

WALKER COUNTY, GEORGIA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020



CERTIFIED PUBLIC ACCOUNTANTS

WALKER COUNTY, GEORGIA

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INDEPENDENT AUDITOR'S 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 units, each major fund, and the aggregate remaining fund information of Walker County, Georgia, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Walker County, Georgia's 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. We did not audit the financial statements of the Walker County Health Department (a discretely-presented component unit), whose statements reflect total assets of \$2,131,411 and total net position of \$775,404 as of September 30, 2020, and total revenues of \$1,163,297 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Walker County Health Department, is based solely on the report of the other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 purposes 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.

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 the other auditor, 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, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vi through xiv of the Financial Section and the required supplementary information on pages 47 through 55 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 appropriate operational, economic, or historical context. We 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 nonmajor fund statements, agency fund statements, and nonmajor fund budgetary comparison schedules included as other supplementary information, and the schedule of projects constructed with special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund statements, agency fund statements, and nonmajor fund budgetary comparison schedules included as other supplementary information, and the schedule of projects constructed with special purpose local option sales tax proceeds are the responsibility of management and were derived from and relates 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining nonmajor fund statements, agency fund statements, and nonmajor fund budgetary comparison schedules included as other supplementary information, and the schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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.

Chattanooga, Tennessee
April 15, 2021

Henderson Hutcherson
is McCullough, PLLC

WALKER COUNTY, GEORGIA MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of Walker County’s financial performance provides an overview of the County’s financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the County’s financial statements which follow this analysis.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of Walker County exceeded its liabilities and deferred inflows of resources at September 30, 2020 by \$112,652,387 (Net Position), an increase of \$17,747,128 from the prior year. Of the net position, \$92,102,956 is restricted as to what the funds may be expended for. The remaining balance, \$20,549,431, is what is available to meet the ongoing obligations to citizens and creditors.

In the County’s business-type activities, operating expenditures exceeded operating revenues by \$1,186,836. Revenues were insufficient to recoup costs largely due to accrued postclosure costs.

The County’s governmental activities reported combined ending net position of \$114,971,220, an increase of \$18,933,964 from the prior year net position.

Debt decreased by \$10,323,436. There were bond payments of \$5,640,000, a net decrease in leases of \$528,436, payments on the nonexchange financial guarantee of \$4,155,000 and the addition of notes payable for \$139,727.

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 5. 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 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, deferred outflows of resources, 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.

The Statement of Net Position and the Statement of Activities report the County’s net position and changes in net position. One can think of the County’s net position – the difference between assets and deferred outflow of resources and 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. However, other nonfinancial factors will need to be considered, 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.

WALKER COUNTY, GEORGIA MANAGEMENT’S DISCUSSION AND ANALYSIS

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 lodging and recreation area and was developed to host weddings, small conventions, and 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 these individual 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, changes in net position liability and related ratios, contributions, and pension investment returns.

**WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 and deferred outflow of resources exceeded its liabilities and deferred inflow of resources by \$112,652,387. This excess is divided into three net position categories. Investment in capital assets less any outstanding debt used to acquire these assets 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. Another component is restricted net position, the balance of which is subject to external restrictions. The final 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, 2020, is a balance of \$20,549,431, which may be used to meet the County's ongoing obligations.

Net Position
September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 40,216,999	\$ 35,015,546	\$ 375,425	\$ 505,930	\$ 40,592,424	\$ 35,521,476
Capital assets	<u>100,258,779</u>	<u>97,307,402</u>	<u>1,733,393</u>	<u>1,898,272</u>	<u>101,992,172</u>	<u>99,205,674</u>
Total assets	<u>140,475,778</u>	<u>132,322,948</u>	<u>2,108,818</u>	<u>2,404,202</u>	<u>142,584,596</u>	<u>134,727,150</u>
Deferred outflows of resources						
	993,322	996,613	-	-	993,322	996,613
Liabilities						
Long-term liabilities	18,022,221	34,724,528	4,300,505	3,311,398	22,322,726	38,035,926
Other liabilities	<u>8,475,659</u>	<u>2,378,215</u>	<u>127,146</u>	<u>224,801</u>	<u>8,602,805</u>	<u>2,603,016</u>
Total liabilities	<u>26,497,880</u>	<u>37,102,743</u>	<u>4,427,651</u>	<u>3,536,199</u>	<u>30,925,531</u>	<u>40,638,942</u>
Deferred inflow of resources						
	-	179,562	-	-	-	179,562
Net Position						
Net investment in capital assets	82,202,373	73,223,561	939,413	1,103,019	83,141,786	74,326,580
Restricted	8,961,170	7,005,966	-	-	8,961,170	7,005,966
Unrestricted	<u>23,807,677</u>	<u>15,807,729</u>	<u>(3,258,246)</u>	<u>(2,235,016)</u>	<u>20,549,431</u>	<u>13,572,713</u>
Total net position	<u>\$ 114,971,220</u>	<u>\$ 96,037,256</u>	<u>\$(2,318,833)</u>	<u>\$(1,131,997)</u>	<u>\$112,652,387</u>	<u>\$ 94,905,259</u>

Net position of the County's governmental activities increased by \$18,933,964 while the net position of the business type activities decreased by \$1,186,836. The Landfill operated at a loss due to closure and depreciation expense while the Special Facilities had a loss due to operating costs.

**WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Walker County's overall revenue increased in 2020, as compared to 2019, by 6%. Property tax revenue increased 9%, and Local Option sales tax revenue increased 15%. Approximately 35% of the County's total revenue from governmental activities came from property taxes and 30% from other taxes. Charges for services increased to about 17% of governmental revenue, with grants and contributions contributing approximately 10%.

The County's largest expenditures were for the general government (30% of total governmental expenses), judicial (19%), sheriff (19%) and public safety (16%).

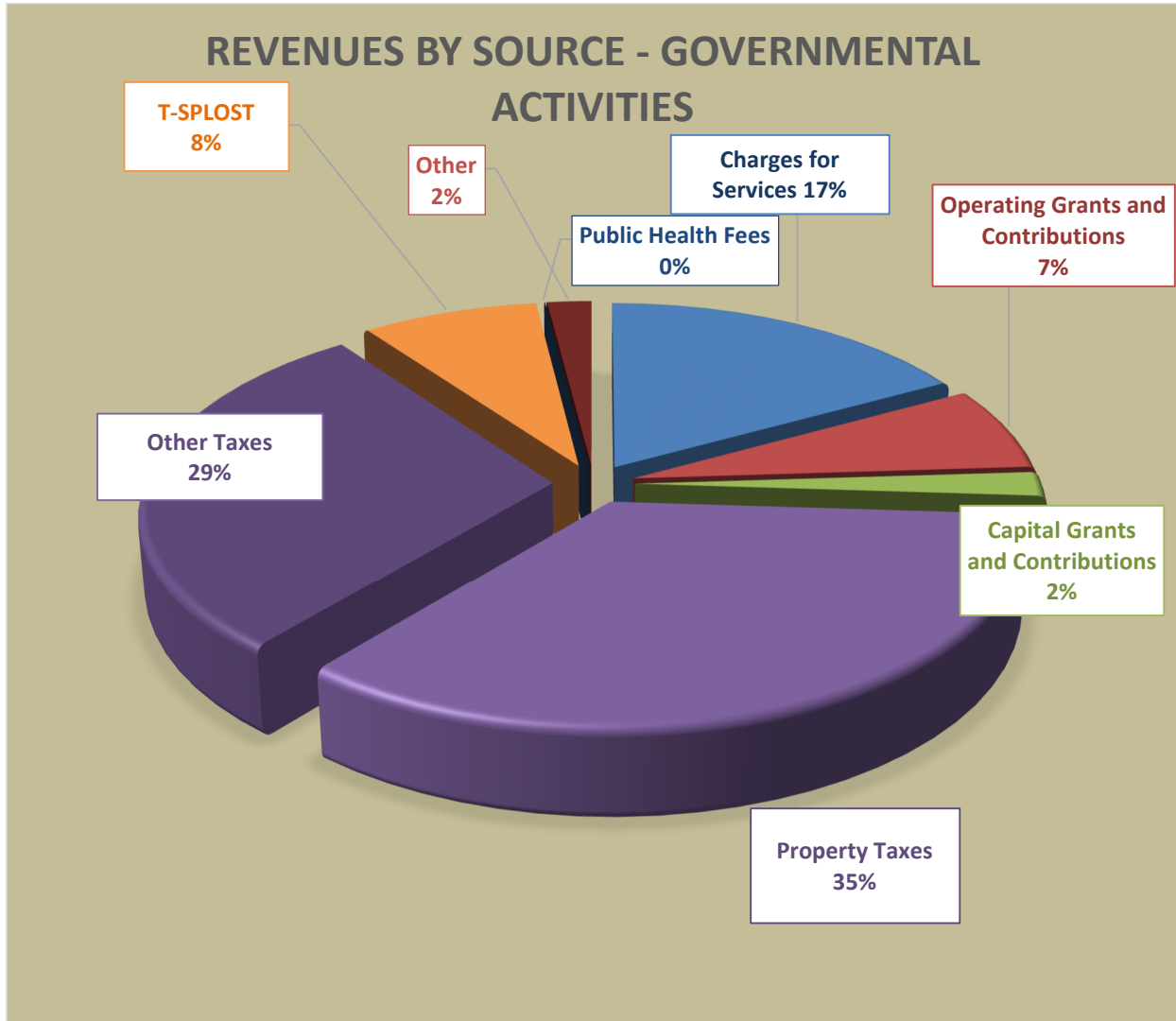
Changes in Net Position
September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 8,846,407	\$ 8,139,596	\$ 1,515,347	\$ 1,546,113	\$ 10,361,754	\$ 9,685,709
Operating grants & contributions	3,996,272	1,153,492	-	-	3,996,272	1,153,492
Capital grants & contributions	1,107,173	2,272,706	-	-	1,107,173	2,272,706
General Revenues:						
Property taxes	18,549,824	16,969,353	-	-	18,549,824	16,969,353
Other taxes	15,828,228	14,217,589	-	-	15,828,228	14,217,589
T-SPLIST	4,264,156	3,829,587	-	-	4,264,156	3,829,587
Public health fee	112,740	3,314,100	-	-	112,740	3,314,100
Other	835,688	434,329	-	-	835,688	434,329
Total revenues	<u>53,540,488</u>	<u>50,330,752</u>	<u>1,515,347</u>	<u>1,546,113</u>	<u>55,055,835</u>	<u>51,876,865</u>
Expense						
General government	10,351,049	4,875,899	-	-	10,351,049	4,875,899
Judicial	6,574,382	4,118,639	-	-	6,574,382	4,118,639
Sheriff	6,447,312	7,656,039	-	-	6,447,312	7,656,039
Public safety	5,608,341	6,199,074	-	-	5,608,341	6,199,074
Public works	2,466,752	4,955,446	-	-	2,466,752	4,955,446
Health and welfare	1,489,883	1,033,550	-	-	1,489,883	1,033,550
Culture and recreation	388,040	486,321	205,564	211,610	593,604	697,931
Housing and development	376,950	803,346	-	-	376,950	803,346
Intergovernmental	601,214	479,633	-	-	601,214	479,633
Interest	302,601	1,822,928	-	-	302,601	1,822,928
Solid waste landfill	-	-	2,496,619	1,447,689	2,496,619	1,447,689
Total expenses	<u>34,606,524</u>	<u>32,430,875</u>	<u>2,702,183</u>	<u>1,659,299</u>	<u>37,308,707</u>	<u>34,090,174</u>
Increase (decrease) in net position	<u>18,933,964</u>	<u>17,899,877</u>	<u>(1,186,836)</u>	<u>(113,186)</u>	<u>17,747,128</u>	<u>17,786,691</u>
Net Position – Oct. 1	<u>96,037,256</u>	<u>78,137,379</u>	<u>(1,131,997)</u>	<u>(1,018,811)</u>	<u>94,905,259</u>	<u>77,118,568</u>
Net Position – Sept. 30	<u>\$ 114,971,220</u>	<u>\$ 96,037,256</u>	<u>\$(2,318,833)</u>	<u>\$(1,131,997)</u>	<u>\$112,652,387</u>	<u>\$ 94,905,259</u>

**WALKER COUNTY, GEORGIA
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Total government-wide revenue of \$55,055,835 was comprised of governmental activities (\$53,540,488) and business-type activities (\$1,515,347). The revenue of the business-type activities were solely charges for services. The following graph illustrates the distribution of the governmental activities revenue. The predominate sources of revenue are property taxes and other taxes, which are primarily comprised of Local Option Sales Tax, Special Purpose Local Option Sales Tax, and business taxes. Special Purpose Local Option Sales Tax revenue, which totaled \$6,269,275, is specifically earmarked and cannot be used to finance the normal operations of the County.

