

**HOUSTON COUNTY, GEORGIA  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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## **FINANCIAL SECTION**

**BUTLER, WILLIAMS & WYCHE, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
915 HILL PARK  
MACON, GEORGIA 31201

December 18, 2015

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of County Commissioners  
of Houston County  
Warner Robins, Georgia**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Houston County, Georgia ("the County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Houston County Department of Public Health, a component unit of Houston County, Georgia, which statements reflect total assets of \$6,016,932 as of June 30, 2015 and total revenues of \$16,519,124 for the year ended June 30, 2015. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Houston County Department of Public Health, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Houston County, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note IV to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This standard significantly changed the accounting for the County's net pension liability and related disclosures. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 11), the Schedule of Funding Progress information (page 55), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 56), and the Schedule of County Contributions (pages 57 through 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County, Georgia's basic financial statements. The combining and individual nonmajor fund statements and schedules, and the agency funds combining statement of changes in assets and liabilities and the state reporting section with the schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund statements and schedules, and the agency funds combining statement of changes in assets and liabilities, and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the agency funds combining statement of changes in assets and liabilities and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2015 on our consideration of the County'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Butler, Williams & Styché, LLP*

Macon, Georgia

## **HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2015. Please read it in conjunction with the County's financial statements.

### **Using This Annual Report**

This report consists of a series of financial statements. Houston County's basic financial statements are comprised of three components: (1) *government-wide financial statements*, (2) *fund financial statements*, and (3) *notes to the financial statements*. *Government-wide statements* provide information about the County as a whole and present an overall view of County finances. *Fund financial statements* provide information that is more detailed than what is reported in the government-wide financial statements. The remaining *notes to the financial statements* provide additional information concerning the County's finances that are not disclosed in the government-wide or the fund financial statements.

### **Government-wide Financial Statements**

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement which presents information on all the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. Net position is reported in three categories: (1) invested in capital assets, (2) restricted, and (3) unrestricted.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net position changed during the current fiscal year. All current year revenues and expenditures are included regardless of when cash is received or paid. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

To assist in understanding the County's operations, both government-wide statements divide County expenses into three kinds of activities: *governmental activities*, *business-type activities* and *component units*. Governmental activities include basic County services including public works, public safety, judicial, health and welfare and general administration. Property taxes, fees and court fines finance most of these activities. Business-type activities include the County's water system and solid waste operations which are financed in whole, or in part, by user charges including water fees, landfill tipping fees, and garbage collection fees. Component units include the Houston County Development Authority, the Houston County Department of Public Health and the Houston County Library System. Although legally separate, these component units are important because the County is financially accountable for them.

Separately issued financial statements for the Houston County Development Authority can be obtained at the Authority's administrative office in Warner Robins, Georgia. Separately issued financial statements for the Houston County Department of Public Health may be obtained at the Department's administrative office in Warner Robins, Georgia. Separately issued financial statements for the Houston County Public Library may be obtained at the Library's administrative office in Perry, Georgia.

The government-wide financial statements can be found on pages 12-15 of this report.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. Other funds are established by the Board of Commissioners 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. All of Houston County's funds are divided into three categories - governmental funds, proprietary funds, and fiduciary funds.

## **HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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 provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The governmental funds statements provide a detailed short-term view of the County's general governmental 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. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and SPLOST fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-22 of this report.

**Proprietary funds** - Houston County maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water system and its solid waste operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Houston County uses internal service funds to account for its workers' compensation, health and property and liability insurance programs. Because all three of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. For the proprietary funds, a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows are presented. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Specifically, the County's proprietary fund financial statements provide separate information for the water system and the solid waste operations, both of which are considered to be major funds. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**Fiduciary funds** - Houston County is the trustee, or fiduciary, for numerous resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support Houston County's own programs. It is the County's responsibility to ensure that the resources reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is similar to that used for proprietary funds. A statement of fiduciary assets and liabilities is presented for the County's agency funds.

The fiduciary fund financial statements can be found on page 26 of this report.

**Notes to the Financial Statements** - In addition to the government-wide and fund financial statements, this report also provides supplementary information in the notes to the financial statements. The notes provide additional information essential to a full understanding of the basic financial statements. Other required supplementary information, including information about the accounting practices of the County, investments of the County, long-term debt, and the pension plan are some of the items included in the Notes.

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

The notes to the financial statements can be found on pages 27-54 of this report.

**Financial Highlights:**

**HOUSTON COUNTY'S NET POSITION  
FISCAL YEARS 2014 AND 2015**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Assets:</b>						
Current assets	\$ 91,673,161	\$ 88,585,866	\$ 29,900,513	\$ 31,249,162	\$ 121,573,674	\$ 119,835,028
Net pension assets	4,363,495	-	-	-	4,363,495	-
Capital assets	<u>196,287,751</u>	<u>194,357,931</u>	<u>47,707,420</u>	<u>46,805,574</u>	<u>243,995,171</u>	<u>241,163,505</u>
Total assets	<u>\$ 292,324,407</u>	<u>\$ 282,943,797</u>	<u>\$ 77,607,933</u>	<u>\$ 78,054,736</u>	<u>\$ 369,932,340</u>	<u>\$ 360,998,533</u>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows on pensions	\$ -	\$ 569,878	\$ -	\$ 63,320	\$ -	\$ 633,198
<b>Liabilities:</b>						
Current liabilities	\$ 5,009,063	\$ 5,856,352	\$ 1,348,401	\$ 1,000,217	\$ 6,357,464	\$ 6,856,569
Long-term liabilities	<u>4,078,562</u>	<u>21,321,178</u>	<u>7,684,448</u>	<u>9,887,500</u>	<u>11,763,010</u>	<u>31,208,678</u>
Total liabilities	<u>\$ 9,087,625</u>	<u>\$ 27,177,530</u>	<u>\$ 9,032,849</u>	<u>\$ 10,887,717</u>	<u>\$ 18,120,474</u>	<u>\$ 38,065,247</u>
<b>Deferred Inflows of Resources:</b>						
Deferred inflows on pensions:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net position:</b>						
Investment in capital assets	\$ 196,287,751	\$ 194,357,931	\$ 47,707,420	\$ 46,805,574	\$ 243,995,171	\$ 241,163,505
Restricted	48,330,253	41,373,448	17,274,834	18,820,300	65,605,087	60,193,748
Unrestricted	<u>38,618,778</u>	<u>20,604,766</u>	<u>3,592,830</u>	<u>1,604,465</u>	<u>42,211,608</u>	<u>22,209,231</u>
Total net position	<u>\$ 283,236,782</u>	<u>\$ 256,336,145</u>	<u>\$ 68,575,084</u>	<u>\$ 67,230,339</u>	<u>\$ 351,811,866</u>	<u>\$ 323,566,484</u>

- Houston County's total assets exceeded total liabilities by \$323.6 million (net position). Total net position for governmental activities was \$256.3 million; total net position for business-type activities was \$67.2 million.
- Total net position is comprised of the following:
  1. Capital assets of \$241.2 million include property and equipment, net of accumulated depreciation related to the purchase or construction of capital assets.
  2. Net position of \$60.2 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
  3. Unrestricted net position of \$22.2 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- As a whole, the County's financial position showed an 8% decline. Total net position decreased by \$28.2 million. Governmental activities experienced a \$26.9 million decrease while business-type activities decreased only \$1.3 million. The issuance of GASB Statement #68, *Accounting and Financial Reporting for Pensions*, established new financial reporting requirements which requires the County to report the net pension liability in the government-wide statement of net position and therefore accounts for a large part of the decline in governmental activities. This \$16.1 million net pension liability is now disclosed on an equal footing with other long-term liabilities. Governmental net position decreased 9.5% in fiscal year 2015. Net position in the business-type activities decreased 2%.

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

**HOUSTON COUNTY'S CHANGES IN NET POSITION  
FISCAL YEARS 2014 AND 2015**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 16,988,832	\$ 15,886,232	\$ 12,376,325	\$ 13,121,774	\$ 29,365,157	\$ 29,008,006
Operating grants	1,342,370	1,200,123	-	-	1,342,370	1,200,123
Capital grants	801,303	2,220,968	-	-	801,303	2,220,968
General revenues:						
Taxes	60,941,035	61,998,259	1,522,323	1,803,238	62,463,358	63,801,497
Other	489,153	97,419	98,956	24,599	588,109	122,018
Total revenues	<u>\$ 80,562,693</u>	<u>\$ 81,403,001</u>	<u>\$ 13,997,604</u>	<u>\$ 14,949,611</u>	<u>\$ 94,560,297</u>	<u>\$ 96,352,612</u>
<b>Expenses:</b>						
General government	\$ 29,486,001	\$ 10,126,262	\$ -	\$ -	\$ 29,486,001	\$ 10,126,262
Judicial	8,987,999	9,889,825	-	-	8,987,999	9,889,825
Public safety	29,178,721	30,073,602	-	-	29,178,721	30,073,602
Highways & streets	8,656,605	24,305,066	-	-	8,656,605	24,305,066
Health & welfare	599,712	765,607	-	-	599,712	765,607
Housing & development	7,335,187	9,148,380	-	-	7,335,187	9,148,380
Culture/recreation	2,239,812	2,831,535	-	-	2,239,812	2,831,535
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	5,692,572	5,805,350	5,692,572	5,805,350
Landfill	-	-	7,933,494	8,025,725	7,933,494	8,025,725
Total expenses	<u>\$ 86,484,037</u>	<u>\$ 87,140,277</u>	<u>\$ 13,626,066</u>	<u>\$ 13,831,075</u>	<u>\$ 100,110,103</u>	<u>\$ 100,971,352</u>
Increase (decrease) in net position before transfers	(5,921,344)	(5,737,276)	371,538	1,118,536	(5,549,806)	(4,618,740)
Transfers	28,502	14,566	(28,502)	(14,566)	-	-
Indirect cost allocation	<u>523,804</u>	<u>522,400</u>	<u>(523,804)</u>	<u>(522,400)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ (5,369,038)	\$ (5,200,310)	\$ (180,768)	\$ 581,570	\$ (5,549,806)	\$ (4,618,740)
Net Position - beginning	\$ 288,605,820	\$ 283,236,782	\$ 68,755,852	\$ 68,575,084	\$ 357,361,672	\$ 351,811,866
Prior period adjustment	\$ -	\$ (21,700,327)	\$ -	\$ (1,926,315)	\$ -	\$ (23,626,642)
Net Position - ending	<u>\$ 283,236,782</u>	<u>\$ 256,336,145</u>	<u>\$ 68,575,084</u>	<u>\$ 67,230,339</u>	<u>\$ 351,811,866</u>	<u>\$ 323,566,484</u>

- For fiscal year 2015, Houston County's governmental funds reported combined fund balances totaling \$77.4 million; a decrease of \$2.4 million when compared to fiscal year 2014. Of the \$77.4 million, \$41.4 million or 53.4% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of \$39.4 million, E911 operations of \$0.7 million, confiscated drug funds for law enforcement purposes of \$362,240, law library surcharge funds for the operation of the County's public law

## HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

library at \$928,615, and Juvenile Court supervision fees of \$24,176. Less than one percent of fund balance, \$183,057, is considered non-spendable because it has been used for inventory. A total of \$6.4 million or 8.2% of fund balance is either committed or assigned, meaning there are limitations resulting from its intended use. Of these funds, \$2,865,931 is committed for fire services, \$337,407 for jail inmate services, \$1,069,136 is committed to judicial projects and \$1,380,413 is assigned to the County's emergency warning system known as Code Red. The remaining \$29.5 million or 38.1% of fund balance is unassigned.

- Governmental activities in fiscal year 2015 experienced a decrease of \$26.9 million in net position, while business-type activities decreased by \$1.3 million. In total, net position decreased by \$28.2 million during the year to \$323.6 million. Revenues for governmental activities increased from \$80.6 to \$81.4 million. While overall revenues essentially maintained 2014 levels in each of the General, E911 and Fire funds; total revenues in the SPLOST fund increased significantly by over 13%. However, sales tax collections under the current SPLOST have declined steadily over the 33 months since its inception in October 2012. As of June 30, 2015, SPLOST collections are a collective \$8.4 million or 12.4% under projections, and can most likely be contributed to both the state of the economy in general and also to a change made by the state of Georgia in the motor vehicle tax. Non-major governmental expenditures increased \$303,934 or 5.5% compared to last year's spending. General fund expenditures decreased \$0.4 million or 0.9% from \$49 million to \$48.6 million, and SPLOST Capital Projects Fund expenditures increased 12.9% from \$27.3 million to \$30.9 million. Revenues for business-type activities increased 6.8% from \$14 million to \$14.9 million. While Water sales experienced a significant increase during the year from \$6.1 million to \$6.9 million; Landfill fees remained depressed at last year's levels of \$6.2 million. In the Landfill, fees remain down due to the multi-year building industry slump resulting in less C&D tonnage. Combined business activities therefore experienced a negative operating income, or loss, of \$1,231,701. Expenditures for governmental activities increased to \$87.1 from \$86.5 million. Business-type expenses increased 1.4% from \$14.1 million to \$14.4 million.

### Fund Financial Information

#### Major Governmental Funds

**General Fund** – The central operating fund for Houston County, the General Fund, is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances or other externally imposed requirements. At the end of fiscal year 2015, total assets rose from \$30.7 million to \$35.3 million; while total liabilities increased from just over \$2 million to \$2.4 million.

The General Fund's unassigned fund balance at year-end increased from \$26.6 million to \$29.5 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 61.2% of total general fund expenditures, while total fund balance, \$31.8 million, represents 66% of the same amount. The General Fund reported a \$4.6 million increase in fund balance.

