

WALTON COUNTY, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

WALTON COUNTY, GEORGIA

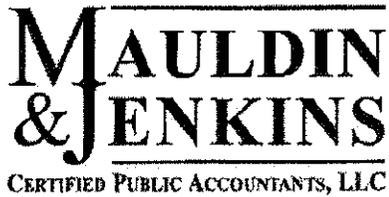
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INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Walton County, Georgia
Monroe, Georgia**

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 **Walton County, Georgia** (the "County") as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Walton County Health Department, which represent 18 percent, 15 percent, and 64 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Walton County Health Department is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Walton County, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2009, on our consideration of Walton County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 14) and Schedule of Funding Progress and budgetary comparison information (on pages 60 through 63, respectively) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 19, 2009



MANAGEMENT'S DISCUSSION & ANALYSIS

WALTON COUNTY GOVERNMENT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Our discussion and analysis of Walton County's financial performance provides an overview and analysis of the County's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the County's financial statements, which begin on page 1 and the Notes to the Financial Statements, which begin on page 15.

FINANCIAL HIGHLIGHTS

- The County's net assets totaled \$162.6 million for its governmental and business-type activities, an *increase* of \$4.4 million over the previous fiscal year primarily due to accumulation of \$6.4 million in SPLOST funds to be used for SPLOST bond debt service due in 2009, and \$57.7 million in bond proceeds from Hard Labor Creek Reservoir bond issue.
- Walton County closed FY2008 with a governmental fund balance of \$86.2 million. This reflects a fund balance of \$48.7 million for Special Local Option Sales Tax (SPLOST) Funds. The fund balance of \$20.3 million for the general fund is an increase of \$2.6 million over FY2007.
- Total combined revenues for governmental and business-type activities were \$73.4 million, a decrease of approximately \$6.4 million over the previous fiscal year.
- Overall expenses were \$69 million, of which governmental activities were \$55.2 million and business-type activities were \$13.8 million, which was an increase over of approximately 21%, due primarily to the increase expenses in the areas public safety, health and welfare, water and sewer services for capital projects.
- As of June 30, 2008, governmental activities' expenses exceeded program revenues, resulting in the use of \$50 million in general revenues (primarily taxes).
- In the County's business-type activities, operating revenues were \$9.3 million and expenses were \$11.2 million, for an operating loss of approximately \$1.9 million 2008. This compares with operating income of \$218,425 for the prior fiscal year primarily as a result of \$.9 million decrease in water sales in Water Operations. Operating losses for the County's business-type activities, Solid Waste & Recycling Operations and Emergency Medical Services, are offset by the use of general revenues.
- The General Fund resources available for appropriation were \$1.3 million less than originally budgeted, and expenditures were \$130,219 more than originally budgeted.
- The unreserved fund balance of \$20.1 million in the General Fund was an *increase* of \$2.5 million from the prior fiscal year.
- On July 1, 2006, the County began collecting impact fees. The County collected \$332,780 in impact fees in FY 2008. Collections, combined with interest earned, resulted in a fund balance of \$869,226.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-Wide financial statements, the *Statement of Net Assets* and the *Statement of Activities* (on pages 15- 16) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. The *Statement of Activities* presents information showing *how* the County's net assets changed during the most recent fiscal year. The governmental fund financial statements start on page 17. 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 a trustee or agent for the benefit of those outside of the government.

Government-wide Reporting:

The Statement of Net Assets and the Statement of Activities

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

These two statements report the County's net assets and changes in them. You can think of the County's net assets—the difference between assets and liabilities—as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are indicators of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall well being of the County.

In the *Statement of Net Assets* and the *Statement of Activities*, we divide the County into three kinds of activities:

- *Governmental activities*—Most of the County's basic services are reported here, including the public safety, public works, judicial, planning, development, and parks departments, as well as general administration. Property taxes, fees, fines, and state and federal grants finance most of these activities.
- *Business-type activities*—The County charges a fee to customers to help it cover the cost of certain services it provides. The County's Emergency Medical Services and Water and Sewer Services as well as Solid Waste and Recycling Operations are reported here.
- *Component units*—The County includes four separate legal entities in its report—the Walton County Development Authority, the Walton County Commission on Children & Youth, the Walton County Health Department, and the Walton County Water and Sewerage Authority. Although legally separate, these "component units" are important because the County is either financially accountable, or may maintain control by means of appointments to the governing boards of these organizations, or may be required by the state to report them as component units. Financial Statements for the County's component units are found beginning on page 25.

Reporting the County's Most Significant Funds

Fund Financial Statements

Our analysis of the County's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the most significant funds—not the County as a whole. Some funds are required by State law and by bond covenants. However, the County establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Justice). The County's two kinds of funds—*governmental and proprietary*—use different accounting approaches.

- *Governmental funds*—Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between government-wide information (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental fund information in reconciliations on pages 18 and 20, respectively.
- *Proprietary funds*—When the County charges customers for the services it provides—whether to outside customers or to other units of the County—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. In fact, the County's enterprise funds (a type of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County's Employee Benefits and Worker's Compensation Funds, used to pay for health care and worker's compensation claims, are included in the proprietary fund group as internal service funds. The proprietary fund statements begin on page 21.

The County as Trustee

Reporting the County's Fiduciary Responsibilities

- *Fiduciary funds*—these funds are used to account for assets held for others. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Assets on page 23. These agency funds' balances are due to others as of the fiscal year end. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

NET ASSETS:

The County's combined net assets increased \$4.6 million from a year ago—from \$158.2 million to \$162.6 million primarily as a result of both conservative spending and the Hard Labor Creek Reservoir project bond issue. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the County's governmental and business-type activities.

	<u>Government Activities</u>		<u>Business - Type</u>		<u>Total Primary</u>	
	2008	2007	2008	2007	2008	2007
Assets:						
Current Assets	\$ 28,463	\$ 34,240	\$ 11,180	\$ 11,720	\$ 39,643	\$ 45,960
Restricted Assets	58,699	62,703	57,752	-	116,451	62,703
Capital Assets-net	102,858	92,781	66,576	63,407	169,434	156,188
Total Assets:	190,020	189,724	135,508	75,127	325,528	264,852
Liabilities:						
Long-term debt outstanding	\$ 51,883	\$ 61,110	91,257	34,910	143,140	96,020
Other Liabilities	15,793	9,242	4,042	1,390	19,835	10,632
Total Liabilities	67,676	70,352	95,299	36,300	162,975	106,652
Net Assets:						
Invested in Capital Assets, net of debt	90,713	\$ 90,002	23,585	28,786	114,298	118,788
Restricted	8,904	\$ 28,817	8,474	3,169	17,378	31,986
Unrestricted	22,727	\$ 553	8,150	6,872	30,877	7,425
Total Net Assets:	\$ 122,344	\$ 119,372	\$ 40,209	\$ 38,827	\$ 162,553	\$ 158,199

Unrestricted net assets-- the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased by \$22.1 million this year, as compared to the end of the prior year. The increase in unrestricted net assets is mostly due to the items discussed on page 3. Included in the additions to capital assets of \$11 million are from SPLOST projects and water department projects.

The largest portion of the County's net assets reflected investments in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks) less any debt used to acquire those assets that remained outstanding. The County used these capital assets to provide services to its citizens; therefore, these assets were not available for future spending.

Included in the County's combined current and other assets of \$87.1 million for governmental activities is \$6.4 million of Special Purpose Local Option Sales Tax revenue to be used for debt service payments on the Counties SPLOST Bond, \$48 million in proceeds from the Counties SPLOST Bond, issued February 6, 2007 for park and recreation projects, the County administration and judicial facility, various road projects, public safety projects including state patrol office, drivers license office, fire station, upgrade of E-991 towers and radios, senior center, animal shelter, and various water and sewer projects. Over the life of the SPLOST, the County has carefully monitored and conservatively projected revenues when budgeting expenditures to ensure that monthly SPLOST revenues satisfy the SPLOST debt service.

The County reported positive balances in all categories of net assets for FY 2008, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CHANGES IN NET ASSETS:

The County's total change in net assets from the prior fiscal year was \$52.3 million.

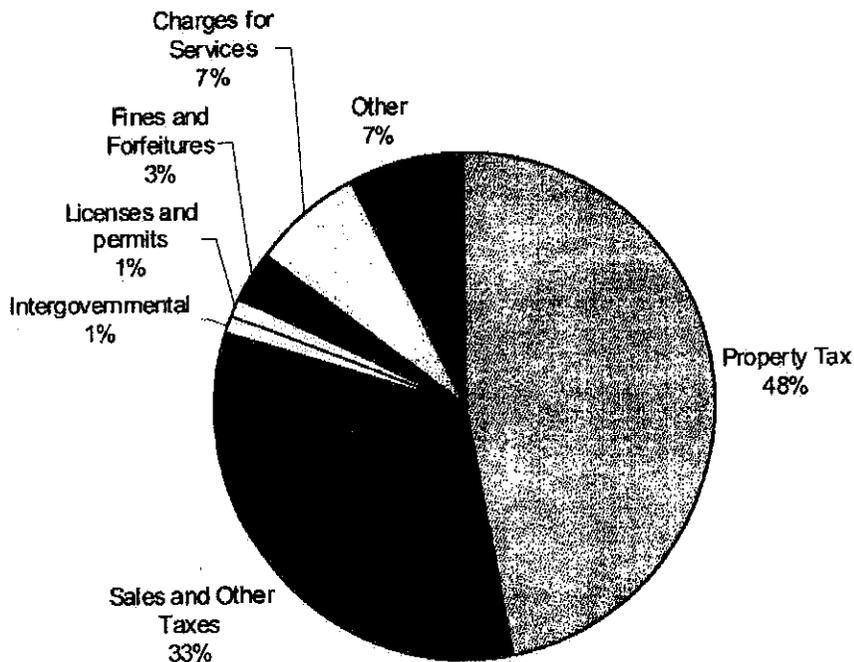
The imposition of a 1% Special Local Option Sales Tax beginning on January 1, 2002, which raised \$9.9 million in FY 2008, \$5.2 million in FY 2007. As of June 30, 2008, the 2007 SPLOST has raised a cumulative total of approximately \$15.10 million which is being used to meet the debt service payments on the 2007 General Obligation Bonds issued for SPLOST related projects.

Table 2
Changes in Net Assets
(000's Omitted)

	<u>Government Activities</u>		<u>Business - Type</u>		<u>Total Primary</u>	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,570	\$ 8,737	\$ 9,326	\$ 9,914	\$ 16,896	\$ 18,651
Operating grants	527	1,391	-	-	527	1,391
Capital grants	1,124	5,592	489	-	1,613	5,592
General revenues:						
Property taxes	28,255	24,818	-	-	28,255	24,818
Other Taxes	19,800	21,067	-	-	19,800	21,067
Investment Earnings	3,519	2,797	2,759	382	6,278	3,179
Grants, Donations & Contr. - Unrestricted	-	1,391	-	3,735	-	5,126
Total Revenues:	60,795	65,793	12,574	14,031	73,369	79,824
Program Expenses:						
General government	7,736	7,738	-	-	7,736	7,738
Judicial	4,541	4,354	-	-	4,541	4,354
Public Safety	19,477	19,065	2,760	2,390	22,237	21,455
Public Works	14,528	5,891	11,030	8,869	25,558	14,760
Health and welfare	1,126	2,190	-	-	1,126	2,190
Culture and recreation	3,132	2,763	-	-	3,132	2,763
Housing and Development	2,294	2,445	-	-	2,294	2,445
Interest and fiscal charges	2,391	1,358	-	-	2,391	1,358
Total Expenses:	55,225	45,804	13,790	11,259	69,015	57,083
Increase (decrease) in net assets before transfers	5,570	19,989	(1,216)	2,772	4,354	22,761
Transfers	(2,598)	(1,461)	2,598	1,461	-	-
Special Items - Capital contributions	-	-	-	33,081	-	33,081
Increase (decrease) in net assets	2,972	18,528	1,382	37,314	4,354	55,842
Net Assets - beginning	118,646	101,786	38,492	1,178	157,138	102,984
Prior period adjustment	727	(1,668)	335	-	1,062	(1,668)
Net Assets - beginning, restated	119,373	100,118	38,827	1,178	158,200	101,296
Net Assets Ending	\$ 122,345	\$ 118,646	\$ 40,209	\$ 38,492	\$ 162,554	\$ 157,138

As can be seen from the chart below, approximately 81% of the County's combined total revenue was provided by taxes. Property taxes accounted for 48 % and 33% by sales and other taxes. Property Taxes as a percent of the County's total revenue was up 7% as developments were occupied at the beginning of the year. Sales and Other Taxes as a percentage of the County's total revenue were down 3% as a result of the economic slow down experienced at the end of this fiscal year. The County charges fees for services for a variety of services including housing stray animals, disposal of non-recyclables, providing certified copies of documents, issuing building permits, and impact fees. Additionally, the Courts (Superior, Probate, Magistrate & Juvenile) impose fines for violations of laws and ordinances. As a whole, fees, fines, and charges for services decreased from last year accounting for 10% of the County's revenue down from 14% last year. The remaining 9% which includes revenue from intergovernmental sources, investment income was down 1% from the pervious year.

FY 2008 Revenue Sources

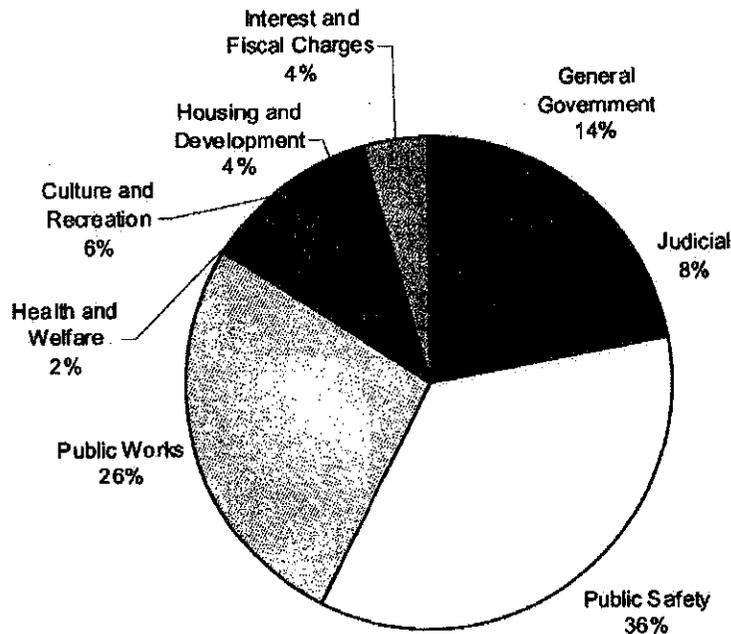


The County's major expense, ensuring public safety, remained the same, 36% of the combined total expenses. Public Safety includes law enforcement, jail operations, fire protection, E-911, coroner, animal control, and emergency management.

Expenses for the Culture and Recreation program, which began August 2002, required only 6% of total combined expenses; this represents a 1% increase over last year. The very successful countywide park and recreation program involves several thousand youth in softball, basketball, cheerleading, football, and soccer activities funded primarily by SPLOST and Impact Fee revenues.

The County continually assesses the condition of its infrastructure and engages in systematic preventive maintenance as well as improvements on the 744 miles of county-maintained roads. The County was able to resurface 59.81 miles of roads in FY 2008, which is 22.31 more than the 37.50 miles resurfaced in the prior fiscal year. Resurfacing costs were expended in the Public Works Program, which increased as percentage from 10% of total program expenses in FY 2007 to 26% in FY 2008 primarily due to road and bridge projects overall Public Works expenditures decreased by 7% in the current fiscal year.