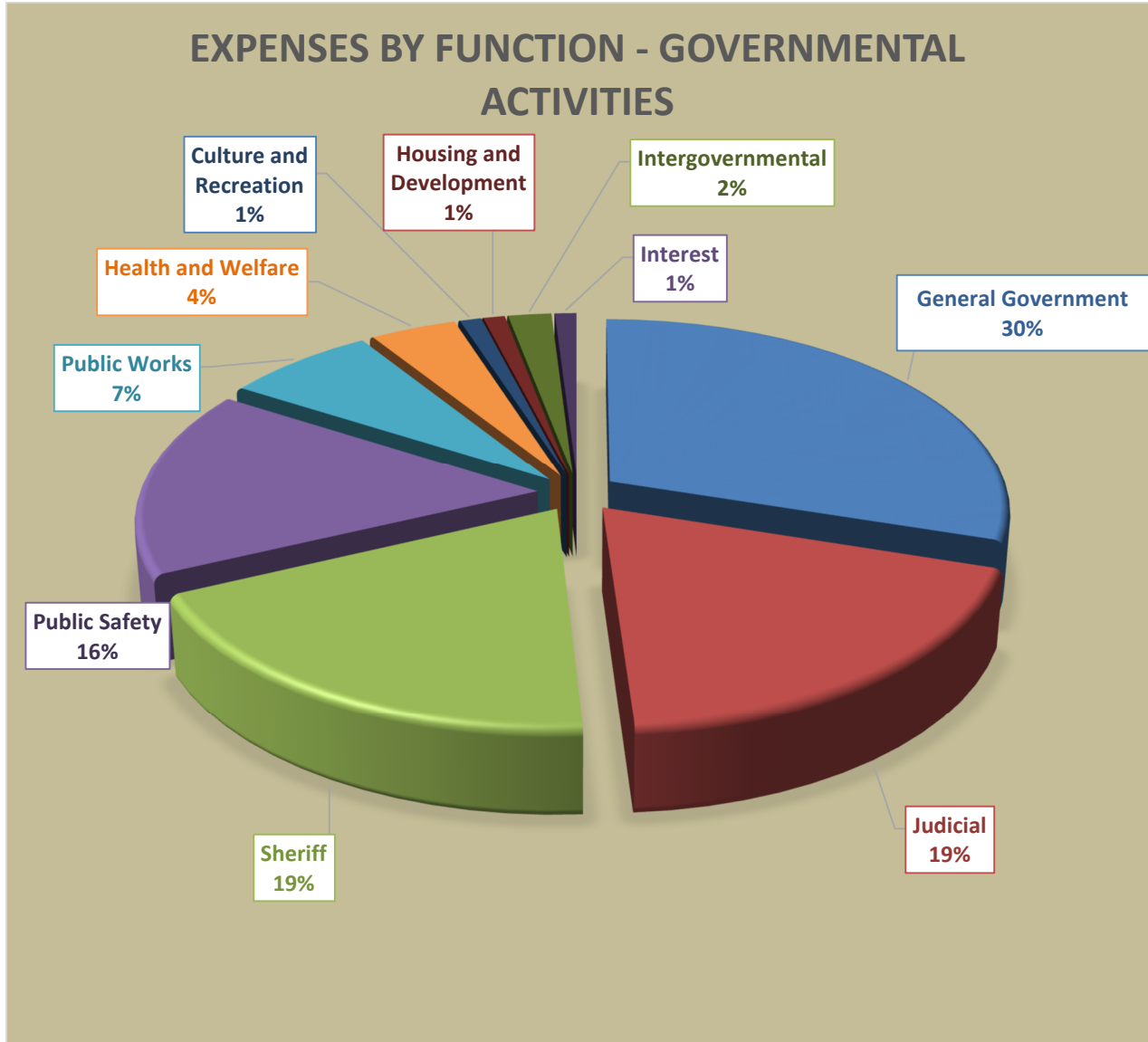
The County continues to be dependent upon property taxes and sales taxes as its major sources of revenue.



WALKER COUNTY, GEORGIA MANAGEMENT’S DISCUSSION AND ANALYSIS

Government-wide expenses totaled \$37,308,707 for fiscal year 2020, including governmental activity expense of \$34,606,524 and business-type activity expense of \$2,702,183. The following graph provides a visual depiction of expenditures of the governmental activities by function for fiscal year 2020.

Overall, expenses were up in 2020 by \$3,218,533 from 2019.



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 \$26,482,167. Restricted fund balance is \$8,961.170 which represents funds that are subject to externally enforceable legal restrictions. The difference represents a surplus unassigned fund balance of \$17,376,662 and a nonspendable balance of \$144,335.

WALKER COUNTY, GEORGIA MANAGEMENT’S DISCUSSION AND ANALYSIS

The General fund is the chief operating fund of Walker County. At the end of the current fiscal year, the unassigned fund balance of the General fund was \$17,374,751. The unassigned fund balance increased by \$3,544,342 during the current year. This increase included transfers of \$1,843,477 made to supplement operations of other funds. Among the transfers were \$397,096 to E911, \$59,573 to the County transportation system, \$1,292,904 to the Walker County Development Authority for debt service, and \$93,904 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 of Walker County, other than the General fund, and their fund balances at year-end are: Fire and Rescue, \$641,481, SPLOST, \$4,861,350, Walker County Development Authority, \$1,149,830 and the TSPLOST, \$1,546,491. The SPLOST fund balance increased by \$903,449. This was a result of SPLOST sales tax exceeding SPLOST expenditures for the year. The Development Authority fund balance increased by \$193,263. This was the result of industrial development expenditures of \$11,949, debt service of \$1,291,406 and transfers from the General Fund of \$1,292,904 for the retirement of the revenue bonds.

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

Actual revenues and other financing sources exceeded budgeted revenues and other financing sources by \$426,590. The excess of actual revenues over budgeted revenues was primarily due to actual property tax revenues exceeding budgeting property tax revenues by \$471,382, other taxes exceeding budget by \$1,494,407, licenses and permits exceeding budget by \$61,648, and contribution revenue exceeding budgeted revenue by \$72,177. Fines and forfeitures came in below budget by \$170,636. Charges for services came in below budget by \$2,408,509. 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 budgeted expenditures and other financing uses over actual expenditures and other financing uses was \$1,745,989. This was primarily due to budgeted Sheriff expenditures being \$1,752,014 higher than actual.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – The County’s investment in capital assets for its governmental funds as of September 30, 2020, totaled \$100,258,779, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and infrastructure. The County’s investment in capital assets for the current fiscal year increased by \$2,951,377, net of accumulated depreciation.

**WALKER COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets at Year-end
September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$ 9,111,954	\$ 9,111,954	\$ 169,000	\$ 169,000	\$ 9,280,954	\$ 9,280,954
Construction in Progress	1,210,881	1,068,570	737,177	737,177	1,948,058	1,805,747
Depreciable assets:						
Buildings and improvements	43,716,069	43,014,050	667,026	667,026	44,383,095	43,681,076
Machinery and equipment	28,601,920	26,855,629	1,901,301	1,901,301	30,503,221	28,756,930
Infrastructure	111,909,997	106,347,477	-	-	111,909,997	106,347,477
C&D Landfill	-	-	4,985,021	4,985,021	4,985,021	4,985,021
Total	194,550,821	186,397,680	8,459,525	8,459,525	203,010,346	194,857,205
Less: Accumulated Depreciation	<u>(94,292,042)</u>	<u>(89,090,278)</u>	<u>(6,726,132)</u>	<u>(6,561,253)</u>	<u>(101,018,174)</u>	<u>(95,651,531)</u>
Net Capital Assets	<u>\$ 100,258,779</u>	<u>\$ 97,307,402</u>	<u>\$ 1,733,393</u>	<u>\$ 1,898,272</u>	<u>\$ 101,992,172</u>	<u>\$ 99,205,674</u>

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 \$28,751,468. This consisted of general obligation bonds, lease obligations, a tax anticipation note, a GEFA note, landfill closure and postclosure costs, and compensated absences.

Outstanding Debt at Year-end
September 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 17,525,000	\$ 23,165,000	\$ -	\$ -	\$ 17,525,000	\$ 23,165,000
Lease Obligations	531,406	918,842	-	141,000	531,406	1,059,842
Note Payable	-	-	793,980	654,253	793,980	654,253
Compensated Absences	1,178,405	1,032,164	11,570	5,939	1,189,975	1,038,103
Landfill Closure Costs	2,326,130	2,285,000	3,506,525	2,510,206	5,832,655	4,795,206
Nonexchange Financial Guarantee	-	4,155,000	-	-	-	4,155,000
Net Pension Liability	<u>2,878,452</u>	<u>3,168,522</u>	<u>-</u>	<u>-</u>	<u>2,878,452</u>	<u>3,168,522</u>
Totals	<u>\$ 24,439,393</u>	<u>\$ 34,724,528</u>	<u>\$ 4,312,075</u>	<u>\$ 3,311,398</u>	<u>\$ 28,751,468</u>	<u>\$ 38,035,926</u>

Additional information on the County's debt can be found in Notes 5 and 6 to the financial statements in this report.

WALKER COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

PENSION BENEFITS

Walker County, Georgia sponsors a single employer defined benefit pension plan for all of its full-time employees who were employed as of December 31, 2005. Annually, an independent actuary engaged by the Trustees of the retirement system calculates the amount of the annual contribution that the County must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The County funds the annually determined contribution to the retirement system as determined by the actuary. The County contributed \$1,092,916 for the fiscal year ending September 30, 2020.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 67 went into effect on July 1, 2013. This statement related to the pension plan accounting and resulted in significant changes to the actuarial reporting and financial report footnotes. The provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, were effective July 1, 2016 and significantly changed the County's accounting for pension amounts. GASB asserts that the new standard will improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 68 relates to employer accounting and results in changes to the County's accounting and financial reporting for its net pension liability and related amounts. Readers of the financial report will see the addition of the net pension liability to the government-wide financial statements. The net pension liability is the difference between the Total Pension Liability and Plan Fiduciary Net Position. Essentially, the net pension liability is the plan's unfunded pension obligation which GASB has determined meets the definition of a liability and should be recognized in the basic financial statements.

It is important to note that the GASB statements refer to plan accounting, not funding. The County continues to use the actuarially determined contribution (ARC) to determine appropriate funding of the pension plan.

At September 30, 2020, the County's total pension liability was \$7,913,294. The plan fiduciary net position was \$5,034,842, resulting in the County's net pension liability of \$2,878,452. The plan fiduciary net position as a percentage of the total pension liability was 36.4%.

ECONOMIC FACTORS AND THE 2020 BUDGET

- The County received approximately \$2.8 million from the federal CARES Act which was used to offset payroll expense for public safety workers
- Internet sales tax collections went into effect during the fiscal year
- Hotel/motel tax collections began during the fiscal year. This generated \$46,371 in revenue for the County for the fiscal year ended September 31, 2020.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	\$ 5,677,591	\$ 435,082	\$ 6,112,673	\$ 1,848,482
Restricted cash	7,596,778	-	7,596,778	-
Investments	6,057,754	-	6,057,754	-
Taxes receivable	13,616,462	-	13,616,462	-
Accounts receivables	880,300	114,291	994,591	-
Due from other governments	5,821,623	-	5,821,623	261,168
Due from (to) other funds	173,948	(173,948)	-	-
Inventory	-	-	-	19,878
Prepaid expenses	158,297	-	158,297	597
Note receivable	234,246	-	234,246	-
Capital assets -				
Nondepreciable	10,322,835	906,177	11,229,012	-
Depreciable, net	89,935,944	827,216	90,763,160	1,286
Total assets	140,475,778	2,108,818	142,584,596	2,131,411
DEFERED OUTFLOWS OF RESOURCES				
Other post-employment benefits items	-	-	-	76,307
Pension related items	993,322	-	993,322	153,342
Total deferred outflows of resources	993,322	-	993,322	229,649
LIABILITIES				
Accounts payable and accrued expenses	1,792,811	115,576	1,908,387	136
Due to other governments	70,832	-	70,832	50,282
Due to heirs, litigants, and others	104,823	-	104,823	-
Accrued interest payable	90,021	-	90,021	-
Long-term liabilities:				
Due within one year				
Bonds payable	4,915,000	-	4,915,000	-
Capital leases	323,767	-	323,767	-
Notes payable	-	12,114	12,114	-
Compensated absences	1,178,405	11,570	1,189,975	46,438
Due in more than one year				
Bonds payable	12,610,000	-	12,610,000	-
Capital leases	207,639	-	207,639	-
Notes payable	-	781,866	781,866	-
Landfill closure and postclosure care	2,326,130	3,506,525	5,832,655	-
Other post-employment benefits	-	-	-	787,342
Net pension liability	2,878,452	-	2,878,452	162,417
Total liabilities	26,497,880	4,427,651	30,925,531	1,046,615

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

WALKER COUNTY, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Health Department
DEFERRED INFLOWS OF RESOURCES				
Other post-employment benefits items	-	-	-	452,098
Pension related items	-	-	-	86,943
Total deferred inflows of resources	-	-	-	539,041
NET POSITION				
Net investment in capital assets	82,202,373	939,413	83,141,786	1,286
Restricted for:				
SPLOST capital project	4,861,350	-	4,861,350	-
Program purposes	4,099,820	-	4,099,820	-
Unrestricted	<u>23,807,677</u>	<u>(3,258,246)</u>	<u>20,549,431</u>	<u>774,118</u>
Total net position	\$ 114,971,220	\$ (2,318,833)	\$ 112,652,387	\$ 775,404

WALKER COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Expenses	Program Revenues		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 10,351,049	\$ 1,245,686	\$ 90,587	\$ 1,107,173
Judicial	6,574,382	1,069,731	3,351,598	-
Sheriff	6,447,312	131,455	-	-
Public safety	5,608,341	6,292,058	-	-
Public works	2,466,752	-	48,939	-
Health and welfare	1,489,883	102,202	505,148	-
Culture and recreation	388,040	5,275	-	-
Housing and development	376,950	-	-	-
Intergovernmental	601,214	-	-	-
Interest	302,601	-	-	-
Total governmental activities	<u>34,606,524</u>	<u>8,846,407</u>	<u>3,996,272</u>	<u>1,107,173</u>
BUSINESS-TYPE ACTIVITIES				
Landfill	2,496,619	1,413,513	-	-
Special facilities	205,564	101,834	-	-
Total business-type activities	<u>2,702,183</u>	<u>1,515,347</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 37,308,707</u>	<u>\$ 10,361,754</u>	<u>\$ 3,996,272</u>	<u>\$ 1,107,173</u>
COMPONENT UNITS				
Health department	\$ 737,031	\$ 375,353	\$ 628,238	\$ -
TOTAL COMPONENT UNITS	<u>\$ 737,031</u>	<u>\$ 375,353</u>	<u>\$ 628,238</u>	<u>\$ -</u>

General revenues:

Taxes

General property taxes

Sales and use tax

T-SPLOST

Alcoholic beverage taxes

Business taxes

Penalties and interest on delinquent taxes

In lieu of taxes

Public health fees

Unrestricted investment earnings

Miscellaneous

Total general revenues and special items

Changes in net position

Net position, beginning of period

Net position, end of period

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Health Department
\$ (7,907,603)	\$ -	\$ (7,907,603)	\$ -
(2,153,053)	-	(2,153,053)	-
(6,315,857)	-	(6,315,857)	-
683,717	-	683,717	-
(2,417,813)	-	(2,417,813)	-
(882,533)	-	(882,533)	-
(382,765)	-	(382,765)	-
(376,950)	-	(376,950)	-
(601,214)	-	(601,214)	-
(302,601)	-	(302,601)	-
<u>(20,656,672)</u>	<u>-</u>	<u>(20,656,672)</u>	<u>-</u>
-	(1,083,106)	(1,083,106)	-
-	(103,730)	(103,730)	-
-	(1,186,836)	(1,186,836)	-
<u>\$ (20,656,672)</u>	<u>\$ (1,186,836)</u>	<u>\$ (21,843,508)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,560</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>266,560</u>
18,549,824	-	18,549,824	-
10,875,510	-	10,875,510	138,000
4,264,156	-	4,264,156	-
327,827	-	327,827	-
3,903,546	-	3,903,546	-
301,811	-	301,811	-
419,534	-	419,534	-
112,740	-	112,740	-
217,743	-	217,743	21,076
617,945	-	617,945	630
<u>39,590,636</u>	<u>-</u>	<u>39,590,636</u>	<u>159,706</u>
18,933,964	(1,186,836)	17,747,128	426,266
<u>96,037,256</u>	<u>(1,131,997)</u>	<u>94,905,259</u>	<u>349,138</u>
<u>\$ 114,971,220</u>	<u>\$ (2,318,833)</u>	<u>\$ 112,652,387</u>	<u>\$ 775,404</u>

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

WALKER COUNTY, GEORGIA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General	Fire and Rescue	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 3,163,513	\$ 141,773	\$ -
Restricted cash and cash equivalents	457,237	-	1,492
Investments	-	-	6,057,754
Taxes receivable	13,616,462	-	-
Accounts receivable	296,217	362,601	-
Prepaid expenses	127,074	17,261	-
Due from other funds	10,055,521	500,026	-
Due from other governments	4,469,646	-	544,725
Total assets	32,185,670	1,021,661	6,603,971
LIABILITIES			
Accounts payable and accrued expenses	1,468,097	48,801	124,456
Due to other funds	1,619,634	-	1,568,647
Due to other governments	21,314	-	49,518
Due to heirs, litigants, and others	104,823	-	-
Total liabilities	3,213,868	48,801	1,742,621
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	11,103,310	-	-
Unavailable revenue - fire fees	-	331,379	-
Unavailable revenue - public health fees	93,964	-	-
Unearned revenue - intergovernmental	-	-	-
Total deferred inflows of resources	11,197,274	331,379	-
FUND BALANCES			
Nonspendable	127,074	17,261	-
Restricted for:			
Capital projects	-	-	4,861,350
Judicial	-	-	-
Public safety	253,062	624,220	-
Public works	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Other purposes	19,641	-	-
Unassigned	17,374,751	-	-
Total fund balances	17,774,528	641,481	4,861,350
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,185,670	\$ 1,021,661	\$ 6,603,971

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

Development Authority	T Splost	Other Governmental Funds	Total Governmental Funds
\$ 1,008,124	\$ -	\$ 1,364,181	\$ 5,677,591
169,035	6,930,283	38,731	7,596,778
-	-	-	6,057,754
-	-	-	13,616,462
11,575	-	209,907	880,300
-	-	13,962	158,297
-	-	442,123	10,997,670
-	381,635	425,617	5,821,623
<u>1,188,734</u>	<u>7,311,918</u>	<u>2,494,521</u>	<u>50,806,475</u>
-	50,675	100,782	1,792,811
38,904	5,714,752	1,881,785	10,823,722
-	-	-	70,832
-	-	-	104,823
<u>38,904</u>	<u>5,765,427</u>	<u>1,982,567</u>	<u>12,792,188</u>
-	-	-	11,103,310
-	-	-	331,379
-	-	-	93,964
-	-	3,467	3,467
-	-	3,467	11,532,120
-	-	-	144,335
-	-	-	4,861,350
-	-	63,079	63,079
-	-	203,575	1,080,857
-	-	42,678	42,678
-	-	197,244	197,244
1,149,830	1,546,491	-	2,696,321
-	-	-	19,641
-	-	1,911	17,376,662
<u>1,149,830</u>	<u>1,546,491</u>	<u>508,487</u>	<u>26,482,167</u>
<u>\$ 1,188,734</u>	<u>\$ 7,311,918</u>	<u>\$ 2,494,521</u>	<u>\$ 50,806,475</u>

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

WALKER COUNTY, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

YEAR ENDED SEPTEMBER 30, 2020

Differences in amounts reported for governmental activities in the statement of net position:

Fund balances - total governmental funds \$ 26,482,167

Amounts reported for governmental activities in the statement of net position are difference because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds 100,258,779

Certain revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds 11,532,120

Amounts related to the pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds (1,885,130)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. 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 position. This item consists of the following:

Note receivable	234,246	
Accrued interest	(90,021)	
Bonds payable	(17,525,000)	
Capital leases	(531,406)	
Compensated absences	(1,178,405)	
Landfill closure and postclosure care cost	(2,326,130)	(21,416,716)

Net position of governmental activities \$ 114,971,220

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

WALKER COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	General	Fire and Rescue	Capital Projects
REVENUES:			
General property taxes	\$ 17,414,186	\$ -	\$ -
Other taxes	9,605,139	-	6,269,275
Licenses and permits	390,588	-	-
Intergovernmental	368,685	-	-
Charges for services	886,843	4,921,383	-
Fines and forfeitures	1,113,619	-	-
Investment income	168,172	-	33,351
Contributions and donations	72,177	351	-
Rental income	517,870	-	-
Other	189,311	-	-
Total revenues	<u>30,726,590</u>	<u>4,921,734</u>	<u>6,302,626</u>
EXPENDITURES:			
Current:			
General government	5,862,459	-	-
Judicial	3,202,551	-	-
Sheriff	6,446,449	-	-
Public safety	1,172,000	3,250,078	-
Public works	2,272,691	-	-
Health and welfare	212,287	-	-
Culture and recreation	388,040	-	-
Housing and development	365,001	-	-
Debt service:			
Principal	4,313,944	190,907	4,695,000
Interest	2,779	25,639	102,963
Capital outlay	2,222,427	237,872	-
Intergovernmental	-	-	601,214
Total expenditures	<u>26,460,628</u>	<u>3,704,496</u>	<u>5,399,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,265,962</u>	<u>1,217,238</u>	<u>903,449</u>
Other financing sources (uses)			
Transfers in	1,117,032	-	-
Transfers out	<u>(1,843,477)</u>	<u>(1,117,032)</u>	<u>-</u>
Total other financing sources (uses)	<u>(726,445)</u>	<u>(1,117,032)</u>	<u>-</u>
Net change in fund balances	3,539,517	100,206	903,449
FUND BALANCE - beginning of period	<u>14,235,011</u>	<u>541,275</u>	<u>3,957,901</u>
FUND BALANCE - end of period	<u>\$ 17,774,528</u>	<u>\$ 641,481</u>	<u>\$ 4,861,350</u>

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

Development Authority	T Splost	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 17,414,186
-	4,217,785	46,371	20,138,570
-	-	-	390,588
-	1,061,377	4,020,990	5,451,052
43,751	-	1,435,170	7,287,147
-	-	16,163	1,129,782
12,445	49,224	347	263,539
-	-	15,438	87,966
95,600	-	-	613,470
51,918	-	-	241,229
<u>203,714</u>	<u>5,328,386</u>	<u>5,534,479</u>	<u>53,017,529</u>
-	-	10,695	5,873,154
-	-	3,475,764	6,678,315
-	-	374	6,446,823
-	-	1,181,670	5,603,748
-	194,061	-	2,466,752
-	-	621,471	833,758
-	-	-	388,040
11,949	-	-	376,950
945,001	-	37,579	10,182,431
346,405	-	2,902	480,688
-	5,554,076	138,766	8,153,141
-	-	-	601,214
<u>1,303,355</u>	<u>5,748,137</u>	<u>5,469,221</u>	<u>48,085,014</u>
<u>(1,099,641)</u>	<u>(419,751)</u>	<u>65,258</u>	<u>4,932,515</u>
1,292,904	318,413	550,573	3,278,922
-	(318,413)	-	(3,278,922)
<u>1,292,904</u>	<u>-</u>	<u>550,573</u>	<u>-</u>
193,263	(419,751)	615,831	4,932,515
<u>956,567</u>	<u>1,966,242</u>	<u>(107,344)</u>	<u>21,549,652</u>
<u>\$ 1,149,830</u>	<u>\$ 1,546,491</u>	<u>\$ 508,487</u>	<u>\$ 26,482,167</u>

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

WALKER COUNTY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement
of activities are different because:

Net change in fund balances – total governmental funds		\$	4,932,515
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets and due from other governments in the statement of net position			8,153,141
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities			(5,201,765)
Repayment of note receivable in rental income in the governmental funds, but the repayment reduces the note receivable asset in the statement of net position			(84,391)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			669,918
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount is the net effect of these differences in the treatment on long-term debt and related items.			
Bond principal payments	5,640,000		
Nonexchange financial guarantee payments	4,155,000		
Capital lease obligation payments	<u>387,436</u>		10,182,436
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. The items consist of:			
Accrued interest	182,702		
Compensated absences	(146,241)		
Landfill closure and postclosure care costs	(41,130)		
Pension liability	<u>286,779</u>		<u>282,110</u>
Change in net position of governmental activities		\$	<u>18,933,964</u>

WALKER COUNTY, GEORGIA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2020

	Landfill	Moutain Cove Farms	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 900	\$ 434,182	\$ 435,082
Receivables, net of allowance	114,291	-	114,291
Due from other funds	606,888	-	606,888
Total current assets	<u>722,079</u>	<u>434,182</u>	<u>1,156,261</u>
NONCURRENT ASSETS			
Capital assets -			
Nondepreciable	737,177	169,000	906,177
Depreciable, net	497,202	330,014	827,216
Total noncurrent assets	<u>1,234,379</u>	<u>499,014</u>	<u>1,733,393</u>
Total assets	<u>1,956,458</u>	<u>933,196</u>	<u>2,889,654</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	72,472	43,104	115,576
Due to other funds	-	780,836	780,836
Capital lease and note payable, current portion	12,114	-	12,114
Compensated absences	7,803	3,767	11,570
Total current liabilities	<u>92,389</u>	<u>827,707</u>	<u>920,096</u>
LONG-TERM LIABILITIES			
Note payable, less current portion	781,866	-	781,866
Landfill closure and postclosure care costs	3,506,525	-	3,506,525
Total long-term liabilities	<u>4,288,391</u>	<u>-</u>	<u>4,288,391</u>
Total liabilities	<u>4,380,780</u>	<u>827,707</u>	<u>5,208,487</u>
NET POSITION			
Net investment in capital assets	440,399	499,014	939,413
Unrestricted (deficit)	<u>(2,864,721)</u>	<u>(393,525)</u>	<u>(3,258,246)</u>
Total net position	<u>\$ (2,424,322)</u>	<u>\$ 105,489</u>	<u>\$ (2,318,833)</u>

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

WALKER COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Landfill</u>	<u>Moutain Cove Farms</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,413,513	\$ 101,834	\$ 1,515,347
Total operating revenues	<u>1,413,513</u>	<u>101,834</u>	<u>1,515,347</u>
OPERATING EXPENSES			
Salaries	329,158	98,471	427,629
Employee benefits	126,257	37,801	164,058
Purchased services	677,690	14,301	691,991
Landfill closure/postclosure care costs	996,319	-	996,319
Professional fees	24,283	-	24,283
Equipment rental	540	75	615
Repairs and maintenance	107,985	10,304	118,289
Depreciation	154,526	10,353	164,879
Supplies	65,002	34,259	99,261
Total operating expenses	<u>2,481,760</u>	<u>205,564</u>	<u>2,687,324</u>
OPERATING LOSS	<u>(1,068,247)</u>	<u>(103,730)</u>	<u>(1,171,977)</u>
NONOPERATING EXPENSES			
Interest expense	(14,859)	-	(14,859)
Total nonoperating expenses	<u>(14,859)</u>	<u>-</u>	<u>(14,859)</u>
CHANGE IN NET POSITION	<u>(1,083,106)</u>	<u>(103,730)</u>	<u>(1,186,836)</u>
NET POSITION			
Beginning	<u>(1,341,216)</u>	<u>209,219</u>	<u>(1,131,997)</u>
Ending	<u>\$ (2,424,322)</u>	<u>\$ 105,489</u>	<u>\$ (2,318,833)</u>

WALKER COUNTY, GEORGIA**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS****YEAR ENDED SEPTEMBER 30, 2020**

	<u>Landfill</u>	<u>Special Facilities</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,392,484	\$ 101,834	\$ 1,494,318
Payments to suppliers	(924,648)	(58,939)	(983,587)
Payments to employees	(451,704)	81,875	(369,829)
Net cash from operating activities	<u>16,132</u>	<u>124,770</u>	<u>140,902</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from notes	139,727	-	139,727
Principal paid on capital lease obligations	(141,000)	-	(141,000)
Interest paid under capital lease obligations	(14,859)	-	(14,859)
Net cash from capital and related financing activities	<u>(16,132)</u>	<u>-</u>	<u>(16,132)</u>
Net change in cash and cash equivalents	-	124,770	124,770
Cash and cash equivalents, beginning of year	<u>900</u>	<u>309,412</u>	<u>310,312</u>
Cash and cash equivalents, end of year	<u>\$ 900</u>	<u>\$ 434,182</u>	<u>\$ 435,082</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY BY OPERATING ACTIVITIES:			
Operating loss	\$ (1,068,247)	\$ (103,730)	\$ (1,171,977)
Adjustments to reconcile operating loss to net cash from operating activities-			
Depreciation	154,526	10,353	164,879
Landfill closure/postclosure care costs	996,319	-	996,319
Changes in assets and liabilities-			
Accounts receivable	(21,032)	-	(21,032)
Due to/from other funds	66,457	209,847	276,304
Payables, accrued expenses	(115,602)	6,380	(109,222)
Compensated absences	3,711	1,920	5,631
Net cash from operating activities	<u>\$ 16,132</u>	<u>\$ 124,770</u>	<u>\$ 140,902</u>

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

WALKER COUNTY, GEORGIA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 2,860,207
Investments, at fair value:		
Guaranteed fixed income account	5,295,034	-
Mutual funds	<u>155,574</u>	<u>-</u>
Total assets	<u>5,450,608</u>	<u>2,860,207</u>
LIABILITIES		
Accounts payable	-	702,736
Due to other governments	-	820,202
Due to heirs, litigants, and others	<u>-</u>	<u>1,337,269</u>
Total liabilities	<u>-</u>	<u>2,860,207</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 5,450,608</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Pension Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,092,916
Investment appreciation in fair value of investments	<u>210,873</u>
Total additions	<u>1,303,789</u>
DEDUCTIONS	
Benefits	<u>664,933</u>
Total deductions	<u>664,933</u>
CHANGE IN NET POSITION	638,856
NET POSITION - RESTRICTED FOR PENSION BENEFITS	
Beginning	<u>4,811,752</u>
Ending	<u><u>\$ 5,450,608</u></u>

WALKER COUNTY, GEORGIA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Walker County, Georgia (the “County”), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The significant accounting policies of the County are described below.