Total revenues and other sources for fiscal year 2015 of \$53.1 million exceeded total expenditures and other uses of \$48.6 million. As a whole, County revenue collections were higher than originally estimated due to state mandated increases in various service charges, court fines and fees. Revenue estimates were also increased \$113,971 during the fiscal year to reflect additional transfers in to the General Fund. While property tax revenue maintained last year's levels with a very slight increase; revenues from licenses and permits decreased marginally by 2.1%; charges for services decreased 2.9%; and intergovernmental revenues, investment incomes, and fines and forfeitures all experienced modest increases.

Expenditures for most functional areas were \$3.75 million less than budget due to vacancies in positions, staff turnover and savings managed by departments within their operating budgets. However, there were several areas where costs were somewhat higher than originally projected. First, in general government, the MIS budget was increased \$56,821 to cover a wireless upgrade at the courthouse and detention facility. Second, judicial costs in the Judge of Superior Court and the Magistrate Court departmental budgets were increased \$1,750 and \$4,200

## HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

respectively because of costs incurred due to increased caseloads. The District Attorney departmental budget was increased by \$100,067 to acquire upgrades to courtroom and office computer technology and several vehicles. Third, under public safety activities, the Coroner's budget was adjusted \$3,300 to cover an unexpected number of autopsies. The emergency management agency's budget was adjusted to cover \$29,100 in fuel for the ambulance service. Fourth, in Health and Welfare the budget was increased \$200,000 reflecting a contribution to the construction of a voter precinct at the Houston Health Pavilion. Most other departmental expenditures were consistent with fiscal year 2014.

***E911 Fund*** - The E911 Fund accounts for the cost of operating and maintaining Houston County's Centralized Emergency Communications System. Financing is provided by a \$1.50 charge to each telephone subscriber (wireless and land) whose exchange access lines are in the areas served by the Houston County 911 service; by contributions from the cities of Centerville, Perry and Warner Robins; by a \$0.75 charge on every prepaid wireless retail transaction occurring within the County's jurisdiction; and by transfers from Houston County's General Fund and Fire Protection Fund. At the end of fiscal year 2015, total assets decreased from \$865,850 to \$777,586, and total liabilities increased from \$64,274 to \$77,362. Restricted fund balance decreased by \$101,352 during the year from \$801,576 to \$700,224. The ending fund balance represents 18% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2015 of \$3.8 million fell short of total expenditures and other uses by \$101,352; however, overall, E911 revenues increased by 1% when compared to fiscal year 2014. Most of the revenue came from 911 fees totaling \$2.7 million. Intergovernmental contributions were consistent with fiscal year 2014 numbers while lease payments decreased from \$30,930 to \$25,546. During FY14 the County opened a dialogue with all three municipalities concerning the alarming trend in revenue shortfall. Those talks continued into FY15 and centered upon a change to the intergovernmental contributions formula that increases each of the entities share. These changes were agreed upon and were made effective for fiscal year 2016 with contributions based on a calls-for-service model with a planned three year phase-in for the cities. Since the County's contribution would have decreased considerably based upon the new model it was agreed that our contribution would be frozen at the current level. Total E911 expenditures for fiscal year 2015 increased by 1.4% to \$3.9 million, 99.3% of the final amended budget.

***Fire Protection Fund*** - The Fire Protection Fund accounts for the cost of operating and maintaining Houston County's fire protection services. This department consists of a combination of volunteer and full-time firefighters. Financing is provided by levying a special fire tax on property in unincorporated Houston County. At the end of fiscal year 2015, total assets increased 10.3% to \$2,885,735. Total liabilities increased to \$19,804 from \$15,768. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased \$265,840 to nearly \$2.9 million. The fund balance is earmarked only for fire protection uses and currently represents 177% of the expenditures and transfers for the year.

At \$1.89 million, total fire revenues maintained fiscal year 2014 levels. The fire tax levy for 2014 remained at 1.18 mills. At \$1.62 million, expenditures were down slightly as compared to \$1.67 million last year and represent 90% of the final amended budget.

***SPLOST Capital Projects*** – Houston County has three Special Purpose Local Option Sales Tax (SPLOST) programs currently underway. In June of 2001, voters passed an \$85 million SPLOST for the construction of roads, an 800 MHz communication system, a city hall, water and sewer improvements and recreation enhancements. While sales tax collections on the 2001 SPLOST ended in August 2006, several of the projects are still underway. In March of 2006, voters approved a six year \$130 million SPLOST for the construction of roads, several public safety buildings, library improvements, water and sewer improvements and the write-off of outstanding debt. Collections for the 2006 SPLOST began in October 2006 and ended September 2012. In March of 2012, voters passed a \$155 million SPLOST for the construction of road, bridge and sidewalk projects, water and sewer system improvements, public safety and recreation facilities and equipment, an E911 system and facilities upgrade, property acquisition for Robins Air Force Base encroachment and industrial sites, and debt payoff. Sales tax collections on this 2012 SPLOST began October 2012 and, through the end of the fiscal year (June 30, 2015), have consistently fallen short of projections. Projections for this thirty-three month period were \$67.43 million, while actual collections were \$59.05 million, or 12.4% short.

## **HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS**

At the end of fiscal year 2015, total assets in the SPLOST fund were \$41.8 million, and total liabilities were \$2.4 million. The restricted fund balance decreased \$7 million from \$46.4 million to \$39.4 million largely due to increased spending on large capital projects within the 2001 and 2012 SPLOST. The County has completed most of the projects funded by the 2001 SPLOST taxes. This year the largest remaining road project, the widening of Feagin Mill Road from Houston Lake Boulevard to Moody Road, has been completed and the Ball Street Extension project is very near completion. The County is also currently underway on the Carl Vinson Parkway project and a few of the remaining dirt road paving and street resurfacing projects. Approximately 80% of the 2006 SPLOST projects have been completed. Of the remaining projects, the widening of Highway 96 (from Lake Joy Road to Moody Road), the widening of Highway 41 (from Osigian Drive to Thomson Road), and the widening of Gunn Road (from US41 to Margie Drive) continued under construction during the year. In addition, the Gunn Road widening project from US41 to Margie Drive and the Lately Bridge Road project are also underway. Several smaller road projects remain in the planning phase. Projects from the 2012 SPLOST in FY2015 included road work on the Dunbar Road widening project and various intersection improvement projects. Also from the 2012 SPLOST a roof repair on the Detention Center, fifteen public safety vehicles in the Sheriff's Department, three trucks in the Roads Department, one truck for Public Buildings, and computer and copier purchases for various departments.

At \$21.94 million, total sales tax revenues in fiscal year 2015 increased \$1,082,519 over last year's collections. A slight increase in investment income from \$57,138 to \$61,768, coupled with an increase in intergovernmental revenues from \$136,435 to \$1,798,972 contributed greatly to the overall \$2.75 million increase in total SPLOST revenue for the year. Total SPLOST expenditures for fiscal year 2015 increased \$3.5 million from \$27.4 million to \$30.9 million. Of the \$30.9 million expended, \$10.3 million was allocated to highway and street projects; \$8.4 million was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins; \$2.05 million was expended on library improvements; \$0.267 million was expended on improvements at the Perry-Houston County Airport; \$7.7 million was expended for land acquisition and \$0.96 million was expended for property acquisition for Robins AFB encroachment under economic development. The remainder of just over \$1 million was expended on small equipment, vehicles and capital equipment for various departments.

### **Major Proprietary Funds**

***Water Enterprise Fund*** - This fund is used to account for water service provided to customers primarily in unincorporated Houston County. Rates are established to pay the costs of current operations and to provide for capital maintenance replacement. Total assets at the end of fiscal year 2015 increased to \$36.3 million while total liabilities increased to \$1.7 million. Net position decreased by 1.2% to \$34.6 million. Total revenues increased 12% to \$6.9 million. In fiscal year 2015, water sales increased by 12.3% as compared to the 2014 sales levels. All other revenue sources were comparable to last year. Total expenditures increased marginally from \$6 million in 2014 to \$6.1 million in 2015. Overall, net operating income increased considerably from \$147,086 to \$769,381.

***Landfill Enterprise Fund*** - This fund is used to account for the sanitary landfill in compliance with state and federal requirements. Fees are established to pay the costs of current operations, capital maintenance replacement and closure/post-closure costs. Total assets were \$41.8 million and total liabilities were \$9.2 million, as compared to \$41.8 million and \$8.3 million, respectively in fiscal year 2014. Net position decreased during the fiscal year from \$33.5 million to \$32.6 million primarily because of increases in long-term liabilities. While operating revenues (disposal fees) maintained last year's levels of \$6.2 million; operating expenses in fiscal year 2015 increased marginally from \$8.1 million to \$8.2 million. This has resulted in a nominal increase in the landfill's negative operating income from \$1,920,631 in fiscal year 2014 to \$2,001,082 for fiscal year 2015.

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

**Capital Assets and Debt Administration**

**Capital Assets** – In fiscal year 2015, investments in capital assets for both governmental and business-type activities by the County decreased from \$244 million to \$241.2 million (net of accumulated depreciation). This amount represents a net decrease of \$2.8 million, or 1.2% under last year. Governmental activities capital investment amounts decreased 1% to \$194.4 million while business-type activities capital assets decreased 1.9% to \$46.8 million.

Houston County's \$241.2 million investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure and utility systems. Capital assets added in fiscal year 2015 to governmental activities primarily included \$7.7 million in road improvement projects funded under the 2001, 2006 and 2012 SPLOST programs; and \$1.2 million in vehicles, machinery, and equipment. Capital assets added to the business-type activities include \$2.2 million in building improvements associated with the landfill and water system, and \$57,295 in equipment upgrades.

At the end of fiscal year 2015, the depreciable capital assets for governmental activities were 32.7% depreciated, compared to 31.5% in fiscal year 2014. This comparison indicates that the County is replacing its assets at a comparable rate as they are depreciating, which is a positive indicator. With the County's business-type activities, 51.9% of the asset values were depreciated for fiscal year 2015 and as compared to 49.6% in fiscal year 2014. Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 51 of this report.

**HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END  
FISCAL YEARS 2014 AND 2015**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
<b>Non-depreciable assets:</b>						
Land	\$ 7,650,734	\$ 8,360,954	\$ 5,795,527	\$ 5,795,527	\$ 13,446,261	\$ 14,156,481
Construction in progress	40,130,257	34,518,137	5,466,061	5,149,897	45,596,318	39,668,034
Total non-depreciable assets	<u>\$ 47,780,991</u>	<u>\$ 42,879,091</u>	<u>\$ 11,261,588</u>	<u>\$ 10,945,424</u>	<u>\$ 59,042,579</u>	<u>\$ 53,824,515</u>
<b>Depreciable assets:</b>						
Land (landfill)	\$ -	\$ -	\$ 884,459	\$ -	\$ 884,459	\$ -
Construction	73,205,343	73,205,343	-	-	73,205,343	73,205,343
Buildings	-	-	62,430,267	65,516,933	62,430,267	65,516,933
Improvements	868,520	868,520	-	-	868,520	868,520
Machinery and equipment	30,999,200	31,712,724	9,004,059	9,043,749	40,003,259	40,756,473
Infrastructure	111,710,863	119,437,386	-	-	111,710,863	119,437,386
Total depreciable assets	<u>\$ 216,783,926</u>	<u>\$ 225,223,973</u>	<u>\$ 72,318,785</u>	<u>\$ 74,560,682</u>	<u>\$ 289,102,711</u>	<u>\$ 299,784,655</u>
Less accumulated depreciation	\$ 68,277,166	\$ 73,745,133	\$ 35,872,953	\$ 38,700,535	\$ 104,150,119	\$ 112,445,668
Percentage depreciated	31.5%	32.7%	49.6%	51.9%	36%	37.5%
Book value	<u>\$ 196,287,751</u>	<u>\$ 194,357,931</u>	<u>\$ 47,707,420</u>	<u>\$ 46,805,571</u>	<u>\$ 243,995,171</u>	<u>\$ 241,163,502</u>

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

**Debt Management** – Houston County has no general obligation debt in either the governmental or business-type activities. In the County's governmental activities, there is compensated absences of \$1.81 million and Other Post Employment Benefits (OPEB) of \$4.6 million. Business-type activities include \$8 million in closure/post-closure care of the landfill and \$232,879 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 51 of this report.

**HOUSTON COUNTY'S OUTSTANDING DEBT  
FISCAL YEARS 2014 AND 2015**

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Obligation	17,336,832	16,077,344	1,926,315	1,778,197	19,263,147	17,855,541
Net OPEB Obligation	3,597,757	4,609,808	-	-	3,597,757	4,609,808
Landfill closure and post closure care	-	-	7,579,723	8,004,508	7,579,723	8,004,508
Compensated absences	1,717,162	1,811,503	232,723	232,879	1,949,885	2,044,382
<b>Total</b>	<u>\$ 22,651,751</u>	<u>\$ 22,498,655</u>	<u>\$ 9,738,761</u>	<u>\$ 10,015,584</u>	<u>\$ 32,390,512</u>	<u>\$ 32,514,239</u>

***Requests for Information***

This report is designed to provide a general overview of Houston County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Administration Barry Holland or Comptroller Sandi Stalnaker, 200 Carl Vinson Parkway, Warner Robins, Georgia 31088.