FY 2008 Program Expenses



The General Fund subsidized EMS \$1,575,190 and Solid Waste \$494,315, which is up 70% from FY 2007 for EMS and down around 9% for Solid Waste. In the EMS Fund, operating revenues decreased by approximately 43%, primarily due to increase emergency runs made by EMS, while expenses increase by 16% due to increase in personnel related expenses and a 44% increase in fuel costs to meet the needs of County citizens. In the Solid Waste Fund, revenues decreased by less than 1%, due primarily to an combination of decrease landfill use fees and increase in recycling income, while enterprise fund expenses increased by less than 1%. Capital Assets, net of depreciation, decreased slightly for both EMS and Solid Waste. The Water enterprise realized an operating income of \$368,258 in FY 2008 down from \$1.6 in FY2007. There was an increase in net assets for business-type activities of \$1,381,774 due to the completion of various capital projects in the Water & Sewer Enterprise Fund.

THE COUNTY'S FUNDS

Walton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The objective of the County's governmental funds is to provide information on short-term activity and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. It should be noted, however, that the County's major revenue source—property taxes on real property—are only received once a year, approximately six months after the close of the fiscal year. The fund balance in conjunction with projected other revenues at the close of any fiscal year should be large enough to provide adequate financial resources until the next fiscal year's property taxes are received.

The County ended the 2008 fiscal year with a combined fund balance of \$80.2 million for governmental funds, including \$49.2 million reserved for SPLOST projects, \$1.3 million in Special Revenue, and \$8.9 million in Debt Service Funds. The remaining fund balance remained unreserved.

Major Funds: General Fund

The General Fund is the operating fund of the County. At the end of fiscal year 2008, the unreserved fund balance was \$20.1 million. As a measure of liquidity, it may be useful to compare the unreserved fund balance to the sum of total expenditures for the General Fund and total other financing uses. The *unreserved* General Fund balance represents 43% of that total, down 7% from the previous year.

The fund balance in the general fund increased \$2.6 million during FY 2008. Tax revenues from sales tax and 2007 tax digest assessments provided the bulk of the increase in General Fund revenues. Expenditure decreased by \$4 million due primarily to the use of SPLOST funds for capital expenditures and the effort on the part of the county to reduce expenditures as the economy slowed. Walton County was able to meet public safety needs, expansion of parks and recreation facilities and services, along with repair and maintenance of the Counties roads and bridges. The County millage rate stayed the same for 2007 property taxes received in FY 2008. In an effort to be good stewards of taxpayers' funds, County offices continued to make concerted efforts to improve efficiencies in providing necessary services. Additional information about the General Fund can be found in the Budgetary Comparison Schedule.

Special Local Option Sales Tax (SPLOST) Capital Projects Fund

The SPLOST 2001 Fund was established to account for the proceeds of the special five-year, one-cent sales tax and projects approved by the voters on September 18, 2001 for up to \$43.7 million. The G/O bond obligation issued in conjunction with the 2001 SPLOST referendum was paid off in 2007. Remaining SPLOST 2001 proceeds were spent to complete Monroe-Felker Park and work on Gratis, Bold Springs, Rabbit Farm Parks, Matthews Park, completion of the judicial building and various road projects, including \$600,000 provided to Social Circle for repairs to a city bridge, in FY 2008.

The SPLOST 2007 Fund was established for the proceeds of the special five-year one-cent sales tax and projects approved by the voters on September 19, 2006 for up to \$100 million to commence July 1, 2007. The voters approved a \$58.915 million general obligation sales tax bond in conjunction with the SPLOST projects. The SPLOST proceeds are allocated in the following manner:

County – 911 Towers & radios, water & sewer improvements, road, bridge, & culvert improvements, parks & recreation improvement including gymnasiums, public safety upgrades and senior citizen centers upgrades.

City of Monroe – transportation, drainage & sidewalks, public safety improvements, solid waste improvements, water & sewer improvements, airport improvements, electric, CATV, and fiber improvements.

City of Loganville – transportation, drainage & sidewalk improvements, water & sewer upgrades.

City of Social Circle – transportation, drainage & sidewalk improvements, public safety improvements, cemetery & park improvements

City of Walnut Grove – transportation, drainage & sidewalk improvements, public safety improvements, library project.

City of Good Hope – transportation, drainage & sidewalk improvements, administrative facility improvements.

City of Jersey – transportation, drainage & sidewalk improvements, water & sewer improvements.

City of Between – administrative facilities.

Bonded monies are restricted to all County projects and transportation, drainage and sidewalk improvements for cities. Excess SPLOST funds may then be used for additional projects listed in the Cities.

Additional information on the SPLOST Capital Projects Fund can be found in the Schedule of Projects Constructed with SPLOST Funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of principal and interest from government resources when the County is obligated for the payment. During FY 2008, recorded the revenues and expenses of the current 2007 SPLOST Bond through the Debt Service Fund. The Fund Balance increased to \$8.9 million FY 2008.

Non-Major Governmental Funds

Liabilities in the non-major governmental funds were \$360,992, and the unreserved fund balance was slightly more than \$1.123 million for the year ended June 30, 2008, down slightly from FY 2007. The decrease due primarily to the decrease in assets in the Crime Victims Assistance Fund and the Multiple Grand Fund. The non-major governmental fund totals are a combination of the following special revenue funds and capital projects funds:

Special Revenue Funds

The County uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are:

- 911 Emergency Communications Fund
- DARE Fund
- Forfeited Drug Seizure Fund
- Seized Drug Fund
- Inmate Phone Fund
- Inmate Commissary Fund
- Law Library Fund
- Crime Victim's Assistance Fund
- Drug Abuse Treatment & Education Fund
- Clerk's Authority Fund
- Juvenile Supplemental Services Fund
- Multiple Grants Fund

Capital Projects Funds

The governmental capital projects funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. The County's construction projects not accounted for in the Special Local Option Sales Tax fund was to begin construction on Jersey Park scheduled to be completed in FY 2009.

The Board of Commissioners adopted the Development Impact Fee Ordinance of Walton County, Georgia to "ensure that adequate public facilities are available to serve new growth and development in Walton County and to provide that new growth and development bears a proportionate share of the cost of the new public facilities needed to serve them...The Ordinance is intended to implement and be consistent with the Walton County Comprehensive Plan, as it may be adopted or amended in accord with the Georgia Comprehensive Planning Act (O.C.G.A. 50-8-1 *et seq.*); and the *Minimum Standards and Procedures for Local Comprehensive Planning* and the *Development Impact Fee Compliance Requirements*, both as adopted by the Georgia Board of Community Affairs and amended from time to time." In 2008, County impact generated \$ 376,056 in income, down over 75% from FY 2007 due to the decline in development. Of the funds accumulated earnings, \$136,700 was made available for the libraries of Walton County, \$645,199 for parks and recreation projects including \$434,510.59 for the purchase of additional parkland.

Proprietary Funds

The County reports three business-type activities as proprietary funds: Solid Waste and Recycling Operations, Emergency Medical Services, and Water Operations. The County began providing Emergency Medical Services on July 1, 2001 and began water operations in 2007 with the acquisition of the Water Authority.

The County's two internal service funds for employee health care and worker's compensation claims had combined assets of \$2.29 million, liabilities of \$1.2 million, and unreserved fund balances totaling \$1.2 million.

More detailed information about the County's proprietary funds can be found beginning on page 21.

Fiduciary Funds

These agency funds are used to account for resources held for the benefit of parties outside the government; therefore assets are equal to liabilities. Additional information is available on pages 82-85 of the Combining and Individual Fund Statements and Schedules Section. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the General Fund. The County's final General Fund revenue and expenditure budgets for FY 2008 reflect an increase of approximately \$1.2 million over FY 2007.

Few significant budget amendments were made in FY 2008. Most budget amendments were related to public safety and public works and funds were transferred from other parts of their operating budgets to cover the increase in expenditures.

The County amended the Grant Fund budgets for grants awarded to the County such as the HEAT grant awarded for the Walton County Sheriff's Department and Georgia Department of Natural Resources Land and Water Conservation Grant for Parks and Recreation. A budget amendment was approved for the construction of a passive park in the town of Jersey.

The remaining budget amendments were a result of reimbursements for items purchased for Special Revenue Funds, such as vehicles and computers, through the General Fund to ensure that proper purchasing procedures were followed and that all capital assets were recorded.

As previously stated, by the end of fiscal year 2008, revenues, including reimbursements, exceeded expenditures resulting in a \$2.6 million increase in fund balance for the General Fund. The Board of Commissioners exerts considerable control over expenditures during the course of the fiscal year and continually seeks more efficient and cost effective means for providing services to the citizens of Walton County.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to \$169.4 million, net of accumulated depreciation. This investment in capital assets includes land, site improvements, construction-in-progress, buildings and building improvements, equipment, and infrastructure. Total capital assets, net of additions, retirements and depreciation, increased \$11 million for governmental activities and increased approximately \$3 million for business-type activities due to SPLOST capital projects and the water department's system expansion. Depreciation expense for the governmental activities for the period was \$4.5 million and \$11.7 million was expensed for capital outlay. Additional information on Capital Assets can be found in Note 4 of the *Notes to the Financial Statements*.

Major capital asset activities in 2008 were:

- \$2.5 million for road resurfacing projects
- \$98,000 donation for ambulance
- \$2.8 million for park construction and improvements including playground equipment
- \$22,700 for vehicles and equipment for maintenance of parks
- \$17,340 for vehicle for solid waste
- \$449,500 for a fire truck
- \$317,052 for sheriff vehicles, including 9 patrol cars and 1 SUV
- \$321,000 for an asphalt paver for public works
- \$42,334 for vehicles for other county departments
- \$32,210 for an Animal Control vehicle and animal transport equipment

Long-term Debt

As of June 30, 2008, Walton County had \$58.6 million in outstanding debt principal, of which \$9.4 million was due within one year. Of the debt due within one year, \$8 million represented principal payments on the \$58,915,000 General Obligation Special Local Option Sales Tax Bonds issued February 2007. The remaining long term debt is comprised of waterline and reservoir agreements with Newton County, capital leases on equipment, and Four County Industrial Development bond issue.

Additional information about the County's long-term debt can be found in Note 3-F of the *Notes to the Financial Statements*.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board of Commissioners sets rigorous standards for sound financial management of the County, regularly considering the needs of the community in light of the costs to provide for those needs and the various sources of funding available. The County did a salary survey in FY 2008, some salaries increased while others remained the same. The Board of Commissioners did not approve a cost of living increase in the FY 2008 budget due to the salary survey results.

The Board of Commissioners annually adopts a balanced budget, sets the millage rate to provide general revenues to cover the costs of all county programs that are not covered by specific program revenues, maintains an adequate unreserved general fund balance, and adopts financial policies to enhance the ability to maintain a safe and sound financial structure for the County.

The County's elected and appointed officials considered many factors when setting the fiscal-year 2008 fund budgets and tax rates. One of those factors was the economy. Economic activity in Walton County followed regional and national trends, slowing toward the end of the fiscal year compared to previous years. Retail sales and related taxes increased slightly during the year. As development occurred, the tax digest increased, and the County was able to maintain certain levels of service to its citizens and hold the millage rate constant.

The Commissioners actively participate in regional planning with State and Federal agencies, neighboring counties and the counties in the Atlanta metropolitan area, as well as with the municipalities within the County to maximize services to our citizens and minimize the costs of providing those services. Local Governments, the Industrial Development Authority, and the Chamber of Commerce work together to develop and expand business and industry in Walton County. Also, the Joint Development Authority, a four-county regional technology park – Stanton Springs, provides a venue for future growth of business and industry in the area.

Growth will undoubtedly bring increased demands on existing infrastructure, water supply, wastewater treatment, and solid waste disposal. The County pursued the reorganization of the Walton County Water and Sewage Authority, approved by the State of Georgia Legislature on April 15, 2005, in order to plan and secure the future water service and supply requirements for the Citizens of Walton County. The County staff is working with engineers to determine the best capital improvement plan and financial projections for land acquisition, water distribution and transmission, and wastewater collection and treatment. The Hard Labor Creek reservoir project, a joint venture between Walton County, Oconee County and the Walton County Water Authority moved forward with two revenue bond issues for Phase I of the project.

The Board of Commissioners is dedicated to planning and preparing for growth. The Comprehensive Land Use plan revision of 2004 is one of the tools utilized by the Board to ensure that the needs and concerns of the citizens of Walton County are met. The Board updates the Comprehensive Land Use Plan annually.

The Board of Commissioners is looking forward in fiscal year 2009 to the scheduled opening of two community centers, Meridian Park in Loganville, and Felker Park in Monroe, which broke ground in this fiscal year. Several new small businesses opened in the Walton County despite the slow down in the economy. The Walton County regional hospital broke ground on their new expansion location in April 2008.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Walton County Finance Department, at 303 South Hammond Drive, Suite 333, Monroe, Georgia 30655.

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BASIC FINANCIAL STATEMENTS

WALTON COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 20,693,166	\$ 6,850,196	\$ 27,543,362	\$ 1,767,939
Cash and cash equivalents - restricted	58,699,862	57,752,272	116,452,134	-
Investments	1,260,231	1,353,936	2,614,167	-
Receivables, net of allowance for uncollectibles				
Accounts	5,068,639	1,202,960	6,271,599	107,123
Internal balances	(23,950)	23,950	-	-
Inventories	86,657	33,399	120,056	-
Prepaid items	557,989	1,081	559,070	3,162
Net pension obligation	368,147	-	368,147	-
Bond issuance costs	451,255	1,714,438	2,165,693	-
Sub-total	87,161,996	68,932,232	156,094,228	1,878,224
Capital assets				
Nondepreciable	30,514,354	20,474,109	50,988,463	3,143,190
Depreciable, net	72,343,807	46,102,179	118,445,986	15,760
Capital assets, net of depreciation	102,858,161	66,576,288	169,434,449	3,158,950
Total Assets	190,020,157	135,508,520	325,528,677	5,037,174
Liabilities				
Current Liabilities				
Accounts payable	2,935,022	396,426	3,331,448	77,522
Accrued expenses	517,825	168,746	686,571	-
Accrued interest	1,352,550	1,414,197	2,766,747	-
Customer deposits	-	722,450	722,450	-
Funds held in trust	4,753	-	4,753	2,991
Unearned revenue	13,708	-	13,708	54,682
Long-term Liabilities				
Due within one year:				
Claims payable	896,906	-	896,906	-
Compensated absences	1,071,590	165,449	1,237,039	23,811
Post-closure costs	-	5,747	5,747	-
Notes payable	253,000	588,629	841,629	-
Contracts payable	188,887	-	188,887	-
Bonds payable	8,558,778	580,000	9,138,778	-
Due in more than one year:				
Bonds payable	48,188,801	80,693,551	128,882,352	-
Claims payable	283,394	-	283,394	-
Compensated absences	123,657	105,311	228,968	80,459
Post-closure costs	-	51,723	51,723	-
Contracts payable	3,033,740	-	3,033,740	-
Notes payable	253,000	10,406,839	10,659,839	-
Total Liabilities	67,675,611	95,299,068	162,974,679	239,465
Net Assets				
Invested in capital assets, net of related debt	90,713,448	23,584,893	114,298,341	3,158,950
Restricted for				
Debt service	8,903,723	8,474,648	17,378,371	-
Program purpose	-	-	-	535,553
Unrestricted	22,727,375	8,149,911	30,877,286	1,103,206
Total Net Assets	\$ 122,344,546	\$ 40,209,452	\$ 162,553,998	\$ 4,797,709