Reporting Entity

The County, was established under the laws of the State of Georgia and operates under an elected Sole County Commissioner (“Commissioner”) form of government.

The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34,*” and GAAP. This statement requires that the financial statements present Walker County, Georgia (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the component unit (i.e., the primary government appoints the voting majority of the component unit board and the primary government is able to impose its will upon the potential component unit) or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Discretely-presented component units are reported in a separate column from the primary government in the government-wide financial statements to emphasize they are legally separate from the County.

Blended Component Unit – Walker County Development Authority

The County’s financial statements include the financial statements (the only ones available) of the Walker County Development Authority (the Development Authority). The Development Authority is reported as a blended component unit. The Development Authority was created by legislative act in the state of Georgia. The board of the Development Authority is comprised of the County Commissioner, one representative appointed by three of the largest five municipalities within the County, and two members appointed at large by the existing board members. The purpose of the Development Authority is to develop industry in the County by assisting in the purchase and financing of property through bond issues and other debt. This component unit operates as a special revenue fund.

Discretely-Presented Component Unit - Walker County Health Department

The Walker County Health Department provides health care services and health education to the residents of Walker County, Georgia. The Board of the Health Department is composed of seven members, which includes:

1. The chief executive officer of the governing authority of the County (Commissioner);
2. The county superintendent of schools;
3. A physician actively participating in the County or a licensed nurse or dentist shall be appointed by the governing authority of the County;
4. One member appointed by the governing authority of the County shall be a consumer;
5. One member appointed by the governing authority of the largest municipality shall be a person interested in promoting public health who is a consumer or a licensed nurse;

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Discretely-Presented Component Unit - Walker County Health Department (Continued)

6. One member appointed by the governing authority of the County shall be a consumer member representing the County's needy, underprivileged, or elderly community; and
7. One member shall be the chief executive officer of the governing authority of the largest municipality of the County or some member designated by said officer.

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 Commissioner. The Authority provides water and sewerage services to citizens in a portion of the 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 Department of Family and Children's Services – This organization's board has been appointed solely by the Commissioner. It is an independent unit that selects management staff, sets user charges, establishes budgets, and controls all aspects of its daily activities.

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenue and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

The County's government-wide financial statements include a Statement of Net Position and a Statement of Activities that report information on all nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. These statements present a summary of governmental activities for the County. They also include separate columns for information on the County's discretely-presented component units.

These statements are presented on an "economic resources measurement focus" and the accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all of the County's assets, deferred outflows, liabilities and deferred inflows, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the County are reported in three categories 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions. Expenses are classified by function for governmental activities. Administrative overhead charges are made to various functions and are included in direct expenses. When an expense is incurred for which both restricted and unrestricted net position are available, restricted resources are applied first.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Fund Financial Statements

Government fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The County has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in the current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available for financial expenditures of the current period. Accordingly, revenues are recognized when received in cash, except that revenues subject to accrual (generally sixty days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax and sales tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The County reports the following major funds:

General Fund – This fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

Capital Projects Fund – This fund accounts for the accumulation of resources provided by the SPLOST, approved by the voters of Walker County, for use in the purchase or construction of capital projects.

Development Authority Fund – This fund accounts for the activity and operations of the Walker County Development Authority. The Development Authority is reported as a blended component unit of the County.

T SPLOST – This fund accounts for the accumulation of resources provided by the T SPLOST, approved by the voters of Walker County, for use in the purchase or construction of capital projects.

Additionally, the County reports the following fund types:

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds. The County reports the following major enterprise fund:

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

Special Facilities – This fund accounts for the operations of the Mountain Cove convention and recreation area.

Fiduciary funds are used to report assets that are held in a trustee or agency capacity for others and that cannot be used to support the County’s own programs. The County reports the following fiduciary funds:

Pension Trust Fund – This fund accounts for the activities of the County’s 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 the County are on fiscal year basis with the year ending September 30, 2020, except for the Health Department discretely presented component unit. The component unit operates on a fiscal year ending June 30, 2020.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data and Process

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

The budget amounts for the fiscal year may be amended by the Commissioner to actual operating figures. The County prepares an annual operating budget 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 budgetary control is at the summary line-item level with summary levels designated as personnel expenses, other expenses (operating), and capital outlay. All appropriations lapse at the end of each fiscal year.

The capital projects fund has a project length budget, which was adopted when the fund was formed. The SPLOST budget was prepared from the projected total SPLOST tax revenues and capital outlays.

Deposits and Investments

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 Standard and Poor’s AAAs rated investment pool which is managed by the Office of the State Treasurer to maintain principal stability. The pool is not registered with the SEC as an investment company and the State does not consider Georgia Fund 1 to be a 2a-7 like pool. The investment is valued at the pool’s share price, \$1.00 per share. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker’s acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair market value. The fair values of investments in external investment pools are the same as the value of the pool shares.

Investments of the County are reported at fair value.

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 (i.e., Georgia Fund I), 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 trade and property tax receivables are reported net of an allowance for uncollectible, where applicable. The County uses the allowance method to estimate uncollectible accounts based on a projection of balances unlikely to be collected. Individual accounts are written off only when they are determined to be uncollectible.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 County as assets with an initial, individual cost of more than \$5,000 for governmental fund and \$500 for business-type activities and an estimated useful life in excess of two years. An exception to the threshold is capital lease assets. The County capitalizes all capital lease assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 capital assets, 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.

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.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	Useful Life
Buildings and improvements	20-50 years
C and D landfill	15-20 years
Infrastructure	30-75 years
Machinery and equipment	5-15 years
Vehicles	6 years
Construction equipment	12-15 years
Furniture and fixtures	20 years
Software	5 years
Computers, radios, and electronics	5-7 years

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.”

Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation and half of their sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are reported as expenses in the periods in which they are incurred.

In the fund financial statement, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

Fund Balance

Generally, fund balance represents the difference between the current assets, deferred outflows, current liabilities and deferred inflows. In the fund statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Commissioner). The Commissioner also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Intent can be expressed by the Commissioner or by an official or body to which the Commissioner delegates the authority.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use of expenditures incurred, 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.

Net Position

Net position represents the residual of all elements presented in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used (i.e., the amount that the County has not spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The County has deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains, or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains, or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments are also recorded as deferred outflows of resources and amortized against pension expense over a five-year period.

The County reports as deferred inflows of resources items that arise from the revenue recognition of property taxes and intergovernmental revenues. The first item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fire fee and public health fees as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, *unearned revenue*, which is reported in both the governmental funds balance sheet and the government-wide statement of net position, pertains to intergovernmental revenues received by the County before time requirements are met and thus will be recognized as inflows (revenue) in future periods once those requirements are met.

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 40% of the 100% fair market value. Revaluation of real property must be made when the average assessed value falls below 40% of the sales price on property sold within the previous year. The last valuation date was January 1, 2017 for residential property, other real property and commercial property.

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, 2021
Levy date	August 13, 2020
Due date	December 20, 2020
Delinquency date	December 21, 2020

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental and business-type activities are eliminated.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions (Continued)

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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

Defined Benefit Pension Plan

The Pension Plan for Employees of the Walker County Commissioner and Sheriff's Department uses a single fiduciary fund to maintain its financial records. The fiduciary fund is accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized at the time they are incurred. Employer contributions are recognized when due. Benefit payments are recognized when due and payable in accordance with the terms of the Plan. Contribution refunds are recognized when due and payable in accordance with the terms of the Plan and County procedures for termination.

Payments Between the County and Discretely-Presented 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 discretely-presented component unit.

Estimates

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

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

Primary Government

The County has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and certificates of deposits. Investments are stated at cost, which approximates fair value. State statutes authorize the County to invest in obligations guaranteed by the U.S. Government and agencies of the U.S. Government; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC); prime bankers acceptances; repurchase agreements; and the Georgia Fund 1.

At September 30, 2020, the carrying amount of the County's deposits was \$16,569,658 and the bank balance was \$18,761,086. The bank balance is categorized below as to credit risk. Category 1 includes deposits either covered by federal depository insurance, by collateral held by the County's agent in the County's name or by the Federal Reserve Banks acting as third-party agents. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the County's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the County's name. All of the County's deposits were category 2 and insured.

(Continued)

NOTE 2 – CASH DEPOSITS AND INVESTMENTS (Continued)

Primary Government (Continued)

The deposits of the County are included in the following classifications at September 30, 2020.

Cash and cash equivalents	\$ 6,112,673
Restricted cash	7,596,778
Cash and cash equivalents – agency funds	<u>2,860,207</u>
Total deposits with financial institutions	<u>\$ 16,569,658</u>

The following schedule of investments of all the County’s funds (including fiduciary funds) as of September 30, 2020:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity Days</u>
<u>Investments</u>				
Georgia Fund 1	<u>\$ 6,057,754</u>	<u>\$ 6,057,754</u>	AAAf	13
<u>Pension Trust Fund Investments</u>				
Guaranteed fixed income account	\$ 5,295,034	\$ 5,295,034	N/A	N/A
Mutual funds	<u>155,574</u>	<u>155,574</u>	N/A	N/A
	<u>\$ 5,450,608</u>	<u>\$ 5,450,608</u>		

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value for certain assets and liabilities using a consistent definition and accepted valuation techniques. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 - Inputs to the valuation methodology other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The pension trust fund investments have been valued using prices quoted in active markets for those investments classified in Level 1. All of the County’s investments are considered Level 1 investments.

The Georgia Fund 1 is not classified within the fair value hierarchy because it represents an external investment pool for which fair value is measured using a fair value per share methodology.

NOTE 3 - RECEIVABLES

Amounts in the financial statements are shown net of allowance for uncollectibles. Below is the detail of receivables including the applicable allowances for uncollectible accounts:

	<u>Receivables</u>			Gross Receivables	(Less) Allowance	Net
	Taxes Receivables	Accounts	Intergovernmental			
Governmental Funds						
General	\$ 14,258,862	\$ 296,217	\$ 4,469,646	\$ 19,024,725	\$ (642,400)	\$18,382,325
Fire and Rescue	-	448,601	-	448,601	(86,000)	362,601
Capital Projects	-	-	544,725	544,725	-	544,725
Development Authority	-	11,575	-	11,575	-	11,575
TSPLOST	-	-	381,635	381,635	-	381,635
Other Funds	-	209,907	425,617	635,524	-	635,524
Total Governmental	<u>14,258,862</u>	<u>966,300</u>	<u>5,821,623</u>	<u>21,046,785</u>	<u>(728,400)</u>	<u>20,318,385</u>
Business-Type Activities:						
Landfill	-	119,191	-	119,191	(4,900)	114,291
Total Business-Type	<u>\$ -</u>	<u>\$ 119,191</u>	<u>\$ -</u>	<u>\$ 119,191</u>	<u>\$ (4,900)</u>	<u>\$ 114,291</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-depreciable assets				
Land	\$ 9,111,954	\$ -	\$ -	\$ 9,111,954
Construction-in-process	1,068,570	142,311	-	1,210,881
Total non-depreciable assets	<u>10,180,524</u>	<u>142,311</u>	<u>-</u>	<u>10,322,835</u>
Depreciable assets				
Infrastructure	106,347,477	5,562,520	-	111,909,997
Buildings and improvements	43,014,050	702,019	-	43,716,069
Machinery and equipment	9,379,194	719,524	-	10,098,718
Vehicles	13,853,715	896,850	-	14,750,565
Construction equipment	3,622,720	129,917	-	3,752,637
Total depreciable assets	<u>176,217,156</u>	<u>8,010,830</u>	<u>-</u>	<u>184,227,986</u>
Less accumulated depreciation for:				
Infrastructure	55,503,127	3,115,808	-	58,618,934
Buildings and improvements	11,105,533	939,786	-	12,045,319
Machinery and equipment	7,623,542	382,204	-	8,005,746
Vehicles	11,335,740	742,822	-	12,078,562
Construction equipment	3,522,336	21,145	-	3,543,481
Total accumulated depreciation	<u>89,090,278</u>	<u>5,201,765</u>	<u>-</u>	<u>94,292,042</u>
Total depreciable assets	<u>87,126,878</u>	<u>2,809,065</u>	<u>-</u>	<u>89,935,944</u>
Capital assets, net	<u>\$ 97,307,402</u>	<u>\$ 2,951,376</u>	<u>\$ -</u>	<u>\$ 100,258,779</u>