## **BASIC FINANCIAL STATEMENTS**

**HOUSTON COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,642,895	\$ 4,323,428	\$ 10,966,323
Investments	78,460,490	16,380,375	94,840,865
Accounts receivable (net)	649,451	1,284,695	1,934,146
Taxes receivable (net)	1,219,730	-	1,219,730
Internal balances	(579,405)	579,405	-
Due from other governments	2,009,648	-	2,009,648
Inventories and prepaid items	183,057	128,276	311,333
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	56,658	56,658
Investments	-	8,496,075	8,496,075
Accrued interest receivable	-	250	250
Capital assets not subject to depreciation	42,879,091	10,945,426	53,824,517
Capital assets (net of accumulated depreciation)	151,478,840	35,860,148	187,338,988
Total assets	<u>282,943,797</u>	<u>78,054,736</u>	<u>360,998,533</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	<u>569,878</u>	<u>63,320</u>	<u>633,198</u>
<b>LIABILITIES</b>			
Accounts payable	2,576,205	365,980	2,942,185
Accrued wages payable	719,846	60,958	780,804
Accrued compensated absences	1,177,476	128,084	1,305,560
Due to other governments	1,382,825	124,885	1,507,710
Unearned revenue	-	-	-
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	315,312	315,312
Noncurrent liabilities:			
Net other postemployment benefits	4,609,808	-	4,609,808
Net pension liability	16,077,344	1,778,197	17,855,541
Accrued compensated absences	634,026	104,795	738,821
Accrued closure and post-closure care costs	-	8,004,508	8,004,508
Total liabilities	<u>27,177,530</u>	<u>10,887,717</u>	<u>38,065,247</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Investment in capital assets	194,357,931	46,805,574	241,163,505
Restricted for capital projects	39,358,193	-	39,358,193
Restricted for renewal and extension	-	8,205,873	8,205,873
Restricted for waste collections	-	10,614,427	10,614,427
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,015,255	-	2,015,255
Unrestricted	20,604,766	1,604,465	22,209,231
Total net position	<u>\$ 256,336,145</u>	<u>\$ 67,230,339</u>	<u>\$ 323,566,484</u>

The notes to the financial statements are an integral part of this statement.

**Component Units**

<b>Development Authority</b>	<b>Health Department</b>	<b>Public Library</b>
\$ 307,817	\$ 3,540,180	\$ 472,420
17,659,798	-	43,894
-	1,804,600	4,267
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	548,700
-	672,152	7,562,554
<u>17,967,615</u>	<u>6,016,932</u>	<u>8,631,835</u>
-	2,034,518	67,125
5,700	1,308,838	8,377
-	-	26,039
8,181	42,210	19,307
-	-	-
-	166,558	-
-	-	-
-	-	-
-	-	-
-	8,457,569	628,905
8,031	529,420	-
-	-	-
<u>21,912</u>	<u>10,504,595</u>	<u>682,628</u>
-	2,064,233	318,919
-	672,152	8,111,254
-	-	78,849
-	-	-
-	-	-
-	-	30,725
-	-	-
17,945,703	(5,189,530)	(523,415)
<u>\$ 17,945,703</u>	<u>\$ (4,517,378)</u>	<u>\$ 7,697,413</u>

**HOUSTON COUNTY, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 10,126,262	\$ (5,010,367)	\$ 6,391,315	\$ 118,040	\$ -
Judicial	9,889,825	1,211,365	4,279,598	597,638	-
Public safety	30,073,602	2,421,733	4,852,256	219,226	-
Highways and streets	24,305,066	583,354	33,398	30,000	757,403
Health and welfare	765,607	164,308	82,889	-	-
Housing and development	9,148,380	107,207	246,776	235,219	-
Culture and recreation	2,831,535	-	-	-	1,463,565
<b>Total governmental activities</b>	<b>87,140,277</b>	<b>(522,400)</b>	<b>15,886,232</b>	<b>1,200,123</b>	<b>2,220,968</b>
<b>Business-type activities:</b>					
Water	5,805,350	315,541	6,890,272	-	-
Landfill	8,025,725	206,859	6,231,502	-	-
<b>Total business-type activities</b>	<b>13,831,075</b>	<b>522,400</b>	<b>13,121,774</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 100,971,352</b>	<b>\$ -</b>	<b>\$ 29,008,006</b>	<b>\$ 1,200,123</b>	<b>\$ 2,220,968</b>
<b>Component units:</b>					
Development Authority	\$ 622,951	\$ -	\$ -	\$ -	\$ -
Health Department	15,144,858	-	1,656,506	14,860,509	-
Public Library	1,435,619	-	81,448	343,789	2,050,074
<b>Total component units</b>	<b>\$ 17,203,428</b>	<b>\$ -</b>	<b>\$ 1,737,954</b>	<b>\$ 15,204,298</b>	<b>\$ 2,050,074</b>
<b>General revenues:</b>					
Property taxes					
Sales taxes					
Franchise tax					
Alcoholic beverage tax					
Insurance premium tax					
Gain on sale of assets					
Rent					
Intergovernmental, not restricted for specific programs					
Grants and contributions, not restricted for specific programs					
Other income					
Unrestricted investment earnings					
<b>Total general revenues</b>					
<b>Transfers</b>					
<b>Total general revenues and transfers</b>					
<b>Change in net position</b>					
<b>Net position - beginning</b>					
<b>Prior period adjustment</b>					
<b>Net position - ending</b>					

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Development Authority</b>	<b>Health Department</b>	<b>Public Library</b>
\$ 1,393,460	\$	\$ 1,393,460	\$	\$	\$
(6,223,954)		(6,223,954)			
(27,423,853)		(27,423,853)			
(24,067,619)		(24,067,619)			
(847,026)		(847,026)			
(8,773,592)		(8,773,592)			
(1,367,970)		(1,367,970)			
<u>(67,310,554)</u>		<u>(67,310,554)</u>			
-	769,381	769,381			
-	(2,001,082)	(2,001,082)			
-	(1,231,701)	(1,231,701)			
<u>\$ (67,310,554)</u>	<u>\$ (1,231,701)</u>	<u>\$ (68,542,255)</u>			
			(622,951)	-	-
			-	1,372,157	-
			-	-	1,039,692
			<u>\$ (622,951)</u>	<u>\$ 1,372,157</u>	<u>\$ 1,039,692</u>
\$ 37,303,816	\$ -	\$ 37,303,816	\$ -	\$ -	\$ -
21,938,549	-	21,938,549	-	-	-
609,963	-	609,963	-	-	-
261,372	-	261,372	-	-	-
1,884,559	1,803,238	3,687,797	-	-	-
-	800	800	-	-	-
60,346	-	60,346	53,147	-	-
-	-	-	7,256,959	-	771,294
-	-	-	-	-	65,402
-	-	-	30,689	-	15,427
37,073	23,799	60,872	3,241	2,109	1,092
<u>62,095,678</u>	<u>1,827,837</u>	<u>63,923,515</u>	<u>7,344,036</u>	<u>2,109</u>	<u>853,215</u>
14,566	(14,566)	-	-	-	-
<u>62,110,244</u>	<u>1,813,271</u>	<u>63,923,515</u>	<u>7,344,036</u>	<u>2,109</u>	<u>853,215</u>
(5,200,310)	581,570	(4,618,740)	6,721,085	1,374,266	1,892,907
283,236,782	68,575,084	351,811,866	11,224,618	2,569,309	6,731,869
(21,700,327)	(1,926,315)	(23,626,642)	-	(8,460,953)	(927,363)
<u>\$ 256,336,145</u>	<u>\$ 67,230,339</u>	<u>\$ 323,566,484</u>	<u>\$ 17,945,703</u>	<u>\$ (4,517,378)</u>	<u>\$ 7,697,413</u>

**HOUSTON COUNTY, GEORGIA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2015**

	<b>General</b>	<b>SPLOST Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,865,055	\$ -	\$ 1,862,568	\$ 3,727,623
Investments	31,725,209	39,937,453	3,431,376	75,094,038
Taxes receivable (net)	1,219,730	-	-	1,219,730
Accounts receivable (net)	155,806	6,445	487,200	649,451
Due from other funds	816	-	585,925	586,741
Due from other governments	175,113	1,834,505	30	2,009,648
Inventories	183,057	-	-	183,057
Total assets	\$ 35,324,786	\$ 41,778,403	\$ 6,367,099	\$ 83,470,288
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Accounts and contracts payable	\$ 597,300	\$ 1,037,385	\$ 42,289	\$ 1,676,974
Accrued wages and payroll taxes payable	658,589	-	61,257	719,846
Due to other funds	1,166,146	-	-	1,166,146
Due to other governments	-	1,382,825	-	1,382,825
Total liabilities	2,422,035	2,420,210	103,546	4,945,791
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>				
Unavailable revenue	1,092,770	-	-	1,092,770
Total deferred inflows of resources	1,092,770	-	-	1,092,770
Fund balances:				
Nonspendable:				
Inventories	183,057	-	-	183,057
Restricted for:				
SPLOST Capital Projects	-	39,358,193	-	39,358,193
E 911 fund	-	-	700,224	700,224
Drug fund	-	-	362,240	362,240
Law library fund	-	-	928,615	928,615
Juvenile Court	24,176	-	-	24,176
Committed to:				
Local maintenance and Improvements	712,604	-	-	712,604
Judicial	-	-	1,069,136	1,069,136
Public safety	-	-	3,203,338	3,203,338
Assigned to:				
Code red construction	1,380,413	-	-	1,380,413
Unassigned	29,509,731	-	-	29,509,731
Total fund balances	31,809,981	39,358,193	6,263,553	77,431,727
Total liabilities, deferred inflow of resources and fund balances	\$ 35,324,786	\$ 41,778,403	\$ 6,367,099	\$ 83,470,288

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total fund balances for governmental funds. \$ 77,431,727

Total net position for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 194,357,931

Other long-term assets (i.e. property taxes receivable) are not available to pay for current-period expenditures and therefore are deferred in the funds, but are reported as revenue on the government-wide statement of activities. 1,092,770

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of future period; therefore, are not reported in the funds. 569,878

An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the risk management have been allocated to the governmental activities on the statement of net position. 5,382,493

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. (22,498,654)

Net other postemployment benefits (OPEB)	\$ 4,609,808
Pensions	16,077,344
Compensated absences	<u>1,811,502</u>
Total long-term liabilities	<u>\$ 22,498,654</u>

Total net position of governmental activities. \$ 256,336,145

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>SPLOST Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 42,879,943	\$ 21,938,549	\$ 1,884,559	\$ 66,703,051
Licenses and permits	391,809	-	-	391,809
Intergovernmental	1,529,089	1,798,972	418,120	3,746,181
Charges for services	5,518,445	-	2,860,298	8,378,743
Fines and forfeitures	2,517,594	-	585,622	3,103,216
Investment income	32,933	61,768	8,090	102,791
Miscellaneous	36,001	-	25,546	61,547
Total revenues	<u>52,905,814</u>	<u>23,799,289</u>	<u>5,782,235</u>	<u>82,487,338</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,074,127	129,902	-	10,204,029
Judicial	8,836,051	18,222	337,164	9,191,437
Public safety	22,191,009	136,236	5,401,997	27,729,242
Highways and streets	4,755,978	3,599,858	-	8,355,836
Health and welfare	674,585	-	-	674,585
Culture and recreation	781,461	2,050,074	-	2,831,535
Housing and development	518,065	-	-	518,065
Economic development	354,189	8,244,996	-	8,599,185
Capital outlay:				
General government	-	166,141	-	166,141
Judicial	-	36,070	-	36,070
Public safety	-	544,996	122,817	667,813
Highways and streets	-	2,084,472	-	2,084,472
Economic development	-	710,219	-	710,219
Intergovernmental	-	13,138,371	-	13,138,371
Total expenditures	<u>48,185,465</u>	<u>30,859,557</u>	<u>5,861,978</u>	<u>84,907,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,720,349</u>	<u>(7,060,268)</u>	<u>(79,743)</u>	<u>(2,419,662)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	221,898	-	668,297	890,195
Transfers out	(402,951)	-	(472,678)	(875,629)
Proceeds from sale of capital assets	36,691	-	-	36,691
Total other financing sources (uses)	<u>(144,362)</u>	<u>-</u>	<u>195,619</u>	<u>51,257</u>
Net change in fund balance	4,575,987	(7,060,268)	115,876	(2,368,405)
Fund balances at beginning of year	<u>27,233,994</u>	<u>46,418,461</u>	<u>6,147,677</u>	<u>79,800,132</u>
Fund balances at end of year	<u>\$ 31,809,981</u>	<u>\$ 39,358,193</u>	<u>\$ 6,263,553</u>	<u>\$ 77,431,727</u>

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balance - total governmental funds \$ (2,368,405)

Total change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Total capital outlays	4,015,167
Total depreciation	(5,907,174)

The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement. (37,813)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.