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-Type Activities	Total	
			Grants and Contributions	Capital Grants and Contributions				
Governmental Activities								
General government	\$ 7,735,568	\$ 2,182,627	\$ -	\$ -	\$ (5,552,941)	\$ -	\$ (5,552,941)	\$ -
Public safety	19,476,869	2,222,334	210,101	199,981	(16,844,453)	-	(16,844,453)	-
Public works	14,528,194	4,242	52,331	923,671	(13,547,950)	-	(13,547,950)	-
Judicial	4,541,213	2,015,538	138,638	-	(2,387,037)	-	(2,387,037)	-
Health and welfare	1,126,468	-	65,400	-	(1,061,068)	-	(1,061,068)	-
Culture and recreation	3,132,660	603,235	31,202	-	(2,498,223)	-	(2,498,223)	-
Housing & development	2,294,147	542,406	29,386	-	(1,722,355)	-	(1,722,355)	-
Interest on long-term debt	2,390,716	-	-	-	(2,390,716)	-	(2,390,716)	-
Total governmental activities	55,225,835	7,570,382	527,058	1,123,652	(46,004,743)	-	(46,004,743)	-
Business-Type Activities								
EMS	2,760,136	1,130,169	-	-	(1,629,967)	(1,629,967)	(1,629,967)	-
Water & Sewer	9,937,655	7,690,682	-	488,910	(1,758,063)	(1,758,063)	(1,758,063)	-
Solid Waste	1,091,929	504,422	-	-	(587,507)	(587,507)	(587,507)	-
Total business-type activities	13,789,720	9,325,273	-	488,910	(3,975,537)	(3,975,537)	(3,975,537)	-
Total Primary Government	\$ 69,015,555	\$ 16,895,655	\$ 527,058	\$ 1,612,562	(46,004,743)	(3,975,537)	(49,880,280)	-
Total Component Units	\$ 2,126,221	\$ 523,246	\$ 2,244,934	\$ -	-	-	-	641,959
General Revenues								
Property tax					28,254,596	-	28,254,596	-
Sales tax					16,376,126	-	16,376,126	-
Insurance premium					1,941,035	-	1,941,035	-
Real estate recording					715,429	-	715,429	-
Other					767,971	-	767,971	-
Total taxes					48,055,157	-	48,055,157	-
Interest earnings					3,519,418	2,759,480	6,278,898	49,634
Transfers					(2,597,831)	2,597,831	-	-
Total general revenues and transfers					48,976,744	5,357,311	54,334,055	49,634
Change in Net Assets					2,972,001	1,381,774	4,353,775	691,593
Net Assets - Beginning of year, previously stated					118,646,001	38,492,350	157,138,351	4,106,116
Prior period adjustment					726,544	335,328	1,061,872	-
Net Assets - Beginning of year, restated					119,372,545	38,827,678	158,200,223	4,106,116
Net Assets - End of year					\$ 122,344,546	\$ 40,209,452	\$ 162,553,998	\$ 4,797,709

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Capital Projects 2001 SPLOST	Capital Projects 2007 SPLOST	Debt Service Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 18,181,892	\$ -	\$ -	\$ -	\$ 2,178,595	\$ 20,360,487
Cash and cash equivalents-restricted	-	3,906,660	48,331,493	6,461,709	-	58,699,862
Receivables (Net of allowance for uncollectibles)	2,034,871	-	-	2,404,876	292,243	4,731,990
Prepayments	116,766	-	322,045	37,138	208	476,157
Inventories	86,657	-	-	-	-	86,657
Due from other funds	2,439,222	-	-	-	63,130	2,502,352
Total Assets	\$ 22,859,408	\$ 3,906,660	\$ 48,653,538	\$ 8,903,723	\$ 2,534,176	\$ 86,857,505
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,261,796	\$ 1,024	\$ 1,480,702	\$ -	\$ 163,325	\$ 2,906,847
Accrued liabilities	482,763	-	-	-	35,062	517,825
Due to other funds	61,240	1,429,099	901,100	-	148,897	2,540,336
Funds held in trust	4,753	-	-	-	-	4,753
Deferred revenue	719,306	-	-	-	13,708	733,014
Total Liabilities	2,529,858	1,430,123	2,381,802	-	360,992	6,702,775
Fund Balances:						
Reserved for:						
Prepays	116,766	-	322,045	37,138	208	476,157
Inventories	86,657	-	-	-	-	86,657
Debt service	-	-	-	8,866,585	-	8,866,585
Capital projects	-	2,476,537	45,949,691	-	869,226	49,295,454
Unreserved:						
Undesignated, reported in:						
General fund	20,126,127	-	-	-	-	20,126,127
Special Revenue Funds	-	-	-	-	1,303,750	1,303,750
Total Fund Balances	20,329,550	2,476,537	46,271,736	8,903,723	2,173,184	80,154,730
Total Liabilities and Fund Balances	\$ 22,859,408	\$ 3,906,660	\$ 48,653,538	\$ 8,903,723	\$ 2,534,176	\$ 86,857,505

See accompanying notes to the basic financial statements

WALTON COUNTY

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

JUNE 30, 2008

Total Fund Balances per Balance Sheet of Governmental Funds \$ 80,154,730

Amounts reported for governmental activities in the Statement of Net Assets differ from amounts reported in the Balance Sheet of Governmental Funds due to the following.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Capital assets, net of accumulated depreciation 102,858,161

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds

Property taxes 719,306

Net pension asset is not available during the current period and therefore, is not reported in the funds

368,147

Internal service funds are used by management to charge the costs of health and workers' compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

816,950

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

Notes payable (506,000)

Contracts payable (3,222,627)

Bonds payable (54,915,000)

Bond premium (1,832,579)

Bond issuance costs 451,255

Accrued interest (1,352,550)

Compensated absences (1,195,247)

(62,572,748)

Total Adjustments 42,189,816

Total Net Assets of Governmental Activities \$ 122,344,546

See accompanying notes to the basic financial statements

WALTON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Capital Projects 2001 SPLOST	Capital Projects 2007 SPLOST	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 37,935,271	\$ -	\$ -	\$ 9,909,016	\$ -	\$ 47,844,287
Intergovernmental	238,114	-	-	-	397,262	635,376
Licenses and permits	392,788	-	-	-	332,780	725,568
Fines and forfeitures	1,527,974	-	-	-	493,847	2,021,821
Charges for Services	3,008,125	-	-	-	1,359,315	4,367,440
Interest earnings	902,006	196,173	2,164,898	181,732	74,608	3,519,417
Donations	2,990	-	-	-	14,612	17,602
Other revenues	791,444	30,572	1,100	-	125,880	948,996
Total Revenues	44,798,712	226,745	2,165,998	10,090,748	2,798,304	60,080,507
Expenditures:						
Current:						
General government	6,736,682	72,467	-	-	-	6,809,149
Public safety	16,054,129	36,917	-	-	1,926,582	18,017,628
Public works	5,205,530	1,321,843	1,225,691	-	-	7,753,064
Judicial	4,135,627	-	-	-	306,725	4,442,352
Health and welfare	832,911	-	-	-	292,593	1,125,504
Recreation	2,499,720	190	-	-	136,700	2,636,610
Housing and development	2,421,540	-	-	-	-	2,421,540
Intergovernmental	-	600,000	3,854,747	-	-	4,454,747
Debt Service						
Principal	5,933	-	-	4,457,249	-	4,463,182
Interest and fiscal charges	5,800	-	275	2,731,507	-	2,737,582
Capital Outlay	1,267,609	1,195,383	8,540,445	-	740,161	11,743,598
Total Expenditures	39,165,481	3,226,800	13,621,158	7,188,756	3,402,761	66,604,956
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,633,231	(3,000,055)	(11,455,160)	2,901,992	(604,457)	(6,524,449)
Other Financing Sources (Uses)						
Transfers from other funds	321,430	-	-	679,384	598,787	1,599,601
Transfers to other funds	(3,318,767)	-	(528,326)	-	(350,339)	(4,197,432)
Total other financing sources (uses)	(2,997,337)	-	(528,326)	679,384	248,448	(2,597,831)
Net change in fund balances	2,635,894	(3,000,055)	(11,983,486)	3,581,376	(356,009)	(9,122,280)
Fund Balance, beginning of year	17,693,656	5,476,592	58,255,222	5,322,347	2,358,833	89,106,650
Prior period adjustment	-	-	-	-	170,360	170,360
Fund Balance, beginning of year, restated	17,693,656	5,476,592	58,255,222	5,322,347	2,529,193	89,277,010
Fund Balance, end of year	\$ 20,329,550	\$ 2,476,537	\$ 46,271,736	\$ 8,903,723	\$ 2,173,184	\$ 80,154,730

See accompanying notes to the basic financial statements

WALTON COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net Changes In Fund Balances - Total Governmental Funds \$ (9,122,280)

Amounts reported for governmental activities in the statement of activities are different as a result of:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Depreciation expense	(4,567,714)	
Capital outlay	<u>11,711,894</u>	7,144,180

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Principal payments on debt	4,463,182	
Amortization of deferred charges	(131,686)	
Amortization of bond premiums	534,787	
Increase in accrued interest	<u>(187,921)</u>	4,678,362

Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences, current year	(1,195,247)	
Compensated absences, prior year	<u>1,121,473</u>	(73,774)

Internal service funds are used by management to charge the costs of health and workers' compensation insurance to individual funds. The net revenue of the internal service funds is reported in governmental activities.

(437,883)

Donated assets and revenues that are not available to provide current financial resources are not reported as revenues in the funds.

Donated assets	923,669	
Taxes, current year	719,306	
Taxes, prior year	(508,436)	
Fines, prior year	<u>(419,382)</u>	715,157

Net pension asset is not available during the current period and therefore is not reported in the funds.

Net pension asset, current year	368,147	
Net pension asset, prior year	<u>(299,908)</u>	68,239

Total Adjustments 12,094,281

Change in Net Assets of Governmental Activities \$ 2,972,001

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	EMS	Water & Sewer	Solid Waste	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 65	\$ 6,821,067	\$ 29,064	\$ 6,850,196	\$ 332,679
Restricted cash and cash equivalents	-	57,752,272	-	57,752,272	-
Investments	-	1,353,936	-	1,353,936	1,260,231
Receivables:					
Accounts, net of allowance	362,384	826,313	14,263	1,202,960	336,649
Interfund receivable	-	47,060	-	47,060	14,034
Inventories	-	19,273	14,126	33,399	-
Prepayments	412	399	270	1,081	81,832
Total Current Assets	362,861	66,820,320	57,723	67,240,904	2,025,425
Noncurrent Assets:					
Deferred charges	-	1,714,438	-	1,714,438	-
Capital Assets:					
Nondepreciable	-	20,121,989	352,120	20,474,109	-
Depreciable, net	263,963	45,567,416	270,800	46,102,179	-
Total Capital Assets	263,963	65,689,405	622,920	66,576,288	-
Total Assets	626,824	134,224,163	680,643	135,531,630	2,025,425
Liabilities					
Current Liabilities:					
Accounts payable	8,919	349,222	38,285	396,426	28,175
Accrued expenses	53,037	101,227	14,482	168,746	-
Compensated absences payable	73,021	66,641	25,787	165,449	-
Accrued interest	-	1,414,197	-	1,414,197	-
Interfund payable	-	23,110	-	23,110	-
Consumer deposits	-	722,450	-	722,450	-
Claims payable	-	-	-	-	896,906
Post-closure	-	-	5,747	5,747	-
Notes payable-current portion	-	588,629	-	588,629	-
Bonds payable-current portion	-	580,000	-	580,000	-
Total Current Liabilities	134,977	3,845,476	84,301	4,064,754	925,081
Noncurrent Liabilities:					
Post-closure	-	-	51,723	51,723	-
Notes payable-long-term	-	10,406,839	-	10,406,839	-
Bonds payable-long-term	-	80,693,551	-	80,693,551	-
Claims payable-long-term	-	-	-	-	283,394
Compensated absences	52,186	38,430	14,695	105,311	-
Total Noncurrent Liabilities	52,186	91,138,820	66,418	91,257,424	283,394
Total Liabilities	187,163	94,984,296	150,719	95,322,178	1,208,475
Net Assets					
Invested in capital assets, net of related debt	263,963	22,698,010	622,920	23,584,893	-
Restricted for debt service	-	8,474,648	-	8,474,648	-
Unrestricted	175,698	8,067,209	(92,996)	8,149,911	816,950
Total Net Assets	\$ 439,661	\$ 39,239,867	\$ 529,924	\$ 40,209,452	\$ 816,950

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	EMS	Water & Sewer	Solid Waste	Total	
Operating Revenues					
Water sales	\$ -	\$ 6,700,237	\$ -	\$ 6,700,237	\$ -
Connect fees	-	281,082	-	281,082	-
Charges for services	1,020,630	646,969	504,422	2,172,021	5,212,246
Other	109,539	62,394	-	171,933	3,404
Total Operating Revenues	1,130,169	7,690,682	504,422	9,325,273	5,215,650
Operating Expenses					
Administrative	-	-	-	-	669,400
Claims paid	-	-	-	-	4,874,445
Fiduciary fees	-	-	-	-	9,549
Insurance	-	-	-	-	179,536
Water & sewer purchases	-	1,945,469	-	1,945,469	-
Salaries and benefits	2,457,004	1,825,703	762,827	5,045,534	-
Purchased services	38,807	68,720	35,105	142,632	-
Materials and supplies	161,220	103,351	99,227	363,798	-
Disposal fees	-	-	151,296	151,296	-
Other	-	1,564,397	-	1,564,397	-
Depreciation	103,105	1,814,784	43,474	1,961,363	-
Total Operating Expenses	2,760,136	7,322,424	1,091,929	11,174,489	5,732,930
Operating Income (Loss)	(1,629,967)	368,258	(587,507)	(1,849,216)	(517,280)
Non-Operating Revenues (Expenses)					
Amortization expense	-	(33,868)	-	(33,868)	-
Interest expense	-	(2,581,363)	-	(2,581,363)	-
Interest earnings	1,545	2,757,376	559	2,759,480	79,397
Total Non-operating Revenues (Expenses)	1,545	142,145	559	144,249	79,397
Income (Loss) before Contributions and Transfers	(1,628,422)	510,403	(586,948)	(1,704,967)	(437,883)
Contributions and Transfers					
Donated water lines	-	488,910	-	488,910	-
Transfers from other funds	1,575,190	528,326	494,315	2,597,831	-
Total Contributions and transfers	1,575,190	1,017,236	494,315	3,086,741	-
Change in Net Assets	(53,232)	1,527,639	(92,633)	1,381,774	(437,883)
Net Assets, beginning of year	492,893	37,313,683	685,774	38,492,350	1,254,833
Prior period adjustment	-	398,545	(63,217)	335,328	-
Net Assets, beginning of year, restated	492,893	37,712,228	622,557	38,827,678	1,254,833
Net Assets, end of year	\$ 439,661	\$ 39,239,867	\$ 529,924	\$ 40,209,452	\$ 816,950

