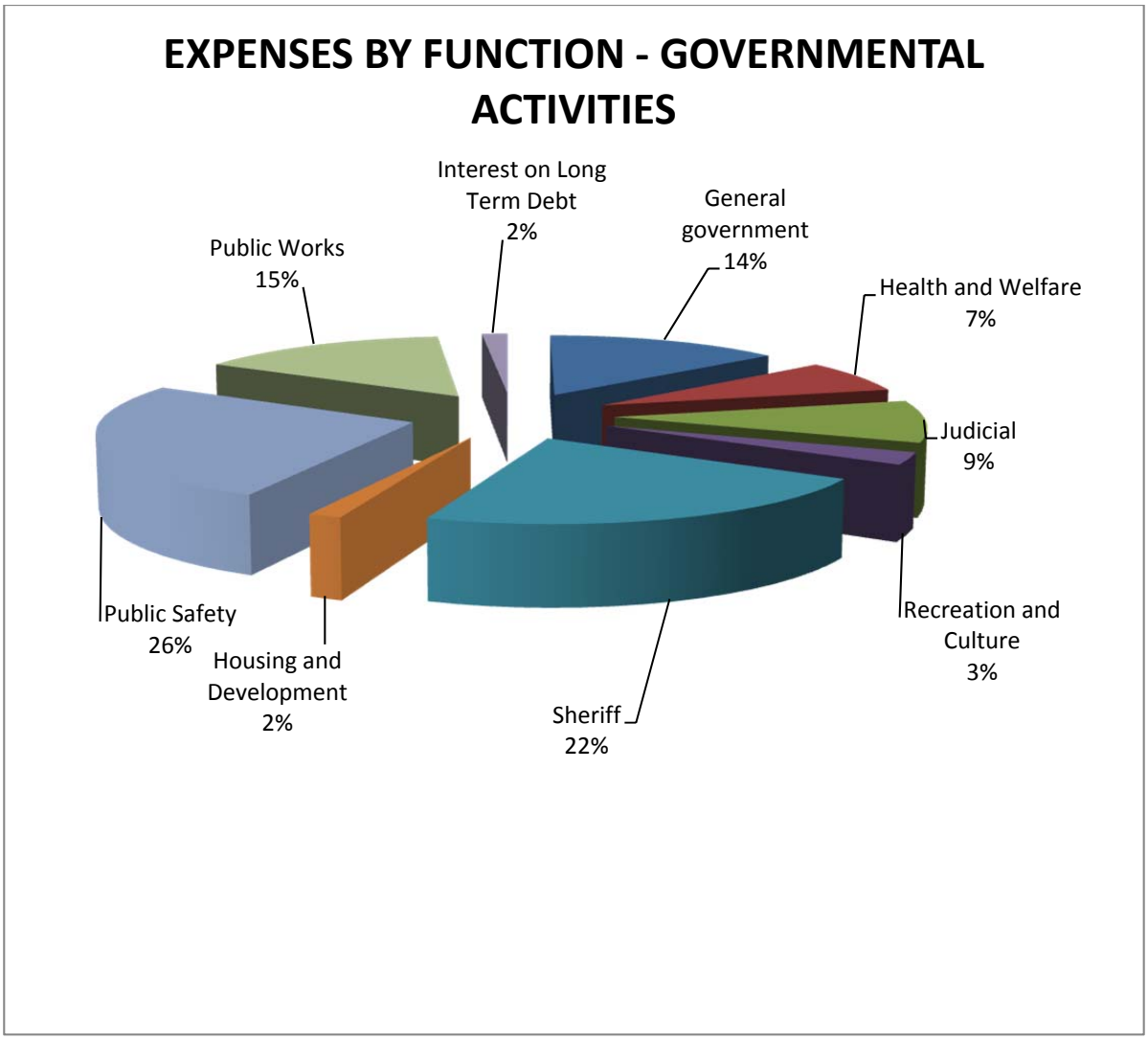
Changes in Net Position
For the Years Ended September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Revenues:						
Program Revenues:						
Charges for Services	$ 7,978,224	$ 7,878,037	$ 1,421,861	$ 1,609,312	$ 9,400,085	$ 9,487,349
Operating Grants & Contributions	1,363,501	1,828,196			1,363,501	1,828,196
Capital Grants & Contributions	74,231	1,061,999			74,231	1,061,999
General Revenues:						
Property Taxes	8,283,206	7,822,289			8,283,206	7,822,289
Other Taxes	11,829,847	12,847,589			11,829,847	12,847,589
Other	2,263,380	3,402,742	180,128		2,443,508	3,402,742
Total Revenues	$ 31,792,389	$ 34,840,852	$ 1,601,989	$ 1,609,312	$ 33,394,378	$ 36,450,164
Expenses:						
General government	$ 4,563,778	$ 3,453,658			$ 4,563,778	$ 3,453,658
Judicial	3,069,632	2,920,316			3,069,632	2,920,316
Sheriff	7,235,458	7,254,899			7,235,458	7,254,899
Public Safety	8,571,310	8,588,094			8,571,310	8,588,094
Public Works	4,869,588	5,240,765			4,869,588	5,240,765
Health and Welfare	2,356,461	2,792,517			2,356,461	2,792,517
Recreation and Culture	884,699	1,109,196	357,317	113,859	1,242,016	1,223,055
Housing and Development	499,432	528,470			499,432	528,470
Intergovernment Payments	-	657,545			-	657,545
Interest on Long Term Debt	498,409	641,143			498,409	641,143
Solid Waste			1,888,448	2,062,094	1,888,448	2,062,094
Total Expenses	$ 32,548,767	$ 33,186,603	$ 2,245,765	$ 2,175,953	$ 34,794,532	$ 35,362,556
Increase (decrease) in net assets befo transfers	(756,378)	1,654,249	(643,776)	(566,641)	(1,400,154)	1,087,608
Transfers	(1,448,073)	(3,450,951)	1,448,073	3,450,951	-	-
Increase (decrease) in net assets	(2,204,451)	(1,796,702)	804,297	2,884,310	(1,400,154)	1,087,608
Net position - October 1	80,041,777	81,838,479	3,722,151	837,841	83,763,928	82,676,320
Net position - September 30	$ 77,837,326	$ 80,041,777	$ 4,526,448	$ 3,722,151	$ 82,363,774	$ 83,763,928

Total government wide revenue of $33,394,378 was comprised of governmental activities ($31,792,389) and business type activities ($1,601,989). 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 $4,985,338 is specifically earmarked and cannot be used to finance the normal operations of the county.



Government-wide expenses totaled $34,794,532 for fiscal year 2013, including governmental activity expense of $32,548,767 and business type activity expense of $2,245,765. The following chart provides a visual depiction of expenditures of the governmental activities by function for fiscal year 2013.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

As the County completed the year, its governmental funds reported a combined fund balance of $6,363,121. All but $931,215 constitutes restricted fund balance. The remainder of fund balance is unassigned to indicate that it is available for spending. The restricted fund balance represents funds that are subject to externally enforceable legal restrictions.

The general fund is the chief operating fund of Walker County. At the end of the current fiscal year, unassigned fund balance of the general fund was $941,789. The unassigned fund balance decreased by $2,772,888 during the current year. This decrease included a sale of water lines for $1,000,000 while operating transfers of $3,512,254 were made to supplement operations of other funds. Among the operating transfers were $1,381,155 to fire and rescue, $278,695 to E911, $334,200 to county transportation system, $45,451 to landfill, $1,402,622 to Special Facilities and $70,131 required by federal and/or state grants as the County's matching share.

The focus of the fund financial statements is on major funds which generally represent the government's most important funds. Non-major funds are aggregated and presented in single columns. The major funds, other than the general fund, of Walker County and their fund balances at year-end are: Fire and Rescue, $408,399 and SPLOST 2008, $4,902,230. The fund balance in Fire and Rescue decreased by $141,393 due to a large adjustment for uncollected accounts receivable and a large operating transfer from the general fund. The fund balance in SPLOST 2008 decreased by $590,690 due to bond payments made in excess of taxes collected.

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 budgeted revenues exceeding actual revenues by $1,417,287 and fund actual expenditures and other financing uses exceeding budgeted expenditures by $4,190,175. The excess of revenues over budgeted revenues was primarily due to the following revenue categories where budgeted fine and forfeiture revenues exceeded actual revenues by $273,097, other taxes by $308,237, proceeds of capital lease of $528,795 and contribution revenue exceeding budgeted by $198,917. The county does not normally budget for contributions unless it is certain that the contribution will be made and the amount is determinable.

The excess of expenditures over budgeted expenditures was primarily due to the following expenditure categories where budgeted exceeded actual: general government $843,034, judicial $468,766, sheriff $1,419,554 and operating transfers $1,118,743.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The County's investment in capital assets for its governmental funds as of September 30, 2013 totals $81,384,081 (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 $2,750,259, net of accumulated depreciation. This was comprised primarily of depreciation expense of $4,174,395. There was a minimal amount of spending on significant tangible items.

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

. 20 new vehicles for sheriff's department under a capital lease
Fire training tower
Acquisition of former Forestry building by donation
Replacement of Fairview tax office

Capital Assets at Year-end
September 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Non-depreciable assets:						
Land	2,597,299	2,597,299	1,943,284	1,943,284	4,540,583	4,540,583
Construction in progress	2,132,924	1,893,769	36,088	49,969	2,169,012	1,943,738
						-
Depreciable assets:						-
Buildings and improvements	22,986,896	22,713,331	2,439,819	1,431,554	25,426,715	24,144,885
Machinery and equipment	25,450,951	24,628,228	2,211,256	2,002,845	27,662,207	26,631,073
Infrastructure	95,270,584	95,181,891			95,270,584	95,181,891
C&D Landfill			4,985,021	4,985,021	4,985,021	4,985,021
Total	148,438,654	147,014,518	11,615,468	10,412,673	160,054,122	157,427,191
Less: accumulated depreciation	(67,054,573)	(62,880,178)	(5,384,344)	(5,118,015)	(72,438,917)	(67,998,193)
Net capital assets	81,384,081	84,134,340	6,231,124	5,294,658	87,615,205	89,428,998

Additional information on the County's capital assets can be found in Note 4 to the financial statements in this report.

Debt – At the end of the current fiscal year, the County had total debt outstanding of $21,908,522. This consisted of general obligation bonds, lease obligations, a tax anticipation note, landfill closure and postclosure costs and compensated absences.