Property Taxes: Deferred @ 6/30/14	1,398,895	
Property Taxes: Deferred @ 6/30/15	<u>1,092,770</u>	(306,125)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Net other postemployment benefits (OPEB) obligations	(1,012,051)	
Pensions	1,829,366	
Compensated absences	<u>(94,340)</u>	722,975

An internal service fund is used by management to charge the costs of risk management to individual funds. The change in net position of the risk management fund is reported with governmental activities. (1,318,935)

Change in net position of governmental activities \$ (5,200,310)

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Over</b>
				<b>(Under)</b>
<b>REVENUES</b>				
Taxes	\$ 42,380,616	\$ 42,380,616	\$ 42,879,943	\$ 499,327
Licenses and permits	370,450	370,450	391,809	21,359
Intergovernmental	1,454,607	1,454,607	1,529,089	74,482
Charges for services	5,222,600	5,222,600	5,518,445	295,845
Fines and forfeitures	2,381,700	2,381,700	2,517,594	135,894
Investment income	12,000	12,000	32,933	20,933
Miscellaneous	37,300	37,300	36,001	(1,299)
Total revenues	<u>51,859,273</u>	<u>51,859,273</u>	<u>52,905,814</u>	<u>1,046,541</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
County commissioners	658,103	652,403	618,963	(33,440)
Board of elections	433,616	422,116	359,240	(62,876)
Accounting	322,275	322,275	316,936	(5,339)
Purchasing	337,705	334,805	327,368	(7,437)
Legal services	206,875	201,175	145,459	(55,716)
Management of information systems	852,761	909,582	907,093	(2,489)
Human resources	336,457	339,757	336,731	(3,026)
Tax commissioner	1,452,258	1,448,758	1,350,980	(97,778)
Tax assessor	1,701,165	1,701,165	1,651,583	(49,582)
Board of equalization	9,959	9,959	5,535	(4,424)
Public buildings	2,906,042	2,903,742	2,885,329	(18,413)
Other general government	<u>1,717,364</u>	<u>1,967,343</u>	<u>1,168,910</u>	<u>(798,433)</u>
Total general government	<u>10,934,580</u>	<u>11,213,080</u>	<u>10,074,127</u>	<u>(1,138,953)</u>
Judicial:				
Judge of superior court	924,672	926,422	746,496	(179,926)
Clerk of superior court	1,060,578	1,060,578	1,043,703	(16,875)
District attorney	824,470	924,537	900,174	(24,363)
Domestic violence assistance	164,486	164,486	160,717	(3,769)
Victim advocates	193,439	182,039	158,213	(23,826)
Judge of state court	503,650	497,750	474,144	(23,606)
Clerk of state court	375,103	373,103	362,099	(11,004)
Solicitor of state court	633,463	632,463	619,384	(13,079)
Magistrate court	995,562	999,762	997,186	(2,576)
Probate court	585,956	584,856	570,676	(14,180)
Juvenile court	868,206	856,706	820,855	(35,851)
Juvenile court enhancement	132,229	132,229	129,810	(2,419)
Public defender	<u>1,900,057</u>	<u>1,886,657</u>	<u>1,852,594</u>	<u>(34,063)</u>
Total judicial	<u>9,161,871</u>	<u>9,221,588</u>	<u>8,836,051</u>	<u>(385,537)</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued):</b>				
Current (Continued):				
Public safety:				
Sheriff	9,264,731	9,240,455	8,833,305	(407,150)
Juvenile involvement and control	1,050,351	1,049,351	981,998	(67,353)
Jail	12,549,270	12,234,670	11,623,387	(611,283)
Coroner	99,996	103,296	99,711	(3,585)
Animal control	241,397	221,397	216,532	(4,865)
Emergency management agency	352,468	381,568	377,147	(4,421)
HEMA	60,200	60,200	58,929	(1,271)
Total public safety	<u>23,618,413</u>	<u>23,290,937</u>	<u>22,191,009</u>	<u>(1,099,928)</u>
Public works:				
Administration	681,123	662,023	585,537	(76,486)
Highways and streets - county	4,188,898	4,118,798	3,707,883	(410,915)
Highways and streets - state	660,500	660,500	208,509	(451,991)
Storm drainage	340,676	329,276	220,188	(109,088)
Traffic engineering	49,500	49,500	33,861	(15,639)
Total public works	<u>5,920,697</u>	<u>5,820,097</u>	<u>4,755,978</u>	<u>(1,064,119)</u>
Health and welfare:				
Health and vital statistics	340,175	341,025	338,320	(2,705)
Mental health	65,000	65,000	65,000	-
Mosquito control	4,000	6,700	5,665	(1,035)
Drug abuse commission	10,000	210,000	210,000	-
DFACS	50,000	50,000	50,000	-
Welfare	10,000	10,000	5,600	(4,400)
Total health and welfare	<u>479,175</u>	<u>682,725</u>	<u>674,585</u>	<u>(8,140)</u>
Culture and recreation:				
Recreation	11,750	11,750	11,461	(289)
Library	770,000	770,000	770,000	-
Total culture and recreation	<u>781,750</u>	<u>781,750</u>	<u>781,461</u>	<u>(289)</u>
Housing and development:				
County agent	100,309	100,514	96,712	(3,802)
Georgia forestry commission	12,155	12,155	12,155	-
Building inspection	407,154	407,154	397,898	(9,256)
Planning and zoning	11,700	11,700	11,300	(400)
Total housing and development	<u>531,318</u>	<u>531,523</u>	<u>518,065</u>	<u>(13,458)</u>
Economic development:				
Economic development	274,500	274,575	274,528	(47)
21st Century partnership	75,000	75,000	35,061	(39,939)
Perry-Houston County airport	44,600	44,600	44,600	-
Total economic development	<u>394,100</u>	<u>394,175</u>	<u>354,189</u>	<u>(39,986)</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		<b>(Under)</b>
<b>EXPENDITURES (Continued):</b>				
Current (Continued):				
Total expenditures	51,821,904	51,935,875	48,185,465	(3,750,410)
Excess (deficiency) of revenues over (under) expenditures	37,369	(76,602)	4,720,349	4,796,951
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	278,382	392,353	221,898	(170,455)
Transfers out	(402,951)	(402,951)	(402,951)	-
Proceeds from sale of capital assets	27,000	27,000	36,691	9,691
Total other financing sources (uses)	(97,569)	16,402	(144,362)	(160,764)
Net change in fund balance	\$ (60,200)	\$ (60,200)	4,575,987	\$ 4,636,187
Fund balance at beginning of year			27,233,994	
Fund balance at end of year			\$ 31,809,981	

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

<b>ASSETS</b>	<b>Water</b>	<b>Landfill</b>	<b>Total</b>	<b>Governmental Activities-Internal Service Fund</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 799,837	\$ 3,523,591	\$ 4,323,428	\$ 2,915,272
Investments	-	16,380,375	16,380,375	3,366,452
Accounts receivable (net)	890,043	394,652	1,284,695	-
Due from other funds	10,019	580,221	590,240	-
Inventories	128,276	-	128,276	-
Total current assets	<u>1,828,175</u>	<u>20,878,839</u>	<u>22,707,014</u>	<u>6,281,724</u>
<b>Long-term assets:</b>				
<b>Restricted assets:</b>				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,153	-	27,153	-
<b>Renewal and extension account:</b>				
Investments	8,205,623	-	8,205,623	-
Accrued interest receivable	250	-	250	-
<b>Customer deposits:</b>				
Cash	24,507	-	24,507	-
Investments	251,952	38,500	290,452	-
Total restricted assets	<u>8,514,483</u>	<u>38,500</u>	<u>8,552,983</u>	<u>-</u>
Capital assets not subject to depreciation	4,658,910	6,286,516	10,945,426	-
Capital assets (net of accumulated depreciation)	21,302,051	14,558,097	35,860,148	-
Total long-term assets	<u>34,475,444</u>	<u>20,883,113</u>	<u>55,358,557</u>	<u>-</u>
Total assets	<u>36,303,619</u>	<u>41,761,952</u>	<u>78,065,571</u>	<u>6,281,724</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	<u>38,625</u>	<u>24,695</u>	<u>63,320</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts and contracts payable	151,580	214,400	365,980	899,231
Accrued wages and payroll taxes payable	37,424	23,534	60,958	-
Accrued compensated absences	75,552	52,532	128,084	-
Due to other funds	816	10,019	10,835	-
Due to other governments	-	124,885	124,885	-
Total current liabilities	<u>265,372</u>	<u>425,370</u>	<u>690,742</u>	<u>899,231</u>
<b>Long-term liabilities:</b>				
<b>Payable from restricted assets:</b>				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	276,812	38,500	315,312	-
Net pension liability	1,084,741	693,456	1,778,197	-
Accrued compensated absences	61,815	42,980	104,795	-
Accrued closure / post-closure costs	-	8,004,508	8,004,508	-
Total liabilities	<u>1,693,738</u>	<u>9,204,814</u>	<u>10,898,552</u>	<u>899,231</u>
<b>NET POSITION</b>				
Investment in capital assets	25,960,961	20,844,613	46,805,574	-
Restricted for renewal and extension	8,205,873	-	8,205,873	-
Restricted for waste collections	-	10,614,427	10,614,427	-
Unrestricted	481,672	1,122,793	1,604,465	5,382,493
Total net position	<u>34,648,506</u>	<u>32,581,833</u>	<u>67,230,339</u>	<u>5,382,493</u>
Total liabilities and net position	<u>\$ 36,342,244</u>	<u>\$ 41,786,647</u>	<u>\$ 78,128,891</u>	<u>\$ 6,281,724</u>

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues:				
Metered sales	\$ 6,292,778	\$ -	\$ 6,292,778	\$ -
Collection and disposal fees	-	5,783,414	5,783,414	-
Service charges	491,021	448,088	939,109	-
Charges for services	<u>106,473</u>	<u>-</u>	<u>106,473</u>	<u>8,376,445</u>
Total operating revenues	<u>6,890,272</u>	<u>6,231,502</u>	<u>13,121,774</u>	<u>8,376,445</u>
Operating expenses:				
Personal services	2,214,922	1,418,781	3,633,703	-
Purchased / contracted services	1,078,120	4,179,058	5,257,178	9,696,599
Supplies	119,247	768,265	887,512	-
Materials	987,340	-	987,340	-
Heat, light and power	742,558	-	742,558	-
Depreciation	<u>978,704</u>	<u>1,866,480</u>	<u>2,845,184</u>	<u>-</u>
Total operating expenses	<u>6,120,891</u>	<u>8,232,584</u>	<u>14,353,475</u>	<u>9,696,599</u>
Operating income (loss)	<u>769,381</u>	<u>(2,001,082)</u>	<u>(1,231,701)</u>	<u>(1,320,154)</u>
Nonoperating revenues (expenses):				
Interest revenue	776	23,023	23,799	1,219
Insurance premium tax	-	1,803,238	1,803,238	-
Gain on sale of capital assets	<u>-</u>	<u>800</u>	<u>800</u>	<u>-</u>
Total nonoperating revenues	<u>776</u>	<u>1,827,061</u>	<u>1,827,837</u>	<u>1,219</u>
Income before transfers	770,157	(174,021)	596,136	(1,318,935)
Transfer Out	<u>-</u>	<u>(14,566)</u>	<u>(14,566)</u>	<u>-</u>
Changes in net position	770,157	(188,587)	581,570	(1,318,935)
Net position - beginning	35,053,401	33,521,683	68,575,084	6,701,428
Prior period adjustment	<u>(1,175,052)</u>	<u>(751,263)</u>	<u>(1,926,315)</u>	<u>-</u>
Net position - ending	<u>\$ 34,648,506</u>	<u>\$ 32,581,833</u>	<u>\$ 67,230,339</u>	<u>\$ 5,382,493</u>

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENED JUNE 30, 2015**

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 6,772,236	\$ 6,122,773	\$ 12,895,009	\$ -
Cash received from other funds for services provided	17,603	(350,402)	(332,799)	8,376,445
Cash payments to suppliers for goods and services	(3,060,444)	(4,741,757)	(7,802,201)	(9,371,264)
Cash payments to other funds for services provided	816	1,029	1,845	-
Cash payments to employees for services	<u>(2,345,070)</u>	<u>(1,490,713)</u>	<u>(3,835,783)</u>	<u>-</u>
Net cash provided by operating activities	<u>1,385,141</u>	<u>(459,070)</u>	<u>926,071</u>	<u>(994,819)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	-	(14,566)	(14,566)	-
Net Cash (required for) noncapital financing activities	<u>-</u>	<u>(14,566)</u>	<u>(14,566)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(412,703)	(1,530,636)	(1,943,339)	-
Increase/(decrease) in escrow deposits	(9,612)	500	(9,112)	-
Proceeds from sales of capital assets	-	800	800	-
Insurance premium tax	<u>-</u>	<u>1,803,238</u>	<u>1,803,238</u>	<u>-</u>
Net cash flows (required for) capital and related financing activities	<u>(422,315)</u>	<u>273,902</u>	<u>(148,413)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Proceeds from sales and maturities of investments	-	(27,856)	(27,856)	(3,407)
Purchase of investments	(513,077)	(500)	(513,577)	-
Interest received on investments	<u>826</u>	<u>23,023</u>	<u>23,849</u>	<u>1,219</u>
Net cash provided by (required for) investing activities	<u>(512,251)</u>	<u>(5,333)</u>	<u>(517,584)</u>	<u>(2,188)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>450,575</u>	<u>(205,067)</u>	<u>245,508</u>	<u>(997,007)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>405,920</u>	<u>3,728,658</u>	<u>4,134,578</u>	<u>3,912,279</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 856,495</u>	<u>\$ 3,523,591</u>	<u>\$ 4,380,086</u>	<u>\$ 2,915,272</u>
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	\$ 769,381	\$ (2,001,082)	\$ (1,231,701)	\$ (1,320,154)
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	978,704	1,866,480	2,845,184	-
(Increase) decrease in receivables	(118,036)	(108,729)	(226,765)	-
(Increase) decrease in inventories	(4,039)	-	(4,039)	-
(Increase) decrease in deferred outflows or resources	(38,623)	(24,695)	(63,318)	-
Increase (decrease) in accounts payable	(129,140)	(222,354)	(351,494)	325,335
Increase (decrease) in other liabilities	(91,525)	377,548	286,023	-
(Increase) decrease in due from other funds	17,603	(350,402)	(332,799)	-
(Increase) decrease in due to other funds	816	1,028	1,844	-
(Increase) decrease in due to other governments	<u>-</u>	<u>3,136</u>	<u>3,136</u>	<u>-</u>
Net cash provided from operating activities	<u>\$ 1,385,141</u>	<u>\$ (459,070)</u>	<u>\$ 926,071</u>	<u>\$ (994,819)</u>

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2015**

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 4,015,851
Total assets	<u>\$ 4,015,851</u>
 <b><u>LIABILITIES</u></b>	
Due to other taxing units	\$ 985,654
Due to State	1,045,815
Funds held in escrow	83,734
Other	<u>1,900,648</u>
Total liabilities	<u>\$ 4,015,851</u>

The notes to the financial statements are an integral part of this statement.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Financial Reporting Entity.**

Houston County (the “County”) is a political subdivision of the State of Georgia. The County is governed by an elected board of five County Commissioners. As required by generally accepted accounting principles, these financial statements present all the fund types of the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government.

**Blended Component Units.**

The Houston County Public Purpose Corporation, an entity separate from the County, had previously been a blended component unit of the County. The Houston County Public Purpose Corporation has become dormant and is currently not operating in any capacity. The assets and liabilities of the Houston County Public Purpose Corporation consist of two County buildings and two capital leases collateralized by those buildings. The County has assumed ownership of the buildings and has assumed the corresponding obligations under the aforementioned capital leases. All activity for the year ended June 30, 2015 of the Houston County Public Purpose Corporation has been recorded in the County's general fund.