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	EMS	Water & Sewer	Solid Waste	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash received from customers and others	\$ 1,367,441	\$ 7,969,482	\$ 524,954	\$ 9,861,877	\$ -
Internal activity - payments from other funds	-	-	-	-	5,204,374
Cash payments to employees for services	(2,422,181)	(1,741,134)	(763,796)	(4,927,111)	-
Cash payments for goods and services	(440,044)	(4,105,964)	(288,237)	(4,834,245)	(5,539,043)
Net Cash Provided by (Used in) Operating Activities	(1,494,784)	2,122,384	(527,079)	100,521	(334,669)
Cash Flows from Capital and Related Financing Activities					
Principal reduction bonds & notes payable	-	(4,619,335)	-	(4,619,335)	-
Proceeds from issuance of debt	-	62,545,006	-	62,545,006	-
Debt issuance costs	-	(1,225,643)	-	(1,225,643)	-
Capital contributions and donations	-	-	-	-	-
Interest paid	-	(1,567,738)	-	(1,567,738)	-
Acquisition of assets	(85,314)	(4,522,352)	(34,536)	(4,642,202)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(85,314)	50,609,938	(34,536)	50,490,088	-
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	1,575,190	528,326	494,315	2,597,831	-
Net Cash Flows from Noncapital Financing Activities	1,575,190	528,326	494,315	2,597,831	-
Cash Flows from Investing Activities					
Purchase of investments	-	(64,947)	-	(64,947)	(1,260,231)
Interest earnings	1,545	2,757,376	559	2,759,480	79,397
Net Cash Flows from Investing Activities	1,545	2,692,429	559	2,694,533	(1,180,834)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,363)	55,953,077	(66,741)	55,882,973	(1,515,503)
Cash and Cash Equivalents Beginning of Year	3,428	8,620,262	95,805	8,719,495	1,848,182
Cash and Cash Equivalents End of Year	\$ 65	\$ 64,573,339	\$ 29,064	\$ 64,602,468	\$ 332,679
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ (1,629,967)	\$ 368,258	\$ (587,507)	\$ (1,849,216)	\$ (517,280)
Adjustments:					
Depreciation	103,105	1,814,784	43,474	1,961,363	-
(Increase) Decrease in Assets:					
Accounts receivable	237,272	278,800	20,532	536,604	2,758
Due from other funds	-	-	-	-	-
Inventories	-	(8,380)	(14,126)	(22,506)	-
Prepayments	(412)	(399)	(270)	(1,081)	(11,135)
Increase (Decrease) in Liabilities:					
Accounts payable	(27,079)	(202,317)	11,787	(217,609)	18,002
Claims payable	-	-	-	-	187,020
Accrued wages	11,056	61,979	2,151	75,186	-
Customer deposits	-	34,280	-	34,280	-
Interfund receivable/payable	(212,938)	(247,211)	-	(460,149)	(14,034)
Compensated absences	24,179	22,590	(3,120)	43,649	-
Net Cash Provided by (Used in) Operating Activities	\$ (1,494,784)	\$ 2,122,384	\$ (527,079)	\$ 100,521	\$ (334,669)
Noncash investing, capital and financing Activities					
Donated capital assets	\$ -	\$ 488,910	\$ -	\$ -	\$ -

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,404,224
Taxes receivable	1,696,326
	<u>\$ 3,100,550</u>
Liabilities	
Due to others	\$ 1,404,224
Uncollected taxes	1,696,326
	<u>\$ 3,100,550</u>
Total Liabilities	

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF NET ASSETS
 COMPONENT UNITS
 JUNE 30, 2008

	Development Authority	Health Department	Commission on Children & Youth	Total
Assets				
Cash and cash equivalents	\$ 868,697	\$ 789,208	\$ 110,034	\$ 1,767,939
Receivables, net of allowance	-	94,055	13,068	107,123
Prepayments	3,162	-	-	3,162
Capital assets:				
Capital assets not being depreciated -	3,143,190	-	-	3,143,190
Capital assets being depreciated	41,967	187,420	-	229,387
Less accumulated depreciation	(37,253)	(176,374)	-	(213,627)
Total Assets	4,019,763	894,309	123,102	5,037,174
Liabilities				
Accounts payable	-	76,694	828	77,522
Funds held in trust	-	-	2,991	2,991
Unearned revenue	-	-	54,682	54,682
Compensated absences-current	-	23,811	-	23,811
Compensated absences-noncurrent	-	80,459	-	80,459
Total Liabilities	-	180,964	58,501	239,465
Net Assets				
Invested in capital assets, net of related debt	3,147,904	11,046	-	3,158,950
Restricted for health services	-	535,553	-	535,553
Unrestricted	871,859	166,746	64,601	1,103,206
Total Net Assets	\$ 4,019,763	\$ 713,345	\$ 64,601	\$ 4,797,709

See accompanying notes to the basic financial statements

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2008

	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Development Authority	Health Department	Commission on Children & Youth	Total
Development Authority	\$ 188,701	\$ -	\$ 850,000	\$ -	\$ 661,299	\$ -	\$ -	\$ 661,299
Health Department	1,804,180	512,984	1,267,130	-	-	(24,066)	-	(24,066)
Commission on Children & Youth	133,340	10,262	127,804	-	-	-	4,726	4,726
Total Component Units	\$ 2,126,221	\$ 523,246	\$ 2,244,934	\$ -	\$ 661,299	(24,066)	4,726	641,959
General Revenues								
Unrestricted investment earnings					25,432	22,569	1,633	49,634
Total General Revenues					25,432	22,569	1,633	49,634
Change in net assets					686,731	(1,497)	6,359	691,593
Net assets, beginning of year					3,333,032	714,842	58,242	4,106,116
Net assets, end of year					\$ 4,019,763	\$ 713,345	\$ 64,601	\$ 4,797,709

See accompanying notes to the basic financial statements

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NOTES TO THE FINANCIAL STATEMENTS

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WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Walton County, Georgia (the "County") was chartered by an act of the General Assembly of the State of Georgia. The County operates under a County Commission form of government and provides the following services as authorized by state law: general administrative services, public safety, roads and bridges, courts and health and welfare. The County also operates three enterprise funds, emergency medical services, water and sewer and solid waste.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

The most significant of the County's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this entity includes the probate court, the superior court, the magistrate court, the juvenile court, the tax commissioner, the sheriff, and planning and zoning.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Blended Component Unit:

Walton County Water and Sewer Authority – The Authority exists to acquire, construct and finance a water and sewerage system to provide services to individuals, public and private corporations and municipal corporations. The governing board of the Authority consists of seven members, all appointed by the Board of Commissioners who also ratify decisions of the Authority. The Authority is reported as an enterprise fund.

Discretely presented component units:

Walton County Development Authority - The Authority exists for the purpose of promoting and developing for the public good and general welfare, industry and trade, trade commerce and employment opportunity in the County. The County makes all appointments to the Board.

Additionally, the County is financially liable for the mortgage indebtedness of the Authority in case of default. The Authority does not issue separate component unit financial statements. During 2008, the County provided \$850,000 to the Authority.

Walton County Health Department – This agency, created in 1964 by state legislation, offers immunizations and other direct health service to citizens of Walton County as well as family planning and other preventive types of services. While a local board is appointed to oversee the operations of this agency, it is a state dependent agency. The State of Georgia contributes significant funding to this agency and exercises control over salaries and other expenditures. During 2008, the County provided \$427,789 to the Health Department.

Walton County Commission on Children and Youth – The Commission provides counseling and care services for children and youth around the county. This commission is funded by donations and grants from various sources. The County appoints a voting majority of the Commission's governing body and can impose its will on the Commission. The Commission does not issue separate component unit financial statements. During 2008, the County provided \$73,393 to the Commission.

Complete financial statements of the individual component units can be obtained directly from their administrative office as follows:

Walton County Health Department
P.O. Box 150
Monroe, Georgia 30655

Walton County Water and Sewer Authority
P. O. Box 8080
Monroe, Georgia 30655

WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

1-B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information on all of the nonfiduciary activities of the primary government and its component units. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting – The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds -- Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

The General Fund -- The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Georgia.

The SPLOST 2001 & 2007 Capital Project Funds -- The capital project funds collect sales taxes and uses these revenues to complete various budgeted roads, streets, and bridges projects, recreation projects, and economic development projects.

The Debt Service Fund -- The debt service fund collects sales taxes and uses these revenues to retire the County's outstanding general obligation debt.

Proprietary Funds -- Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County's three enterprise funds are reported as major funds. The following describes the County's enterprise funds:

The Emergency Medical Services Fund -- This fund is used to account for the operation and maintenance of the County's ambulance service.

The Water and Sewer Fund -- This fund is used to account for the operations and maintenance of the County's water and sewer system.

The Solid Waste Fund -- This fund is used to account for the County's landfill, disposal sites and recycling center.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Internal Service Funds – These funds account for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The County uses internal service funds to account for employee healthcare and workers' compensation.

Agency Funds – These funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Agency funds use the accrual basis of accounting to recognize assets and liabilities.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes and federal and state grants.

Deferred/Unearned Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Deferred revenues are reclassified as “*unearned revenue*” on the government-wide statement of net assets.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

1-E. Assets, Liabilities and Fund Equity

1-E-1 Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

1-E-5 Restricted Assets

These assets are reported in the Water and Sewer and SPLOST 2007 funds and relate to assets set aside for capital improvements and bond retirement.

WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

1-E-6 Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five thousand dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	30
Building & Improvements	20-50
Machinery and equipment	5-12
Vehicles	5
Furniture & Fixtures	10

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-7 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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Sick leave benefits are not vested.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due.*"

1-E-8 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. General obligation bonds and capital leases are recognized as a liability in the governmental fund financial statements when due.

1-E-9 Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

1-E-10 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of

WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
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fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-11 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water, solid waste, the forum, recycling and the workers' compensation programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. Investment earnings are classified as nonoperating revenues. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

1-E-12 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-13 Interfund Activity

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 section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

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 activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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1-E-14 Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary Information

The County adopts an annual operating budget for the general fund, each special revenue fund and the debt service fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general fund budget is adopted on a basis consistent with GAAP except that the occurrence of capital lease obligations and the related capital lease expenditures are not budgeted. Budgets for the special revenue funds are adopted on a basis consistent with GAAP. Budgets for capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the County Commission.

The Finance Officer may approve budget transfers within departments, excluding human resources. The County Commission must approve transfers between departments. During the year, the County Commission authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain functional expenditures.

All unexpended annual appropriations lapse at year-end.

2-B. Excess of Expenditures over Appropriations

The County did not have any expenditures in excess of appropriations.

2-C. Deficit Fund Equities

The Workers' Compensation internal service fund had a deficit net assets of \$272,311 as of June 30, 2008. The County plans to eliminate the deficit through higher charges to other funds in future years.

WALTON COUNTY, GEORGIA
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NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

The custodial credit risk of deposits is the risk that in the event of a failure of a bank, the government will not be able to recover deposits. State statutes require deposits of public funds to be insured or collateralized at a rate of at least 110 percent of the bank balance. At June 30, 2008, the pledged collateral for the County's deposits was less than the required amounts by approximately \$51,000.

The County has \$133,006,838 invested in Georgia Fund 1 (the local government investment pool). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is managed by the Office of Treasury and Fiscal Services. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. The County has no investment policy that would further limit its investment choices. Investments are carried at fair value. Unrealized gain is recognized as income. Amounts invested in Georgia Fund 1 at June 30, 2008 have been reported as cash and cash equivalents.

As of June 30, 2008, the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)				Rating ⁽¹⁾
		Less Than 1	1-5	6-10	More Than 10	
Local Government Investment Pool	\$133,006,838	\$133,006,838	\$ -	\$ -	\$ -	AAAm
Certificates of deposit	1,353,936	1,353,936	-	-	-	N/A
U.S. Treasury	308,094	205,516	102,578	-	-	N/A
U.S. Government Agencies	952,137	531,653	420,484	-	-	N/A
	<u>\$135,621,005</u>	<u>\$135,097,943</u>	<u>\$523,062</u>	<u>\$ -</u>	<u>\$ -</u>	

(1) – Standard & Poors

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. 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.

Credit risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness

WALTON COUNTY, GEORGIA
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(CONTINUED)

of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions.

Concentration of credit risk. The County places no limit on the amount the County may invest in any one issuer. At June 30, 2008 all of the County's investments are in U.S. Treasury and Government agency funds and the Local Government Investment Pool. At June 30, 2008 the ratings of its investments are shown above.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no policy on custodial credit risk.

3-B. Receivables

Receivables at June 30, 2008, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

The allowance for uncollectibles in the EMS fund was \$1,214,907 and in the Water and Sewer fund was \$203,711.

3-C. Property Taxes

The Board of Commissioners levied property taxes on August 25, 2007. Property taxes attach as an enforceable lien on property as of January 1. Property taxes were billed on October 20, 2007 and were payable within sixty days or December 20, 2007.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

3-D. Capital Assets

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

	Restated				Balance
	Balance				Balance
	7/1/2007	Additions	Deductions	Transfers	6/30/2008
Governmental activities					
Nondepreciable capital assets:					
Land	\$ 15,999,525	\$ 427,805	\$ -	\$ 434,909	\$ 16,862,239
Construction in progress	3,551,391	10,144,628	-	(3,598,181)	10,097,838
Historical artifacts	11,000	-	-	-	11,000
Other assets (See Note 4-C)	3,375,000	168,277	-	-	3,543,277
Total nondepreciable capital assets	22,936,916	10,740,710	-	(3,163,272)	30,514,354
Depreciable capital assets:					
Buildings and improvements	47,064,787	19,501	-	2,970,309	50,054,597
Equipment, furniture and vehicles	17,165,605	1,320,706	-	192,963	18,679,274
Infrastructure	63,317,926	722,925	-	-	64,040,851
Total depreciable assets	127,548,318	2,063,132	-	3,163,272	132,774,722
Less accumulated depreciation					
Buildings and improvements	(9,834,238)	(1,321,363)	-	-	(11,155,601)
Equipment, furniture and vehicles	(12,382,228)	(1,167,995)	-	-	(13,550,223)
Infrastructure	(33,646,735)	(2,078,356)	-	-	(35,725,091)
Total accumulated depreciation	(55,863,201)	(4,567,714)	-	-	(60,430,915)
Total depreciable capital assets, net	71,685,117	(2,504,582)	-	3,163,272	72,343,807
Governmental activities capital assets, net	\$ 94,622,033	\$ 8,236,128	\$ -	\$ -	\$ 102,858,161

The beginning balances were adjusted in the net amount of \$704,885 to properly reflect road maintenance costs and assets resulting from a joint venture agreement. See note 4-F for more detail on the adjustments.