(Continued)

NOTE 4 – CAPITAL ASSETS (Continued)

Governmental activities depreciation expense was as follows:

General government	\$ 279,926
Judicial	60,324
Sheriff	404,145
Public safety	833,292
Public works	2,848,379
Health and welfare	218,050
Culture and recreation	115,911
Housing and development	<u>441,738</u>
	<u>\$ 5,201,765</u>

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Landfill:				
Non-depreciable assets				
Construction-in-process	\$ 737,177	\$ -	\$ -	\$ 737,177
Depreciable assets				
C and D landfill	4,985,021	-	-	4,985,021
Buildings and improvements	306,771	-	-	306,771
Machinery and equipment	1,753,047	-	-	1,753,047
Vehicles	49,148	-	-	49,148
Furniture and fixtures	2,172	-	-	2,172
Software	1,508	-	-	1,508
Computers, radios, electronics	<u>21,758</u>	-	-	<u>21,758</u>
Total depreciable assets	<u>7,119,425</u>	-	-	<u>7,119,425</u>
Less accumulated depreciation for:				
C and D landfill	4,835,469	149,552	-	4,985,021
Buildings and improvements	167,940	627	-	168,567
Machinery and equipment	1,391,187	4,325	-	1,395,512
Vehicles	49,147	1	-	49,148
Furniture and fixtures	1,430	8	-	1,438
Software	1,508	-	-	1,508
Computers, radios, electronics	<u>21,016</u>	<u>13</u>	-	<u>21,029</u>
Total accumulated depreciation	<u>6,467,697</u>	<u>154,526</u>	-	<u>6,622,223</u>
Total depreciable assets, net	<u>651,728</u>	<u>(154,526)</u>	-	<u>497,202</u>
Landfill capital assets, net	<u>\$ 1,388,905</u>	<u>\$ (154,526)</u>	<u>\$ -</u>	<u>\$ 1,234,379</u>

(Continued)

NOTE 4 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Retirements	Ending Balance
Business-Type Activities:				
Special Facilities:				
Non-depreciable assets				
Land	\$ 169,000	\$ -	\$ -	\$ 169,000
Depreciable assets				
Buildings and improvements	360,255	-	-	360,255
Furniture and fixtures	72,913	-	-	72,913
Computers, radios, electronics	755	-	-	755
Total depreciable assets	<u>433,923</u>	<u>-</u>	<u>-</u>	<u>433,923</u>
Less accumulated depreciation for:				
Buildings and improvements	65,785	6,588	-	72,373
Furniture and fixtures	27,382	3,613	-	30,995
Computers, radios, electronics	389	152	-	541
Total accumulated depreciation	<u>93,556</u>	<u>10,353</u>	<u>-</u>	<u>103,909</u>
Total depreciable assets, net	<u>340,367</u>	<u>(10,353)</u>	<u>-</u>	<u>330,014</u>
Special facilities capital assets, net	<u>\$ 509,367</u>	<u>\$ (10,353)</u>	<u>\$ -</u>	<u>\$ 499,014</u>
	Beginning Balance	Additions	Retirements	Ending Balance
Walker County Health Department:				
Depreciable assets				
Machinery and equipment	\$ 50,741	\$ -	\$ -	\$ 50,741
Total depreciable assets	<u>50,741</u>	<u>-</u>	<u>-</u>	<u>50,741</u>
Less accumulated depreciation for:				
Machinery and equipment	46,885	2,570	-	49,455
Total accumulated depreciation	<u>46,885</u>	<u>2,570</u>	<u>-</u>	<u>49,455</u>
Total depreciable assets, net	<u>3,856</u>	<u>(2,570)</u>	<u>-</u>	<u>1,286</u>
Health Department capital assets, net	<u>\$ 3,856</u>	<u>\$ (2,570)</u>	<u>\$ -</u>	<u>\$ 1,286</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term liabilities for the year ended September 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 23,165,000	\$ -	\$ 5,640,000	\$ 17,525,000	\$ 4,915,000
Capital leases	918,842	-	387,436	531,406	323,767
Compensated absences	1,032,164	1,178,405	1,032,164	1,178,405	1,178,405
Landfill post closure	2,285,000	41,130	-	2,326,130	-
Nonexchange financial guarantee	4,155,000	-	4,155,000	-	-
Net pension liability	<u>3,168,522</u>	<u>839,688</u>	<u>1,129,758</u>	<u>2,878,452</u>	<u>-</u>
	<u>\$ 34,724,528</u>	<u>\$ 2,059,223</u>	<u>\$ 12,344,358</u>	<u>\$ 24,439,393</u>	<u>\$ 6,417,172</u>
Business-type Activities:					
Capital leases	\$ 141,000	\$ -	\$ 141,000	\$ -	\$ -
Notes payable	654,253	139,727	-	793,980	12,114
Compensated absences	5,939	11,570	5,939	11,570	11,570
Landfill closure and post closure	<u>2,510,206</u>	<u>996,319</u>	<u>-</u>	<u>3,506,525</u>	<u>-</u>
	<u>\$ 3,311,398</u>	<u>\$ 1,147,616</u>	<u>\$ 146,939</u>	<u>\$ 4,312,075</u>	<u>\$ 23,684</u>

For governmental activities, compensated absences and the net pension liability typically have been liquidated in the general and other governmental funds. For business-type activities, compensated absences are liquidated by the landfill and special facilities fund. The capital lease debt is paid by the fund leasing the corresponding assets. The bonds payable will be paid by the special purpose local option sales tax, ad valorem property taxes and payment in lieu of taxes received from various industries. The landfill closure and post closure care costs will be liquidated in the general and landfill fund. The note payable will be paid from operations of the landfill. The nonexchange financial guarantee will be paid by ad valorem property taxes.

Bonds Payable

Future debt service requirements on bonds payable at September 30, 2020, are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Year ending September 30, 2021	\$ 4,915,000	\$ 379,676
2022	980,000	318,960
2023	1,010,000	289,560
2024	1,030,000	269,360
2025	1,050,000	247,730
2026-2030	5,630,000	858,900
2031-2033	<u>2,910,000</u>	<u>146,570</u>
	<u>\$ 17,525,000</u>	<u>\$ 2,510,756</u>

(Continued)

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

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 an average interest rate of 1.63%. Principal payments due range in amounts from \$4,695,000 to \$3,965,000. Principal payments began January 2016 and mature in January 2021. Interest is due semi-annually while principal payments are due on an annual basis. The bonds are payable from proceeds of the 2013 special purpose local option sales tax referendum.

On August 22, 2019 the Authority issued \$14,505,000 in Series 2019 revenue bonds. The bonds are further identified as \$14,505,000 of Walker County Development Authority (Georgia) Economic Development Taxable Refunding Revenue Bonds, Series 2019, with interest rates at 2.0 - 3.00%. Principal payments due range in amounts from \$445,000 to \$1,250,000 and will mature in August 2033.

Capital Lease Payable

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
Buildings and improvements	\$ 1,848,309	\$ -	\$ 1,848,309
Machinery and equipment	2,102,035	357,700	2,459,735
Vehicles	1,499,015	-	1,499,015
Total capital lease assets	5,449,359	357,700	5,807,059
Accumulated amortization	3,791,727	244,428	4,036,155
Capital lease assets, net	<u>\$ 1,657,632</u>	<u>\$ 113,272</u>	<u>\$ 1,770,904</u>

Minimum future lease payments required to maturity for the capital lease payables of the County are as follows:

	Governmental Activities	Business-Type Activities Landfill	Total
Year ending September 30, 2021	\$ 345,914	\$ -	\$ 345,914
2022	216,546	-	216,546
Total minimum lease payments	562,460	-	562,460
Less: deferred interest	31,054	-	31,054
Present value minimum lease payments	<u>\$ 531,406</u>	<u>\$ -</u>	<u>\$ 531,406</u>

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. Amortization expense for assets recorded under capital lease is included with depreciation expense.

(Continued)

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

Note Payable

The County has a promissory note and loan agreement with the Georgia Environmental Finance Authority (GEFA) to borrow up to \$1,000,000 to finance the construction of a new construction and demolition (C&D) cell at the landfill. Interest at 3.03% on outstanding draws is due monthly through the date of completion of the draws. Principal and interest payments will be due commencing in May 2020 and for 239 consecutive months in an amount necessary to pay all outstanding principal and interest by the end of the payment period. As of September 30, 2020, outstanding principal was \$793,980, and \$206,020 remains available for disbursement. Under the terms of the loan agreement with GEFA, financial covenants will be in effect once payments begin.

Projected future debt service requirements on the note payable based on the outstanding principal balance at September 30, 2020, are as follows:

	Business-Type Activities	
	Principal	Interest
Year ending September 30, 2021	12,114	17,933
2022	29,704	23,280
2023	30,616	22,368
2024	31,557	21,427
2025	32,527	20,457
2026-2030	178,251	86,668
2031-2035	207,370	57,550
2036-2040	241,245	23,675
2041	30,596	310
	<u>\$ 793,980</u>	<u>\$ 273,668</u>

NOTE 6 – CONDUIT DEBT

The Development Authority has special limited obligations related to various projects that represent conduit debt obligations. Conduit debt obligations are limited-obligation bonds or similar instruments issued by a governmental unit to provide capital financing for a third party that is not part of the reporting entity. Debt proceeds are typically used to finance development of industry, hospital, or environmental facilities within the governmental unit's jurisdiction that are transferred to the third party by sale or lease. The governmental unit has no obligation for the debt beyond the resources received from the third party by sale or lease. The obligations issued by the Development Authority do not constitute an indebtedness or pledge of the faith and credit of the Development Authority or the County.

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

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

Nonmajor governmental funds to general fund	\$ 1,881,785
Special facilities to general fund	780,836
Development Authority to general fund	38,904
Capital projects to general fund	1,568,647
General fund to other governmental funds	1,012,746
TSPLOST to general fund	5,714,752
General fund to landfill	<u>606,888</u>
	<u>\$ 11,604,558</u>

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

(Continued)

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (Continued)

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.

The due to capital projects fund from a nonmajor governmental fund was created by grant funds associated with SPLOST capital projects deposited into the bank account designated for grant funds. These funds are held in the multiple grant fund until such time as the grant project begins. The funds are then transferred to the capital projects fund for expenditure.

The due from general fund to the landfill is due to an over reimbursement for expenses.

The due to the general fund from the special facilities fund is the result of the transfer of the Mountain Cove Farm.

Transfers To/From Other Funds

Transfers to/from other funds for the year ended September 30, 2020, consists of the following:

From the general fund to the development authority fund for bond interest payments	\$ 1,292,904
From the general fund to the transportation fund for operating expenditures	59,573
From the fire and rescue fund to the general fund	1,117,032
From the general fund to the E911 fund for operating expenditures	397,096
From the TSPLOST fund to other funds	318,413
From the general fund to the multiple grants fund for county matching requirements	93,904
	<u>\$ 3,278,922</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Primary Government

Plan Administration

Fifty-seven (57) 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 the County. The plan is included in this report because the County has oversight responsibility as prescribed by the GASB. The plan does not issue separate financial statements but includes the financial statements and required supplementary information in the County’s annual financial report.

Plan Membership:

As of January 1, 2020, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees, beneficiaries and disabled	20
Terminated employees entitled to benefits but not yet receiving them	43
Active participants - below retirement age	53
Active participants - at or above retirement age	<u>4</u>
	<u>120</u>

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Primary Government (Continued)

Benefits:

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. Disability retirement benefits are determined in the same manner as retirement benefits but are payable after 6 months of disablement. Death benefits before retirement are payable on an insured death benefit equal to the greater of 60 times his monthly projected benefit, \$10,000, or the lump sum value of the vested benefit commencing at normal retirement age. No death benefit is payable after retirement unless an optional form of benefit had been elected which provides one. 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.

Contributions:

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 15 years. As of January 1, 2020, the County's contribution rate was 5.38% of covered payroll.

Net Pension Liability -

The County's net pension liability was measured as of January 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions -

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.00%
Projected salary increases	4.00% per year
Investment rate of return	5.00% per year, net of investment expense

Mortality rates were based upon the RP-2014 Mortality Table (2006 base year) projected using improvement Scale MP-2019 applied on a generational basis and RP-2014 Disabled Mortality Table (2006 base year) projected using improvement Scale MP-2019 applied on a generational basis.

The actuarial assumptions used in the January 1, 2020 valuations were based on the results of the most recent experience study which was completed December 2017.