**Discretely Presented Component Units.**

The component units discussed below are included in the County's financial reporting entity because of the County's financial accountability for the entities and the significance of their operational and financial relationship with the County. The component unit columns in the combined financial statements include the financial data of the County's three discretely presented component units, as reflected in their most recent audited financial statements. These component units are reported in separate columns to emphasize that they are legally separate from the County. The following component units are incorporated into the County's financial report:

**Houston County Development Authority.**

The members of the governing board of the Houston County Development Authority (the “Authority”) are appointed by the Board of Commissioners of Houston County. Although the County does not have the authority to approve or modify the budget of the Authority, the County provides financial support to the Authority. Complete financial statements for the Houston County Development Authority may be obtained at the Authority's administrative office in Warner Robins, Georgia.

**Houston County Department of Public Health.**

The Houston County Department of Public Health (the “Health Department”) has a governing board consisting of seven members. Six of the members are either County officials or members appointed by the County. The remaining member is appointed by the City of Warner Robins. Although the County does not have the authority to approve or modify the budget of the Health Department, the County provides financial support to the Health Department. The Health Department is presented as a governmental fund type. Complete financial statements for the Health Department may be obtained at the Department's administrative office in Warner Robins, Georgia.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Houston County Public Library.

The Houston County Public Library (the “Library”) has a governing board consisting of twelve members appointed by the Houston County Board of Commissioners. The Library Board (the “Board”) is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the State of Georgia for State and Federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Board has the power to designate management, the power to retain unreserved fund balances of local funds and other funds for continued operations and is the lowest level of oversight responsibility for the Library’s operations. The Library is presented as a governmental fund type. Complete financial statements for the Houston County Public Library may be obtained at the Library’s administrative office in Perry, Georgia.

**B. Basis of Presentation.**

Government-wide financial statements.

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. The primary government and the discretely presented component units are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other nonexchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

In the government-wide Statement of Net Position, both the governmental and business-type activities’ columns are presented on a consolidated basis, by column. They are reflected on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County’s net position are reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. 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, fines and forfeitures, 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 and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements.

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, other governmental units and/or other funds.

When both restricted and unrestricted resources are available for use, it is generally the County's policy to use restricted resources first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The County reports the following major governmental funds:

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

The Special Purpose Local Option Sales Tax ("SPLOST") Capital Projects Fund accounts for revenues received by the imposition of a one percent special purpose sales tax.

The County reports the following major proprietary funds:

The Water Enterprise Fund accounts for the provision of water services to the residents of the County. All activities necessary to provide such services are accounted for in this fund.

The Landfill Enterprise Fund accounts for the operations of the Houston County Landfill. All activities necessary to provide such services are accounted for in this fund.

The County reports the following non-major governmental funds:

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The County reports the following fiduciary funds:

The agency funds account for the assets held by the County in a trustee capacity as an agent for individuals, other governmental units and/or other funds.

The County reports the following fund types:

The Risk Management Internal Service Fund accounts for the activity of the County's health, workers' compensation, and property and liability insurance programs provided to other departments of the County on a cost reimbursement basis.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.**

The financial statements of the County are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The County has elected not to follow the option allowed under GASB Statement 20 and thus does not follow any FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized in the year they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Governmental Funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both “measurable” and “available.” “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, which are recognized when all eligibility requirements have been met. Expenditures generally are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

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. 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 30 days for sales taxes and within 60 days for all other revenues) 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.

The County uses the following governmental fund types:

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds.

The focus of proprietary fund measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing business. Operating expenses for the enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation of capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable to proprietary funds are similar to those used by businesses in the private sector.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Equity**

1. Cash and Investments

Cash includes cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

State statutes authorize 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

2. Receivables

Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes are due on December 20 of each year.

The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billing date or December 20, whichever is later, at which time the applicable property is subject to lien, and penalties and interest are assessed. The tax levy for 2014 was set on August 18, 2014.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

3. Interfund Balances

All balances reported as "due to/due from other funds" represent amounts paid by one fund on behalf of another fund for which reimbursement has not been made by year-end.

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 position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

4. Inventories and Prepaid Items

Inventory is valued at cost using the first-in/first-out method for the general fund and the enterprise funds. The costs of other governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

The County does not recognize prepaid items in governmental funds as assets, but records these payments as expenditures.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

5. Restricted Assets

Certain assets have been restricted because their use is limited by bond covenants, grantors, laws or regulations. The renewal and extension account is used to report resources set aside to fund the cost of making replacements, additions, extensions and improvements or emergency repairs.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The County has retroactively reported major general infrastructure assets. The County chose to include all items regardless of their acquisition date. The cost of normal maintenance and repairs that do not improve or extend the life of the respective asset is charged to expense. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives of capital assets using the straight-line method.

The estimated useful lives of capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	25-50 Years	20-40 Years
Improvements other than buildings	15-30 Years	20-40 Years
Machinery and equipment	3-20 Years	5-20 Years
Distribution system	---	20-40 Years
Infrastructure	15-40 Years	---

7. 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, once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of these funds. Liabilities for 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. Bonds and capital leases are recognized as a liability in the governmental funds financial statements when due. It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred and reported as a fund liability and includes all salary-related payments where applicable.

8. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

9. Fund Equity & Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

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

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2015, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the County Commissioners, the County’s highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by County Commissioners.
- Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the County’s policy, amounts may be assigned by the Board of Commissioners, Director of Administration or Comptroller.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The County reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16) and the Nonmajor Governmental Funds Combining Balance sheet (page 59). When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners have provided otherwise in commitment or assignment actions.

The County has developed and adopted a Reserve Fund Policy, under which it is the County’s policy to provide:

- funds that are a stable funding source for expenditures that fluctuate significantly each year, for example equipment acquisitions and replacements,
- working capital to maintain a sufficient cash flow,
- funding of services during periods of budget shortfalls or other revenue reductions during a budget year, and
- a stable or improved credit rating.

The General Fund may maintain all five classifications of fund balance. The County will strive to accumulate an *unassigned* General Fund reserve at least equal to three months of the total General Fund budget.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Net Position* - Net position represent the difference between assets and liabilities. Net position 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 position is 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 position is reported as unrestricted.

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

10. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures/expenses during the reporting year. Actual results could differ from those estimates.

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 and solid waste. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

12. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-on fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

13. Allocation of Indirect Expenses

It is the County's policy to allocate certain support services, including the cost of the governing body, the executive, accounting, purchasing, legal services and management information systems, to direct functions. A separate column for this allocation is provided in the Statement of Activities.

14. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller fund and as expenditures/expenses in the purchaser fund. 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 the non-operating revenues/expenses section in proprietary funds. Repayments from the fund responsible for a particular expenditure/expense to the fund 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.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The County has one item that qualifies for reporting in this category: deferred outflows of resources related to pensions reported in the government-wide statement of net position. The pension related amounts result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, changes in proportion and differences between employer contributions and proportionate share of contributions, and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period. With the exception of the difference between projected and actual investment earnings and contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period, the pension related outflows of resources should be recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period. The deferred outflows of resources relating to the difference between projected and actual investment earnings should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. The deferred outflow of resources relating to contributions made to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period will reduce the beginning net pension liability in the following fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting.**

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Supplemental appropriations out of the County's contingency account may be made by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All "final" budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for legally authorized revisions of the annual budget during the year. Individual amendments were not material in relation to the original appropriations. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board of Commissioners at any level below the departmental level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding year when budget workbooks are distributed to each department. The Board advertises and conducts public hearings on the proposed budget in adherence to local ordinance and state law and the final budget is adopted by mid-June.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. Encumbrances.**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County. Encumbrances are not recognized as expenditures until the period in which the actual goods or services are received and the liability is incurred.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments.**

Primary Government.

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2015, the County's bank balances are entirely insured or collateralized with securities held by the County's agent in the County's name.

As of June 30, 2015, the County's reporting entity had the following investments:

<b>Type of Investment</b>	<b>Investment Maturity</b>		<b>Rating</b>	<b>Weighted Average Maturity (WAM)</b>
	<b>Fair Value</b>	<b>Less than 1 yr</b>		
<b><u>Primary Government</u></b>				
Certificate of Deposits	\$ 13,777,542	\$ 13,777,542	AAAm	61 day WAM
Georgia Fund I	<u>89,559,398</u>	<u>89,559,398</u>		
Total Primary Government	<u>\$ 103,336,940</u>	<u>\$ 103,336,940</u>		

*Credit Risk – Investments*

State statutes authorize the County to invest in obligations of the United States Treasury or Agencies, banker's acceptances, bank money market accounts, repurchase agreements, and the "Georgia Fund 1". The Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is managed by the Office of the State Treasurer. However, the Georgia Fund 1 operates in a manner consistent with Rule (2a-7) of the Investment Company Act of 1940, and is considered a Rule (2a-7) like pool. 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.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County uses the specific identification method to disclose interest rate risk for positions in fixed-rate debt securities.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS**

*Custodial Credit Risk – Investments*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, all of the County’s deposits were insured and collateralized.

The Office of the State Treasurer is the oversight agency for Georgia Fund 1.

Development Authority - Component Unit.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Authority limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law.

Georgia statute requires collateral at 110% of the government’s deposits, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance, to be held in the Authority’s name by the safekeeping agent.

At June 30, 2015, the Authority’s bank balances were \$331,744. As of June 30, 2015 all of these bank balances were fully covered by federal depository insurance or collateralized with securities held by the Authority’s agent in the Authority’s name.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that an investment’s value will be reduced due to a change in interest rates. The Authority limits its exposure to interest rate risk by investing in certificates of deposit with maturities of 12 months or less.

*Investments – Real Estate*

Investments in real estate consist of the Authority’s share of the cost of land and improvements in the Advanced Technology Park located on Houston Lake Road in Warner Robins, Georgia and the Perry speculative building in Houston County, Georgia.

In addition, the Authority acquired 667.32 acres of land in Houston County, Georgia during the fiscal year ended June 30, 2009. This land is to be prepared for industrial use and used as an addition to the Houston County Industrial Park. As a part of the acquisition, the Authority immediately sold 12.668 acres of this land to the Perry-Houston County Airport Authority.

During fiscal year ended June 30, 2012, the Authority acquired a house (1.52 acres) located at 321 A.E. Harris Road. This investment will be used for industrial purposes.

The cost of investments in real estate as of June 30, 2015 is as follows:

<u>Location</u>	<u>Cost</u>
Perry speculative building	\$ 2,494,563
Advanced technology park	149,657
Houston County industrial park addition	14,432,540
321 A.E. Harris Road	<u>118,114</u>
Total	<u>\$ 17,194,874</u>

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**III. DETAILED NOTES ON ALL FUNDS**

Health Department - Component Unit.

Custodial credit risk is the risk that in the event of a bank failure, the Health Department's deposits may be lost. The Health Department's policy with respect to custodial risk is to comply with Georgia Law (O.C.G.A. 45-8-12) by requiring the custodian to provide collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. As of June 30, 2015, the carrying amount of the Health Department's cash accounts was \$3,540,180 and the bank balances were \$3,908,297. Of the bank balances, \$750,000 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and \$3,158,297 were collateralized with securities held by the pledging financial institution's trust department or agent in the Health Department's name.

Public Library - Component Unit.

*Custodial Credit Risk - Deposits*

As of June 30, 2015, all deposits of the Library were fully collateralized in accordance with state statutes.

*Custodial Credit Risk - Investments*

As of June 30, 2015, the Library was not exposed to custodial credit risk for its investments.

*Credit Risk – Investments*

As of June 30, 2015, the Library's only investments were certificates of deposit.

At June 30, 2015, the Library had the following investments:

<u>Investment</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Certificate of deposit	February 17, 2016	\$ 8,051
Certificate of deposit	February 18, 2016	7,374
Certificate of deposit	February 17, 2016	28,470
		<u>\$ 43,895</u>

*Interest Rate Risk*

The Library 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.

**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

**B. Interfund Receivables and Payables.**

Individual fund interfund receivable and payable balances at June 30, 2015, are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 816	\$ 1,166,146
Water	10,019	816
Solid waste	580,221	10,019
Non-major governmental funds	585,925	-
Total	<u>\$ 1,176,981</u>	<u>\$ 1,176,981</u>

These interfund balances are of a short-term, operational nature. Most funds do not maintain their own cash disbursement system or cash accounts and use the general fund as a conduit for making cash payments.