Governmental activities depreciation expense	
General Government	\$ 728,548
Court System	36,157
Public Health and Welfare	964
Public Safety	1,038,731
Public Works	2,272,180
Recreation and Culture	473,589
Housing and Development	17,545
Total governmental activities depreciation expense	\$ 4,567,714

WALTON COUNTY, GEORGIA

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(CONTINUED)

	Balance 7/1/2007	Additions	Deductions	Transfers	Balance 6/30/2008
Business-type activities:					
Non depreciable capital assets:					
Land	\$ 470,170	\$ -	\$ -	\$ -	\$ 470,170
ROW and easements	106,047	-	-	-	106,047
Construction-in-progress	16,699,706	4,024,415	-	(826,229)	19,897,892
Total non depreciable capital assets	17,275,923	4,024,415	-	(826,229)	20,474,109
Depreciable capital assets:					
Buildings and Improvements	866,677	9,825	-	-	876,502
Equipment, furniture and vehicles	1,534,798	119,850	-	-	1,654,648
Water system	32,475,429	245,179	-	826,229	33,546,837
Water system-contributed	20,615,058	488,910	-	-	21,103,968
Wells	47,225	-	-	-	47,225
System equipment	1,875,036	242,933	-	-	2,117,969
Total depreciable capital assets	57,414,223	1,106,697	-	826,229	59,347,149
Accumulated depreciation:					
Buildings and improvements	(395,544)	(39,040)	-	-	(434,584)
Equipment, furniture and vehicles	(1,093,546)	(148,872)	-	-	(1,242,418)
Water system	(6,079,444)	(1,164,370)	-	-	(7,243,814)
Water system-contributed	(2,393,378)	(466,133)	-	-	(2,859,511)
Wells	(17,153)	(1,049)	-	-	(18,202)
System equipment	(1,304,542)	(141,899)	-	-	(1,446,441)
Total accumulated depreciation	(11,283,607)	(1,961,363)	-	-	(13,244,970)
Total depreciable capital assets, net	46,130,616	(854,666)	-	826,229	46,102,179
Business-type activities capital assets, net	\$ 63,406,539	\$ 3,169,749	\$ -	\$ -	\$ 66,576,288

Business-type activities depreciation expense

Emergency Medical Services	\$ 103,105
Water and Sewer	1,814,784
Solid Waste	43,474
Total business-type activities depreciation expense	1,961,363
Total accumulated depreciation additions	\$1,961,363

3-E. Interfund Balances and Transfers

Interfund balances at June 30, 2008, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

WALTON COUNTY, GEORGIA

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Payable to:	Payable from:					Total
	General fund	2001 SPLOST	2007 SPLOST	Water & Sewer	Nonmajor governmental funds	
General Fund	\$ -	\$ 1,429,099	\$ 854,040	\$ 9,076	\$ 147,007	\$ 2,439,222
Workman Comp Fund	-	-	-	14,034	-	14,034
Water and Sewer Fund	-	-	47,060	-	-	47,060
Nonmajor governmental	61,240	-	-	-	1,890	63,130
Total	\$ 61,240	\$ 1,429,099	\$ 901,100	\$ 23,110	\$ 148,897	\$ 2,563,446

Interfund transfers for the fiscal year ended June 30, 2008, consisted of the following:

Transfer to:	Transfers from:			
	General fund	2007 SPLOST	Non-major Governmental	Total
General fund	\$ -	\$ -	\$ 321,430	\$ 321,430
Debt service	679,384	-	-	679,384
EMS	1,575,190	-	-	1,575,190
Nonmajor governmental	569,878	-	28,909	598,787
Water and Sewer	-	528,326	-	528,326
Solid Waste	494,315	-	-	494,315
Total	\$ 3,318,767	\$ 528,326	\$ 350,339	\$ 4,197,432

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

3-F. Long-term Debt

Capital Leases - The County has entered into a capital lease for a piece of equipment. This lease meets the criteria of a capital lease since it transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The lease is for a period of five years at an interest rate of 3%. The equipment acquired by the lease is included in capital assets. The lease was paid in full in fiscal year 2008.

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Effective July 1, 2006, the County entered into a capital lease agreement to lease all of the operating assets and liabilities of the Walton County Water Authority (a blended component unit). Under the terms of this agreement, the County will operate the facilities and make annual payments to the Authority in amounts equal to the Authority's annual debt service requirements on all outstanding Water and Sewer Revenue Bonds. Assets and liabilities were recorded in the Water and Sewer Fund at net book value which was estimated to be market value.

This respective capital lease payable and receivable in the Water and Sewer Fund and Authority have been eliminated for reporting the Authority as a blended component unit.

Contracts Payable – During 1998, the County agreed to share the costs with neighboring governments of upgrading the capacity of the Cornish Creek Reservoir. The agreement provided for monthly principal payments varying from \$1,016 to \$3,032 through 2020. Interest is due monthly at a rate of 5.5%.

During 2005, the County agreed to share costs with neighboring governments of necessary water line installations. The agreement provided for annual principal payments varying from \$5,171 to \$19,888 through 2020. Interest is due annually at a rate of 6.0%.

As discussed in Note 4-C, the County is contractually obligated to the purchase of the Four County Industrial Site. The \$3,375,000 represents the County's 37.5% interest in the property and underlying debt. The financing provided for annual principal payments varying from \$112,500 to \$262,500 through 2020 at a variable interest rate based on the underlying debt as set by Wachovia Bank.

The annual requirements to amortize the long-term debt as of June 30, 2008, using a rate of 5.20% is as follows:

Year	Principal	Interest	Total
2009	\$ 188,887	\$ 167,639	\$ 356,526
2010	191,066	157,436	348,502
2011	193,366	147,110	340,476
2012	195,797	136,654	332,451
2013	235,865	124,889	360,754
2014-2018	1,298,232	425,729	1,723,961
2019-2020	919,413	125,282	1,044,695
	<u>\$ 3,222,626</u>	<u>\$ 1,284,739</u>	<u>\$ 4,507,365</u>

General Obligation Bonds –In 2007, the County issued \$58,915,000 Series 2007 General Obligation Sales Tax Bonds. The bonds carry interest rates ranging from 4.0% to 5.0% and will be repaid in principal installments beginning in January 2008. The bonds will be repaid from the proceeds received from the imposition of a 1% sales and use tax which began in January 2007. The proceeds of the issue were designated for certain road, bridge and culvert improvements, parks and recreation improvements, public safety upgrades and improvements, senior citizen center upgrades, water and sewer improvements and solid waste improvements.

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
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The annual requirements to amortize the Series 2007 bonds payable is as follows:

Year	Principal	Interest	Total
2009	\$ 8,000,000	\$ 2,660,750	\$ 10,660,750
2010	9,500,000	2,280,750	11,780,750
2011	11,250,000	1,825,750	13,075,750
2012	12,250,000	1,278,250	13,528,250
2013	13,915,000	680,750	14,595,750
	<u>\$ 54,915,000</u>	<u>\$ 8,726,250</u>	<u>\$ 63,641,250</u>

Installment Sale 2005 – During fiscal year 2006, the County entered into an installment sale agreement to refinance the Certificates of Participation issued through 2004. Payments are payable in annual installments of principal in the amount of \$253,000 through February 1, 2010. Interest is payable annually on February 1 at a rate of 3.30%.

The annual requirements to amortize the installment sale as of June 30, 2008, were as follows:

Year	Principal	Interest	Total
2009	\$ 253,000	\$ 16,930	\$ 269,930
2010	253,000	8,465	261,465
	<u>\$ 506,000</u>	<u>\$ 25,395</u>	<u>\$ 531,395</u>

Component Unit Long-term Debt – The Walton County Water and Sewer Authority has the following bond indentures outstanding as of June 30, 2008:

Series 1989 – First mortgage revenue bonds for acquisition of water system assets payable to the bondholders in the original amount of \$2,785,000 bearing interest at the rate of 7.5% to 8.25%. Interest is payable each February and August through 2015. Of the original amount, \$25,000 remains outstanding due to an advance refunding in 1996. The remaining principal will be paid in 2015.

Series 1996 – Revenue bonds for acquisition of water system assets payable to the bondholders in the original amount of \$8,070,000 bearing an interest rate of 4.4% to 6%. Principal is payable each February through 2021 with accrued interest. The proceeds from the issue were designated for a partial refund of the 1989 Series Bonds, provide funds for future construction, prepay existing GEFA debt and set up necessary reserve accounts.

The revenue bonds have a lien on the net revenues generated by the water system of the Authority, and the bond ordinances require that the rates for water shall be set at an amount sufficient to pay all of the operating costs of the system, and to provide the amounts necessary to pay the bond principal and interest due each year and provide a reserve fund which was fully funded at year end. The ordinance also requires the Authority to maintain rates to produce earnings at least 1.2 times the debt service requirements of its revenue bonds.

WALTON COUNTY, GEORGIA
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Series 2002 – Revenue bonds payable to the bondholders in the original amount of \$14,550,000 bearing an interest rate of 2.0% to 4.5%. Principal is payable each February and August through 2028 with accrued interest. The proceeds for the issue were designated for future construction of additions and extensions and improvement to the water related facilities.

Series 2008 – Revenue bonds, Walton Hard Labor Creek Reservoir Project, payable to bondholders in the original amount of \$40,990,000 bearing an interest rate of 4.% to 4.5%. Principal is payable each February and August through 2038 with accrued interest. The proceeds of the issues were designated for construction of the Hard Labor Creek Reservoir.

Series 2008 – Revenue bonds, Oconee County Hard Labor Creek Reservoir Project, payable to bondholders in the original amount of \$19,535,000 bearing an interest rate of 3.5% to 5%. Principal is payable each February and August through 2038 with accrued interest. The proceeds of the issues were designated for construction of the Hard Labor Creek Reservoir. The revenue bonds have a lien on the net revenues generated by the water system of the Authority, and the bond ordinances require that the rates for water shall be set at an amount sufficient to pay all of the operating costs of the system, and to provide the amounts necessary to pay the bond principal and interest due each year and provide a reserve fund which was fully funded at year end. The ordinance also requires the Authority to maintain rates to produce earnings at least 1.2 times the debt service requirements of its revenue bonds.

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The annual requirements to amortize the revenue bonds are as follows:

Series 1989

Year	Principal	Interest	Total
2009	\$ -	\$ 2,063	\$ 2,063
2010	-	2,063	2,063
2011	-	2,063	2,063
2012	-	2,063	2,063
2013	-	2,063	2,063
2014-2015	25,000	4,125	29,125
	<u>\$ 25,000</u>	<u>\$ 14,440</u>	<u>\$ 39,440</u>

Series 1996

Year	Principal	Interest	Total
2009	\$ 305,000	\$ 334,449	\$ 639,449
2010	325,000	317,674	642,674
2011	340,000	299,474	639,474
2012	360,000	280,094	640,094
2013	380,000	258,944	638,944
2014-2018	2,255,000	934,275	3,189,275
2019-2021	1,715,000	209,700	1,924,700
	<u>\$ 5,680,000</u>	<u>\$ 2,634,610</u>	<u>\$ 8,314,610</u>

Series 2002

Year	Principal	Interest	Total
2009	\$ 275,000	\$ 567,566	\$ 842,566
2010	280,000	559,660	839,660
2011	290,000	550,910	840,910
2012	300,000	541,630	841,630
2013	315,000	531,730	846,730
2014-2018	1,760,000	2,472,035	4,232,035
2019-2023	3,500,000	2,040,795	5,540,795
2024-2028	6,580,000	914,850	7,494,850
	<u>\$ 13,300,000</u>	<u>\$ 8,179,176</u>	<u>\$ 21,479,176</u>

WALTON COUNTY, GEORGIA

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2008 WCWSA Reservoir Revenue Bonds

Year	Principal	Interest	Total
2009	\$ -	\$ 1,910,380	\$ 1,910,380
2010	-	1,981,950	1,981,950
2011	-	1,981,950	1,981,950
2012	-	1,981,950	1,981,950
2013	-	1,981,950	1,981,950
2014-2018	4,115,000	9,700,100	13,815,100
2019-2023	6,170,000	8,619,500	14,789,500
2024-2028	7,870,000	6,927,500	14,797,500
2029-2033	10,025,000	4,755,000	14,780,000
2034-2038	12,810,000	1,983,500	14,793,500
	<u>\$ 40,990,000</u>	<u>\$ 41,823,780</u>	<u>\$ 82,813,780</u>

2008 Oconee Reservoir Revenue Bonds

Year	Principal	Interest	Total
2009	\$ -	\$ 777,618	\$ 777,618
2010	-	936,263	936,263
2011	-	936,263	936,263
2012	-	936,263	936,263
2013	-	936,263	936,263
2014-2018	1,985,000	4,565,913	6,550,913
2019-2023	2,975,000	4,043,300	7,018,300
2024-2028	3,730,000	3,288,750	7,018,750
2029-2033	4,765,000	2,258,500	7,023,500
2034-2038	6,080,000	941,500	7,021,500
	<u>\$ 19,535,000</u>	<u>\$ 19,620,631</u>	<u>\$ 39,155,631</u>

Notes Payable – Notes payable at June 30, 2008 consist of the following:

GEFA – A note payable to the Georgia Environmental Facilities Authority. The total original amount of this loan was \$1,221,695. The loan is payable in quarterly installments over 20 years at 4.8%, including capitalized interest of \$30,076.

Newton County – The Authority has agreed to pay Newton County, Georgia for certain costs pertaining to the Cornish Creek reservoir and treatment plant in which the Authority has a 25% interest. The Authority has agreed to pay 25% of the treatment plant and system upgrade costs of approximately \$1,887,070 and their increased share of the reservoir capacity costs of \$774,284.

The debt will be financed by Newton County over a period of twenty years at an interest rate of 5.5%.

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

Debt repayment commenced in December of 2000 at \$18,307 per month.

During 2004, Newton County issued additional bonds to refinance the prior debt and to pay for certain capital improvements. The Authority's share of the debt issue was \$4,780,000. The debt is interest only for the first five years at approximately \$209,700 per year. Beginning in 2010, principal payments commence with a total debt service of approximately \$450,000 per year.

Citimortgage – On June 30, 2006, the Authority borrowed \$4,500,000 to fund the purchase and installation of radio read water meters. This loan is at 4.195%. The loan calls for monthly principal and interest payments over a period of 10 years.

Debt service requirements for notes payable are as follows:

GEFA

Year	Principal	Interest	Total
2009	\$ 70,360	\$ 25,005	\$ 95,365
2010	73,799	21,566	95,365
2011	77,405	17,960	95,365
2012	81,188	14,177	95,365
2013	85,156	10,210	95,365
2014-2015	159,159	7,731	166,889
	<u>\$ 547,066</u>	<u>\$ 96,648</u>	<u>\$ 643,715</u>

Newton County

Year	Principal	Interest	Total
2009	\$ 113,991	\$ 105,694	\$ 219,685
2010	120,421	99,265	219,686
2011	127,213	92,472	219,685
2012	134,389	85,296	219,685
2013	141,970	77,716	219,685
2014-2018	839,397	259,030	1,098,427
2019-2021	496,072	34,834	530,906
	<u>\$1,973,453</u>	<u>\$ 754,307</u>	<u>\$2,727,760</u>

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

Newton County (Cornish Creek Expansion)

Year	Principal	Interest	Total
2009	\$ -	\$ 208,703	\$ 208,703
2010	240,000	208,703	448,703
2011	245,000	201,983	446,983
2012	255,000	192,183	447,183
2013	265,000	182,620	447,620
2014-2018	1,485,000	756,967	2,241,967
2019-2023	1,860,000	379,625	2,239,625
2024	430,000	18,275	448,275
	<u>\$4,780,000</u>	<u>\$2,149,059</u>	<u>\$6,929,059</u>

Citimortgage (Radio Meter Project)

Year	Principal	Interest	Total
2009	\$ 404,278	\$ 147,464	\$ 551,742
2010	421,746	129,996	551,742
2011	439,783	111,959	551,742
2012	458,590	93,152	551,742
2013	478,203	73,539	551,742
2014-2016	1,492,349	94,379	1,586,728
	<u>\$3,694,949</u>	<u>\$ 650,489</u>	<u>\$4,345,438</u>

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the fiscal year ended June 30, 2008:

Governmental Activities	Restated Outstanding 7/1/2007	Additions	Reductions	Outstanding 6/30/2008	Amounts Due in One Year
General obligation bonds-2007	\$ 58,915,000	\$ -	\$ 4,000,000	\$ 54,915,000	\$ 8,000,000
Add deferred amounts					
Premium on bonds	2,367,366	-	534,787	1,832,579	558,778
Total general obligation bonds	<u>61,282,366</u>	<u>-</u>	<u>4,534,787</u>	<u>56,747,579</u>	<u>8,558,778</u>
Capital leases	25,289	-	25,289	-	-
Contracts payable	3,239,242	168,277	184,893	3,222,626	188,887
Installment sale	759,000	-	253,000	506,000	253,000
Claims payable	993,280	4,874,445	4,687,425	1,180,300	896,906
Compensated absences	1,121,473	1,086,408	1,012,634	1,195,247	1,071,590
Total Governmental Activities	<u>\$ 67,420,650</u>	<u>\$ 6,129,130</u>	<u>\$ 15,232,815</u>	<u>\$ 119,599,331</u>	<u>\$ 10,969,161</u>
Business-Type Activities					
Revenue bonds - 1989	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -
Revenue bonds - 1996	5,970,000	-	290,000	5,680,000	305,000
Revenue bonds - 2002	13,565,000	-	265,000	13,300,000	275,000
Revenue bonds - 2008	-	40,990,000	-	40,990,000	-
Revenue bonds - 2008	-	19,535,000	-	19,535,000	-
Add deferred amounts:					
Unamortized premiums, net	(253,009)	2,020,006	23,446	1,743,551	-
Total revenue bonds	<u>19,306,991</u>	<u>62,545,006</u>	<u>578,446</u>	<u>81,273,551</u>	<u>580,000</u>
GEFA Notes	614,148	-	67,082	547,066	70,360
Newton County notes	2,081,357	-	107,904	1,973,453	113,991
Cornish Creek expansion	4,780,000	-	-	4,780,000	-
Water meter project note	4,129,972	-	435,023	3,694,949	404,278
Note payable	3,454,326	-	3,454,326	-	-
Total notes payable	<u>15,059,803</u>	<u>-</u>	<u>4,064,335</u>	<u>10,995,468</u>	<u>588,629</u>
Landfill post-closure	63,217	-	5,747	57,470	5,747
Compensated absences	227,111	43,649	-	270,760	165,449
Total other	<u>290,328</u>	<u>43,649</u>	<u>5,747</u>	<u>328,230</u>	<u>171,196</u>
Total Business-type activities	<u>\$ 34,657,122</u>	<u>\$ 62,588,655</u>	<u>\$ 4,648,528</u>	<u>\$ 92,597,249</u>	<u>\$ 1,339,825</u>

The debt service fund is retiring the County's general obligation bonds from sales taxes revenues. The capital lease obligations will be paid from the general fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid, generally the general fund.