Outstandstanding Debt at Year End
September 30, 2013 and 2012

	Governmental Activities		Busniess -type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	$ 8,766,703	$ 12,881,817			$ 8,766,703	$ 12,881,817
Lease Obligations	4,287,751	4,234,384	115,672	153,228	4,403,423	4,387,612
Notes Payable	4,000,000	1,650,000			4,000,000	1,650,000
Compensated Absences	697,046	706,316	7,486	8,674	704,532	714,990
Landfill Closure Costs	2,328,785	2,408,008	1,705,079	1,560,209	4,033,864	3,968,217
Totals	$ 20,080,285	$ 21,880,525	$ 1,828,237	$ 1,722,111	$ 21,908,522	$ 23,602,636

Additional information on the County's debt can be found in Note 8 to the financial statements in this report.

ECONOMIC FACTORS AND THE 2013 BUDGET

- Local Option Sales Tax was down from the prior years. This was primarily due to the state refunding use tax to a business that paid in error.
- The property tax net M&O digest remained fairly constant with a less than 1% increase. The net millage rate in the unincorporated areas of the County decrease by .131 mills while the millage rate in the incorporated areas remained constant.
- The unemployment rate for the County was at 7.1%, less than the state's rate of 8.7%

REQUESTS FOR INFORMATION

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

WALKER COUNTY, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS:				
Cash and cash equivalents	$ 1,548,086	$ 100,424	$ 1,648,510	$ 1,221,950
Restricted cash	655,498	-	655,498	-
Investments	4,416,552	-	4,416,552	-
Taxes receivable	6,411,126	-	6,411,126	-
Accounts receivable	1,000,664	59,405	1,060,069	-
Due from (to) other funds	(23,300)	23,300	-	-
Due from other governments	4,636,588	-	4,636,588	142,498
Inventory	-	-	-	9,611
Prepaid expenses	252,454	-	252,454	-
Net pension asset	516,384	-	516,384	-
Land and other nondepreciable assets	4,730,223	1,979,372	6,709,595	-
Other capital assets, net of accumulated depreciation	76,653,858	4,251,752	80,905,610	5,317
Total assets	100,798,133	6,414,253	107,212,386	1,379,376
LIABILITIES:				
Accounts payable and accrued expenses	1,582,047	59,498	1,641,545	748
Due to other governments	168,888	-	168,888	68,104
Due to heirs, litigants and others	262,311	-	262,311	-
Accrued interest payable	158,703	-	158,703	-
Long-term liabilities -				
Due within one year:				
Bonds payable	4,282,459	-	4,282,459	-
Capital leases	557,360	115,742	673,102	-
Notes payable	4,000,000	-	4,000,000	-
Compensated absences	361,314	7,486	368,800	-
Landfill closure and postclosure care costs	122,568	-	122,568	-
Due greater than one year:				
Bonds payable	4,484,244	-	4,484,244	-
Capital leases	3,730,391	-	3,730,391	-
Compensated absences	335,732	-	335,732	60,472
Landfill closure and postclosure care costs	2,206,217	1,705,079	3,911,296	-
Total liabilities	22,252,234	1,887,805	24,140,039	129,324
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	708,573	-	708,573	-
Total deferred inflows of resources	708,573	-	708,573	-
NET POSITION:				
Net investment in capital assets	68,329,627	6,115,382	74,445,009	5,317
Restricted for -				
SPLOST projects	4,902,230	-	4,902,230	-
Fire services	408,399	-	408,399	-
Program purposes	121,277	-	121,277	-
Unrestricted (deficit)	4,075,793	(1,588,934)	2,486,859	1,244,735
Total net position	$ 77,837,326	$ 4,526,448	$ 82,363,774	$ 1,250,052

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

WALKER COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	$ 4,563,778	$ 958,313	$ -	$ 5,000	$ (3,600,465)	$ -	$ (3,600,465)	$ -
Judicial	3,069,632	1,748,107	85,225	-	(1,236,300)	-	(1,236,300)	-
Sheriff	7,235,458	77,688	8,391	33,932	(7,115,447)	-	(7,115,447)	-
Public safety	8,571,310	5,076,265	33,482	4,388	(3,457,175)	-	(3,457,175)	-
Public works	4,869,588	-	33,016	-	(4,836,572)	-	(4,836,572)	-
Health and welfare	2,356,461	73,219	1,203,387	-	(1,079,855)	-	(1,079,855)	-
Culture and recreation	884,699	44,632	-	30,911	(809,156)	-	(809,156)	-
Housing and development	499,432	-	-	-	(499,432)	-	(499,432)	-
Interest	498,409	-	-	-	(498,409)	-	(498,409)	-
Total governmental activities	32,548,767	7,978,224	1,363,501	74,231	(23,132,811)	-	(23,132,811)	-
Business-type activities:								
Landfill	1,888,448	1,302,848	-	-	-	(585,600)	(585,600)	
Special Facilities Fund	357,317	119,013	-	-	-	(238,304)	(238,304)	-
Total business-type activities	2,245,765	1,421,861	-	-	-	(823,904)	(823,904)	-
Total primary government	34,794,532	9,400,085	1,363,501	74,231	(23,132,811)	(823,904)	(23,956,715)	-
COMPONENT UNIT:								
Walker County Health Department	$ 1,362,100	$ 413,899	$ 784,864	$ -	-	-	-	(163,337)
		GENERAL REVENUES:						
		Taxes:						
		General property taxes			8,283,206	-	8,283,206	-
		General sales and use tax			9,014,557	-	9,014,557	-
		Selective sales and use taxes			305,358	-	305,358	-
		Business taxes			2,509,932	-	2,509,932	-
		Penalties and interest on delinquent taxes			552,755	-	552,755	-
		In lieu of taxes			312,567	-	312,567	-
		Intergovernmental subsidy			-	56,287	56,287	
		Payment from Walker County			-	-	-	281,295
		Unrestricted investment earnings			77,022	-	77,022	8,452
		Gain (loss) on sale of capital assets			1,000,000	12,000	1,012,000	-
		Miscellaneous			321,036	111,841	432,877	1,585
		Total general revenues			22,376,433	180,128	22,556,561	291,332
		TRANSFERS			(1,448,073)	1,448,073	-	-
		CHANGE IN NET POSITION			(2,204,451)	804,297	(1,400,154)	127,995
		NET POSITION:						
		Beginning, as previously stated			79,777,520	3,722,151	83,499,671	1,122,057
		Prior period adjustment			264,257	-	264,257	-
		Beginning, restated			80,041,777	3,722,151	83,763,928	1,122,057
		Ending			$ 77,837,326	$ 4,526,448	$ 82,363,774	$ 1,250,052

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

WALKER COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Fire and Rescue	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash	$ 1,260,616	$ 184,719	$ -	$ 102,751	$ 1,548,086
Restricted cash	569,884	-	422	85,192	655,498
Investments	-	-	4,416,552	-	4,416,552
Taxes receivable	6,411,126	-	-	-	6,411,126
Accounts receivable	376,273	480,240	-	144,151	1,000,664
Due from other funds	651,717	-	-	648,860	1,300,577
Due from other governments	3,409,655	-	999,590	227,343	4,636,588
			-		
Total assets	$ 12,679,271	$ 664,959	$ 5,416,564	$ 1,208,297	$ 19,969,091
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable and accrued expenses	$ 1,273,332	$ 206,436	$ -	$ 102,279	$ 1,582,047
Due to other funds	672,160	-	364,975	286,742	1,323,877
Due to other governments	19,529	-	149,359	-	168,888
Due to heirs, litigants, and others	262,311	-	-	-	262,311
Tax Anticipation Note	4,000,000	-	-	-	4,000,000
Total liabilities	6,227,332	206,436	514,334	389,021	7,337,123
Deferred inflows of resources:					
Unavailable revenue	5,510,150	50,124	-	708,573	6,268,847
Fund balances:					
Restricted for -					
Fire services	-	408,399	-	-	408,399
SPLOST capital projects	-	-	4,902,230	-	4,902,230
E911 fees	-	-	-	2,986	2,986
Law library expenditures	-	-	-	48,831	48,831
Grant purposes	-	-	-	17,562	17,562
Juvenile court supervision	-	-	-	34,031	34,031
Family connection program	-	-	-	17,867	17,867
Unassigned	941,789	-	-	(10,574)	931,215
Total fund balances	941,789	408,399	4,902,230	110,703	6,363,121
Total liabilities, deferred inflows of resources and fund balances	$ 12,679,271	$ 664,959	$ 5,416,564	$ 1,208,297	$ 19,969,091

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

WALKER COUNTY, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Total fund balances - governmental fund types		$ 6,363,121
Total net position reported for governmental activities in the statement of net position is different because:		
Net pension asset is not recorded on the fund financial statements		516,384
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net assets the cost of these are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 148,438,654	
Less accumulated depreciation	(67,054,573)	81,384,081
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.		252,454
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property taxes		5,560,274
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, 2013, are:		
Accrued interest	(158,703)	
Bonds payable	(8,766,703)	
Capital leases	(4,287,751)	
Compensated absences	(697,046)	
Landfill closure and postclosure care costs	(2,328,785)	
Total long-term liabilities		(16,238,988)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 77,837,326

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

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Fire and Rescue	SPLOST 2008	Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes	$ 7,638,287	$ -	$ -	$ -	$ 7,638,287
Other taxes	7,827,837	-	4,985,338	-	12,813,175
Licenses and permits	156,044	-	-	-	156,044
Intergovernmental	312,573	-	-	1,432,734	1,745,307
Charges for services	869,916	3,973,668	-	1,165,693	6,009,277
Fines and forfeitures	1,724,548	-	-	28,470	1,753,018
Investment income	76,716	14	5,000	292	82,022
Contributions and donations	198,917	-	-	-	198,917
Rental income	51,864	-	-	-	51,864
Other	93,936	59,942	-	-	153,878
Total revenues	18,950,638	4,033,624	4,990,338	2,627,189	30,601,789
EXPENDITURES:					
Current -					
General government	4,004,917	-	2,400	-	4,007,317
Judicial	2,880,712	-	-	131,358	3,012,070
Sheriff	7,389,848	-	-	25,290	7,415,138
Public safety	904,851	5,339,626	-	1,500,803	7,745,280
Public works	3,037,331	-	-	24,800	3,062,131
Health and welfare	498,608	-	-	1,622,504	2,121,112
Culture and recreation	397,324	-	-	28,579	425,903
Housing and development	482,153	-	-	-	482,153
Capital outlay	-	-	463,927	-	463,927
Debt service -					
Principal	51,916	177,805	4,095,000	208,961	4,533,682
Interest	92,407	38,741	381,430	62,154	574,732
Intergovernmental	-	-	638,271	-	638,271
Total expenditures	19,740,067	5,556,172	5,581,028	3,604,449	34,481,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(789,429)	(1,522,548)	(590,690)	(977,260)	(3,879,927)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	1,000,000	-	-	-	1,000,000
Proceeds from capital lease	528,795	-	-	-	528,795
Transfers from other funds	-	1,381,155	-	683,026	2,064,181
Transfers to other funds	(3,512,254)	-	-	-	(3,512,254)
Total other financing sources (uses)	(1,983,459)	1,381,155	-	683,026	80,722
NET CHANGE IN FUND BALANCES	(2,772,888)	(141,393)	(590,690)	(294,234)	(3,799,205)
FUND BALANCES:					
Beginning	3,714,677	549,792	5,492,920	404,937	10,162,326
Ending	$ 941,789	$ 408,399	$ 4,902,230	$ 110,703	$ 6,363,121