The long-term expected rate of return on assets of 4.50% was based upon a review of the existing portfolio structure, a review of recent experience, and future long-term expectations of rates of return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Fixed Income	5.00%	97.00%
Domestic Large Equities	9.00%	3.00%

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Primary Government (Continued)

Discount Rate -

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the County contributions will continue to follow the current funding policy of contributing employer normal cost plus plan expenses plus a 15 year amortization of unfunded liabilities. Based on this assumption, the plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. A municipal bond rate of 3.26% was used in the development of the blended discount rate after that point. The 3.26% rate is based on the S&P Municipal Bond 20 Year High Grade Rated Index. Based on the long-term rate of return of 5.00% and the municipal bond rate of 3.26%, the blended discount rate would be 5.00%

Changes in the Net Position Liability -

The changes in the components of the net pension liability for the year are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Position Liability (Asset) (a) – (b)
Balance at January 1, 2019	\$ 7,340,690	\$ 4,172,168	\$ 3,168,522
Changes for the year:			
Service cost	138,054	-	138,054
Interest	367,748	-	367,748
Differences between expected and actual experience	333,886	-	333,886
Changes in assumptions	(16,465)	-	(16,465)
Contributions	-	910,000	(910,000)
Net investment income	-	203,293	(203,293)
Benefit payments	(250,619)	(250,619)	-
Net changes	<u>572,604</u>	<u>862,674</u>	<u>(290,070)</u>
Balance at January 1, 2020	<u>\$ 7,913,294</u>	<u>\$ 5,034,842</u>	<u>\$ 2,878,452</u>

The required schedule of changes in the net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -

The following table presents the net pension liability, calculated using the discount rate of 5.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease 4.00%	Current 5.00%	1% Increase 6.00%
Discount rate			
Net pension liability	\$ 3,560,827	\$ 2,878,452	\$ 2,299,983

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on substantive plan in effect as of January 1, 2020.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Primary Government (Continued)

Pension Expense and Deferred Outflows of Resources:

For the year ended September 30, 2020, the County recognized pension expense of \$596,139. At September 30, 2020, the County reported deferred outflows of resources related to pension items from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 240,989
Differences resulting from changes in actuarial assumptions	(50,626)
Net difference between projected and actual earnings on Pension plan investments	(17,205)
Contributions subsequent to the measurement date of January 1, 2020*	<u>820,164</u>
	<u>\$ 993,322</u>

*The amount shown for “contribution subsequent to the measurement date of January 1, 2020,” will be recognized as a reduction to net pension liability in the next fiscal year.

Other amounts reported as deferred outflows of resources related to pension items will be recognized in pension expense as follows:

Year ending September 30,	2021	\$ 109,549
	2022	17,829
	2023	41,461
	2024	<u>4,319</u>
		<u>\$ 173,158</u>

Investments:

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

A summary of these investments as of September 30, 2020, were as follows:

	<u>Fair Value</u>	<u>Percent of Total</u>
Guaranteed fixed income	\$ 5,295,034	97.15%
Balanced funds	63,115	1.16%
Government/Corporate bond funds	15,615	0.28%
Equity growth funds	<u>76,844</u>	<u>1.41%</u>
	<u>\$ 5,450,608</u>	<u>100.00%</u>

Component Unit

Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature.

ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Component Unit (Continued)

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200, plus 6.00% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Health Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% for GSEPS members.

The Health Department's contributions to ERS totaled \$107,215 for the year ended June 30, 2020. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

At June 30, 2020, the Health Department reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The Health Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2019. At June 30, 2019, the Employer's proportion was 0.019080%, which was an increase of 0.000253% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Health Department recognized pension expense of \$30,099. At June 30, 2020, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Component Unit (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,221	\$ -
Change in assumptions	13,858	-
Net differences between projected and actual earnings on pension plan investments	-	24,508
Changes in proportion and differences between employer contributions and proportionate share contributions	6,048	62,435
Employer contributions subsequent to the measurement date	<u>107,215</u>	<u>-</u>
	<u>\$ 153,342</u>	<u>\$ 86,943</u>

Health Department contributions subsequent to the measurement date of \$107,215 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	2021	\$ (21,555)
	2022	(17,682)
	2023	(4,828)
	2024	<u>3,249</u>
		<u>\$ (40,816)</u>

The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30% net of pension plan investment expense, including inflation

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward two years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back seven years for males and set forward three years for females was used for death after disability retirement. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. There is a margin of future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, with the exception of the assumed investment rate of return.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Component Unit (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	-0.10%
Domestic large equities	46.20%	8.90%
Domestic small equities	1.30%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Alternative	5.00%	12.00%
	<u>100.00%</u>	

*Rates shown are net of inflation.

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the Health Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount rate	6.30%	7.30%	8.30%
Net pension liability	\$ 1,118,886	\$ 787,342	\$ 504,707

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Component Unit

State OPEB Fund

Employees of State organizations as defined in §45-18-25 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Component Unit (Continued)

The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the Health Department were \$23,868 for the year ended June 30, 2020. Active employees are not required to contribute to the State OPEB Fund.

At June 30, 2020, the Health Department reported a liability of \$224,815 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The Health Department's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2019. At June 30, 2019, the Health Department's proportion was 0.018111%, which was an increase of 0.000870% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Health Department recognized OPEB expense of \$(146,465). At June 30, 2020, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 77,951
Change in assumptions	-	209,833
Net differences between projected and actual earnings on OPEB plan investments	15,161	-
Changes in proportion and differences between employer contributions and proportionate share contributions	24,832	158,581
Employer contributions subsequent to the measurement date	<u>23,868</u>	<u>-</u>
	<u>\$ 63,861</u>	<u>\$ 446,365</u>

Health Department contributions subsequent to the measurement date of \$23,868 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	2021	\$ (175,370)
	2022	(150,527)
	2023	(69,914)
	2024	<u>(10,561)</u>
		<u>\$ (406,372)</u>

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Component Unit (Continued)

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.75%
Projected salary increases	3.25% - 7.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of pension plan investment expense, including inflation
Healthcare cost trend rate:	
Pre-Medicare Eligible	7.25%
Medicare Eligible	5.375%
Ultimate trend rate:	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of ultimate trend rate:	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During the fiscal year 2018, the state OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	-0.10%
Domestic large equities	46.20%	8.90%
Domestic small equities	1.30%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Alternative	5.00%	12.00%
	<u>100.00%</u>	

* Net of inflation

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Component Unit (Continued)

The discount rate has changed since the prior measurement date from 5.22% to 7.30%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 7.30% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2120. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees indefinitely. Therefore, the calculated discount rate of 7.30% was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the Health Department's proportionate share of the net OPEB liability calculated using the discount rate of 7.30%, as well as what the Health Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount rate	6.30%	7.30%	8.30%
Employer's proportionate share of the collective net OPEB liability	\$ 278,323	\$ 224,815	\$ 179,328

The following presents the Health Department's proportionate share of the net OPEB liability, as well as what the Health Department's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Employer's proportionate share of the collective net OPEB liability	\$ 172,759	\$ 224,815	\$ 286,597

Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR) which is publicly available at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

SEAD OPEB Plan

SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than OPEB Plans. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2020.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Component Unit (Continued)

At June 30, 2020, the Health Department reported a liability of \$(62,398) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The Health Department's proportion of the net OPEB liability was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2019. At June 30, 2019, the Health Department's proportion was 0.022067%, which was a decrease of 0.003346% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Health Department recognized OPEB expense of \$7,047. At June 30, 2020, the Health Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 317	\$ -
Changes of assumptions	1,263	-
Net differences between projected and actual earnings on OPEB plan investments	-	5,733
Changes in proportion and differences between employer contributions and proportionate share contributions	<u>10,866</u>	<u>-</u>
	<u>\$ 12,446</u>	<u>\$ 5,733</u>

Health Department contributions subsequent to the measurement date of \$0 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	2021	\$ 8,071
	2022	(1,095)
	2023	(544)
	2024	<u>281</u>
		<u>\$ 6,713</u>

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018. Based on the funding policy adopted by the Board on March 15, 2018, the investment rate of return assumption will be changed to 7.30% in the June 30, 2018 actuarial valuation. Therefore, the investment rate of return used in the roll-forward of the total pension liability is 7.30% using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30%, net of OPEB plan investment expense, including inflation

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, with the exception of the long-term assumed rate of return.

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Component Unit (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	30.00%	-0.10%
Domestic large equities	46.20%	8.90%
Domestic small equities	1.30%	13.20%
International developed market equities	12.40%	8.90%
International emerging market equities	5.10%	10.90%
Alternative	5.00%	12.00%
	<u>100.00%</u>	

*Rates shown are net of inflation.

The discount rate used to measure the total OPEB liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the Health Department's proportionate share of the net OPEB liability calculated using the discount rate of 7.30 %, as well as what the Health Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30%) or 1-percentage-point higher (8.30 %) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount rate	6.30%	7.30%	8.30%
Employer's proportionate share of the net pension liability	\$ (34,528)	\$ (62,398)	\$ (85,300)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 10 – 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. Plan members are not allowed to contribute to the plan. Authority to establish, amend or discontinue the plan is assigned to the County. 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. This Plan is administered by the Standard. The County will contribute a percentage of gross wages based on the following contribution schedule:

<u>Age</u>	<u>Percent of Contribution</u>
Up to 29	3.00%
30-39	4.00%
40-49	5.00%
50-59	6.00%
60 and up	7.00%

Plan participants vest 50% after five years of service and 100% after ten years of service. Forfeited funds are used to reduce future employer contributions. There were no payments made during the year ended September 30, 2020 for employer contributions. The County recognized pension expense of \$680,200 with no forfeitures available to reduce this amount for the year ended September 30, 2020. As of September 30, 2020, the County has \$19,551 of pension expense accrued.

NOTE 11 – DEFERRED COMPENSATION 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 plan is voluntary. Employees can contribute up to the maximum allowed by law. The County makes no contributions to the plan. Plan provisions and contribution requirements are established and may be amended by the County Commissioner. The Plan is administered by Lincoln Financial Group. Participants and contributions for the 2020 plan year are:

Number of participants	16
Participant contributions	\$ 8,877

NOTE 12 – FUND DEFICITS

At September 30, 2020, the E911 fund had a deficit fund balance of \$12,051. This deficit will be reduced through general fund appropriation, as needed.

At September 30, 2020, the landfill had a deficit net position of \$2,424,322. This deficit will be reduced through increased user charges, a decrease in contracted services and general fund appropriation, as needed.

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

For the year ended September 30, 2020, the County had expenditures exceed appropriations in the following funds and departments:

General fund –	
Debt service	\$ 1,538,880
Law library fund –	
Judicial	5,889
Capital Outlay –	
Capital expenditures	48,677

NOTE 13 – RISK MANAGEMENT

The County 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 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 \$110,000 per year for each individual covered; claims above \$110,000 are covered by a stop-loss insurance policy. The County also had an aggregate stop-loss insurance policy which covers claims above \$204,147 monthly and \$2,449,759 annually. The County and its covered employees contribute to the fund to pay the claims and stop-loss insurance premiums. At September 30, 2020, 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 last two fiscal years:

Unpaid claims – September 30, 2018	\$ 338,604
Incurred claims (including claims incurred but not reported)	2,379,370
Claims paid during fiscal year 2019	<u>2,273,316</u>
Unpaid claims – September 30, 2019	106,054
Incurred claims (including claims incurred but not reported)	3,091,024
Claims paid during fiscal year 2020	<u>3,020,145</u>
Unpaid claims – September 30, 2020	<u>\$ 176,933</u>

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The 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 post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

At September 30, 2020, the County had incurred a liability of approximately \$3,506,525 for the construction and demolition disposal area which represents the amount of costs reported to date based on approximately 100 percent of landfill capacity used to date.

(Continued)

NOTE 14 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

The estimated costs of closure and post closure 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 Environmental Protection Agency requirements. In addition, the County will be required to monitor various wells for a period of time. At September 30, 2020, a liability for post closure care costs is recorded in the amount of \$2,326,130, which is based on engineering reports, for maintaining the landfill site in future years. However, management’s estimate of post closure costs is contingent upon its ability to satisfy EPA requirements, and costs could be significantly higher if full compliance is not achieved. These costs will be met with future County revenues.

NOTE 15 – JOINT VENTURE

The 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 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 \$1.00 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 members 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.

NOTE 16 – COMMITMENTS AND CONTIGENCIES

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.

Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the County believes such disallowances, if any, will be immaterial.

NOTE 17 – RELATED PARTY TRANSACTIONS

The County is governed by a board of commissioners. The chairman of the board is also listed as the CEO of Whitfield Oil Company. Whitfield Oil Company is a vendor for the County. The County purchased fuel and other lubricants from Whitfield Oil Company totaling:

Year ending September 30:	2014	\$ 1,032,008
	2015	788,138
	2016	248,630
	2017	25,434
	2018	15,547
	2019	22,994

During the current fiscal year, the County paid a total of \$17,695 to Whitfield Oil Company for lubricants and specialty products that were competitively priced with other local vendors.

NOTE 18 – UNCERTAINTIES

During 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel, size, and duration of group meetings. Many sectors are experiencing disruption to business operations and the impact of reduced customer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. If the pandemic continues, it may have an adverse effect on the City's future operations, financial position, and liquidity.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to year-end date through the date of the independent auditor's report (the date which the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any additional items requiring recognition or disclosure.

On January 1, 2021 the County changed from a sole commissioner to a multi-commissioner form of government. The County is now governed by four commissioners (one for each of the four districts) and a Chairman of the board of commissioners.