Landfill postclosure costs. Effective 1987, the Walton County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2008, the County has a remaining 10 years of monitoring. Engineering studies estimate postclosure costs of approximately

WALTON COUNTY, GEORGIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

\$57,470 over the 10 year period. These costs are based on what it would cost to perform all postclosure care in fiscal year 2008, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during the postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

3-G. Post-employment Benefits

The County provides postretirement healthcare benefits to qualified retirees as discussed in Note 3-H.

3-H. Pensions

Defined Benefit Pension Plan

As of July 1, 1998, the County ended new participation in its Defined Benefit Pension Plan, except for certain elected officials. Existing plan participants who met certain restrictions as to age and years of service, were permitted to either remain as active participants or freeze the present value of their accumulated future benefits in the Defined Benefit Plan, while all other plan participants had the present value of their future benefits, as of July 1, 1998, deposited in the County's 401(a) Money Purchase or Defined Contribution Plan.

The County participates in the Association of County Commissioners of Georgia Pension Plan (ACCG Plan), an agent multiple-employer defined benefit pension plan, which covers all employees remaining in the defined benefit plan as described above. The County Board of County Commissioners authorizes amendments, participation in the pension plan, establishes the pension benefits and sets the contribution rates. The employee is vested 50% after completing four years of service.

Participants become eligible to retire at age 65. Benefits vest after four years of service. Upon eligibility to retire, participants are entitled to a lifetime annual pension, with a 10 year guarantee equal to 1.0% of their compensation for each year of service plus .75% of that portion of compensation exceeding \$10,000 for each year of service. Compensation is averaged over a five year period prior to retirement or termination.

The .75% above is reduced to .70% if year of birth is after 1937 and before 1955. Also, the .75% is reduced to .65% for employees born after 1954. Last, years of service are limited for this part of the benefit formula. In addition, the plan provides that no participant will receive less than what he had accrued under the Plan as of June 30, 1987. The Plan also provides benefits in the event of death. The employee is vested 50% after completing four years of service and 100% after five years of service.

A copy of the plan's financial report may be obtained from:

Government Employee Benefits Corporation of Georgia
3625 Cumberland Blvd., Suite 825
Atlanta, Georgia 30339

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

County employees are not required to contribute to the Plan. The County contributes the cost of the Plan using the actuarial basis described in the annual valuation report. The cost administering the plan is funded with earnings from investments.

The following information was determined as part of the actuarial valuation as of January 1, 2007. Additional information as of the latest actuarial valuation is as follows:

Valuation date	January 1, 2008
Actuarial Cost method	Projected Unit Credit
Asset Valuation method	Market Value
Amortization method	Level Percent of Pay(Closed)
Remaining amortization period	7 years
(This represents the estimated amortization period for all unfunded liabilities combined into one amortization base.)	
Actuarial Assumptions:	
Assumed rate of return on assets	8% per annum
Expected future salary increases	5.0% per annum
Cost of living adjustments	2.5% per annum
Inflation rate	3.00%

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

Annual required contribution	\$ 801,850
Interest on net pension obligation	(23,993)
Amortization of net pension obligation	25,314
Annual pension cost	<u>803,171</u>
Contributions made	<u>(871,410)</u>
Increase in net pension obligation	(68,239)
Net pension asset January, 1, 2007	<u>(299,908)</u>
Net pension asset January, 1, 2008	<u><u>\$ (368,147)</u></u>

Historical trend information is presented below:

Fiscal Year Beginning	Annual Pension Cost (APC)	County Contribution	Percentage of APC Contributed	Net Pension Asset
January 1, 2007	\$ 803,171	\$ 871,410	108%	\$ (368,147)
January 1, 2006	743,269	820,055	110%	(299,908)
January 1, 2005	719,019	811,514	113%	(223,122)
January 1, 2004	679,309	793,687	117%	(130,627)
January 1, 2003	155,729	155,657	100%	(16,249)
January 1, 2002	137,755	137,155	100%	(16,321)

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

The following is a schedule of funding progress, using the actuarial cost method:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Percentage Funded (a / b)	Unfunded AAL (UAAL) (b - a)	(c) Annual Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
January 1, 2007	\$ 3,114,743	\$ 6,070,875	51.3%	\$ 2,956,132	\$ 15,760,201	18.8%

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 the substantive plan in effect as of January 1, 2007.

Defined Contribution Pension Plan

The Walton County Money Purchase 401(a) Plan is a defined contribution plan established by the County and administered by CBIZ Benefits and Insurance in Maryland, with statements provided by GEBCorp. The Plan was established to provide benefits at retirement to Walton County employees. The County is required to contribute 2.0% of total covered payroll, and an additional 2.0% if an employee also contributes at least 2.0% to the 457(b) Deferred Compensation Plan. Employees are also required to contribute 2.0% to the plan.

Employees are eligible to join the Plan after one year of full time service. Participants are then vested fully in the County's contributions after five years of service. They are fully vested immediately in their contributions to the plan. Total contributions for the fiscal year ended June 30, 2008 were \$1,502,320. The majority of original contributions consisted of member rollovers from the defined benefit pension plan, which was frozen on July 1, 1998. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

Other Plans

In addition to the above pension plans, the following pension plans cover County employees but the County is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures:

- (A) PROBATE JUDGES' RETIREMENT FUND OF GEORGIA:
 The Probate Judge is covered under a pension plan, which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.
- (B) SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA:
 The Clerk of Superior Court is covered under a pension plan, which requires

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(C) SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND:

The Sheriff and Sheriff Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

(D) TEACHERS RETIREMENT SYSTEM OF GEORGIA:

The Walton County Agricultural Extension Service's eligible employees participate in the Teachers Retirement System of Georgia (TRS). At present, a contribution to their pension fund in the amount of \$9,183 is made by the General Fund.

Other Postemployment Benefits

In addition to the pension benefits described above, the County provides postretirement healthcare benefits, in accordance with County statutes, to all employees who retire from the County after 20 years of service and are between 62 and 65 years of age. Currently, one retiree meets those eligibility requirements. Healthcare benefits for retirees and active employees are provided through the County's self-insurance program. Expenditures for postretirement healthcare benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the County. During the year, expenditures of \$2,485 were recognized for postretirement healthcare. These post employment benefits are financed on a pay-as-you-go basis and are not included as part of the County defined benefit pension plan.

NOTE 4 – OTHER NOTES

4-A. Risk Management

Health Insurance

Effective July 1, 1991, the County established a self-funded trust for the administration and funding of the County's Health Care and Employee Benefits and Self-funded Medical expense reimbursement internal service fund. This trust shall be the source of funding for claims or expense reimbursement of employees from losses due to death, disability, dental or medical expenses and other expenses relating to maintenance of the fund by the appointed trustee.

Changes in the balances for the health care plan of claim liabilities during the past two years are as follows:

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

	2008	2007
Unpaid claims, beginning of year	\$ 423,280	\$ 295,886
Incurred claims	4,785,907	4,708,677
Claim payments	(4,425,154)	(4,581,283)
Unpaid claims, end of year	\$ 784,033	\$ 423,280

Workers' Compensation

Effective January 1, 1997, the County established a limited risk management self-funded trust for the administration and funding of the County's Workers' Compensation Plan. The County's plan is part of the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et. seq. and the Georgia Insurance Commissioner's Office. The members of ACCG-Group Self Insurance Workers' Compensation Fund are assessable if the losses that ACCG must pay exceed the assets of the pool.

The County trust shall be the source of funding for claims or expenses to reimburse employees for losses incurred from work related injury and other expenses relating to maintenance of the internal service fund by the appointed trustee.

Changes in the balances for the workers' compensation plan of claim liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, beginning of year	\$ 570,000	\$ 450,000
Incurred claims	88,538	506,320
Claim payments	(262,271)	(386,320)
Unpaid claims, end of year	\$ 396,267	\$ 570,000

In both of the aforementioned plans, expenditures and claims are recognized when it is probable that a loss has occurred (including incurred, but not reported) and the amount of the loss can be a reasonable estimate. The County is responsible for determining the contributions to the trusts, which is stabled with an independent fiduciary (trustee) that will hold and manage these contributions. The County may contract with insurance carriers and others to provide the aforementioned benefits, and the trustee is authorized to make disbursement for such claims.

The County is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

The following is a summary of insurance coverage at June 30, 2008.

Buildings and Personal Property	\$ 57,507,024	aggregate
Equipment	3,443,285	per occurrence
General Liability	1,000,000	per occurrence
Management Liability	1,000,000	per occurrence
Law Enforcement Liability	1,000,000	per occurrence
Crime Coverage	150,000	per occurrence
Automobile Liability	1,000,000	per occurrence

The County has no outstanding claims in excess of coverage for which a liability should be recorded as of June 30, 2008.

Settled claims in the past three years have not exceeded the coverage.

4-B. Contingent Liabilities

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.

The County was a defendant in several lawsuits at June 30, 2008. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County.

4-C. Joint Ventures

Northeast Georgia Regional Development Center

Under Georgia law, the County, in conjunction with other cities and counties in the fourteen county east central Georgia area, is a member of the Northeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Membership dues totaled \$61,376 for the fiscal year. Separate financial statements of the NEGRDC may be obtained from:

Northeast Georgia Regional Development Center
305 Research Drive
Athens, GA 30605-2795

WALTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

Four County Industrial Development Authority

During 1998, the Four County Industrial Development Authority, a joint venture, was formed for the purpose of purchasing and developing an industrial site. The land was purchased through the Walton County Development Authority with temporary financing from Walton County, until such time as the Joint Authority could issue permanent bond financing for the project. The Joint Authority issued \$9,000,000 in bonded debt in October 2000 for the repayment of the Walton County Development Authority, pay issuance costs of the bond, and to provide initial development costs. The stated percentages of ownership and debt assumption are as follows: Newton County 37.5%, Walton County 37.5%, Morgan County 15%, and Jasper County 10%. The debt will amortize from 2001 and continue through 2020. The County recorded the land investment and resultant long-term debt on its books in the 2000-2001 fiscal years. The asset is recorded at a value of \$3,543,277 and reported as other assets in non-depreciable capital assets.

Separate financial statements of the Four County Industrial Development Authority can be obtained directly from: Four County Industrial Development Authority, C/O Madison Chamber of Commerce, 115 East Jefferson Street, Madison, Georgia 30650.

4-D. Conduit Debt Obligations

From time to time, the Development Authority of Walton County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying leases. Upon repayment on the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Authority, the County, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, the amount of Industrial Revenue Bonds issued on behalf of private-sector entities outstanding was \$51,250,000.

4-E. Intergovernmental Agreement

On May 31, 2007, the County executed an intergovernmental agreement with Oconee County, Georgia for the construction and operation of the Hard Labor Creek Reservoir project. Under terms of the agreement Walton County will have a 71.2% share of the project leaving 28.8% share to Oconee County. The total estimated amount of the project is \$353 million with costs being split based on ownership percentages. The project is to be completed in three phases. Walton County will issue general obligation bonds to fund its portion of the project. As of June 30, 2008, bonds totaling \$60,525,000 have been issued in association with this project (See Note 3-F). The agreement runs through May 2057.

WALTON COUNTY, GEORGIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008
 (CONTINUED)

4-F. Prior Period Adjustments

During 2008, the County recorded prior period adjustments to correct errors in the reporting of bank accounts, road maintenance costs, the valuation of an asset resulting from a joint venture agreement and amortization of issuance costs and premium of the 2007 General Obligation Bonds.

The results of these adjustments are as follows:

Government Wide reporting:

	Governmental Activities
Net Assets, June 30, 2007, as previously stated	\$ 118,646,001
Bank accounts	170,360
Road maintenance costs	(828,709)
Joint venture asset	1,533,594
Issuance costs and premium	(148,701)
Net Assets, June 30, 2007, restated	\$ 119,372,545

Fund Level reporting:

	DA Forfeiture
Fund Balance, June 30, 2007, as previously stated	\$ -
Bank accounts	170,360
Fund Balance, June 30, 2007, restated	\$ 170,360

For the year ended June 30, 2008, the County has reported the activities of the Walton County Water and Sewer Authority as a blended component unit, rather than a discretely presented component unit. The Authority is reported in the Water and Sewer Fund as a business-type activity. Beginning net assets were restated to reflect this change. Additionally, the Solid Waste Fund recorded a prior period adjustment to correct the accounting for landfill post-closure liability. The effects of these adjustments are as follows:

	Business-type Activities	
	Water & Sewer	Solid Waste
Net Assets, June 30, 2007, as previously stated	\$ 37,313,683	\$ 685,774
Walton County Water and Sewer Authority	398,545	-
Landfill post closure liability	-	(63,217)
Net Assets, June 30, 2007, restated	\$ 37,712,228	\$ 622,557

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REQUIRED SUPPLEMENTARY INFORMATION

WALTON COUNTY, GEORGIA

SCHEDULE OF PENSION FUNDING PROGRESS
 REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2008
 UNAUDITED

Actuarial Valuation Date January 1,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Percentage Funded (a / b)	Unfunded AAL (UAAL) (b - a)	(c) Annual Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
2007	\$ 3,114,743	\$ 6,070,875	51.3%	\$ 2,956,132	\$ 15,760,201	18.8%
2006	2,457,758	5,272,700	46.6%	2,814,942	15,237,832	18.5%
2005	2,380,496	5,434,321	43.8%	3,053,825	15,283,997	20.0%
2004	2,387,453	5,727,550	41.7%	3,340,097	13,897,790	24.0%
2003	1,833,075	2,649,403	69.2%	816,328	1,124,947	72.6%
2002	1,825,883	2,531,134	72.1%	705,251	1,254,042	56.2%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides an indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

See assumptions used for the schedule of Funding Progress in Note 3-H to the financial statements.

WALTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 37,681,961	\$ 37,681,961	\$ 37,935,271	\$ 253,310
Intergovernmental	149,155	149,155	238,114	88,959
Licenses and permits	803,970	803,970	392,788	(411,182)
Fines and forfeitures	1,554,171	1,554,171	1,527,974	(26,197)
Charges for services	3,989,657	3,989,657	3,008,125	(981,532)
Interest earnings	677,988	677,988	902,006	224,018
Miscellaneous	138,230	140,128	794,434	654,306
Total Revenues	44,995,132	44,997,030	44,798,712	(198,318)
Expenditures				
Current:				
General government:				
Board of commissioners	213,866	214,132	158,153	55,979
County clerk	115,200	115,820	89,811	26,009
Chairman	67,204	166,402	161,118	5,284
Tax commissioner	713,089	721,735	660,107	61,628
Tax assessors	904,463	927,405	860,183	67,222
Elections	409,942	432,275	352,019	80,256
Financial administration	262,378	518,168	511,627	6,541
Accounting	283,314	261,298	256,402	4,896
Purchasing	77,428	80,633	72,935	7,698
Law	360,000	360,000	345,390	14,610
Data Processing	466,106	467,146	433,890	33,256
Human resources	419,714	420,457	320,462	99,995
Board of Equalization	32,532	34,794	25,048	9,746
Risk management	829,687	829,687	550,856	278,831
General government buildings	2,062,660	2,259,396	1,976,166	283,230
RDC & ACCG fees	99,677	99,677	95,378	4,299
Customer Service	26,584	27,163	27,163	-
	7,343,844	7,936,188	6,896,708	1,039,480
Judicial				
Superior court	550,117	631,575	515,851	115,724
Clerk of Superior Court	1,027,351	1,027,351	965,974	61,377
District Attorney	592,817	645,752	644,475	1,277
Probate court	586,136	608,985	566,432	42,553
Magistrate court	359,752	382,615	353,459	29,156
Juvenile court	581,533	693,191	692,103	1,088
Public Defender	409,677	424,356	407,542	16,814
	4,107,383	4,413,825	4,145,836	267,989

WALTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public safety				
Sheriff's office	1,245,272	1,324,892	1,324,892	-
Law Enforcement Administration	925,764	904,617	805,625	98,992
Criminal Investigation	892,125	927,552	926,843	709
Uniform Patrol	2,389,115	2,490,399	2,489,518	881
Youth Investigation	398,744	398,744	390,438	8,306
Jail operations	5,388,914	5,388,914	5,192,689	196,225
Court Services	1,111,575	1,180,480	1,160,563	19,917
Dispatcher	350	350	-	350
Fire Administration	219,199	223,792	223,792	-
Fire Fighting	3,361,056	3,556,835	3,556,835	-
Fire Training	51,175	22,588	21,031	1,557
Fire Stations & Buildings	175,000	175,000	124,380	50,620
Coroner	63,061	63,061	49,454	13,607
Animal Control	479,419	479,528	444,359	35,169
Emergency Management	85,894	90,010	86,031	3,979
	<u>16,786,663</u>	<u>17,226,762</u>	<u>16,796,450</u>	<u>430,312</u>
Public works				
Highways and Streets Administration	180,895	180,895	175,603	5,292
Roadways and Walkways	3,786,219	6,549,443	3,871,024	2,678,419
Unpaved Streets	475,000	475,000	201,800	273,200
Bridges & Viaducts	100,000	100,000	-	100,000
Other Maintenance	20,000	20,000	15,521	4,479
Street Lighting	310,000	467,896	467,896	-
Traffic Engineering	566,821	567,411	378,504	188,907
Maintenance and Shop	441,873	443,658	410,823	32,835
	<u>5,880,808</u>	<u>8,804,303</u>	<u>5,521,171</u>	<u>3,283,132</u>
Health and welfare				
Health Centers and Clinics	523,446	523,446	518,396	5,050
Aid to Dependent Children	90,278	90,278	90,278	-
Pauper Burial Costs	7,500	8,500	8,500	-
Walton County Senior Citizens, Inc.	180,737	180,737	180,737	-
Boys & Girls Club	-	15,000	15,000	-
Alcove, Inc. (Shelter)	20,000	20,000	20,000	-
	<u>821,961</u>	<u>837,961</u>	<u>832,911</u>	<u>5,050</u>
Culture and Recreation				
Recreation Programs	979,813	1,009,358	949,537	59,821
Park Areas	1,606,180	1,606,180	1,313,409	292,771
Library	270,000	270,000	270,000	-
	<u>2,855,993</u>	<u>2,885,538</u>	<u>2,532,946</u>	<u>352,592</u>

WALTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUE, EXPENITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Final Budget	Actual	Variance With Final Budget
Housing and Development				
Conservation Administration	13,420	13,420	13,420	-
USDA Natural Resource Conservation Service	54,313	54,470	47,451	7,019
County Extension Service	103,704	108,459	108,370	89
Forest Resources	41,549	41,549	37,726	3,823
Protective Inspection Administration	641,892	641,892	576,922	64,970
Planning and Zoning	698,139	739,878	649,204	90,674
Walton County Planning Commission	4,200	4,200	4,011	189
Walton County Board of Appeals	4,200	4,200	4,200	-
Code Enforcement	122,609	123,717	117,555	6,162
Economic Development	220,931	874,842	858,867	15,975
Action Inc.	10,000	10,000	10,000	-
	<u>1,914,957</u>	<u>2,616,627</u>	<u>2,427,726</u>	<u>188,901</u>
Debt Service				
Principal	-	5,933	5,933	-
Interest	-	5,800	5,800	-
	<u>-</u>	<u>11,733</u>	<u>11,733</u>	<u>-</u>
Total Expenditures	<u>39,711,609</u>	<u>44,732,937</u>	<u>39,165,481</u>	<u>5,567,456</u>
Excess Revenue Over (Under) Expenditures	<u>5,283,523</u>	<u>264,093</u>	<u>5,633,231</u>	<u>5,369,138</u>
Other Financing Sources (Uses)				
Transfers in	1,386,230	1,386,230	321,430	(1,064,800)
Transfers out	(2,642,420)	(3,318,767)	(3,318,767)	-
Total Other Financing Sources (Uses)	<u>(1,256,190)</u>	<u>(1,932,537)</u>	<u>(2,997,337)</u>	<u>(1,064,800)</u>
Net Change in Fund Balances	<u>\$ 4,027,333</u>	<u>\$ (1,668,444)</u>	2,635,894	<u>\$ 4,304,338</u>
Fund Balances, Beginning of Year			<u>17,693,656</u>	
Fund Balances, End of Year			<u>\$ 20,329,550</u>	

WALTON COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds									
	Law Library	Forfeited Drug Seizure	Inmate Phone	E911	Clerk's Authority	Juvenile Supplemental Services	Multiple Grant	Drug Abuse Treatment Education	DARE Program	
Assets										
Cash and cash equivalents	\$ 51,756	\$ 34,013	\$ 117,818	\$ -	\$ 100,212	\$ 235,666	\$ 250	\$ 109,415	\$ 15,133	
Receivables	-	-	-	160,135	-	-	115,791	8,193	-	
Prepayments	-	-	-	197	-	-	11	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	
Total Assets	\$ 51,756	\$ 34,013	\$ 117,818	\$ 160,332	\$ 100,212	\$ 235,666	\$ 116,052	\$ 117,608	\$ 15,133	
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ 2,024	\$ -	\$ -	\$ 67,090	\$ -	\$ -	\$ 27,976	\$ -	\$ -	
Accrued liabilities	-	-	-	18,291	-	-	15,195	-	-	
Due to other funds	-	-	26,063	-	-	-	65,854	-	-	
Deferred revenue	-	-	-	-	-	-	6,046	-	-	
Total Liabilities	2,024	-	26,063	85,381	-	-	115,071	-	-	
Fund Balances										
Reserved for prepaids	-	-	-	197	-	-	11	-	-	
Reserved for capital projects	-	-	-	-	-	-	-	-	-	
Unreserved, undesignated	49,732	34,013	91,755	74,754	100,212	235,666	970	117,608	15,133	
Total Fund Balances	49,732	34,013	91,755	74,951	100,212	235,666	981	117,608	15,133	
Total Liabilities and Fund Balances	\$ 51,756	\$ 34,013	\$ 117,818	\$ 160,332	\$ 100,212	\$ 235,666	\$ 116,052	\$ 117,608	\$ 15,133	

WALTON COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(CONTINUED)

	Special Revenue Funds					Capital Project Funds				Total Nonmajor Governmental
	Crime Victim's Assistance	Seized Drug	Inmate Commissary	D.A Forfeiture	Total Special Revenue	Capital Projects	Impact Fees	Total Capital Projects		
Assets										
Cash and cash equivalents	\$ 282,601	\$ 66,584	\$ 146,766	\$ 180,979	\$ 1,341,193	\$ -	\$ 837,402	\$ 837,402	\$ 2,178,595	
Receivables	8,124	-	-	-	292,243	-	-	-	292,243	
Prepayments	-	-	-	-	208	-	-	-	208	
Due from other funds	1,890	-	29,416	-	31,306	-	31,824	31,824	63,130	
Total Assets	\$ 292,615	\$ 66,584	\$ 176,182	\$ 180,979	\$ 1,664,950	\$ -	\$ 869,226	\$ 869,226	\$ 2,534,176	
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 66,235	\$ -	\$ -	\$ 163,325	\$ -	\$ -	\$ -	\$ 163,325	
Accrued liabilities	1,576	-	-	-	35,062	-	-	-	35,062	
Due to other funds	51,761	-	5,219	-	148,897	-	-	-	148,897	
Deferred revenue	-	-	7,662	-	13,708	-	-	-	13,708	
Total Liabilities	53,337	66,235	12,881	-	360,992	-	-	-	360,992	
Fund Balances										
Reserved for prepaids	-	-	-	-	208	-	-	-	208	
Reserved for capital projects	-	-	-	-	-	-	869,226	869,226	869,226	
Unreserved, undesignated	239,278	349	163,301	180,979	1,303,750	-	-	-	1,303,750	
Total Fund Balances	239,278	349	163,301	180,979	1,303,958	-	869,226	869,226	2,173,184	
Total Liabilities and Fund Balances	\$ 292,615	\$ 66,584	\$ 176,182	\$ 180,979	\$ 1,664,950	\$ -	\$ 869,226	\$ 869,226	\$ 2,534,176	

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds									
	Forfeited		Inmate Phone	E911	Clerk's Authority	Juvenile Supplemental Services	Multiple Grant	Drug Abuse Treatment Education	DARE Program	
Law Library	Drug Seizure									
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Licenses and permits	68,458	162,537	-	-	-	36,051	-	81,139	-	-
Fines and forfeitures	-	-	48,806	1,272,491	-	-	-	-	-	-
Charges for services	176	641	1,770	-	3,449	7,384	88	2,931	-	-
Interest income	-	-	-	-	8,484	-	388,778	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	14,612
Donations	-	-	-	-	-	-	-	-	-	27,210
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues	68,634	163,178	50,576	1,272,491	11,933	43,435	388,866	111,280	14,612	14,612
Expenditures										
Current:										
Public safety	-	156,549	44,587	1,585,868	-	-	61,692	-	-	16,443
Court system	51,837	-	-	-	-	20,472	221,362	-	-	-
Health and welfare	-	-	-	-	-	-	162,183	44,503	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	9,350	43,249	-	-	199,981	-	-	-
Total Expenditures	51,837	156,549	53,937	1,629,117	-	20,472	645,218	44,503	16,443	16,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,797	6,629	(3,361)	(356,626)	11,933	22,963	(256,352)	66,777	(1,831)	(1,831)
Other Financing Sources (Uses)										
Transfers in	-	-	-	310,339	11,530	-	276,918	-	-	-
Transfers out	-	(8,555)	-	-	(8,665)	-	(19,585)	-	-	-
Total Other Financing Sources (Uses)	-	(8,555)	-	310,339	2,865	-	257,333	-	-	-
Net Change in Fund Balances	16,797	(1,926)	(3,361)	(46,287)	14,798	22,963	981	66,777	(1,831)	(1,831)
Fund Balances, Beginning of Year	32,935	35,939	95,116	121,238	85,414	212,703	-	50,831	-	16,964
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-
Fund Balances, Beginning of Year, Restated	32,935	35,939	95,116	121,238	85,414	212,703	-	50,831	-	16,964
Fund Balances End of Year	\$ 49,732	\$ 34,013	\$ 91,755	\$ 74,951	\$ 100,212	\$ 235,666	\$ 981	\$ 117,608	\$ 15,133	\$ 15,133

WALTON COUNTY, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008
 (CONTINUED)

	Special Revenue Funds						Capital Project Funds				Total Nonmajor Governmental
	Crime Victim's Assistance	Seized Drug	Inmate Commissary	DA Forfeiture	Total Special Revenue		Capital Projects	Impact Fees	Total Capital Projects		
Revenues											
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,780	\$ 332,780	\$ 332,780
Fines and forfeitures	125,686	-	-	19,976	493,847	-	-	-	-	-	493,847
Charges for services	-	-	38,018	-	1,359,315	-	-	-	-	-	1,359,315
Interest income	5,812	150	2,069	6,860	31,330	-	-	43,278	43,278	43,278	74,608
Intergovernmental	-	-	-	-	397,262	-	-	-	-	-	397,262
Donations	-	-	-	-	14,612	-	-	-	-	-	14,612
Other	-	-	97,170	1,500	125,880	-	-	-	-	-	125,880
Total revenues	131,498	150	137,257	28,336	2,422,246	-	-	376,058	376,058	-	2,798,304
Expenditures											
Current:											
Public safety	-	-	61,443	-	1,926,582	-	-	-	-	-	1,926,582
Court system	-	-	-	13,054	306,725	-	-	-	-	-	306,725
Health and welfare	85,907	-	-	-	292,593	-	-	-	-	-	292,593
Culture and recreation	-	-	-	-	-	-	-	136,700	136,700	-	136,700
Capital Outlay	-	-	-	-	252,580	-	-	483,081	487,581	-	740,161
Total Expenditures	85,907	-	61,443	13,054	2,778,480	-	-	619,781	624,281	-	3,402,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,591	150	75,814	15,282	(356,234)	(4,500)	(243,723)	(248,223)	(604,457)	-	(604,457)
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	598,787	-	-	-	-	-	598,787
Transfers out	(104,857)	-	(6,003)	(4,663)	(152,328)	(158,923)	(39,088)	(198,011)	(350,339)	-	(350,339)
Total Other Financing Sources (Uses)	(104,857)	-	(6,003)	(4,663)	446,459	(158,923)	(39,088)	(198,011)	(248,448)	-	(248,448)
Net Change in Fund Balances	(59,266)	150	69,811	10,619	90,225	(163,423)	(282,811)	(446,234)	(356,009)	-	(356,009)
Fund Balances Beginning of Year Prior Period Adjustment	298,544	199	93,490	-	1,043,373	163,423	1,152,037	1,315,460	2,358,833	-	2,358,833
Fund Balances, Beginning of Year, Restated	298,544	199	93,490	170,360	1,213,733	163,423	1,152,037	1,315,460	2,529,193	-	2,529,193
Fund Balances End of Year	\$ 239,278	\$ 349	\$ 163,301	\$ 180,979	\$ 1,303,958	\$ -	\$ 869,226	\$ 869,226	\$ 2,173,184	\$ -	\$ 2,173,184

WALTON COUNTY, GEORGIA

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<u>Revenues:</u>				
Sales taxes	\$ -	\$ -	\$ 9,909,016	\$ 9,909,016
Interest earnings	-	-	181,732	181,732
Total Revenues	-	-	10,090,748	10,090,748
<u>Expenditures:</u>				
Debt service:				
Principal retirement	5,221,824	5,221,824	4,457,249	764,575
Interest and fiscal charges	2,997,746	2,997,746	2,731,507	266,239
Total Expenditures	8,219,570	8,219,570	7,188,756	1,030,814
Excess (Deficit) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(8,219,570)	(8,219,570)	2,901,992	11,121,562
<u>Other Financing Sources</u>				
Transfer in	8,219,570	8,219,570	679,384	(7,540,186)
Total other financing sources	8,219,570	8,219,570	679,384	(7,540,186)
Net change in fund balance	\$ -	\$ -	3,581,376	\$ 3,581,376
Fund Balance, beginning of year			5,322,347	
Fund Balance, end of year			\$ 8,903,723	