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

WALKER COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2013

Net changes in fund balances - total governmental funds		$ (3,799,205)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. Capital outlay for the period was $1,424,135 and the related depreciation expense was $4,174,395.		(2,750,260)
Property taxes not reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.		
Deferred at 9/30/13	5,510,150	
Deferred at 9/30/12	(5,295,804)	214,346
Fire fees reported as revenue under the modified accrual basis, but susceptible to accrual in the statement of net assets.		(23,745)
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	4,095,000	
Amortization of bond premiums	20,114	
Capital lease proceeds	(528,794)	
Capital lease obligation payments	475,427	
		4,061,747
Expenditures recognized under the modified accrual basis of accounting for governmental funds, but recorded as prepaid expenses under the accrual basis.		(15,291)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		
Compensated absences		9,270
Accrued interest		19,464
Landfill closure and postclosure care costs		79,223
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (2,204,451)

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

WALKER COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-Type Activities		
	Major Enterprise Funds		
	Landfill	Special Facilities Fund	Total Enterprise Funds
ASSETS			
CURRENT ASSETS:			
Cash	$ 416	$ 100,008	$ 100,424
Receivables, net of allowances	59,405	-	59,405
Due from other funds	23,300	-	23,300
Total current assets	83,121	100,008	183,129
NONCURRENT ASSETS:			
Capital assets, net	1,837,625	4,393,499	6,231,124
Total noncurrent assets	1,837,625	4,393,499	6,231,124
Total assets	1,920,746	4,493,507	6,414,253
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES:			
Accounts payable	-	45,808	45,808
Accrued expenses	13,690	-	13,690
Compensated absences	7,486	-	7,486
Capital lease payable	115,742	-	115,742
Total current liabilities	136,918	45,808	182,726
LONG-TERM LIABILITIES:			
Landfill closure and postclosure care costs	1,705,079	-	1,705,079
Total long-term liabilities	1,705,079	-	1,705,079
Total liabilities	1,841,997	45,808	1,887,805
NET POSITION:			
Net investment in capital assets	1,721,883	4,393,499	6,115,382
Unrestricted	(1,643,134)	54,200	(1,588,934)
Total net position	$ 78,749	$ 4,447,699	$ 4,526,448

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

WALKER COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities		
	Major Enterprise Funds		
	Landfill	Special Facilities Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for services	$ 1,302,848	$ 119,013	$ 1,421,861
OPERATING EXPENSES:			
Salaries	431,451	110,855	542,306
Employee benefits	164,637	28,680	193,317
Purchased services	558,892	10,558	569,450
Landfill closure/postclosure care costs	144,870	-	144,870
Professional fees	112,928	725	113,653
Repairs and maintenance	86,811	22,912	109,723
Depreciation	305,191	33,136	338,327
Supplies	77,894	150,451	228,345
Total expenses	1,882,674	357,317	2,239,991
OPERATING LOSS	(579,826)	(238,304)	(818,130)
NONOPERATING REVENUES (EXPENSES):			
Gain on sale of fixed assets	12,000	-	12,000
Intergovernmental subsidy	56,287	-	56,287
Miscellaneous	5,612	56,229	61,841
Interest expense on capital leases	(5,774)	-	(5,774)
Total nonoperating revenues (expenses)	68,125	56,229	124,354
CAPITAL CONTRIBUTION	-	50,000	50,000
TRANSFERS IN	45,451	1,402,622	1,448,073
CHANGE IN NET POSITION	(466,250)	1,270,547	804,297
NET POSITION:			
Beginning	544,999	3,177,152	3,722,151
Ending	$ 78,749	$ 4,447,699	$ 4,526,448

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

WALKER COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities		
	Major Enterprise Funds		
	Landfill	Special Facilities Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$ 1,364,691	$ 119,013	$ 1,483,704
Payments to suppliers	(836,525)	(139,257)	(975,782)
Payments to employees	(595,585)	(139,535)	(735,120)
Net cash used by operating activities	(67,419)	(159,779)	(227,198)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Miscellaneous revenues	5,612	56,229	61,841
Intergovernemental subsidy	56,287	-	56,287
Transfers from other funds	45,451	1,402,622	1,448,073
Net cash provided by noncapital financing activities	107,350	1,458,851	1,566,201
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital contributions	-	50,000	50,000
Proceeds from sale of capital assets	12,000	-	12,000
Acquisition and construction of capital assets	(8,672)	(1,266,122)	(1,274,794)
Principal paid on capital lease obligations	(37,486)	-	(37,486)
Interest paid on capital lease obligations	(5,774)	-	(5,774)
Net cash used by capital and related financing activities	(39,932)	(1,216,122)	(1,256,054)
NET CHANGE IN CASH	(1)	82,950	82,949
CASH AND CASH EQUIVALENTS			
Beginning	417	17,058	17,475
Ending	$ 416	$ 100,008	$ 100,424
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating loss	$ (579,826)	$ (238,304)	$ (818,130)
Adjustments to reconcile operating loss to net cash used by operating activities -			
Depreciation	305,191	33,136	338,327
Provisions for losses on accounts receivable	4,820	-	4,820
Landfill closure/postclosure care costs	144,870	-	144,870
Changes in assets and liabilities -			
Increase in accounts receivable	31,984	-	31,984
Increase in due to/from other funds	25,039	-	25,039
Increase in accounts payable	-	45,389	45,389
Increase in accrued expenses	503	-	503
Net cash used by operating activities	$ (67,419)	$ (159,779)	$ (227,198)

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

WALKER COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	Pension Trust Fund	Agency Funds
ASSETS:		
Cash	$ -	$ 1,474,519
Investments, at fair value:		
Guaranteed fixed income account	4,029,491	-
Mutual funds	2,624,795	-
Total assets	6,654,286	1,474,519
LIABILITIES:		
Accounts payable	-	16,254
Due to other governments	-	809,127
Due to heirs, litigants, and others	-	649,138
Total liabilities	-	1,474,519
NET POSITION - RESTRICTED FOR PENSION BENEFITS	$ 6,654,286	$ -

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

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2013

	Pension Trust Fund
ADDITIONS:	
Employer contributions	$ 880,000
Investment appreciation in fair value of investments	440,847
Less investment expense	49,720
Net appreciation in fair value of investments	391,127
Total additions	1,271,127
DEDUCTIONS:	
Benefits	1,157,991
Insurance premiums	28,114
Total deductions	1,186,105
NET INCREASE IN PLAN NET POSITION	85,022
NET POSITION - RESTRICTED FOR PENSION BENEFITS:	
Beginning	6,569,264
Ending	$ 6,654,286

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity –

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

Discretely Presented Component Unit –

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

Related Organizations –

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

Walker County Water and Sewerage Authority:

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

Walker County Board of Education:

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

Walker County Department of Family and Children's Services:

This organization's board has been appointed solely by the County Commissioner. It is an independent unit that selects management staff, sets user charges, establishes budgets, and controls all aspects of its daily activities.

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

Basis of Presentation –

Government-wide Statements:

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

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

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

Fund Financial Statements:

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

The County reports the following major governmental funds:

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

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

Basis of Presentation (continued) **–**

Fire and Rescue Fund - This fund is used to account for fees collected by the Tax Commissioner on behalf of the County that are specifically restricted to providing fire and rescue services. This fund also provides an ambulance service on a charge for service basis to all Walker County residents.

SPLOST 2008 Bond Construction Fund – This fund is used to account for the construction of numerous County projects. The advance bond issued from the 2008 special purpose local option sales tax (SPLOST) referendum, SPLOST revenues and State grant revenues are used to finance these projects.

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

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

Accounting Period:
All funds of Walker County, Georgia, are on fiscal year basis with the year ending September 30, 2013, except for the Health Department component unit. The component unit operates on a fiscal year ending June 30, 2013.

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.

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

Measurement Focus, Basis of Accounting (continued) **–**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements:

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. 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.

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

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

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

Budgetary Data –

The County Commissioner prepares a proposed budget for the upcoming fiscal year and makes it available for public inspection at the county courthouse. After two public hearings on the proposed budget are held, the proposed budget is adopted by resolution of the Commissioner.

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

Budgetary Data (continued) **–**

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.

Encumbrances –

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

Assets, Liabilities, and Net Position –

Cash and Investments:

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

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

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

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

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

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

Cash and Investments (continued):

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.

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 $530,000 and $267,000, respectively. Estimated uncollectible accounts receivable in the landfill proprietary fund are $11,000. Amounts estimated to be uncollectible from ambulance services accounts receivable are $5,670,000.

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Amounts receivable from or payable to fiduciary funds are included in the Statement of Net Position as receivable from and payable to external parties, not as internal balances. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Expenses:

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

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. An exception to the $5,000 threshold is capital lease assets. The County capitalizes all capital lease assets. Such assets are recorded at historical cost or estimated

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

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

Capital Assets (continued):

historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations. For the fiscal year ended September 30, 2007, the County implemented GASB Statement No. 34 requirements of retroactive reporting of major general infrastructure assets. This 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, 2013.

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:

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

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

Other Assets:

Other assets held are recorded and accounted for at cost.

Accounts Payable and Accrued Liabilities:

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

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

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

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

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.

Long-term Obligations:

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

Net Position:

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

Governmental Fund Balance:

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Sole Commissioner). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.