REQUIRED SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUE:				
Taxes	\$ 16,942,804	\$ 16,942,804	\$ 17,414,186	\$ 471,382
Other taxes	8,110,732	8,110,732	9,605,139	1,494,407
Licenses and permit	328,940	328,940	390,588	61,648
Intergovernmental	-	-	368,685	368,685
Charges for services	3,295,352	3,295,352	886,843	(2,408,509)
Fines and forfeitures	1,284,255	1,284,255	1,113,619	(170,636)
Investment earnings	130,000	130,000	168,172	38,172
Contributions and donations	-	-	72,177	72,177
Rental income	45,360	45,360	517,870	472,510
Other	162,557	162,557	189,311	26,754
Total revenue	30,300,000	30,300,000	30,726,590	426,590
EXPENDITURES:				
General Government -				
Governing body	649,225	649,225	673,426	24,201
Elections	262,750	262,750	246,451	(16,299)
Accounting	411,400	411,400	368,552	(42,848)
Licensing	5,580	5,580	2,863	(2,717)
Legal	94,850	94,850	113,889	19,039
Data processing	666,259	666,259	641,593	(24,666)
Human resources	63,625	63,625	61,638	(1,987)
Employee health clinic	222,500	222,500	236,542	14,042
Tax commissioner	1,104,460	1,104,460	1,087,633	(16,827)
Tax assessor	1,214,086	1,214,086	1,143,183	(70,903)
Board of equalization	12,000	12,000	1,297	(10,703)
Risk management	385,000	385,000	348,979	(36,021)
General government buildings and plant	890,750	890,750	822,541	(68,209)
Marsh Warthen house	22,120	22,120	15,887	(6,233)
Records management	69,800	69,800	37,572	(32,228)
General administration fees	60,000	60,000	60,413	413
Total general government	6,134,405	6,134,405	5,862,459	(271,946)

(Continued)

WALKER COUNTY, GEORGIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
(Continued)				
Judicial -				
Clerk of courts	661,100	661,100	657,206	(3,894)
Superior court	169,450	169,450	138,005	(31,445)
District attorney	515,334	515,334	432,319	(83,015)
State court	360,475	360,475	353,655	(6,820)
State court solicitor	228,750	228,750	186,754	(41,996)
Magistrate court	391,083	391,083	370,674	(20,409)
Probate court	291,588	291,588	274,488	(17,100)
Juvenile court	619,075	619,075	416,714	(202,361)
Public defender	289,671	289,671	347,619	57,948
Court reporter	-	-	(1,644)	(1,644)
Forfeiture	-	-	26,761	26,761
Total judicial	<u>3,526,526</u>	<u>3,526,526</u>	<u>3,202,551</u>	<u>(323,975)</u>
Sheriff -				
Law enforcement administration	1,083,146	1,083,146	1,052,179	(30,967)
Criminal investigation	958,893	958,893	863,530	(95,363)
Vice control	131,555	131,555	155,300	23,745
Patrol	1,955,556	1,955,556	1,013,347	(942,209)
Custody of prisoners	2,513,146	2,513,146	2,248,908	(264,238)
Champs program	174,816	174,816	202,242	27,426
Training	150,641	150,641	137,309	(13,332)
Special detail services	9,400	9,400	12,532	3,132
Sheriff's office and buildings	205,000	205,000	191,763	(13,237)
Court services	1,009,665	1,009,665	566,815	(442,850)
Bailiff	6,645	6,645	2,524	(4,121)
Total sheriff	<u>8,198,463</u>	<u>8,198,463</u>	<u>6,446,449</u>	<u>(1,752,014)</u>
Public Safety -				
County police	751,750	751,750	566,540	(185,210)
Medical services	-	-	104,167	104,167
Coroner/medical examiner	80,000	80,000	84,505	4,505
Animal control	380,850	380,850	320,877	(59,973)
Emergency management	109,210	109,210	95,911	(13,299)
Total public safety	<u>1,321,810</u>	<u>1,321,810</u>	<u>1,172,000</u>	<u>(149,810)</u>

(Continued)

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
(Continued)				
Highways and Streets -				
Highways and street administration	2,226,250	2,226,250	1,804,567	(421,683)
Paved streets	-	-	(3,603)	(3,603)
Other maintenance	-	-	2,834	2,834
Traffic engineering	-	-	82	82
Closure and postclosure costs	70,000	70,000	54,679	(15,321)
Maintenance and shop	<u>622,150</u>	<u>622,150</u>	<u>414,132</u>	<u>(208,018)</u>
Total highways and streets	<u>2,918,400</u>	<u>2,918,400</u>	<u>2,272,691</u>	<u>(645,709)</u>
Health and Welfare -				
Public health administration	140,500	140,500	138,000	(2,500)
Children's crisis center	7,500	7,500	-	(7,500)
Intergovernmental welfare payments	36,000	36,000	11,086	(24,914)
Other welfare payments	1,000	1,000	-	(1,000)
DFACS building and plant	19,500	19,500	16,652	(2,848)
Meals on wheels	47,700	47,700	42,656	(5,044)
Senior center	<u>6,300</u>	<u>6,300</u>	<u>3,893</u>	<u>(2,407)</u>
Total health and welfare	<u>258,500</u>	<u>258,500</u>	<u>212,287</u>	<u>(46,213)</u>
Culture and Recreation -				
Civic center	188,915	188,915	129,895	(59,020)
Other recreational facilities	26,720	26,720	23,477	(3,243)
Agricultural center	21,200	21,200	14,867	(6,333)
Historical preservation	4,000	4,000	2,401	(1,599)
Library administration	<u>204,000</u>	<u>204,000</u>	<u>217,400</u>	<u>13,400</u>
Total culture and recreation	<u>444,835</u>	<u>444,835</u>	<u>388,040</u>	<u>(56,795)</u>
Housing and Development -				
County agent	75,165	75,165	58,638	(16,527)
Forest resources	12,468	12,468	12,018	(450)
Planning and zoning	131,070	131,070	67,989	(63,081)
Economic development	<u>233,382</u>	<u>233,382</u>	<u>226,356</u>	<u>(7,026)</u>
Total housing and development	<u>452,085</u>	<u>452,085</u>	<u>365,001</u>	<u>(87,084)</u>

(Continued)

WALKER COUNTY, GEORGIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
(Continued)				
Debt Service -				
Principal	2,769,651	2,769,651	4,313,944	1,544,293
Interest	<u>8,192</u>	<u>8,192</u>	<u>2,779</u>	<u>(5,413)</u>
Total debt service	<u>2,777,843</u>	<u>2,777,843</u>	<u>4,316,723</u>	<u>1,538,880</u>
Capital Outlay -	<u>2,173,750</u>	<u>2,173,750</u>	<u>2,222,427</u>	<u>48,677</u>
Total expenditures	<u>28,206,617</u>	<u>28,206,617</u>	<u>26,460,628</u>	<u>(1,745,989)</u>
Excess revenues over expenditures	<u>2,093,383</u>	<u>2,093,383</u>	<u>4,265,962</u>	<u>2,172,579</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	-	1,117,032	1,117,032
Transfers to other funds	<u>(2,093,383)</u>	<u>(2,093,383)</u>	<u>(1,843,477)</u>	<u>249,906</u>
Total other financing sources (uses)	<u>(2,093,383)</u>	<u>(2,093,383)</u>	<u>(726,445)</u>	<u>1,366,938</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	3,539,517	<u>\$ 3,539,517</u>
FUND BALANCES:				
Beginning			<u>14,235,011</u>	
Ending			<u>\$ 17,774,528</u>	

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

FIRE & RESCUE

YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE	\$ 4,146,500	\$ 4,146,500	\$ 4,921,734	\$ 775,234
EXPENDITURES	<u>4,040,300</u>	<u>4,040,300</u>	<u>3,704,496</u>	<u>(335,804)</u>
Excess revenues over expenditures	<u>106,200</u>	<u>106,200</u>	<u>1,217,238</u>	<u>1,111,038</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(106,200)</u>	<u>(106,200)</u>	<u>(1,117,032)</u>	<u>(1,010,832)</u>
Total other financing sources (uses)	<u>(106,200)</u>	<u>(106,200)</u>	<u>(1,117,032)</u>	<u>(1,010,832)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	100,206	<u>\$ 100,206</u>
FUND BALANCES:				
Beginning			<u>541,275</u>	
Ending			<u>\$ 641,481</u>	

WALKER COUNTY, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

NOTE 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.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2020, the County had expenditures exceed appropriations in the following funds and departments:

General Fund –	
Debt service	\$ 1,538,880
Capital Outlay -	
Capital expenditures	48,677
Law Library fund –	
Judicial	5,889

WALKER COUNTY, GEORGIA

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY:						
Service cost	\$ 138,054	\$ 155,675	\$ 170,632	\$ 251,876	\$ 226,555	\$ 274,417
Interest on total pension liability	367,748	373,305	370,165	397,057	505,649	554,233
Changes in benefit terms		-	-	352,565	-	-
Difference between expected and actual experience	333,886	(178,288)	27,320	586,414	7,761	47,438
Changes in actuarial assumptions	(16,465)	(16,977)	(68,704)	(35,676)	681,701	-
Benefit payments	<u>(250,619)</u>	<u>(599,570)</u>	<u>(425,759)</u>	<u>(3,502,918)</u>	<u>(413,705)</u>	<u>(2,840,762)</u>
Net change in total pension liability	572,604	(265,855)	73,654	(1,950,682)	1,007,961	(1,964,674)
Total pension liability - beginning	<u>7,340,690</u>	<u>7,606,545</u>	<u>7,532,891</u>	<u>9,483,573</u>	<u>8,475,612</u>	<u>10,440,286</u>
Total pension liability - ending (a)	<u>\$ 7,913,294</u>	<u>\$ 7,340,690</u>	<u>\$ 7,606,545</u>	<u>\$ 7,532,891</u>	<u>\$ 9,483,573</u>	<u>\$ 8,475,612</u>
PLAN FIDUCIARY NET PENSION:						
Contributions - employer	910,000	840,000	786,726	859,582	790,436	780,000
Net investment income	203,293	259,531	192,153	126,602	122,382	272,621
Benefit payments	(250,619)	(599,570)	(425,759)	(3,502,918)	(413,705)	(2,840,762)
Administrative expenses	<u>-</u>	<u>-</u>	<u>(16,726)</u>	<u>(19,582)</u>	<u>(20,436)</u>	<u>(31,334)</u>
Net change in plan fiduciary net position	862,674	499,961	536,394	(2,536,316)	478,677	(1,819,475)
Plan fiduciary net position - beginning	<u>4,172,168</u>	<u>3,672,207</u>	<u>3,135,813</u>	<u>5,672,129</u>	<u>5,193,452</u>	<u>7,012,927</u>
Plan fiduciary net position - ending (b)	<u>5,034,842</u>	<u>4,172,168</u>	<u>3,672,207</u>	<u>3,135,813</u>	<u>5,672,129</u>	<u>5,193,452</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,878,452</u>	<u>\$ 3,168,522</u>	<u>\$ 3,934,338</u>	<u>\$ 4,397,078</u>	<u>\$ 3,811,444</u>	<u>\$ 3,282,160</u>
Plan fiduciary net position as a percentage of the total pension liability	63.63%	56.84%	48.28%	41.63%	59.81%	61.28%
Covered-employee payroll	\$ 2,855,304	\$ 2,836,012	\$ 3,027,577	\$ 3,271,128	\$ 4,536,786	\$ 5,285,342
Net pension liability as a percentage of covered-employee payroll	100.81%	111.72%	129.95%	134.42%	84.01%	62.10%

*The schedule will present 10 years of information once it is accumulated.

WALKER COUNTY, GEORGIA

**DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 447,694	\$ 465,053	\$ 542,501	\$ 597,452	\$ 573,095
Contributions in relation to the actuarially determined contribution	<u>910,000</u>	<u>840,000</u>	<u>786,726</u>	<u>859,582</u>	<u>790,436</u>
Contribution excess	<u>\$ (462,306)</u>	<u>\$ (374,947)</u>	<u>\$ (244,225)</u>	<u>\$ (262,130)</u>	<u>\$ (217,341)</u>
Covered employee payroll	\$2,855,304	\$2,836,012	\$3,027,577	\$3,271,128	\$4,536,786
Contributions as a percentage of covered employee payroll	31.87%	29.62%	25.99%	26.28%	17.42%
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 551,476	\$ 167,932	\$ 565,166	\$ 796,609	\$ 826,330
Contributions in relation to the actuarially determined contribution	<u>804,705</u>	<u>941,295</u>	<u>945,118</u>	<u>1,290,355</u>	<u>1,017,442</u>
Contribution excess	<u>\$ (253,229)</u>	<u>\$ (773,363)</u>	<u>\$ (379,952)</u>	<u>\$ (493,746)</u>	<u>\$ (191,112)</u>
Covered employee payroll	\$5,347,289	\$5,682,532	\$6,354,848	\$6,531,854	\$7,087,233
Contributions as a percentage of covered employee payroll	15.05%	16.56%	14.87%	19.75%	14.36%

WALKER COUNTY, GEORGIA

**DEFINED BENEFIT PENSION PLAN
NOTES TO PENSION SCHEDULES**

YEAR ENDED SEPTEMBER 30, 2020

VALUATION DATE

The actuarially determined contribution rates are determined as of January 1, 2020.

METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION

Actuarial cost method	Entry age normal
Amortization method	Level dollar for 15 years
Remaining amortization period	Closed
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return	5.00% per year, net of investment expenses
Projected salary increases	4.00% per year
Inflation	4.00%

CHANGES OF ASSUMPTIONS

Mortality improvement scale was changed from MP-2018 to MP-2019 applied on a generational basis

OTHER SUPPLEMENTARY INFORMATION

WALKER COUNTY, GEORGIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>E911</u>	<u>Law Library</u>	<u>Multiple Grant Fund</u>	<u>Court Supervision</u>	<u>Hotem/Motel Tax</u>	<u>Transportation</u>	<u>Special Court</u>	<u>Total Nonmajor Funds</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ 41,625	\$ 1,279,149	\$ 43,407	\$ -	\$ -	\$ -	\$ 1,364,181
Restricted cash and cash equivalents	-	-	-	-	38,731	-	-	38,731
Accounts receivable	203,575	-	6,144	-	-	188	-	209,907
Prepaid expenses	-	-	-	-	-	13,962	-	13,962
Due from other funds	265,230	-	-	-	-	153,613	23,280	442,123
Due from other governments	-	-	81,567	-	7,796	153,678	182,576	425,617
Total assets	<u>468,805</u>	<u>41,625</u>	<u>1,366,860</u>	<u>43,407</u>	<u>46,527</u>	<u>321,441</u>	<u>205,856</u>	<u>2,494,521</u>
LIABILITIES								
Accounts payable and accrued expenses	12,051	-	20,190	-	-	348	68,193	100,782
Due to other funds	265,230	-	1,300,525	21,953	-	228,624	65,453	1,881,785
Total liabilities	<u>277,281</u>	<u>-</u>	<u>1,320,715</u>	<u>21,953</u>	<u>-</u>	<u>228,972</u>	<u>133,646</u>	<u>1,982,567</u>
DEFERRED INFLOWS OF RESOURCES								
Unearned revenue - intergovernmental	-	-	3,467	-	-	-	-	3,467
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,467</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	13,962	-	13,962
Restricted for:								
Judicial	-	41,625	-	21,454	-	-	-	63,079
Public works	-	-	42,678	-	-	-	-	42,678
Health and welfare	-	-	-	-	46,527	78,507	72,210	197,244
Unassigned	(12,051)	-	-	-	-	-	-	(12,051)
Total fund balances	<u>191,524</u>	<u>41,625</u>	<u>42,678</u>	<u>21,454</u>	<u>46,527</u>	<u>92,469</u>	<u>72,210</u>	<u>508,487</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 468,805</u>	<u>\$ 41,625</u>	<u>\$ 1,366,860</u>	<u>\$ 43,407</u>	<u>\$ 46,527</u>	<u>\$ 321,441</u>	<u>\$ 205,856</u>	<u>\$ 2,494,521</u>

WALKER COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2020

	E911	Law Library	Multiple Grant Fund	Court Supervision	Hotel/Motel Tax	Transportation	Special Court	Total Nonmajor Funds
REVENUES								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 46,371	\$ -	\$ -	\$ 46,371
Intergovernmental	-	-	3,106,312	-	-	505,148	409,530	4,020,990
Charges for services	1,331,164	-	-	-	-	104,006	-	1,435,170
Fines and forfeitures	-	14,512	-	1,651	-	-	-	16,163
Investment income	-	-	-	191	156	-	-	347
Contributions and donations	-	-	15,438	-	-	-	-	15,438
Total revenues	<u>1,331,164</u>	<u>14,512</u>	<u>3,121,750</u>	<u>1,842</u>	<u>46,527</u>	<u>609,154</u>	<u>409,530</u>	<u>5,534,479</u>
EXPENDITURES								
Current:								
General government	-	-	10,695	-	-	-	-	10,695
Judicial	-	25,789	3,080,186	500	-	-	369,289	3,475,764
Sheriff	-	-	374	-	-	-	-	374
Public safety	1,163,820	-	17,850	-	-	-	-	1,181,670
Health and welfare	-	-	-	-	-	621,471	-	621,471
Debt service:								
Principal	37,579	-	-	-	-	-	-	37,579
Interest	2,902	-	-	-	-	-	-	2,902
Capital outlay	36,104	-	102,662	-	-	-	-	138,766
Total expenditures	<u>1,240,405</u>	<u>25,789</u>	<u>3,211,767</u>	<u>500</u>	<u>-</u>	<u>621,471</u>	<u>369,289</u>	<u>5,469,221</u>
Excess (deficiency) of revenues over (under) expenditures	90,759	(11,277)	(90,017)	1,342	46,527	(12,317)	40,241	65,258
Other financing sources								
Transfers in	397,096	-	93,904	-	-	59,573	-	550,573
Total other financing sources	<u>397,096</u>	<u>-</u>	<u>93,904</u>	<u>-</u>	<u>-</u>	<u>59,573</u>	<u>-</u>	<u>550,573</u>
Net change in fund balances	487,855	(11,277)	3,887	1,342	46,527	47,256	40,241	615,831
FUND BALANCE - beginning of period	<u>(296,331)</u>	<u>52,902</u>	<u>38,791</u>	<u>20,112</u>	<u>-</u>	<u>45,213</u>	<u>31,969</u>	<u>(107,344)</u>
FUND BALANCE - end of period	<u>\$ 191,524</u>	<u>\$ 41,625</u>	<u>\$ 42,678</u>	<u>\$ 21,454</u>	<u>\$ 46,527</u>	<u>\$ 92,469</u>	<u>\$ 72,210</u>	<u>\$ 508,487</u>

WALKER COUNTY, GEORGIA

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Tax Commissioner</u>	<u>Clerk of Courts</u>	<u>Probate Judge</u>	<u>Magistrate Judge</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	<u>\$ 1,518,326</u>	<u>\$ 1,313,974</u>	<u>\$ 11,604</u>	<u>\$ 16,303</u>	<u>\$ 2,860,207</u>
Total assets	<u>1,518,326</u>	<u>1,313,974</u>	<u>11,604</u>	<u>16,303</u>	<u>2,860,207</u>
LIABILITIES					
Accounts payable	702,148	-	-	588	702,736
Due to other governments	816,178	-	1,921	2,103	820,202
Due to heirs, litigants, and others	<u>-</u>	<u>1,313,974</u>	<u>9,683</u>	<u>13,612</u>	<u>1,337,269</u>
Total liabilities	<u>1,518,326</u>	<u>1,313,974</u>	<u>11,604</u>	<u>16,303</u>	<u>2,860,207</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

E911 FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUE	\$ 1,205,809	\$ 1,205,809	\$ 1,331,164	\$ 125,355
EXPENDITURES	<u>1,470,809</u>	<u>1,470,809</u>	<u>1,240,405</u>	<u>(230,404)</u>
EXCESS OF REVENUES OVER EXPENDITURE	<u>(265,000)</u>	<u>(265,000)</u>	<u>90,759</u>	<u>355,759</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>265,000</u>	<u>265,000</u>	<u>397,096</u>	<u>132,096</u>
Total other financing sources (uses)	<u>265,000</u>	<u>265,000</u>	<u>397,096</u>	<u>132,096</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	487,855	<u>\$ 487,855</u>
FUND BALANCES:				
Beginning			<u>(296,331)</u>	
Ending			<u>\$ 191,524</u>	

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

LAW LIBRARY FUND

YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE	\$ 19,900	\$ 19,900	\$ 14,512	\$ (5,388)
EXPENDITURES	<u>19,900</u>	<u>19,900</u>	<u>25,789</u>	<u>5,889</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(11,277)	<u>\$ (11,277)</u>
FUND BALANCES:				
Beginning			<u>52,902</u>	
Ending			<u>\$ 41,625</u>	

WALKER COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
MULTIPLE GRANT FUND
YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE	\$ 270,756	\$ 270,756	\$ 3,121,750	\$ 2,850,994
EXPENDITURES	<u>1,329,528</u>	<u>1,329,528</u>	<u>3,211,767</u>	<u>1,882,239</u>
EXCESS EXPENDITURES OVER REVENUES	<u>(1,058,772)</u>	<u>(1,058,772)</u>	<u>(90,017)</u>	<u>968,755</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>63,316</u>	<u>63,316</u>	<u>93,904</u>	<u>30,588</u>
Total other financing sources	<u>63,316</u>	<u>63,316</u>	<u>93,904</u>	<u>30,588</u>
NET CHANGE IN FUND BALANCES	<u>\$ (995,456)</u>	<u>\$ (995,456)</u>	3,887	<u>\$ 999,343</u>
FUND BALANCES:				
Beginning			<u>38,791</u>	
Ending			<u>\$ 42,678</u>	

WALKER COUNTY, GEORGIA

**BUDGETARY COMPARISON SCHEDULE
COURT SUPERVISION FUND**

YEAR ENDED SEPTEMBER 30, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE	\$ 4,300	\$ 4,300	\$ 1,842	\$ (2,458)
EXPENDITURES	<u>4,300</u>	<u>4,300</u>	<u>500</u>	<u>(3,800)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	1,342	<u>\$ 1,342</u>
FUND BALANCES:				
Beginning			<u>20,112</u>	
Ending			<u>\$ 21,454</u>	

WALKER COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE

HOTEL/MOTEL TAX FUND

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUE	\$ -	\$ -	\$ 46,527	\$ 46,527
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	46,527	<u>\$ 46,527</u>
FUND BALANCES:				
Beginning			-	
Ending			<u>\$ 46,527</u>	

WALKER COUNTY, GEORGIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND**

YEAR ENDED SEPTEMBER 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUE	\$ 710,650	\$ 710,650	\$ 607,350	\$ (103,300)
EXPENDITURES	<u>710,650</u>	<u>710,650</u>	<u>619,667</u>	<u>(90,983)</u>
EXCESS EXPENDITURES OVER REVENUES	<u>-</u>	<u>-</u>	<u>(12,317)</u>	<u>(12,317)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>59,573</u>	<u>59,573</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>59,573</u>	<u>59,573</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	47,256	<u>\$ 47,256</u>
FUND BALANCES:				
Beginning			<u>45,213</u>	
Ending			<u>\$ 92,469</u>	

COMPLIANCE SECTION

WALKER COUNTY, GEORGIA

**SCHEDULE OF PROJECTS CONSTRUCTED WITH
2013 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**

YEAR ENDED SEPTEMBER 30, 2020

Project	Original Estimated Cost	Prior Years	Expenditures Current Year	Total	Percentage of Completion	Cumulative Other Funding
Industrial Park	\$ 6,600,000	\$ 4,268,831	\$ -	\$ 4,268,831	65%	\$ -
Road resurfacing and other capital roadwork improvements	9,100,000	5,443,773	-	5,443,773	60%	2,263,718
Equipment and vehicles for law enforcement	1,900,000	455,353	-	455,353	24%	-
Bridges and right of way acquisitions and maintenance	250,000	45,960	-	45,960	18%	-
Emergency services equipment including vehicles, fire hydrants and radio repeater for E-911	1,000,000	973,188	-	973,188	97%	-
Shooting range for Sheriff's office	30,000	-	-	-	0%	-
State patrol bar code readers and 10 assault rifles	30,000	30,000	-	30,000	100%	-
Industrial Park Development	1,300,000	9,101,025	-	9,101,025	100%	-
Library-Lafayette project	300,000	507,173	-	507,173	100%	-
Library-Rossville project	600,000	-	-	-	0%	-
Multipurpose emergency facility-Mt. Pleasant community	400,000	-	-	-	0%	-
Multipurpose emergency facility-Hinkle community	250,000	1,094,897	-	1,094,897	100%	-
Emergency facility and community center-Cedar Grove	1,500,000	1,447,308	-	1,447,308	96%	-
Recreational facilities	1,000,000	617,584	-	617,584	62%	-
Water and Sewer improvements, including Armuchee	2,000,000	2,464,526	-	2,464,526	100%	-
Office equipment and furnishings	100,000	172,117	-	172,117	100%	-
Payments to Cities:						
Lafayette	2,904,660	2,173,785	601,214	2,774,999	96%	-
Rossville	1,674,420	1,282,825	-	1,282,825	77%	-
Chickamauga	1,265,220	968,860	-	968,860	77%	-
Lookout Mountain	653,400	511,291	-	511,291	78%	-
Ft. Oglethorpe	102,300	74,871	-	74,871	73%	-
	<u>\$32,960,000</u>	<u>\$31,633,367</u>	601,214	<u>\$32,234,581</u>		<u>\$2,263,718</u>

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

SPLOST 2013 expenditures per financial statements	5,399,177
Less debt service:	
Principal	4,695,000
Interest and fiscal agent fees	102,963
SPLOST 2013 expenditures per schedule of projects	<u>\$ 601,214</u>

WALKER COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury:			
Coronavirus Relief Fund	21.019	GeorgiaCARES	\$ 2,803,750
Total U.S. Department of Treasury			<u>2,803,750</u>
U.S. Department of Justice:			
VOCA	16.575	C18-8-263	196,751
Officer Safety, Enhancement & Improvement	14.564	2019-DJ-BX-0480	14,564
Bullet Proof Vest Partnership Program	16.607	2018-BUBX18091326	2,815
Coronavirus Emergency Funding	16.034	2020-VD-BX-0828	<u>374</u>
Total U.S. Department of Justice			<u>214,504</u>
U.S. Department of Homeland Security			
Emergency Management Performance Grant	97.067	OEM19-148	20,654
Disaster Relief	97.048	FEMA-4338-DR-GA	<u>1,971</u>
Total U.S. Department of Homeland Security			<u>22,625</u>
U.S. Department of Transportation			
Formula Grants for Rural Areas	20.509	FTA FY20 5311	238,884
Formula Grants for Rural Areas	20.509	FTA FY21 5311	<u>143,701</u>
Total U.S. Department of Transportation			<u>382,585</u>
Total Federal Expenditures			<u><u>\$ 3,423,464</u></u>



CERTIFIED PUBLIC ACCOUNTANTS
CHATTANOOGA | MEMPHIS

INDEPENDENT AUDITOR’S 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*

Board of Commissioners
Walker County, Georgia
Lafayette, Georgia

We have audited, 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, the financial statements 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 and for the year ended September 30, 2020, 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 April 15, 2021. 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 controls 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) as a basis for designing 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses in which the findings are reported that we considered to be significant deficiencies as items.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walker County, Georgia's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs.

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 subjected 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
April 15, 2021

WALKER COUNTY, GEORGIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards include the federal and state grant activity of Walker County, Georgia and are presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUBRECIPIENTS

The County did not provide federal assistance to any subrecipients.

NOTE 3 – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

WALKER COUNTY, GEORGIA

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

SEPTEMBER 30, 2020

FINANCIAL STATEMENT FINDINGS

Finding 2007-001

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

Criteria: Accounting tasks such as monthly and annual reconciliations play a key role in providing the accuracy of accounting data and information included in the financial statements. Operational accountability requires the County to “report the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose and whether it can continue to meet its objectives for the foreseeable future”. Without meaningful and timely financial information, the sole commissioner, who is ultimately responsible, cannot demonstrate operational accountability.

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. Reconciling and adjusting the financial records in a timely manner provides relevant information to the sole commissioner.

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 should be prepared in a timely manner to ensure the financial information is relevant.

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

Planned Corrective Plan: Management will work with the Clerk of Courts to get this account reconciled on a regular basis.

WALKER COUNTY, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES

SEPTEMBER 30, 2020

PRIOR FINANCIAL STATEMENT FINDINGS

Finding Control Number and Status –

07-1 The County has not fully implemented the corrective action plan. The Jury Fund is still not be reconciled on a regular basis.

19-1 We did not encounter any issues with obtaining requested documentation during our audit process. It appears that management has appropriately addressed this finding and it is now closed.