WALTON COUNTY, GEORGIA

INMATE PHONE
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 44,629	\$ 44,629	\$ 48,806	\$ 4,177
Interest	-	1,770	1,770	-
Total Revenues	44,629	46,399	50,576	4,177
<u>Expenditures:</u>				
Current:				
Public Safety	-	50,561	38,566	11,995
Capital Outlay	-	15,371	15,371	-
Total Expenditures	-	65,932	53,937	11,995
Net change in fund balance	\$ 44,629	\$ (19,533)	(3,361)	\$ 16,172
Fund Balance, beginning of year			95,116	
Fund Balance, end of year			\$ 91,755	

WALTON COUNTY, GEORGIA

EMERGENCY 911
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 1,062,024	\$ 1,062,024	\$ 1,210,233	\$ 148,209
Rent	73,535	73,535	62,258	(11,277)
Total Revenues	1,135,559	1,135,559	1,272,491	136,932
<u>Expenditures:</u>				
Current:				
Public safety	1,570,177	1,655,501	1,585,868	69,633
Capital Outlay	-	53,249	43,249	10,000
Total Expenditures	1,570,177	1,708,750	1,629,117	79,633
<u>Other Financing Sources</u>				
Transfers in	487,867	487,867	310,339	(177,528)
Total Other Financing Sources	487,867	487,867	310,339	(177,528)
Net change in fund balance	\$ 53,249	\$ (85,324)	(46,287)	\$ 39,037
Fund Balance, beginning of year			121,238	
Fund Balance, end of year			\$ 74,951	

WALTON COUNTY, GEORGIA

JUVENILE SUPPLEMENTAL SERVICES
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 10,000	\$ 36,051	\$ 36,051	\$ -
Interest	-	7,384	7,384	-
Total Revenues	10,000	43,435	43,435	-
<u>Expenditures:</u>				
Current:				
Court system	10,000	20,472	20,472	-
Total Expenditures	10,000	20,472	20,472	-
Net change in fund balance	\$ -	\$ 22,963	22,963	\$ -
Fund Balance, beginning of year			212,703	
Fund Balance, end of year			\$ 235,666	

WALTON COUNTY, GEORGIA

MULTIPLE GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>Revenues:</u>				
Intergovernmental	\$ 406,227	\$ 406,227	\$ 388,778	\$ (17,449)
Interest	93	93	88	(5)
Total Revenues	406,320	406,320	388,866	(17,454)
<u>Expenditures:</u>				
Current:				
Public Safety	79,280	79,280	61,692	17,588
Court System	240,662	240,662	221,362	19,300
Culture & Recreation	20,000	20,000	-	20,000
Health and welfare	163,480	163,480	162,183	1,297
Capital Outlay	53,249	199,981	199,981	-
Total Expenditures	556,671	703,403	645,218	58,185
<u>Other Financing Sources (Uses)</u>				
Transfer in	481,493	481,493	276,918	(204,575)
Transfer out	(281,856)	(281,856)	(19,585)	262,271
Total Other Financing Sources (Uses)	199,637	199,637	257,333	57,696
Net change in fund balance	\$ 49,286	\$ (97,446)	981	\$ 98,427
Fund Balance, beginning of year			-	
Fund Balance, end of year			\$ 981	

WALTON COUNTY, GEORGIA

DRUG ABUSE TREATMENT & EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Revenues:</u>				
Fines and forfeitures	\$ 52,950	\$ 52,950	\$ 81,139	\$ 28,189
Interest	1,300	1,300	2,931	1,631
Other	-	-	27,210	27,210
Total Revenues	54,250	54,250	111,280	57,030
<u>Expenditures:</u>				
Current:				
Health and Welfare	-	44,677	44,503	174
Total Expenditures	-	44,677	44,503	174
Net change in fund balance	\$ 54,250	\$ 9,573	66,777	\$ 57,204
Fund Balance, beginning of year			50,831	
Fund Balance, end of year			\$ 117,608	

WALTON COUNTY, GEORGIA

INMATE COMMISSARY
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Revenues:</u>				
Charges for services	\$ 65,000	\$ 65,000	\$ 38,018	\$ (26,982)
Interest	-	-	2,069	2,069
Other	-	-	97,170	97,170
Total Revenues	65,000	65,000	137,257	72,257
<u>Expenditures:</u>				
Current:				
Public safety	32,500	61,443	61,443	-
Total Expenditures	32,500	61,443	61,443	-
Excess of Revenues Over Expenditures	32,500	3,557	75,814	72,257
<u>Other Financing (Uses)</u>				
Transfer out	-	(6,003)	(6,003)	-
Net change in fund balance	\$ 32,500	\$ 3,557	69,811	\$ 72,257
Fund Balance, beginning of year			93,490	
Fund Balance, end of year			\$ 163,301	

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WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

	Health Benefits	Workers Compensation	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 277,103	\$ 55,576	\$ 332,679
Investments	1,260,231	-	1,260,231
Receivables:			
Accounts	336,649	-	336,649
Interfund receivable	-	14,034	14,034
Prepayments	-	81,832	81,832
Total Assets	1,873,983	151,442	2,025,425
Liabilities			
Current Liabilities:			
Accounts payable	689	27,486	28,175
Claims payable	784,033	112,873	896,906
Total Current Liabilities	784,722	140,359	925,081
Long-term Liabilities:			
Claims payable	-	283,394	283,394
Total Liabilities	784,722	423,753	1,208,475
Net Assets			
Unrestricted	1,089,261	(272,311)	816,950
Total Net Assets	\$ 1,089,261	\$ (272,311)	\$ 816,950

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Health Benefits	Workers Compensation	Total
Operating Revenues			
Charges to other funds	\$ 4,822,583	\$ 389,663	\$ 5,212,246
Other	-	3,404	3,404
Total Operating Revenues	<u>4,822,583</u>	<u>393,067</u>	<u>5,215,650</u>
Operating Expenses			
Administrative	669,400	-	669,400
Claims	4,785,907	88,538	4,874,445
Fiduciary fees	8,776	773	9,549
Insurance	22,871	156,665	179,536
Total Operating Expenses	<u>5,486,954</u>	<u>245,976</u>	<u>5,732,930</u>
Operating Income (Loss)	<u>(664,371)</u>	<u>147,091</u>	<u>(517,280)</u>
Non-Operating Revenues			
Interest earnings	76,792	2,605	79,397
Total Non-operating Revenues	<u>76,792</u>	<u>2,605</u>	<u>79,397</u>
Change in Net Assets	(587,579)	149,696	(437,883)
Net Assets, beginning of year	<u>1,676,840</u>	<u>(422,007)</u>	<u>1,254,833</u>
Net Assets, end of year	<u>\$ 1,089,261</u>	<u>\$ (272,311)</u>	<u>\$ 816,950</u>

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Health Benefits	Workers Compensation	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Payments to suppliers	\$ (5,125,512)	\$ (413,531)	\$ (5,539,043)
Cash received from internal activity and others	4,825,341	379,033	5,204,374
Net Cash Used in Operating Activities	<u>(300,171)</u>	<u>(34,498)</u>	<u>(334,669)</u>
Cash Flows from Investing Activities			
Purchase of investments	(1,260,231)	-	(1,260,231)
Interest received	76,792	2,605	79,397
Net Cash Provided by (Used in) Investing Activities	<u>(1,183,439)</u>	<u>2,605</u>	<u>(1,180,834)</u>
Net Decrease in Cash and Cash Equivalents	(1,483,610)	(31,893)	(1,515,503)
Cash and Cash Equivalents Beginning of Year	<u>1,760,713</u>	<u>87,469</u>	<u>1,848,182</u>
Cash and Cash Equivalents End of Year	<u>\$ 277,103</u>	<u>\$ 55,576</u>	<u>\$ 332,679</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ (664,371)	\$ 147,091	\$ (517,280)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
(Increase) Decrease in Assets:			
Accounts receivable	2,758	-	2,758
Due from other funds	-	(14,034)	(14,034)
Prepayments	-	(11,135)	(11,135)
Increase (Decrease) in Liabilities:			
Accounts payable	689	17,313	18,002
Claims payable	360,753	(173,733)	187,020
Net Cash Used in Operating Activities	<u>\$ (300,171)</u>	<u>\$ (34,498)</u>	<u>\$ (334,669)</u>

WALTON COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2008

	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	Juvenile Court	Total
ASSETS							
Cash and cash equivalents	\$ 731,794	\$ 577,423	\$ 38,896	\$ 37,865	\$ 17,101	\$ 1,145	\$ 1,404,224
Taxes receivable	1,696,326	-	-	-	-	-	1,696,326
Total Assets	\$ 2,428,120	\$ 577,423	\$ 38,896	\$ 37,865	\$ 17,101	\$ 1,145	\$ 3,100,550
LIABILITIES							
Duc to others	\$ 731,794	\$ 577,423	\$ 38,896	\$ 37,865	\$ 17,101	\$ 1,145	\$ 1,404,224
Uncollected taxes	1,696,326	-	-	-	-	-	1,696,326
Total Liabilities	\$ 2,428,120	\$ 577,423	\$ 38,896	\$ 37,865	\$ 17,101	\$ 1,145	\$ 3,100,550

WALTON COUNTY, GEORGIA

DEVELOPMENT AUTHORITY OF WALTON COUNTY
A COMPONENT UNIT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 3008

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 851,240
Payments to suppliers	(125,414)
Payments to employees	<u>(109,231)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>616,595</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets and assets held for resale	(320,176)
Deposits refunded	<u>(20,000)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(340,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>24,192</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>24,192</u>
Net Increase In Cash and Cash Equivalents	300,611
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>568,086</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 868,697</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 662,538
Cost of land sold	
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,517
Change in assets and liabilities:	
Decrease in accounts payable	<u>(48,460)</u>
Net Cash Provided By Operating Activities	<u>\$ 616,595</u>

WALTON COUNTY, GEORGIA

WALTON COUNTY COMMISSION ON CHILDREN AND YOUTH
A COMPONENT UNIT
BALANCE SHEET
JUNE 30, 3008

ASSETS	
Cash	\$ 110,034
Receivables	13,068
	<hr/>
TOTAL ASSETS	\$ 123,102
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 828
Deferred revenue	54,682
Funds held in trust	2,991
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TOTAL LIABILITIES	58,501
	<hr/>
FUND BALANCES	
Unreserved, undesignated	64,601
	<hr/>
TOTAL FUND BALANCES	64,601
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TOTAL LIABILITIES AND FUND BALANCES	\$ 123,102
	<hr/> <hr/>

WALTON COUNTY, GEORGIA

WALTON COUNTY COMMISSION ON CHILDREN AND YOUTH
A COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 3008

REVENUES	
State government	\$ 127,804
Charges for services	10,262
Interest income	<u>1,633</u>
TOTAL REVENUES	<u>139,699</u>
EXPENDITURES	
Health and welfare	<u>133,340</u>
TOTAL EXPENDITURES	<u>133,340</u>
NET CHANGE IN FUND BALANCES	6,359
FUND BALANCES, Beginning of year	<u>58,242</u>
FUND BALANCES, End of year	<u>\$ 64,601</u>

SUPPLEMENTARY INFORMATION

WALTON COUNTY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Project 2001 SPLOST	Original Estimated Budget	Current Estimated Budget	Prior Years	Current Year	Total	Estimated Percentage of Completion
Judicial Administration Building	\$ 17,785,000	\$ 17,785,000	\$ 15,313,857	\$ 110,823	\$ 15,424,680	87%
Jail Addition	9,938,000	9,938,000	8,786,179	97,579	8,883,758	89%
Recreation Facilities	7,660,000	7,660,000	6,094,974	775,217	6,870,191	90%
Road Projects	8,317,000	8,317,000	1,991,501	2,243,181	4,234,682	51%
Total	\$ 43,700,000	\$ 43,700,000	\$ 32,186,511	\$ 3,226,800	\$ 35,413,311	

WALTON COUNTY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Project 2007 SPLOST	Original Estimated Budget	Current Estimated Budget	Prior Years	Current Year	Total	Estimated Percentage of Completion
Walton County						
E-911 Towers and Radio	\$ 11,000,000	\$ 11,000,000	\$ 1,049,233	\$ 6,610,501	\$ 7,659,734	70%
Water & Sewer Improvements	12,500,000	12,500,000	-	528,326	528,326	4%
Roads & Bridges	18,400,000	18,400,000	1,988,482	1,225,482	3,213,964	17%
Parks & Recreation Facilities	15,400,000	15,400,000	-	1,788,183	1,788,183	12%
Public Safety	12,200,000	12,200,000	-	134,048	134,048	1%
Senior Citizens Center Upgrades	1,000,000	1,000,000	-	7,922	7,922	1%
Animal Control	700,000	700,000	-	-	-	0%
Total Walton County	71,200,000	71,200,000	3,037,715	10,294,462	13,332,177	
City of Monroe						
Transportation, Drainage and Sidewalks	9,136,000	9,136,000	603,486	1,237,776	1,841,262	20%
Public Safety Improvements	2,500,000	2,500,000	-	-	-	0%
Solid Waste Improvements	1,500,000	1,500,000	-	-	-	0%
Water and Sewer Improvements	4,060,000	4,060,000	-	-	-	0%
Airport Improvements	1,500,000	1,500,000	-	-	-	0%
Electric, CATV and Fiber Improvements	1,500,000	1,500,000	-	-	-	0%
Total City of Monroe	20,196,000	20,196,000	603,486	1,237,776	1,841,262	
City of Loganville						
Transportation, Drainage and Sidewalks	4,212,000	4,212,000	-	562,516	562,516	13%
Water and Sewer Upgrades	2,520,000	2,520,000	-	-	-	0%
Total City of Loganville	6,732,000	6,732,000	-	562,516	562,516	
City of Social Circle						
Transportation, Drainage and Sidewalks	3,536,000	3,536,000	-	1,596,378	1,596,378	45%
Public Safety Improvements	1,500,000	1,500,000	-	-	-	0%
Cemetery and Park Improvements	200,000	200,000	-	-	-	0%
Total City of Social Circle	5,236,000	5,236,000	-	1,596,378	1,596,378	
City of Walnut Grove						
Transportation, Drainage and Sidewalks	2,340,000	2,340,000	78,612	458,077	536,689	23%
Public Safety Facilities	950,000	950,000	-	-	-	0%
Library Building Project	450,000	450,000	-	-	-	0%
Total City of Walnut Grove	3,740,000	3,740,000	78,612	458,077	536,689	

WALTON COUNTY, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2008

Capital Project 2007 SPLOST	Original Estimated Budget	Current Estimated Budget	Prior Years	Current Year	Total	Estimated Percentage of Completion
<i>City of Good Hope</i>						
Transportation, Drainage and Sidewalks	468,000	468,000	-	-	-	0%
Administrative Facility Improvements	280,000	280,000	-	-	-	0%
Total City of Good Hope	748,000	748,000	-	-	-	
<i>City of Jersey</i>						
Transportation, Drainage and Sidewalks	234,000	234,000	-	-	-	0%
Water and Sewer Improvements	140,000	140,000	-	-	-	0%
Total City of Jersey	374,000	374,000	-	-	-	
<i>City of Between</i>						
Administrative Facilities	374,000	374,000	-	-	-	0%
Total City of Between	374,000	374,000	-	-	-	
Total 2007 SPLOST	\$ 108,600,000	\$ 108,600,000	\$ 3,719,813	\$ 14,149,209	\$ 17,869,022	