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

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

Governmental Fund Balance (continued) **–**

Assigned fund balance—amounts the County intends to use for a specific purpose. Intent can be expressed by the Sole Commissioner or by an official or body to which the Commissioner delegates the authority.

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

When both restricted and unrestricted amounts of fund balance are available for expenditures, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: committed, assigned, unassigned.

Deferred Outflows/Inflows of Resources –

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

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

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

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

	General Fund	Fire and Rescue	Nonmajor Governmental Funds	Total
Property taxes	5,510,150	50,124		5,560,274
Grant revenue			708,573	708,573

Revenues and Expenditures and Expense –

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

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

Revenues and Expenditures and Expense (continued) –

Property Tax Revenues (continued) –

40% of the sales price on property sold within the previous year. The last valuation date was January 1, 2002 for residential property, January 1, 2005 for other real property, and January 1, 1998 for commercial property. Valuations were reassessed for all city property, most major subdivisions, and a partial reassessment of rural land as of January 1, 2006. 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, 2013
Levy date	September 27, 2013
Due date	October 20, 2013
Delinquency date	December 20, 2013

Interfund Transactions:

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

Payments Between the County and Component Units:

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

Estimates –

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

(2) CASH AND INVESTMENTS:

Primary Government –

The cash and investments of the County were fully collateralized at September 30, 2013. 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 with securities held by the County or its agent in the County's name.
2. Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the County's name.
3. Uninsured and unregistered, with securities held by the counterpart or by its trust department or agent but not in the County's name.

The following schedule of cash and investments of all of the County's funds (including fiduciary funds) as of September 30, 2013, is categorized by custodial credit risk:

	Category			Carrying	Bank
Cash	1	2	3	Amount	Balance
Deposits with financial institutions	$ 1,223,246	$ 3,069,125	$ --	$3,778,527	$4,292,371

	Category			Carrying	Credit		Weighted Average Maturity
Investment Type	1	2	3	Amount	Rating	Maturities	Days
Primary Government							
Georgia Fund 1	$ --	$4,416,552	$ --	$4,416,552	AAAf	less than 6 months	56

(2) CASH AND INVESTMENTS (Continued):

Fiduciary Fund						
Guaranteed fixed income account	$ --	$4,029,491	$ --	$4,029,491	N/A	less than 6 months
Open end mutual funds	--	2,624,795	--	2,624,795	N/A	less than 6 months
	$ --	$6,654,286	$ --	$6,654,286		

The deposits of the County are included in the following classifications at September 30, 2013.

Primary Government:	
Cash and cash equivalents	$ 1,648,510
Restricted cash	655,498
Agency funds:	
Cash	1,474,519
Total deposits with financial institutions	$ 3,778,527

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, 2013.

At June 30, 2013, cash consisted of the following:

Cash and cash equivalents	$ 1,221,950

(3) INTERFUND BALANCES AND ACTIVITY:

Balances Due To/From Other Funds –
Summary of balances due to/from other funds reported in the fund financial statements:

Due to:	
General fund from SPLOST 2008	$ 364,975
General fund from nonmajor governmental funds	286,742
Nonmajor governmental funds from general fund	648,860
Landfill from general fund	23,300
Total	$1,323,877
Due from:	
Other funds, balance sheet – governmental funds	$1,300,577
General fund to landfill	23,300
Total	$1,323,877

(3) INTERFUND BALANCES AND ACTIVITY (Continued):

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

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

Interfund balances in the landfill are created mainly by landfill fees and accounts receivable collections.

Transfers To/From Other Funds:
Transfers to/from other funds for the year ended September 30, 2013, consist of the following:

From the general fund to the fire and rescue fund for operating expenditures	$ 1,381,155
From the general fund to the E911 fund for operating expenditures	278,695
From the general fund to the multiple grant fund for county matching requirements	70,131
From the general fund to the transportation fund for operating expenditures	334,200
From the general fund to the landfill fund for operating expenditures	45,451
From the general fund to the special facilities fund for operating expenditures	1,402,622
Total	$ 3,512,254

(4) CAPITAL ASSETS:

Capital asset activity for the fiscal year ended September 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
GOVERNMENTAL ACTIVITIES:					
Capital assets not being depreciated:					
Land	$ 2,597,299	$ --	$ --	$ --	$ 2,597,299
Construction in progress	1,893,769	239,155	--	--	2,132,924
Total capital assets not being depreciated	4,491,068	239,155	--	--	4,730,223
Capital assets being depreciated and amortized:					
Infrastructure	95,181,891	88,693	--	--	95,270,584
Buildings and improvements	22,713,331	273,565	--	--	22,986,896
Equipment	5,960,791	497,974	--	--	6,458,765
Vehicles	14,327,292	324,749	--	--	14,652,041
Trucks and construction equipment	4,340,145	--	--	--	4,340,145
Total capital assets being depreciated and amortized	142,523,450	1,184,981	--	--	143,708,431

(4) CAPITAL ASSETS (Continued):

Less accumulated depreciation for:					
Infrastructure	40,137,062	1,654,450	--	--	41,791,512
Buildings and improvements	5,916,781	530,672	--	--	6,447,453
Equipment	3,599,312	688,461	--	--	4,287,773
Vehicles	9,682,202	1,149,777	--	--	10,831,979
Trucks and construction equipment	3,544,821	151,035	--	--	3,695,856
Total accumulated depreciation and amortization	62,880,178	4,174,395	--	--	67,054,573
Total capital assets being depreciated, net	79,643,272	(2,989,414)	--	--	76,653,858
Governmental activity capital assets, net	$ 84,134,340	$ (2,750,259)	$ --	$ --	$ 81,384,081

Depreciation expense was charged to governmental functions as follows:

General government	$ 159,020
Judicial	57,654
Sheriff	337,102
Public safety	1,340,349
Public works	1,943,014
Health and welfare	243,207
Culture and recreation	75,675
Housing and development	18,374
	$ 4,174,395

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
BUSINESS-TYPE ACTIVITIES:					
Landfill:					
Capital assets not being depreciated	$ --	$ --	$ --	$ --	$ --
Capital assets being depreciated and amortized:					
C & D Landfill	4,985,021	--	--	--	4,985,021
Buildings & improvements	306,771	--	--	--	306,771
Machinery & equipment	1,826,041	--	72,000	--	1,754,041
Vehicles	40,477	8,671	--	--	49,148
Furniture and fixtures	2,172	--	--	--	2,172
Software	1,508	--	--	--	1,508
Computers, radios, & electronics	20,342	--	--	--	20,342
Total capital assets being depreciated and amortized	7,182,332	8,671	72,000	--	7,119,003

(4) CAPITAL ASSETS (Continued):

Less accumulated depreciation and amortization for:					
C & D Landfill	3,389,814	249,251	--	--	3,639,065
Buildings & improvements	114,043	7,740	--	--	121,783
Machinery & equipment	1,485,440	46,070	72,000	--	1,459,510
Vehicles	40,477	482	--	--	40,959
Furniture and fixtures	669	109	--	--	778
Software	1,508	--	--	--	1,508
Computers, radios, & electronics	16,236	1,539	--	--	17,775
Total accumulated depreciation and amortization	5,048,187	305,191	72,000	--	5,281,378
Total capital assets being depreciated, net	2,134,145	(296,520)	--	--	1,837,625
Landfill capital assets, net	$ 2,134,145	$ (296,520)	$ --	$ --	$ 1,837,625

	Beginning Balances	Increases	Decreases	Reclassifications	Ending Balances
Special Facilities Fund:					
Capital assets not being depreciated:					
Land	$ 1,943,284	$ --	$ --	$ --	$ 1,943,284
Construction in progress	49,969	36,088	--	(49,969)	36,088
Total capital assets not being depreciated	1,993,253	36,088	--	(49,969)	1,979,372
Capital assets being depreciated and amortized:					
Buildings & improvements	1,124,783	958,296	--	49,969	2,133,048
Furniture and fixtures	104,539	256,820	--	--	361,359
Computers, radios, & electronics	7,766	14,920	--	--	22,686
Total capital assets being depreciated and amortized	1,237,088	1,230,036	--	49,969	2,517,093
Less accumulated depreciation and amortization for:					
Buildings & improvements	67,090	25,383	--	--	92,473
Furniture and fixtures	2,479	6,178	--	--	8,657
Computers, radios, & electronics	259	1,577	--	--	1,836
Total accumulated depreciation and amortization	69,828	33,138	--	--	102,966
Total capital assets being depreciated, net	1,167,260	1,196,898	--	49,969	2,414,127
Special Facilities Fund capital assets, net	$ 3,160,513	$ 1,232,986	$ --	$ --	$ 4,393,499

(4) CAPITAL ASSETS (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Component Unit:				
Capital assets being depreciated:				
Machinery and equipment	$ 32,749	$ --	$ --	$ 32,749
Total capital assets being depreciated	32,749	--	--	32,749
Less accumulated depreciation for:				
Machinery and equipment	24,774	2,658	--	27,432
Total accumulated depreciation	24,774	2,658	--	27,432
Governmental activities capital assets, net	$ 7,975	$ (2,658)	$ --	$ 5,317

(5) DEFINED BENEFIT PENSION PLAN:

Plan Description:

One hundred sixty two (162) of the County's full time employees are covered by the Pension Plan for Employees of the Walker County Commissioner and Sheriff's Department. This self-administered plan is a single employer, noncontributory, defined benefit plan established January 1, 1973, restated effective January 1, 1984 and amended effective December 31, 2005. Authority to establish, amend or discontinue the plan is assigned to Walker County. The plan is included in this report because the County has oversight responsibility as prescribed by the Governmental Accounting Standards Board. The plan does not issue separate financial statements but includes the financial statements and required supplementary information in the County's annual financial report. The plan provides retirement, disability and death benefits to all employees hired prior to December 31, 2005, and their beneficiaries, that have been employed full time for one year. Employees begin vesting after 3 years of service and are fully vested after 7 years. Members may retire at age 65 with 3 years of service, age 60 with 20 years of service, or age 55 with 25 years of service. Benefits are calculated at 1.10% of five years average earnings multiplied by credited service plus 0.65% of average earnings in excess of $10,000 multiplied by credited service up to 35 years. The plan was amended effective December 31, 2005, and participation was frozen for individuals who were not active employees or participants on that date and who were hired or rehired after that date.