<u>Due From:</u>	<u>Due to:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Solid Waste</u>	
General Fund	\$ -	\$ 585,925	\$ -	\$ 580,221	\$ 1,166,146
Water Fund	816	-	-	-	816
Solid Waste Fund	-	-	10,019	-	10,019
	<u>\$ 816</u>	<u>\$ 585,925</u>	<u>\$ 10,019</u>	<u>\$ 580,221</u>	<u>\$ 1,176,981</u>

Interfund balances at June 30, 2015 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

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**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**III. DETAILED NOTES ON ALL FUNDS**

**C. Transfers In and Out.**

Transfers are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 221,898	\$ 402,951
Nonmajor Governmental		
E-911	668,297	-
Law Library	-	9,412
District Attorney	-	110,511
Jail Inmate	-	36,841
Drug	-	50,568
Fire	-	265,346
Solid Waste	-	14,566
	<u>\$ 890,195</u>	<u>\$ 890,195</u>

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer

The composition of these transfers is as follows:

<u>Transfer out:</u>	<u>Transfer in:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 402,951	\$ 402,951
Nonmajor Governmental	207,332	265,346	472,678
Solid Waste	14,566	-	14,566
Total	<u>\$ 221,898</u>	<u>\$ 668,297</u>	<u>\$ 890,195</u>

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**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

**D. Capital activities are as follows:**

<u>Governmental activities</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Accumulated</u> <u>Depreciation</u> <u>June 30, 2015</u>	<u>Book</u> <u>Value</u> <u>June 30, 2015</u>
Nondepreciable assets:						
Land	\$ 7,650,734	\$ 710,220	\$ -	\$ 8,360,954	\$ -	\$ 8,360,954
Construction in progress	40,130,257	2,114,403	7,726,523	34,518,137	-	34,518,137
Total nondepreciable assets:	<u>47,780,991</u>	<u>2,824,623</u>	<u>7,726,523</u>	<u>42,879,091</u>	<u>-</u>	<u>42,879,091</u>
Depreciable assets:						
Buildings	73,205,343	-	-	73,205,343	18,402,730	54,802,613
Improvements other than buildings	868,520	-	-	868,520	834,886	33,634
Machinery & equipment	30,999,200	1,190,544	477,020	31,712,724	22,811,974	8,900,750
Infrastructure	111,710,863	7,726,523	-	119,437,386	31,695,543	87,741,843
Total depreciable assets:	<u>216,783,926</u>	<u>8,917,067</u>	<u>477,020</u>	<u>225,223,973</u>	<u>73,745,133</u>	<u>151,478,840</u>
Total capital assets	<u><u>264,564,917</u></u>	<u><u>11,741,690</u></u>	<u><u>8,203,543</u></u>	<u><u>268,103,064</u></u>	<u><u>73,745,133</u></u>	<u><u>\$ 194,357,931</u></u>
Accumulated depreciation:						
Buildings	16,928,648	1,474,082	-	18,402,730		
Improvements	833,175	1,711	-	834,886		
Machinery & equipment	21,374,743	1,876,438	439,207	22,811,974		
Infrastructure	29,140,600	2,554,943	-	31,695,543		
Total accumulated depreciation	<u><u>\$ 68,277,166</u></u>	<u><u>\$ 5,907,174</u></u>	<u><u>\$ 439,207</u></u>	<u><u>\$ 73,745,133</u></u>		

  

<u>Business-type activities</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Accumulated</u> <u>Depreciation</u> <u>June 30, 2015</u>	<u>Book</u> <u>Value</u> <u>June 30, 2015</u>
Nondepreciable assets:						
Land	\$ 5,795,527	\$ -	\$ -	\$ 5,795,527	\$ -	\$ 5,795,527
Construction in progress	5,466,061	1,886,043	2,202,207	5,149,897	-	5,149,897
Total nondepreciable assets:	<u>11,261,588</u>	<u>1,886,043</u>	<u>2,202,207</u>	<u>10,945,424</u>	<u>-</u>	<u>10,945,424</u>
Depreciable assets:						
Improvements other than buildings	63,314,726	2,202,207	-	65,516,933	31,359,101	34,157,832
Machinery & equipment	9,004,059	57,295	17,605	9,043,749	7,341,434	1,702,315
Total depreciable assets:	<u>72,318,785</u>	<u>2,259,502</u>	<u>17,605</u>	<u>74,560,682</u>	<u>38,700,535</u>	<u>35,860,147</u>
Total capital assets	<u><u>\$ 83,580,373</u></u>	<u><u>\$ 4,145,545</u></u>	<u><u>\$ 2,219,812</u></u>	<u><u>\$ 85,506,106</u></u>	<u><u>\$ 38,700,535</u></u>	<u><u>\$ 46,805,571</u></u>
Accumulated depreciation:						
Improvements other than buildings	\$ 28,949,160	\$ 2,409,941	\$ -	\$ 31,359,101		
Machinery & equipment	6,923,793	435,246	17,605	7,341,434		
Total accumulated depreciation	<u><u>\$ 35,872,953</u></u>	<u><u>\$ 2,845,187</u></u>	<u><u>\$ 17,605</u></u>	<u><u>\$ 38,700,535</u></u>		

**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

Depreciation expense was charged to functions/programs of the primary government as follows:

<u><b>Governmental Activities:</b></u>	
General Government	\$ 287,663
Judicial	596,748
Public safety	2,248,087
Public works	2,726,471
Health and welfare	43,744
Housing and development	<u>4,461</u>
Total depreciation expense - governmental activities	<u>\$ 5,907,174</u>

<u><b>Business-type activities:</b></u>	
Water	\$ 978,707
Solid waste	<u>1,866,480</u>
Total depreciation expense - business-type activities	<u>\$ 2,845,187</u>

Houston County Health Department Component Unit.

A summary of capital asset activity for the Houston County Health Department for the year ended June 30, 2015 is as follows:

<u><b>Governmental activities</b></u>	<u><b>Balance</b></u> <u><b>June 30, 2014</b></u>	<u><b>Increases</b></u>	<u><b>Decreases</b></u>	<u><b>Balance</b></u> <u><b>June 30, 2015</b></u>
Depreciable assets:				
Office and Medical				
Equipment	\$ 1,981,306	\$ 185,272	\$ 147,919	\$ 2,018,659
Total capital assets	<u>1,981,306</u>	<u>185,272</u>	<u>147,919</u>	<u>2,018,659</u>
Accumulated depreciation:				
Office and Medical				
Equipment	<u>1,258,722</u>	<u>229,921</u>	<u>142,136</u>	<u>1,346,507</u>
Total accumulated depreciation	<u>1,258,722</u>	<u>229,921</u>	<u>142,136</u>	<u>1,346,507</u>
Capital assets, net	<u>\$ 722,584</u>	<u>\$ (44,649)</u>	<u>\$ 5,783</u>	<u>\$ 672,152</u>

Depreciation expense was charged to functions/programs of the Board of Health as follows:

Governmental activities:	
Health	\$229,921

**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

Houston County Public Library Component Unit.

A summary of capital asset activity for the Houston County Public Library for the year ended June 30, 2015 is as follows:

<b><u>Governmental activities</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2014</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2015</u></b>
Nondepreciable assets:				
Land	\$ 548,700	\$ -	\$ -	\$ 548,700
Construction in Progress	304,883.00	2,050,074	2,354,957	-
Total	<u>853,583</u>	<u>2,050,074</u>	<u>2,354,957</u>	<u>548,700</u>
Depreciable assets:				
Buildings and improvements	6,595,484	2,354,957	-	8,950,441
Equipment	26,294	-	-	26,294
Library collections	2,552,249	146,529	145,538	2,553,240
Total	<u>9,174,027</u>	<u>2,501,486</u>	<u>145,538</u>	<u>11,529,975</u>
Accumulated depreciation:				
Buildings and improvements	1,761,052	233,454	-	1,994,506
Equipment	19,473	2,629	-	22,102
Library collections	1,962,039	136,608	145,538	1,953,109
Total accumulated depreciation	<u>3,742,564</u>	<u>372,691</u>	<u>145,538</u>	<u>3,969,717</u>
Total depreciable assets, net	<u>\$ 5,431,463</u>	<u>\$ 2,128,795</u>	<u>\$ -</u>	<u>\$ 7,560,258</u>
Capital assets, net	<u>\$ 5,980,163</u>	<u>\$ 4,178,869</u>	<u>\$ 2,354,957</u>	<u>\$ 8,108,958</u>

All depreciation expense was charged to the public services function during the year ended June 30, 2015.

**E. Long-term Debt.**

Development Authority Component Unit:

*Notes Payable*

On September 10, 2008, the Authority obtained a real estate note for \$10,732,084 from America Real Estate Investment Company, Ltd., L.P. to assist with the acquisition of land in Houston County, Georgia. The Authority plans to invest in infrastructure and convert the land for light industrial purposes. The Authority made a settlement with American Real Estate Investment Company, LTD., L.P. for a one-time payment in the amount equal to \$349,270.48 (the deferred interest) and a one-time payment in the amount equal to \$9,800,000 (the principal). Also, any interest accrued on the amount of \$9,800,000 from September 9, 2012 to the Closing date.

On November 21, 2012, the Authority obtained a note for \$9,800,000 from State Bank to make the settlement payment for the American Real Estate Investment Company, LTD., L.P. The Authority agreed to make 13 monthly payments of interest only followed by 24 monthly installments of Principal plus interest. The Principal plus interest payments began on January 28, 2014. The maturity date was set to be December 28, 2015 with an interest rate of 1.88%. The Authority decided to pay the note off early and paid the note in full in November 2014. The land purchased by the Authority, upon which this loan was used, was stated as collateral for the note.

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**III. DETAILED NOTES ON ALL FUNDS**

**F. Changes in Long-term Debt.**

During the year ended June 30, 2015, the following changes occurred in the long-term liabilities:

Governmental funds:

<u>Long-term liability</u>	<u>Restated Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 17,336,832	\$ -	\$ 1,259,488	\$ 16,077,344	\$ -
Net OPEB Obligation	3,597,757	1,012,051	-	4,609,808	-
Compensated absences	1,717,162	1,354,310	1,259,969	1,811,503	1,177,477
Total	<u>\$ 22,651,751</u>	<u>\$ 2,366,361</u>	<u>\$ 2,519,457</u>	<u>\$ 22,498,655</u>	<u>\$ 1,177,477</u>

The compensated absences have been liquidated by the general fund, fire protection fund and E911 fund.

Business-type funds:

<u>Long-term liability</u>	<u>Restated Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 1,926,315	\$ -	\$ 148,118	\$ 1,778,197	\$ -
Compensated absences	232,723	120,456	120,300	232,879	128,083
Accrued closure and post-closure care costs	7,579,723	424,785	-	8,004,508	-
Total	<u>\$ 9,738,761</u>	<u>\$ 545,241</u>	<u>\$ 268,418</u>	<u>\$ 10,015,584</u>	<u>\$ 128,083</u>

Houston County Development Authority Component Unit.

A summary of changes in long-term debt for the Development Authority Component Unit for the year ended June 30, 2015 is as follows:

Business-type fund:

<u>Long-term liability</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts due within one year</u>
Note payable	\$ 7,383,527	\$ -	\$ 7,383,527	\$ -	\$ -
Compensated absences	12,439	12,177	8,404	16,212	8,181
Total	<u>\$ 7,395,966</u>	<u>\$ 12,177</u>	<u>\$ 7,391,931</u>	<u>\$ 16,212</u>	<u>\$ 8,181</u>

**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

Houston County Health Department Component Unit.

A summary of changes in long-term debt for the Houston County Health Department for the year ended June 30, 2015 is as follows:

Governmental funds:

<u>Long-term liability</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts due within one year</u>
Net Pension Liability	\$ 9,398,265	\$ -	\$ 940,696	\$ 8,457,569	\$ -
Compensated absences	473,465	385,692	287,527	571,630	42,210
Total	<u>\$ 9,871,730</u>	<u>\$ 385,692</u>	<u>\$ 1,228,223</u>	<u>\$ 9,029,199</u>	<u>\$ 42,210</u>

Houston County Public Library Component Unit.

A summary of changes in long-term debt for the Houston County Public Library for the year ended June 30, 2015 is as follows:

Governmental funds:

<u>Long-term liability</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts due within one year</u>
Net Pension Liability	\$ 989,733	\$ -	\$ 360,828	\$ 628,905	\$ -
Compensated absences	17,566	38,285	36,544	19,307	19,307
Total	<u>\$ 1,007,299</u>	<u>\$ 38,285</u>	<u>\$ 397,372</u>	<u>\$ 648,212</u>	<u>\$ 19,307</u>

**G. Closure and Post-Closure Care Costs.**

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to the current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year.

The estimated liability for solid waste landfill closure and post-closure care costs has a balance of \$7,001,060 as of June 30, 2015, which is based on 78.1 percent usage (filled) of the solid waste landfill. It is estimated that an additional \$1,447,858 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the solid waste landfill is expected to be filled to capacity (2021). The estimated liability for C & D landfill closure and post-closure care costs has a balance of \$1,003,448 as of June 30, 2015, which is based on 33.4 percent usage (filled) of the C & D landfill. It is estimated that an additional \$1,904,844 will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the C & D landfill is expected to be filled to capacity (2046).

The estimated combined total current cost of the landfill closure and post-closure care (\$8,004,508) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2015. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Financial assurance requirements are being met by maintaining proper financial ratios. No commercial insurance has been purchased to satisfy financial assurance requirements.

**HOUSTON COUNTY, GEORGIA**  
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**III. DETAILED NOTES ON ALL FUNDS**

**H. Restrictions.**

The following restrictions are used by Houston County:

Restricted for Renewal and Extension - Enterprise Fund.

This restriction was established in conjunction with the issuance of Water Revenue Bonds and is used to segregate a portion of net assets for making replacements, additions, extensions, and improvements to the Water System.

Restricted for Waste Collections – Enterprise Fund.

This restriction is used to segregate a portion of net assets in the Solid Waste Fund that represents the unused portion of the insurance premium tax.

**IV. OTHER INFORMATION**

**A. Employees' Retirement Plan.**

*Plan Description:*

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Houston County Employees (The Plan), which is a defined benefit pension plan. The Plan covers the Board of Commissioners and their direct appointees and substantially all other full-time County employees.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. Benefits are provided by the Plan whereby retirees receive 2.25% of their average annual compensation multiplied by years of service. Commissioners receive a benefit equal to \$900 per year multiplied by years of service. The Plan, through execution of the adoption agreement, is affiliated with the Association of County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. GEBCorp issues a publicly available financial report that includes financial statements and required supplementary information for ACCG. That report may be obtained by writing to the Government Employee Benefits Corporation of Georgia, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia, 30339 or by calling 1-770-952-5225.

*Employees covered by benefit terms.* At June 30, 2015, the following employees were covered by the benefit terms:

Retirees, beneficiaries and disables receiving benefits	143
Terminated plan participants entitled to but not yet receiving benefits	108
Active employees participating in the Plan	470
Total membership	721

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**IV. OTHER INFORMATION**

***Contributions:***

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local government pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. Plan participants contribute 4% of their annual covered salary to the plan. The County's contributions were \$4,467,670 for the year ended June 30, 2015.

***Net Pension Liability:***

The County's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015.