Funding Policy and Pension Cost:

Contribution requirements are actuarially determined and may be amended by the County. Plan members are not allowed to contribute to the plan. The funding policy for the plan is to make annual contributions at least equal to the minimum contribution required for public retirement systems under Section 47-20-10 of the Official Code of Georgia Annotated. This minimum contribution is equal to the normal cost for the year plus annual payments to amortize increases (decreases) in the unfunded actuarial accrued liability over various prescribed periods. The normal cost for the County's Plan for 2013 has decreased as a percentage of covered payroll from 15.2% in 2012 to 4.4% in 2013. 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

(5) DEFINED BENEFIT PENSION PLAN (Continued):

to the plan during the year ended December 31, 2012 were $945,118 and were made in accordance with contribution requirements determined by an actuarial valuation as of January 1, 2013, (the most recent actuarial valuation date). The County's covered payroll for the plan year ended January 1, 2013, was $5,682,532, and the total payroll was $14,821,473.

Summary of Significant Accounting Policies:

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

Funded Status:

The County's annual pension costs, percentage of annual pension cost contributed and net pension obligation for the most recent three years is presented below. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Trend Information

	Employer Annual Pension Cost (APC)	Annual Contribution	Percentage of APC Contributed	Net (EOY) Pension Obligation
December 31, 2010	$826,330	1,017,442	123.0%	(428,717)
December 31, 2011	796,609	1,290,355	162.0%	(685,282)
December 31, 2012	565,166	945,118	167.0%	(516,384)

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

Annual required contribution	$ 1,087,350
Interest on net pension asset	(41,117)
Adjustments to annual required contribution	67,783
Annual pension cost	1,114,016
Less - contributions made	945,118
Decrease in net pension asset	168,898
Net pension asset beginning of year	(685,282)
Net pension asset end of year	$ (516,384)

(5) DEFINED BENEFIT PENSION PLAN (Continued):

Funded Status of Plans as of January 1, 2013

Actuarial Valuation For Plan Year Beginning January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability Frozen Entry Age Cost Method (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as % of Covered Payroll (b-a/c)
2013	$6,381,844	$9,324,526	$2,942,682	68.4%	$5,682,532	51.7%

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

The significant actuarial assumptions used in the current valuation are:

Investment rate of return	6.0%
Projected salary increase	4.0%
Inflation rate	4.0%
Actuarial methods:	
Actuarial cost method	Entry age normal
Amortization method	Level dollar for 15 years
Asset valuation method	Market value
Valuation cost method	Frozen entry age with normal cost expressed as a percentage of covered payroll

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

Plan Membership Data:
As of January 1, 2013, the current plan membership includes the following categories of participants -

Plan Participants:	
Retirees currently receiving benefits	19
Beneficiaries	1
Terminated employees entitled to benefits but not yet receiving them	43
Active participants	162
Total	225

(5) DEFINED BENEFIT PENSION PLAN (Continued):

Investments:

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

Summary of Investments as of September 30, 2013

	Fair Value	% of Total
Lincoln Financial Group:		
Guaranteed fixed income	$ 4,029,491	60.55%
Balanced	654,141	9.83%
Government/Corporate bond	608,593	9.15%
Equity growth	1,362,061	20.47%
	$ 6,654,286	100.00%

(6) DEFINED CONTRIBUTION PLAN:

Effective January 1, 2007, the County established the Walker County Commissioner Employees 401(a) plan. The County began funding the plan in May 2009. The County did not make any contributions to the plan during fiscal year ended September 30, 2013. This plan covers employees who are not covered under the defined benefit pension plan and have attained age 18 and completed one year of service. Walker County will contribute a percentage of gross wages based on the following contribution schedule:

Age	Percent of Contribution
Up to 29	3
30-39	4
40-49	5
50-59	6
60 and up	7

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

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

(6) DEFINED CONTRIBUTION PLAN (Continued):

The Plan is administered by Lincoln Financial Group. Participants and contributions for the 2013 plan year are:

Number of participants	27
Participant contributions	$94,766

(7) TERMINATION BENEFITS:

During fiscal year 2009, the County attorney issued an opinion stating that previously reported post-employment benefits were actually termination benefits offered to a select group of employees. These employees had attained age 60 with at least twenty years of service, and retired from the County with no other medical insurance. The retired employee will be allowed to continue the medical insurance coverage they were receiving as of the date of retirement, with the County continuing to pay the employer portion of the cost until the employee attains age 65. The employee must contribute the amount that would be withheld from payroll if still employed. These benefits are financed on a pay-as-you-go basis. The benefit expenditure at September 30, 2013, was $43,742, net of any participant contributions. Eighteen retirees were receiving benefits at September 30, 2013. Although these benefits fall under the definition of other post employment benefits according to governmental reporting standards, the annual expenditures made by the County are immaterial to the financial statements.

(8) LONG-TERM DEBT:

Long-term Obligation Activity –

The following is a summary of the County's long-term debt transactions for the year ended September 30, 2013 -

	Balance 9/30/2012	Additions	Reductions	Balance 9/30/2013	Amounts Due in One Year	Accrued Interest
Governmental Activities:						
Capital leases	$ 4,234,384	$ 528,794	$ 475,427	$ 4,287,751	$ 557,360	$ 65,433
Bonds payable	12,881,817	--	4,115,114	8,766,703	4,282,459	79,574
Short term note	1,650,000	4,000,000	1,650,000	4,000,000	4,000,000	13,696
Compensated absences	706,316	33,692	42,962	697,046	361,314	--
Estimated landfill closure	2,408,008	--	79,223	2,328,785	122,568	--
	$ 21,880,525	$4,562,486	$ 6,362,726	$20,080,285	$ 9,323,701	$ 158,703

	Balance 9/30/2012	Additions	Reductions	Balance 9/30/2013	Amounts Due in One Year	Accrued Interest
Business-Type Activities:						
Landfill:						
Capital leases	$ 153,228	$ --	$ 37,556	$ 115,672	$ 115,672	$ --
Compensated absences	8,674	--	1,188	7,486	7,486	--
Landfill closure/postclosure costs	1,560,209	144,870	--	1,705,079	--	--
	$ 1,722,111	$ 144,870	$ 38,744	$ 1,828,237	$ 123,158	$ --

(8) LONG-TERM DEBT:

Compensated absences typically have been liquidated in the general and other governmental funds. The capital lease debt is paid by the fund leasing the corresponding assets. The bonds payable will be paid by the 2008 Special Purpose Local Option Sales Tax. The MSW landfill closure/postclosure costs will be liquidated in the general fund, and the C&D landfill closure/postclosure costs will be liquidated in the landfill proprietary fund.

Future debt service requirements on bonds payable at September 30, 2013 are as follows:

	Governmental Activities		
	Bonds		
	Principal	Premium	Interest
Year ending September 30, 2014	$ 4,270,000	$ 12,459	$ 233,450
2015	4,480,000	4,244	75,600
	$ 8,750,000	$ 16,703	$ 309,050

The County issued $8,630,000 in series 2008 general obligation sales tax bonds and $15,355,000 in series 2009 general obligation sales tax bonds for capital outlay projects outlined in the special purpose local option sales tax referendum on December 11, 2008. The interest rates on the bonds range from 2.2% to 5.0% with principal payments due in amounts ranging from $1,250,000 to $3,785,000. Principal payments began January 2009 and mature in January 2015. Interest is due semi-annually while principal payments are due on an annual basis. The bonds are payable from proceeds of the 2008 special purpose local option sales tax referendum .

On June 20, 2013 and September 12, 2013, the County obtained tax anticipation notes in the amounts of $3,000,000 and $2,000,000, respectively. The proceeds of the tax anticipation notes were provided to the General Fund as operating resources for the County. As of September 30, 2013, the County had drawn $4,000,000. The tax anticipation notes are both due and payable on December 31, 2013.

Capital Leases –

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

	Governmental Activities	Business-type Activities	
		Landfill	Total
Building improvements	$ 987,511	$ --	$ 987,511
Vehicles and equipment	2,957,779	174,990	3,132,769
Total capital lease assets	3,945,290	174,990	4,120,280
Accumulated amortization	404,654	21,874	426,528
Capital lease assets, net	$ 3,540,636	$ 153,116	$ 3,693,752

(8) LONG-TERM DEBT (Continued):

Future minimum lease payments at September 30, 2013, are as follows:

	Governmental Activities	Business-type Activities: Landfill	Total
Year ending September 30, 2014	$ 738,793	$ 118,025	$ 856,818
2015	738,793	--	738,793
2016	738,793	--	738,793
2017	738,793	--	738,793
2018	738,793	--	738,793
2019-2023	1,359,692	--	1,359,692
Total minimum lease payments	5,053,657	118,025	5,171,682
Less: deferred interest	765,906	2,353	768,259
Present value minimum lease payments	$ 4,287,751	$ 115,672	$ 4,403,423

Capital Leases (continued) –

The interest rates on the capitalized leases range from 3.67% to 5.69% and are imputed based on the County's incremental borrowing rate at the inception of the lease. All capital leases have a bargain purchase option for a nominal amount.

(9) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Compliance with Finance Related Legal and Contractual Provisions –

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

Excess of Expenditures Over Appropriations in Individual Funds –

For the year ended September 30, 2013, the County had no material excess of expenditures over appropriations in individual funds.

(10) RISK MANAGEMENT:

Walker County, Georgia, is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Being unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable, the County joined together with other counties in the State in participation in the Association of County Commissioners of Georgia – Group Self-Insured Workers' Compensation Fund (the "Fund"). These are public entity risk pools currently operating as a common risk management and insurance program for many of the counties in the State. The County pays an annual premium to the Fund for workers' compensation insurance coverage. The agreement

(10) RISK MANAGEMENT (Continued):

between the members of the public entity risk pools provides that members may be required to pay additional assessments as shall be established by the Board of the pool. However, no additional assessments have been required of the members since formation of the pools.

The County is obligated to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the Fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the Fund being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

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

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

The County maintains a medical benefit plan to self-insure claims up to $90,000 per year for each individual covered; claims above $90,000 are covered by a stop-loss insurance policy. The County also had an aggregate stop-loss insurance policy which covers claims above $198,763 monthly and $2,385,000 annually. The County and its covered employees contribute to the fund to pay the claims and stop-loss insurance premiums. At September 30, 2013, management believes that the County has made provisions sufficient to cover estimated claims, including claims incurred but not yet reported.

A summary of the changes in claims liability for the fiscal year ended September 30, 2013 follows:

Unpaid claims at the beginning of the year	$ 96,054
Incurred claims (including claims incurred but not reported)	3,016,456
Claims paid during the fiscal year	2,936,945
Unpaid claims at end of year	$ 175,565

(11) CLAIMS AND JUDGMENTS:

The County participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed

(11) CLAIMS AND JUDGMENTS (Continued):

due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of September 30, 2013, significant amounts of grant expenditures have not been audited, but the County believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the County.

Litigation

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

(12) LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

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

At September 30, 2013, the County had incurred a liability of approximately $1,705,079 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 73 percent of landfill capacity used to date. The remaining estimated liability for these costs is $630,646 which will be recognized as the remaining capacity is used (estimated to be approximately four years).

The estimated costs of closure and postclosure care, as determined by the Georgia Environmental Protection Division, are subject to change including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables. The County also owns a solid waste landfill which discontinued operations in June 1998. The solid waste is accepted at a transfer station and transported to a location out of the County by an outside contractor. The landfill will continue to incur costs associated with the closing of the landfill in order to comply with EPA requirements. In addition, the County will be required to monitor various wells for a period of time. At September 30, 2013, a liability for postclosure care costs is recorded in the amount of $2,328,785, which is based on engineering reports, for maintaining the landfill site in future years. However, management's estimate of postclosure costs is contingent upon its ability to satisfy EPA requirements, and costs could be significantly higher if full compliance is not achieved. These costs will be met with future County revenues.

(13) JOINT VENTURE:

Walker County is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia. Cities and Counties in the area served by the RC

(13) JOINT VENTURE (Continued):

are required to be members under the Official Code of Georgia Annotated Section 36-70-4. The membership of the RC includes 15 counties and 49 municipalities. The County has no equity interest in the RC. The County contributes $1.05 per capita yearly to the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the membership can be assessed for any debt or obligation for the RC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1798, Rome, Georgia 30162.

(14) COMMITMENTS AND CONTINGENCIES:

The County has a contract with the Hospital Authority of Walker, Dade and Catoosa Counties (the "Authority") to ensure medical care and hospitalization is provided to indigent individuals residing in the County. Catoosa County and Dade County are also parties to the same contract.

The Authority owns or leases certain hospital buildings and related facilities (the "Hospital"), including, but not limited to Hutcheson Medical Center. Hutcheson Medical Center, Inc., ("HMC") a nonprofit corporation organized under the laws of the State of Georgia currently leases from the Authority and operates the Hospital.

The Authority, in order to obtain additional funding for the operation and maintenance of the Hospital, entered into a line of credit note (the "Note") with Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Health System, a hospital authority organized under the Tennessee Hospital Authority Law. The line of credit may not exceed $20,000,000 in principal with loan proceeds being paid to Hutcheson Medical Center, Inc. The Authority agreed to execute and deliver to the holder a Deed to Secure Debt and Security Agreement (the "Security Deed") to which it shall grant security title to its interest in certain real estate (the "Property") on which the Hospital is located as security for repayment of the Note. In order to assist the Authority in obtaining the necessary funding provided under the Note, the County along with the Board of Commissioners of Catoosa County has guaranteed the line of credit in the event of an uncured default by the Authority. Each of the Counties separately agreed to pay the Authority, or its assigns, an amount equal to one-half of the principal and interest then due and payable on the note with a maximum liability of $10,000,000 each.

To the extent necessary, the County may levy an annual tax on taxable property located within the boundaries of the County for the purpose of providing medical care or hospitalization for the indigent sick and others entitled to use of the Hospital, at such rate or rates, within the limits now prescribed or such higher limits as may hereafter be prescribed by the Hospital Authorities Law, as may be necessary to make the payments called for by the agreement.

Walker County, Georgia, as well as, Catoosa County, Georgia, agreed to pledge its credit backing to support $20,000,000 in a short-term bond anticipation note at interest at a commercially reasonable rate to assist Hutcheson Medical Center in paying off its debt service and obtaining operating capital for the Hospital. Hutcheson Medical Center has debt of approximately

(14) COMMITMENTS AND CONTINGENCIES (Continued):

$70,000,000. The short-term bond anticipation note will be converted to long-term bonds of $20,000,000. There are several specific conditions that must be met before the Counties will participate and provide the credit of the taxpayers as standby credit, the main conditions have to do with the membership of the Board of Trustees of the Authority, the process of appointing new members to the Board of Trustees and the input ability of both Counties as to the use of the $20,000,000. The bond anticipation note would be in the form of a line of credit with a requirement for the Hospital to propose the use of funds and obtain approval from the Counties prior to draws so the Counties would control the flow of funds. The primary purpose of the bond anticipation note would be payoff of $12,000,000 in Medicare debt which would assist the Hospital in its operation. Hutcheson plans to subordinate debts currently held with Erlanger, Regions Bank and possibly other debt to the short-term bond anticipation note and the long-term bonds. Only if the Hospital is unable to pay the short-term bond anticipation note or long-term bond payments would Walker County, Georgia and Catoosa County, Georgia each be responsible for half of the outstanding payments.

(15) RELATED PARTY TRANSACTIONS:

Organizations for which a primary government is accountable because the County Commissioner appoints the members of the board, but is not financially accountable, are considered to be related organizations. The Walker County Water and Sewerage Authority is a related organization of the County. The County Commissioner appoints each of the five members of the board but has no further accountability. During the fiscal year ended September 30, 2013, the Walker County Water and Sewerage Authority purchased water and sewer lines from the County for $1,000,000.

(16) PRIOR PERIOD ADJUSTMENTS:

During the current year, it was determined that a net pension asset totaling $516,384 should be reported on the government wide statement of net position. Also, as a result of implementing GASB 65, deferred charges comprised of bond issuance cost totaling $252,127 in the government wide governmental funds column were adjusted to zero. To correct these items, the beginning net position for governmental activities of $79,777,520 as originally reported, has been increased to $80,041,777.

(17) SUBSEQUENT EVENTS:

On December 20, 2013, the County issued Walker County, Georgia General Obligation Bonds, Series 2013 in the amount of $26,400,000 maturing January 1, 2021 with a average interest rate of 1.625%. The purpose of the bonds is to provide funding for capital outlay projects under the 2013 Special Purpose Local Option Sales Tax Intergovernmental Agreement.

Management has evaluated subsequent events through July 2, 2014, the date which this financial statement was available for issue.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUE:				
Taxes		$ 7,638,287	$ 7,638,287	$ -
Other taxes		7,827,837	7,827,837	-
Licenses and permits		156,044	156,044	-
Intergovernmental		312,573	312,573	-
Charges for services		869,916	869,916	-
Fines and forfeitures		1,724,548	1,724,548	-
Investment earnings		76,716	76,716	-
Contributions and donations		198,917	198,917	-
Rental income		51,864	51,864	-
Other	18,062,146	93,936	93,936	-
Total revenue	18,062,146	18,950,638	18,950,638	-
EXPENDITURES:				
General Government -				
Governing body	516,045	695,028	695,028	-
Elections	224,871	230,893	230,893	-
Accounting	232,381	273,152	273,152	-
Licensing	5,445	5,816	5,816	-
Legal	117,356	166,291	166,291	-
Data processing	86,187	88,902	88,902	-
Tax commissioner	745,383	968,039	968,039	-
Tax assessor	658,957	726,982	726,982	-
Board of equalization	7,004	3,565	3,565	-
General government buildings and plant	338,903	631,755	631,755	-
Marsh Warthen house	7,601	8,459	8,459	-
Records management	96,737	68,126	68,126	-
General administration fees	65,636	68,136	68,136	-
Special projects	59,377	69,773	69,773	-
Total general government	3,161,883	4,004,917	4,004,917	-
Judicial -				
Clerk of courts	549,781	684,193	684,193	-
Superior court	167,448	149,106	149,106	-
District attorney	257,925	365,003	365,003	-
State court	258,673	342,274	342,274	-
State court solicitor	165,454	287,361	287,361	-
Magistrate court	288,735	344,563	344,563	-
Probate court	213,693	219,502	219,502	-
Juvenile court	258,339	289,038	289,038	-
Public defender	206,803	149,204	149,204	-
Court reporter	45,095	50,468	50,468	-
Total judicial	2,411,946	2,880,712	2,880,712	-

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
Sheriff -				
Law enforcement administration	$ 715,762	$ 922,495	$ 922,495	$ -
Criminal investigation	637,257	752,309	752,309	-
Vice control	91,394	112,979	112,979	-
Patrol	1,623,665	2,058,312	2,058,312	-
Custody of prisoners	1,806,889	2,106,827	2,106,827	-
Champs program	174,705	239,130	239,130	-
Training	66,215	116,089	116,089	-
Special detail services	7,184	2,905	2,905	-
Sheriff's office and building	98,337	95,352	95,352	-
Court services	743,683	979,990	979,990	-
Bailiff	5,203	3,460	3,460	-
Total sheriff	5,970,294	7,389,848	7,389,848	-
Public Safety -				
County police	459,339	564,814	564,814	-
Coroner/medical examiner	77,131	80,494	80,494	-
Animal control	240,658	259,543	259,543	-
Total public safety	777,128	904,851	904,851	-
Highways and Streets -				
Highways and streets administration	452,893	471,040	471,040	-
Paved streets	1,147,288	1,277,848	1,277,848	-
Other maintenance	593,307	512,526	512,526	-
Bridges, viaducts and grade separations	58	56	56	-
Traffic engineering	118,904	40,719	40,719	-
Closure and postclosure costs	86,714	74,030	74,030	-
Tornado grant cleanup	-	3,433	3,433	-
Maintenance and shop	559,422	657,679	657,679	-
Total highways and streets	2,958,586	3,037,331	3,037,331	-