*Actuarial assumptions.* The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	5.5%
Salary increases	3.5%-5.5%, normalized rates, per year adjusted for age
Investment rate of return	7.5%

Mortality rates were based on the RP 2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the five year period ended January 1, 2014.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	30%	25%-35%
Equities:		
Large Cap	30%	25%-35%
Mid Cap	5%	2.5%-10%
Small Cap	5%	2.5%-10%
REIT	5%	2.5%-10%
International	15%	10%-20%
Multi Cap	5%	2.5%-10%
Global Allocation	5%	2.5%-10%
	<u>100%</u>	

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

*Discount rate.* The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at 6/30/14</b>	\$ 85,608,090	\$ 66,344,943	\$ 19,263,147
<b>Changes for the year:</b>			
Service cost	1,912,479	-	1,912,479
Interest	6,295,938	-	6,295,938
Differences between expected and actual experience	-	-	-
Contributions-employer	-	4,467,670	(4,467,670)
Contributions-employee	-	752,585	(752,585)
Net investment income	-	4,839,939	(4,839,939)
Benefit payments, including refunds of employee contributions	(3,324,505)	(3,324,505)	-
Administrative expense	-	(87,612)	87,612
Other changes	-	(356,559)	356,559
<b>Net changes</b>	<b>4,883,912</b>	<b>6,291,518</b>	<b>(1,407,606)</b>
<b>Balances at 6/30/15</b>	<b>\$ 90,492,002</b>	<b>\$ 72,636,461</b>	<b>\$ 17,855,541</b>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.5%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
County's net pension liability	\$ 30,467,911	\$ 17,855,541	\$ 7,427,082

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued ACCG financial report.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2015, the County recognized pension expense of \$2,426,866. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 633,198

There were no County contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2016	\$ 158,299
2017	158,299
2018	158,299
2019	158,301
	\$ 633,198

**B. Other Post-employment Benefits**

The Health Care Plan of Houston County provides post-retirement medical/prescription and dental care benefits, as per the requirements of a local ordinance, for retirees between the ages of 55 and 65 and their dependents. Any member of the Houston County Defined Benefit Plan who participates in and satisfies the Vesting, Disability, Early or Normal Retirement provisions of the Association of County Commissioners of Georgia (ACCG) Houston County Defined Benefit Plan may be eligible for certain Other Post-Employment Benefits.

Premium contributions are required from the retiree in order to begin and maintain Medical/Prescription coverage. Members receiving health and/or dental benefits contribute \$300 per month for PPO health, \$260 per month for POS Health and \$20 per month for dental for retiree-only coverage and \$360 per month for PPO health, \$350 per month for POS health and \$31 per month for dental for employee and family coverage. Dependent coverage ends once the retiree becomes eligible for Medicare. If any required amounts are not paid timely, the coverage for the retiree and/or dependent(s) will cease. The amount of the contributions required for coverage may change from time to time. The post-employment benefits are extended to retirees and continued at the discretion of the Employer, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change premium contributions required from retirees in the future as circumstances change. These post-retirement benefits are funded on a pay-as-you-go-basis.

A bi-annual actuarial valuation is made to determine whether contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2013. The post-retirement plan does not issue stand-alone financial reports.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

The County determines the required contributions using the Projected Unit Credit Cost Method with an amortization of the Unfunded Actuarial Accrued Liability as a level percent of expected payroll. This method spreads the costs evenly as a percentage of pay throughout the collective careers of those in the covered workforce.

**Annual Required Contribution (ARC)**

Normal Cost (service cost for one year)	\$ 660,362
Accrued Liability	<u>345,258</u>
Annual Required Contribution (ARC)	1,005,620
Employer Annual Required Contribution	<u>1,005,620</u>
Interest on Net OPEB Obligation	143,910
Adjustment to Annual Required Contribution	<u>(137,479)</u>
Annual OPEB Cost (Expense)	1,012,051
Employer contributions for Fiscal Year 2013	<u>-</u>
Increase (decrease) in Net OPEB Obligation	1,012,051
<b>Net OPEB Obligation at beginning of Fiscal Year</b>	<u><u>3,597,757</u></u>
<b>Net OPEB Obligation at end of Fiscal Year</b>	<u><u>\$ 4,609,808</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Basis of Valuation**

Valuation date	7/1/2013
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets

**Actuarial assumptions**

Investment Rate of Return*	4%
Medical cost trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018

\*Includes inflation at 3%

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

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

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b) **</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b-a] / c)</b>
7/1/2009	-	7,048,734	7,048,734	0.0%	25,164,078	28.01%
7/1/2011	-	7,274,471	7,274,471	0.0%	25,632,239	28.38%
7/1/2013	-	9,035,221	9,035,221	0.0%	26,876,739	33.62%

\*\* *The cost method changed from Entry Age Normal to Projected Unit Credit*

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Amount Contributed</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2011	\$ 846,029	\$ -	0.00%	\$2,303,067
6/30/2012	792,251	-	0.00%	3,095,318
6/30/2013	1,011,153	508,714	50.31%	3,597,757
6/30/2014	1,012,051	-	0.00%	4,609,808

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no separate trust through which benefits for retirees are funded. All approved benefits are paid from the Employer's general assets when due. These assets are invested in very short-term fixed income instruments according to its current investment policy.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

**C. Risk Management.**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and, natural disasters for which the County carries commercial insurance. The County has joined together with other counties in the state of Georgia as part of the Interlocal Risk Management Agency (GIRMA) risk pool for property and liability insurance. GIRMA is a public entity risk pool currently operating as a common risk management and insurance program for local government members. The Association of County Commissioners of Georgia (ACCG) administers the pool.

As a member of GIRMA, the County is obligated to pay all contributions and assessments as prescribed by GIRMA, to cooperate with GIRMA's agents and attorneys, to follow loss reduction procedures established by GIRMA, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The County is also to allow GIRMA's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss prevention furnished by GIRMA.

GIRMA is to defend and protect its members against liability or loss as prescribed in the member governments' contract. GIRMA is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The County has a risk management fund (an internal service fund) to account for and finance its workers' compensation and health insurance programs. The Risk Management Fund provides coverage for up to a maximum of \$500,000 for each workers' compensation claim and \$125,000 for each health insurance claim. The County purchases commercial insurance for claims in excess of the coverage provided by the Fund.

The County entered into agreements with outside companies to administer both the workers' compensation and health insurance programs. The participating departments or funds of the County pay an amount that approximates what would have been paid for commercial coverage into the Self-Insurance Fund. Excess payments over expenses of the fund are retained in the Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities during the past two years are as follows:

<u>Claims Activity</u>	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>
Unpaid claims, beginning of fiscal year	\$ 573,896	\$ 826,522
Incurred claims	9,049,661	6,712,773
Claim payments	<u>8,724,326</u>	<u>6,965,399</u>
Unpaid claims, end of fiscal year	<u>\$ 899,231</u>	<u>\$ 573,896</u>

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

**D. Commitments and Contingent Liabilities.**

Grant Funds.

The County has received several Federal and State grants for specific purposes that are subject to financial review and compliance audits by the grantor agencies. Such audits could lead to disallowance of expenditures by the grantor agencies. Based on prior experience, the County believes such disallowances, if any, will be immaterial. According to the County's attorney, there are no material outstanding claims in which it is anticipated that adverse action would result in financial liability against the County.

Contract with Bibb County and the Central Georgia Joint Development Authority.

On July 7, 2010, Houston County entered into a contract establishing a joint partnership with Bibb County and Central Georgia Joint Development Authority (CGJDA). The purpose of this contract is to eliminate the presence of residences in the noise and the crash corridor that are in South Bibb County and North Houston County and to comply with the 2004 Joint Land Use Study (JLUS) regarding the encroachment of certain residential properties in areas designated with Decibel Noise levels 65 db through 85 db. Non-compliance with the 2004 JLUS is detrimental to existing and future missions of Robins Air Force Base. The CGJDA, created by General Statute O.C.G.A 36-62-1 is responsible for promoting the general welfare and economic prosperity of the Middle Georgia region and recognizes the importance of complying with the JLUS. Under the terms of the original contract, Houston County and Bibb County were to provide \$100,000 a year for five years beginning with FY 2011 and continuing for the next successive four fiscal year budget cycles for a total financial commitment of \$500,000 each. The first payment was paid by August 1, 2010 with successive payments due on or before August 1 of the next four years. These funds are solely for the purpose of acquiring the properties in the affected encroachment areas (APZ 1 and 2 zones), and/or noise contour areas, and any expenses related to the acquisition and disposition of such properties. The second payment of \$100,000 was made in FY 2012. However, after the passage of the new SPLOST in March of 2012, this original contract was terminated mutually between all parties and a new Intergovernmental Agreement was signed with Bibb County, Peach County and the CGJDA whereby the County committed \$6,000,000 of SPLOST funds that were to be paid late calendar year 2014. In late 2014, a resolution to the agreement was made in order for payments to be made on a reimbursement basis rather than in advance. During fiscal year 2015, the County paid \$961,050. The County will continue as a participant in this agreement for the foreseeable future. In December 2014, a resolution was signed affirming the participation of Macon-Bibb County in the Central Georgia Joint Development Authority; to accept the Baldwin County Board of Commissioner's petition to join the Central Georgia Joint Development Authority; and to affirm Houston County's member representatives' appointment and tenure to the Central Georgia Joint Development Authority.

**E. Joint Ventures.**

The Perry-Houston County Airport Authority.

Houston County participates in a joint venture with the City of Perry in the operation of the Perry-Houston County Airport Authority. The governing authorities of the City of Perry and Houston County have each agreed to be responsible for one-half of any unfunded portion of the Airport Authority's budget. However, Houston County has no equity interest in the Airport Authority.

The Perry-Houston County Airport Authority is a public corporation that is a body corporate and politic. The Airport Authority has a fiscal year end of December 31. Copies of the audited financial statements may be obtained from the Perry-Houston County Airport Authority.

The Middle Georgia Regional Commission.

Houston County, in conjunction with ten other counties in the middle Georgia area, participates in the Middle Georgia Regional Commission (MGRC). Membership in an MGRC is required by the Code of Georgia Section 50-8-34, which provides for the organizational structure of the MGRC in Georgia. The MGRC Board membership includes the chief elected official of each county and municipality of the area. Georgia law also provides that member governments are liable for any debts or obligations of the MGRC beyond its resources. Copies of the financial statements of the Middle Georgia Regional Commission may be obtained from their administrative office in Macon, Georgia.

**HOUSTON COUNTY, GEORGIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**IV. OTHER INFORMATION**

**F. Economic Dependency - Health Department Component Unit.**

The Health Department is economically dependent on the state of Georgia. During fiscal year 2014, the Health Department received \$9,849,674 (60 percent of total revenue) from the Georgia Department of Human Resources. Future operations of the Health Department, on a comparable scale, are dependent on continued funding from the DHR.

**G. Conduit Debt - Development Authority Component Unit.**

The conduit debt of the Development Authority is the revenue bonds issued by the Authority to provide capital financing for local businesses. Generally, the conduit debt is arranged so that payments to be paid by the local business are equal to the debt service requirements for the Development Authority. The Development Authority generally has no responsibility for the debt payment beyond what the local business pays. The Houston County Development Authority has issued \$551,915,000 of revenue bonds for local businesses through June 30, 2015.

**H. Subsequent Events.**

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 18, 2015, the date the financial statements were available to be issued.

**I. Prior Period Adjustment**

The net position of the governmental activities, business-type activities, Water Fund, and Solid Waste Fund were restated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 revised the measurement and reporting of long-term obligations associated with pension plans.

The restatement of the beginning of the year net position is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Beginning net position, July 1, 2014, as previously reported	\$ 283,236,782	\$ 68,575,084
Change in accounting principle due to GASB 68	(21,700,327)	(1,926,315)
Beginning net position, July 1, 2014, restated	<u>\$ 261,536,455</u>	<u>\$ 66,648,769</u>
	<u>Water Fund</u>	<u>Solid Waste Fund</u>
Beginning net position, July 1, 2014, as previously reported	\$ 35,053,401	\$ 33,521,683
Change in accounting principle due to GASB 68	(1,175,052)	(751,263)
Beginning net position, July 1, 2014, restated	<u>\$ 33,878,349</u>	<u>\$ 32,770,420</u>

**HOUSTON COUNTY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POST RETIREMENT BENEFITS**  
**JUNE 30, 2015**  
**(Unaudited)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (ALL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ([b-a] / c)</b>
7/1/2009*	\$ -	\$ 7,048,734	\$ 7,048,734	0.0%	\$ 25,164,078	28.0%
7/1/2011	-	7,274,471	7,274,471	0.0%	25,632,239	28.4%
7/1/2013	-	9,035,221	9,035,221	0.0%	26,876,739	33.6%

\* Valuation date changed to July 1st. The cost method changed from Entry Age Normal to Projected Unit Credit.

**HOUSTON COUNTY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Ten Fiscal Years**

	2015
<b>Total pension liability</b>	
Service cost	\$ 1,912,479
Interest	6,295,938
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(3,324,505)</u>
<b>Net change in total pension liability</b>	4,883,912
<b>Total pension liability-beginning</b>	<u>85,608,090</u>
<b>Total pension liability-ending (a)</b>	<u><u>\$ 90,492,002</u></u>
<b>Plan fiduciary net position</b>	
Contributions-employer	\$ 4,467,670
Contributions-employee	752,585
Net investment income	4,839,939
Benefit payments, including refunds of employee contributions	(3,324,505)
Administrative expense	(87,612)
Other	<u>(356,559)</u>
<b>Net change in plan fiduciary net position</b>	6,291,518
<b>Plan fiduciary net position-beginning</b>	<u>66,344,943</u>
<b>Plan fiduciary net position-ending (b)</b>	<u><u>\$ 72,636,461</u></u>
<b>County's net pension liability-ending (a) - (b)</b>	<u><u>\$ 17,855,541</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.27%
<b>Covered-employee payroll</b>	\$ 20,537,403
<b>County's net pension liability as a percentage of covered-employee payroll</b>	86.94%

**Notes to Schedule:**

This schedule will present 10 years of information once the data is available.