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
Health and welfare -				
Public health administration	$ 251,438	$ 283,779	$ 283,779	$ -
Mosquito control	273	273	273	-
Children's crisis center	10,000	10,000	10,000	-
Health department building and plant	21,647	20,764	20,764	-
Intergovernmental welfare payments	31,441	33,876	33,876	-
Other welfare payments	2,000	50,080	50,080	-
DFACS building and plant	19,823	16,466	16,466	-
COAD	10,033	-	-	-
Meals on wheels	57,761	79,779	79,779	-
Senior center	5,123	3,591	3,591	-
Total health and welfare	409,539	498,608	498,608	-
Culture and Recreation -				
Civic center	176,352	183,267	183,267	-
Other recreational facilities	12,696	14,679	14,679	-
Playground	6,475	6,475	6,475	-
Agricultural center	12,396	15,553	15,553	-
Historical preservation	1,212	10,349	10,349	-
Community center	13,176	13,176	13,176	-
Library administration	153,825	153,825	153,825	-
Total culture and recreation	376,132	397,324	397,324	-
Housing and Development -				
County agent	49,496	59,123	59,123	-
Forest resources	12,084	10,613	10,613	-
Planning and zoning	173,275	182,349	182,349	-
Economic development	215,191	230,068	230,068	-
Total housing and development	450,046	482,153	482,153	-
Debt Service -				
Principal	-	51,916	51,916	-
Interest	153,081	92,407	92,407	-
Total debt service	153,081	144,323	144,323	-
Total expenditures	16,668,635	19,740,067	19,740,067	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,393,511	(789,429)	(789,429)	-

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ -
Proceeds from capital lease	-	528,795	528,795	-
Transfers to other funds	(2,393,510)	(3,512,254)	(3,512,254)	-
Total other financing sources (uses)	(1,393,510)	(1,983,459)	(1,983,459)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1	(2,772,888)	(2,772,888)	-
FUND BALANCES:				
Beginning	3,714,677	3,714,677	3,714,677	-
Ending	$ 3,714,678	$ 941,789	$ 941,789	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
FIRE & RESCUE FUND
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 5,222,621	$ 4,033,624	$ 4,033,624	$ -
EXPENDITURES	5,222,621	5,556,172	5,556,172	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,522,548)	(1,522,548)	-
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	-	1,381,155	1,381,155	-
Total other financing sources (uses)	-	1,381,155	1,381,155	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	(141,393)	(141,393)	-
FUND BALANCES:				
Beginning	549,792	549,792	549,792	-
Ending	$ 549,792	$ 408,399	$ 408,399	$ -

WALKER COUNTY, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
RETIREMENT PLAN
SEPTEMBER 30, 2013

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)
01/01/08	6,051,086	6,274,654	223,568	96.4%	7,266,593	3.1%
01/01/09	5,658,617	5,981,399	322,782	94.6%	7,317,071	4.4%
01/01/10	5,537,935	5,921,500	383,565	93.5%	7,087,233	5.4%
01/01/11	6,424,689	7,360,307	935,618	87.3%	6,531,854	14.3%
01/01/12	5,837,536	6,711,015	873,479	87.0%	6,354,848	13.7%
01/01/13	6,381,844	9,324,526	2,942,682	68.4%	5,682,532	51.7%

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

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

WALKER COUNTY, GEORGIA
DEFINED BENEFIT PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREMENT PLAN
SEPTEMBER 30, 2013

Plan Year Ended	Annual Required Conribution	Actual Contributions	Percentage Contributed
12/31/07	978,839	1,195,458	122%
12/31/08	774,137	1,078,215	139%
12/31/09	777,960	1,124,332	145%
12/31/10	826,330	1,017,442	123%
12/31/11	796,609	1,290,355	162%
12/31/12	565,166	945,118	167%

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	1/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar for 15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	4.0%

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

(1) BUDGETARY BASIS OF ACCOUNTING:

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

SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL - SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013

	E911	Law Library	Multiple Grand Fund	Court Supervision	Connection	Transportation	Total
ASSETS:							
Cash	$ -	$ 48,831	$ -	$ 50,841	$ 1,001	$ 2,078	$ 102,751
Restricted cash	12,209	-	72,983	-	-	-	85,192
Accounts receivable	144,151	-	-	-	-	-	144,151
Due from other funds	-	-	641,931	-	5,285	1,644	648,860
Due from other governments	128,408	-	87,354	-	11,581	-	227,343
Total assets	$ 284,768	$ 48,831	$ 802,268	$ 50,841	$ 17,867	$ 3,722	$ 1,208,297
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:							
Liabilities:							
Accounts payable	$ 11,850	$ -	$ 76,133	$ -	$ -	$ 14,296	$ 102,279
Due to other funds	269,932	-	-	16,810	-	-	286,742
Total liabilities	281,782	-	76,133	16,810	-	14,296	389,021
Deferred inflows of resources:							
Unavailable revenue	-	-	708,573	-	-	-	708,573
Total deferred inflows of resources	-	-	708,573	-	-	-	708,573
Fund balances:							
Restricted	2,986	48,831	17,562	34,031	17,867	-	121,277
Unassigned	-	-	-	-	-	(10,574)	(10,574)
Total fund balances	2,986	48,831	17,562	34,031	17,867	(10,574)	110,703
Total liabilities, deferred inflows of resources and fund balances	$ 284,768	$ 48,831	$ 802,268	$ 50,841	$ 17,867	$ 3,722	$ 1,208,297

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL - SPECIAL REVENUE FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	E911	Law Library	Multiple Grant Fund	Court Supervision	Connection	Transportation	Total
REVENUES:							
Intergovernmental	$ -	$ -	$ 1,115,276	$ -	$ 46,251	$ 271,207	$ 1,432,734
Charges for services	1,092,474	-	-	-	-	73,219	1,165,693
Fines and forfeitures	-	21,885	-	6,585	-	-	28,470
Investment income	12	1	-	279	-	-	292
Total revenues	1,092,486	21,886	1,115,276	6,864	46,251	344,426	2,627,189
EXPENDITURES:							
Current -							
Judicial	-	16,305	102,568	12,485	-	-	131,358
Sheriff	-	-	25,290	-	-	-	25,290
Public safety	1,400,125	-	100,678	-	-	-	1,500,803
Public works	-	-	24,800	-	-	-	24,800
Health and welfare	-	-	885,930	-	47,374	689,200	1,622,504
Culture and recreation	-	-	28,579	-	-	-	28,579
Debt service -							
Principal	208,961	-	-	-	-	-	208,961
Interest	62,154	-	-	-	-	-	62,154
Total expenditures	1,671,240	16,305	1,167,845	12,485	47,374	689,200	3,604,449
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(578,754)	5,581	(52,569)	(5,621)	(1,123)	(344,774)	(977,260)
OTHER FINANCING SOURCES:							
Transfer from other funds	278,695	-	70,131	-	-	334,200	683,026
Total other financing sources	278,695	-	70,131	-	-	334,200	683,026
NET CHANGE IN FUND BALANCES	(300,059)	5,581	17,562	(5,621)	(1,123)	(10,574)	(294,234)
FUND BALANCES:							
Beginning	303,045	43,250	-	39,652	18,990	-	404,937
Ending	$ 2,986	$ 48,831	$ 17,562	$ 34,031	$ 17,867	$ (10,574)	$ 110,703

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2013

	Tax Commissioner	Clerk of Courts	Probate Judge	Magistrate Judge	Total
ASSETS:					
Cash	$ 752,555	$ 697,384	$ 10,710	$ 13,870	$ 1,474,519
Total assets	$ 752,555	$ 697,384	$ 10,710	$ 13,870	$ 1,474,519
LIABILITIES:					
Accounts payable	$ 16,254	$ -	$ -	$ -	$ 16,254
Due to other governments	736,301	68,613	1,059	3,154	809,127
Due to heirs, litigants and others	-	628,771	9,651	10,716	649,138
Total liabilities	752,555	697,384	10,710	13,870	1,474,519
NET POSITION	$ -	$ -	$ -	$ -	$ -

WALKER COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Beginning	Additions	Deductions	Ending
ASSETS:				
Cash	$ 1,667,321	$ 39,787,054	$ 39,979,856	$ 1,474,519
Total assets	$ 1,667,321	$ 39,787,054	$ 39,979,856	$ 1,474,519
LIABILITIES:				
Accounts payable	$ 4,724	$ 225,961	$ 214,431	$ 16,254
Due to other governments	629,082	5,930,874	5,750,829	809,127
Due to heirs, litigants and others	1,033,515	319,014	703,391	649,138
Total liabilities	1,667,321	6,475,849	6,668,651	1,474,519
NET POSITION	$ -	$ 33,311,205	$ 33,311,205	$ -

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COMMISSIONER
YEAR ENDED SEPTEMBER 30, 2013

	Beginning	Additions	Deductions	Ending
ASSETS:				
Cash	$ 555,230	$ 36,643,131	$ 36,445,806	$ 752,555
Total assets	$ 555,230	$ 36,643,131	$ 36,445,806	$ 752,555
LIABILITIES:				
Accounts payable	$ 4,724	$ 225,961	$ 214,431	$ 16,254
Due to other governments	550,506	3,526,629	3,340,834	736,301
Total liabilities	555,230	3,752,590	3,555,265	752,555
NET POSITION	$ -	$ 32,890,541	$ 32,890,541	$ -

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CLERK OF COURTS
YEAR ENDED SEPTEMBER 30, 2013

	Beginning	Additions	Deductions	Ending
ASSETS:				
Cash	$ 1,086,486	$ 2,716,425	$ 3,105,527	$ 697,384
Total assets	$ 1,086,486	$ 2,716,425	$ 3,105,527	$ 697,384
LIABILITIES:				
Due to other governments	$ 74,190	$ 2,335,724	$ 2,341,301	$ 68,613
Due to heirs, litigants, and others	1,012,296	137,138	520,663	628,771
Total liabilities	1,086,486	2,472,862	2,861,964	697,384
NET POSITION	$ -	$ 243,563	$ 243,563	$ -

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PROBATE JUDGE
YEAR ENDED SEPTEMBER 30, 2013

	Beginning	Additions	Deductions	Ending
ASSETS:				
Cash	$ 10,767	$ 125,105	$ 125,162	$ 10,710
Total assets	$ 10,767	$ 125,105	$ 125,162	$ 10,710
LIABILITIES:				
Due to other governments	$ 993	$ 14,380	$ 14,314	$ 1,059
Due to heirs, litigants, and others	9,774	8	131	9,651
Total liabilities	10,767	14,388	14,445	10,710
NET POSITION	$ -	$ 110,717	$ 110,717	$ -

WALKER COUNTY, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MAGISTRATE JUDGE
YEAR ENDED SEPTEMBER 30, 2013

	Beginning	Additions	Deductions	Ending
ASSETS:				
Cash	$ 14,838	$ 302,393	$ 303,361	$ 13,870
Total assets	$ 14,838	$ 302,393	$ 303,361	$ 13,870
LIABILITIES:				
Due to other governments	$ 3,393	$ 54,141	$ 54,380	$ 3,154
Due to heirs, litigants, and others	11,445	181,868	182,597	10,716
Total liabilities	14,838	236,009	236,977	13,870
NET POSITION	$ -	$ 66,384	$ 66,384	$ -

WALKER COUNTY, GEORGIA
STATEMENT OF EXPENDITURES TO BUDGET
FAMILY CONNECTION PROGRAM
CONTRACT 427-93-121200137-99
CONTRACT PERIOD: JULY 1, 2012 - JUNE 30, 2013

	Family Connection Budget	Contract Expenditures	Variance with Budget
EXPENDITURES:			
Personal services	$ -	$ -	$ -
Regular operating	1,650	1,938	(288)
Travel - staff	-	-	-
Equipment	-	-	-
Per diem, fees and contracts	43,000	42,614	386
Telecommunications	350	416	(66)
Other support to customers	-	-	-
	$ 45,000	$ 44,968	$ 32

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E911
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 1,425,000	$ 1,092,486	$ 1,092,486	$ -
EXPENDITURES	1,425,000	1,671,240	1,671,240	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(578,754)	(578,754)	-
OTHER FINANCING SOURCES:				
Transfer from other funds	-	278,695	278,695	-
Proceeds from capital lease	-	-	-	-
Total other financing sources	-	278,695	278,695	-
NET CHANGE IN FUND BALANCES	-	(300,059)	(300,059)	-
FUND BALANCES:				
Beginning	303,045	303,045	303,045	-
Ending	$ 303,045	$ 2,986	$ 2,986	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
LAW LIBRARY
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 40,000	$ 21,886	$ 21,886	$ -
EXPENDITURES	40,000	16,305	16,305	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	5,581	5,581	-
FUND BALANCES:				
Beginning	43,250	43,250	43,250	-
Ending	$ 43,250	$ 48,831	$ 48,831	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
MULTIPLE GRANT FUND
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 1,332,000	$ 1,115,276	$ 1,115,276	$ -
EXPENDITURES	1,332,000	1,167,845	1,167,845	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(52,569)	(52,569)	-
OTHER FINANCING SOURCES:				
Transfer from other funds	-	70,131	70,131	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	17,562	17,562	-
FUND BALANCES:				
Beginning	-	-	-	-
Ending	$ -	$ 17,562	$ 17,562	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
COURT SUPERVISION
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 10,000	$ 6,864	$ 6,864	$ -
EXPENDITURES	10,000	12,485	12,485	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(5,621)	(5,621)	-
FUND BALANCES:				
Beginning	39,652	39,652	39,652	-
Ending	$ 39,652	$ 34,031	$ 34,031	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
CONNECTION
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 45,000	$ 46,251	$ 46,251	$ -
EXPENDITURES	45,000	47,374	47,374	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,123)	(1,123)	-
FUND BALANCES:				
Beginning	18,990	18,990	18,990	-
Ending	$ 18,990	$ 17,867	$ 17,867	$ -

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION
YEAR ENDED SEPTEMBER 30, 2013

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES	$ 708,596	$ 344,426	$ 344,426	$ -
EXPENDITURES	708,596	689,200	689,200	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(344,774)	(344,774)	-
OTHER FINANCING SOURCES:				
Transfer from other funds	-	334,200	334,200	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	-	(10,574)	(10,574)	-
FUND BALANCES:				
Beginning	-	-	-	-
Ending	$ -	$ (10,574)	$ (10,574)	$ -

COMPLIANCE

JOHNSON HICKEY MURCHISON
CERTIFIED PUBLIC ACCOUNTANTS • SINCE 1977

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

Commissioner
Walker County, Georgia
LaFayette, Georgia:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise Walker County, Georgia's basic financial statements, and have issued our report thereon dated July 2, 2014. Our report includes a reference to other auditors who audited the financial statements of the Walker County Health Department, as described in our report on Walker County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Walker County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Walker County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Walker County, Georgia's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 07-1 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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Compliance and Other Matters

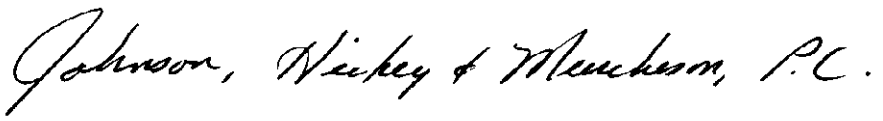
As a part of obtaining reasonable assurance about whether Walker County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Walker County, Georgia's Response to Findings

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

Purpose of this Report

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



Chattanooga, Tennessee
July 2, 2014

JOHNSON HICKEY MURCHISON
CERTIFIED PUBLIC ACCOUNTANTS • SINCE 1977

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

Commissioner
Walker County, Georgia
LaFayette, Georgia:

Report on Compliance for Each Major Federal Program

We have audited Walker County, Georgia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Walker County, Georgia's major federal programs for the year ended September 30, 2013. Walker County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Walker County, Georgia's basic financial statements include the operations of the Walker County Health Department component unit which received $23,546 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Walker County Health Department because the component unit did not meet the threshold requiring an audit in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditors' Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, Walker County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Johnson, Nickey & Meacham, P.C.

Chattanooga, Tennessee
July 2, 2014

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice:			
Passed through State Criminal Justice Coordinating Council -			
CJCC - VOCA	16.575	C12-8-139	82,430
Direct Award -			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580		5,340
Officer Safety and Education Program	16.738		20,747
Justice Assistance Grant	16.738		5,902
Justice Assistance Grant	16.738		6,049
			32,698
Total U. S. Department of Justice			120,468
U.S. Department of Transportation:			
Passed through Georgia Department of Natural Resources			
Recreational Trans Program (Durham)	20.219	GA070410017	6,880
Passed through State Department of Justice -			
Transit Operating Assistance	20.509	GA-18-4033	259,832
Transit Operating Assistance	20.509	GA-18-4034	76,337
			336,169
Total U. S. Department of Transportation			343,049
U.S. Department of Health and Human Services:			
Direct Award -			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104		885,930
U.S. Department of Homeland Security:			
Passed through Georgia Emergency Management Agency -			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1973-DR-GA	4,290
Emergency Management Performance Grants	97.042	2010-EP-00-0015	34,949
Citizens Corp Program	97.067	EMW-2011-SS-00081	1,330
Direct Award -			
Assistance to Firefighters Grant	97.044		4,038
Total U. S. Department of Homeland Security			44,607
			$ 1,394,054

WALKER COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2013

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(1) BASIS OF PRESENTATION:

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

(2) SUB-RECIPIENTS:

The County provided federal awards to sub-recipients as follows:

Program Title	Federal CFDA Number	Amount Provided
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	$ 885,930

WALKER COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding Control Number and Status

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

11-1 This finding is closed.

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified	X Yes	___ No
Significant deficiencies identified that are not considered to be material weakness	___ Yes	X None reported
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness identified	___ Yes	X No
Significant deficiencies identified that are not considered to be material weakness	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit finding disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	___ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program
93.104	Comprehensive Community Health Services for Children with Serious Emotional Disturbances

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee:	___ Yes	X No

WALKER COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 07-1 –
Condition: Some material balance sheet accounts were not reconciled to supporting documentation at year end. In these instances, the ending balances were identified and supporting worksheets were prepared, however, circumstances prevented the accounting department from having all pertinent information necessary to determine the correct balance in a timely manner. This condition was a prior year finding.

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

Effect: Balance sheet accounts that are not reconciled could result in undetected material misstatements in the financial statements. Appropriate account reconciliations could avoid errors being undetected in the financial statements that management uses as part of its decision making process and provide management with more confidence in the financial statements.

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

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

Planned Corrective Plan: Management's response is located on pages 74-75.

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
YEAR ENDED SEPTEMBER 30, 2013

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	EXPENDITURES TOTAL	PERCENTAGE OF COMPLETION	CUMULATIVE OTHER FUNDING
Water and sewer projects	$ 5,000,000	$ 2,771,112	$ -	$ 2,771,112	55%	$ -
Solid waste and stormwater management	1,000,000	-	-	-	0%	-
Emergency services	5,800,000	5,530,668	-	5,530,668	95%	-
Technology	2,000,000	1,244,107	-	1,244,107	62%	-
Animal shelter	30,000	-	-	-	0%	-
Historical projects	100,000	35,384	-	35,384	35%	-
Recreation	2,000,000	414,759	-	414,759	21%	-
Roads, bridges, and road department equipment	5,000,000	4,701,407	-	4,701,407	94%	1,187,913
Building construction and improvements	2,500,000	2,809,668	-	2,809,668	100%	-
Industrial and economic development	3,570,000	3,289,566	-	3,289,566	92%	-
Public library	1,500,000	719,233	435,951	1,155,184	77%	-
Payments to Cities:						
LaFayette	4,434,600	2,470,666	638,271	3,108,937	70%	-
Rossville	2,394,000	1,688,057	-	1,688,057	71%	-
Chickamauga	1,432,600	1,010,940	-	1,010,940	71%	-
Lookout Mountain	1,090,600	769,451	-	769,451	71%	-
Ft. Oglethorpe	148,200	104,171	-	104,171	70%	-
	$ 38,000,000	$ 27,559,189	$ 1,074,222	$ 28,633,411		$ 1,187,913

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

SPLOST 2008 expenditures per financial statements	$ 5,581,028
Less debt service:	
Principal	4,095,000
Interest and fiscal agent fees	383,830
Less grant receivable written off	27,976
SPLOST 2008 expenditures per schedule of projects	$ 1,074,222

Bebe Heiskell
Walker County Commissioner

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

July 2, 2014

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

Walker County, Georgia submits the following plan for corrective action regarding control deficiencies associated with our internal controls and compliance for the year ended September 30, 2013

The "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards" issued by Johnson, Hickey & Murchison, P.C., on July 2, 2014, referenced instances of noncompliance and control deficiencies. The corrective action taken on these items is as follows:

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

Accounts not reconciled to supporting documentation

Corrective Action Plan/Management Response

We concur with the recommendation. The few unreconciled balances for the current year were related to the failure of various departments to report in a timely manner. The uncertainty of the amounts involved resulted in delays in posting amounts at the fiscal year end. Offices outside the direct supervision of the commissioner's office have been encouraged to close out their periods in a more timely fashion and to report their results.

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

Sincerely,

Bebe Heiskell

Bebe A. Heiskell
Walker County Commissioner

Phone: (706) 638-1437 • Fax (706) 638-1453 • www.walkerga.us
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