**HOUSTON COUNTY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF COUNTY CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,162,155	\$ 4,578,727	\$ 4,325,358	\$ 4,040,508
Contributions in relation to the actuarially determined contribution	4,467,670	4,787,535	4,643,419	4,358,540
Contribution deficiency (excess)	\$ (305,515)	\$ (208,808)	\$ (318,061)	\$ (318,032)
Covered-employee payroll	\$ 20,537,403	\$ 20,429,617	\$ 20,949,625	\$ 19,783,644
Contributions as a percentage of covered-employee payroll	20.27%	22.41%	20.65%	20.42%

**Notes to Schedule:**

Valuation date:	January 1, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	Smoothed market value with a 5-year smoothing period
Inflation	5.50%
Salary increases	3.5%-5.5%, normalized rates, adjusted for age
Investment rate of return	7.50%
Retirement age	The bulk of retirees are assumed to retire at the earliest age that unreduced benefits are first available under the plan. Modest to high levels of earlier retirement will be assumed based on the early retirement benefit structure of the plan
Mortality	RP 2000 Combined Mortality Table

This schedule will present 10 years of information once the data is available.

<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,091,477	\$ 3,956,587	\$ 2,682,193
<u>4,509,084</u>	<u>3,649,123</u>	<u>3,363,466</u>
<u>\$ (417,607)</u>	<u>\$ 307,464</u>	<u>\$ (681,273)</u>
\$ 19,948,266	\$ 20,216,506	\$ 18,069,615
20.51%	19.57%	14.84%

**HOUSTON COUNTY, GEORGIA**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

# Nonmajor Governmental Funds

## Special Revenue Funds

*Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.*

**E 911** - to account for the cost of operating and maintaining the centralized 911 emergency communication system of the County. Financing is provided by a charge to each telephone subscriber whose exchange is served by the County's "911" service; by a charge on every prepaid wireless transaction occurring within the County's jurisdiction; by contributions from the Cities of Centerville, Perry and Warner Robins; and by transfers from the County's General Fund and Fire Protection Fund.

**Fire Protection** - to account for revenues received from the insurance premium tax which is to be used for the prevention and extinguishment of fires.

**Sheriff's Department Drug Fund** - to account for moneys received as Houston County's share of seized and forfeited property.

**Jail Inmate Fund** - to account for the operations of the Houston County Jail Inmate Store. The Inmate Store is operated for the benefit of the inmates.

**Law Library Fund** - to account for the costs of operating and maintaining the County Law Library. Financing is provided from a \$2 charge added to and collected on all fines in civil and criminal cases. A separate Board of Trustees has control of the Law Library funds and has authority to expend the funds in accordance with provisions of the act establishing the County Law Library. All books, reports, texts, and periodicals purchased from these funds become the property of the County.

**District Attorney** - to account for moneys received as the Houston County District Attorney's office share of seized and forfeited property.

**HOUSTON COUNTY, GEORGIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	<b>Special Revenue</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>E 911</b>	<b>Fire Protection</b>	<b>Drug</b>	<b>Jail Inmate</b>	<b>Law Library</b>	<b>District Attorney</b>	
<b><u>ASSETS</u></b>							
Cash and cash equivalents	\$ -	\$ 22,434	\$ 362,240	\$ 303,997	\$ 104,791	\$ 1,069,106	\$ 1,862,568
Investments	-	2,601,172	-	-	830,204	-	3,431,376
Accounts receivable	453,790	-	-	33,410	-	-	487,200
Due from other funds	323,796	262,129	-	-	-	-	585,925
Due from other governments	-	-	-	-	-	30	30
Total assets	<u>\$ 777,586</u>	<u>\$ 2,885,735</u>	<u>\$ 362,240</u>	<u>\$ 337,407</u>	<u>\$ 934,995</u>	<u>\$ 1,069,136</u>	<u>\$ 6,367,099</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>							
Accounts payable	\$ 31,994	\$ 3,915	\$ -	\$ -	\$ 6,380	\$ -	\$ 42,289
Accrued wages and payroll taxes payable	45,368	15,889	-	-	-	-	61,257
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>77,362</u>	<u>19,804</u>	<u>-</u>	<u>-</u>	<u>6,380</u>	<u>-</u>	<u>103,546</u>
<b><u>FUND BALANCES</u></b>							
Restricted	700,224	-	362,240	-	928,615	-	1,991,079
Committed to:							
Judicial	-	-	-	-	-	1,069,136	1,069,136
Public safety	-	2,865,931	-	337,407	-	-	3,203,338
Total fund balances	<u>700,224</u>	<u>2,865,931</u>	<u>362,240</u>	<u>337,407</u>	<u>928,615</u>	<u>1,069,136</u>	<u>6,263,553</u>
Total liabilities and fund balances	<u>\$ 777,586</u>	<u>\$ 2,885,735</u>	<u>\$ 362,240</u>	<u>\$ 337,407</u>	<u>\$ 934,995</u>	<u>\$ 1,069,136</u>	<u>\$ 6,367,099</u>

**HOUSTON COUNTY, GEORGIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue</u>						<b>Total Nonmajor Governmental Funds</b>
	<u>E 911</u>	<u>Fire Protection</u>	<u>Drug</u>	<u>Jail Inmate</u>	<u>Law Library</u>	<u>District Attorney</u>	
<b><u>REVENUES</u></b>							
Taxes	\$ -	\$ 1,884,559	\$ -	\$ -	\$ -	\$ -	\$ 1,884,559
Intergovernmental	418,120	-	-	-	-	-	418,120
Charges for services	2,684,839	-	-	175,459	-	-	2,860,298
Fines and forfeitures	-	-	276,840	-	105,271	203,511	585,622
Investment income	-	3,950	762	387	2,991	-	8,090
Miscellaneous	25,546	-	-	-	-	-	25,546
Total revenues	<u>3,128,505</u>	<u>1,888,509</u>	<u>277,602</u>	<u>175,846</u>	<u>108,262</u>	<u>203,511</u>	<u>5,782,235</u>
<b><u>EXPENDITURES</u></b>							
Current:							
Judicial	-	-	-	-	67,820	269,344	337,164
Public safety	<u>3,898,154</u>	<u>1,357,323</u>	<u>59,719</u>	<u>209,618</u>	-	-	<u>5,524,814</u>
Total expenditures	<u>3,898,154</u>	<u>1,357,323</u>	<u>59,719</u>	<u>209,618</u>	<u>67,820</u>	<u>269,344</u>	<u>5,861,978</u>
Excess (deficiency) of revenues over (under) expenditures	(769,649)	531,186	217,883	(33,772)	40,442	(65,833)	(79,743)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>							
Transfers in	668,297	-	-	-	-	-	668,297
Transfers out	-	(265,346)	(50,568)	(36,841)	(9,412)	(110,511)	(472,678)
Total other financing sources (uses)	<u>668,297</u>	<u>(265,346)</u>	<u>(50,568)</u>	<u>(36,841)</u>	<u>(9,412)</u>	<u>(110,511)</u>	<u>195,619</u>
Net change in fund balances	(101,352)	265,840	167,315	(70,613)	31,030	(176,344)	115,876
Fund balance - beginning	<u>801,576</u>	<u>2,600,091</u>	<u>194,925</u>	<u>408,020</u>	<u>897,585</u>	<u>1,245,480</u>	<u>6,147,677</u>
Fund balance - ending	<u>\$ 700,224</u>	<u>\$ 2,865,931</u>	<u>\$ 362,240</u>	<u>\$ 337,407</u>	<u>\$ 928,615</u>	<u>\$ 1,069,136</u>	<u>\$ 6,263,553</u>

**HOUSTON COUNTY, GEORGIA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	E 911			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual	
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	418,115	448,115	418,120	(29,995)
Charges for services	2,690,000	2,690,000	2,684,839	(5,161)
Investment Income	-	-	-	-
Miscellaneous	25,050	25,050	25,546	496
Total revenues	3,133,165	3,163,165	3,128,505	(34,660)
<b><u>EXPENDITURES</u></b>				
Personal services	2,933,863	2,846,222	2,811,473	(34,749)
Purchased / contracted services	899,974	954,869	931,235	(23,634)
Supplies	92,700	148,196	148,196	-
Capital outlay	-	7,250	7,250	-
Total expenditures	3,926,537	3,956,537	3,898,154	(58,383)
Excess (deficiency) of revenues over (under) expenditures	(793,372)	(793,372)	(769,649)	23,723
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers in	671,208	671,208	668,297	(2,911)
Transfers out	-	-	-	-
Total other financing sources (uses)	671,208	671,208	668,297	(2,911)
Net change in fund balance	\$ (122,164)	\$ (122,164)	(101,352)	\$ 20,812
Fund balance at beginning of year			801,576	
Fund balance at end of year			\$ 700,224	

**Fire Protection**

<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<u>Original</u>	<u>Final</u>		
\$ 1,750,775	\$ 1,750,775	\$ 1,884,559	\$ 133,784
-	-	-	-
-	-	-	-
2,500	2,500	3,950	1,450
-	-	-	-
<u>1,753,275</u>	<u>1,753,275</u>	<u>1,888,509</u>	<u>135,234</u>
1,062,992	1,062,992	941,403	(121,589)
278,930	278,930	262,153	(16,777)
184,340	184,340	153,767	(30,573)
-	-	-	-
<u>1,526,262</u>	<u>1,526,262</u>	<u>1,357,323</u>	<u>(168,939)</u>
<u>227,013</u>	<u>227,013</u>	<u>531,186</u>	<u>304,173</u>
25,088	25,088	-	(25,088)
<u>(268,257)</u>	<u>(268,257)</u>	<u>(265,346)</u>	<u>2,911</u>
<u>(243,169)</u>	<u>(243,169)</u>	<u>(265,346)</u>	<u>(22,177)</u>
<u>\$ (16,156)</u>	<u>\$ (16,156)</u>	265,840	<u>\$ 281,996</u>
		<u>2,600,091</u>	
		<u>\$ 2,865,931</u>	

**HOUSTON COUNTY, GEORGIA  
NONMAJOR SPECIAL REVENUE FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Drug Fund</b>		
	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>
<b><u>REVENUES</u></b>			
Charges for services	\$ -	\$ -	\$ -
Fines and forfeitures	245,000	276,840	31,840
Investment income	5,000	762	(4,238)
Miscellaneous	-	-	-
Total revenues	250,000	277,602	27,602
<b><u>EXPENDITURES</u></b>			
Current:			
Judicial	-	-	-
Public safety	250,000	59,719	(190,281)
Total expenditures	250,000	59,719	(190,281)
Excess (deficiency) of revenues over (under) expenditures	-	217,883	217,883
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in (out)	-	(50,568)	(50,568)
Net change in fund balances	\$ -	167,315	\$ 167,315
Fund balance - beginning		194,925	
Fund balance - ending		\$ 362,240	

<b>Jail Inmate Fund</b>			<b>Law Library</b>		
<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Over (Under)</b>
\$ 195,000	\$ 175,459	\$ (19,541)	\$ -	\$ -	\$ -
-	-	-	170,000	105,271	(64,729)
5,000	387	(4,613)	5,000	2,991	(2,009)
-	-	-	-	-	-
<u>200,000</u>	<u>175,846</u>	<u>(24,154)</u>	<u>175,000</u>	<u>108,262</u>	<u>(66,738)</u>
-	-	-	175,000	67,820	(107,180)
<u>200,000</u>	<u>209,618</u>	<u>9,618</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>200,000</u>	<u>209,618</u>	<u>9,618</u>	<u>175,000</u>	<u>67,820</u>	<u>(107,180)</u>
-	(33,772)	(33,772)	-	40,442	40,442
-	(36,841)	(36,841)	-	(9,412)	(9,412)
<u>\$ -</u>	<u>(70,613)</u>	<u>\$ (70,613)</u>	<u>\$ -</u>	<u>31,030</u>	<u>\$ 31,030</u>
	<u>408,020</u>			<u>897,585</u>	
	<u>\$ 337,407</u>			<u>\$ 928,615</u>	

**HOUSTON COUNTY, GEORGIA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>District Attorney</u>		
	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
<b><u>REVENUES</u></b>			
Intergovernmental	\$ -	\$ -	\$ -
Fines and forfeitures	30,000	203,511	173,511
Investment income	-	-	-
Total revenues	<u>30,000</u>	<u>203,511</u>	<u>173,511</u>
<b><u>EXPENDITURES</u></b>			
Current:			
Judicial	30,000	269,344	239,344
Public safety	-	-	-
Total expenditures	<u>30,000</u>	<u>269,344</u>	<u>239,344</u>
Excess (deficiency) of revenues over (under) expenditures	-	(65,833)	(65,833)
<b><u>OTHER FINANCING (USES)</u></b>			
Transfers (out)	-	(110,511)	(110,511)
Net change in fund balances	<u>\$ -</u>	<u>(176,344)</u>	<u>\$ (176,344)</u>
Fund balance - beginning		<u>1,245,480</u>	
Fund balance - ending		<u>\$ 1,069,136</u>	

**HOUSTON COUNTY, GEORGIA**  
**HEMA CODE RED**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**PRIOR AND CURRENT YEARS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Current Year</u>	<u>Cumulative Prior Years</u>	<u>Total</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 1,778,336	\$ 1,778,336
Intergovernmental	-	14,479	14,479
Total revenues	<u>-</u>	<u>1,792,815</u>	<u>1,792,815</u>
<b>EXPENDITURES</b>			
Professional	50,625	295,275	345,900
Electricity	4,276	19,579	23,855
Repairs and maintenance	4,028	1,062,019	1,066,047
Total expenditures	<u>58,929</u>	<u>1,376,873</u>	<u>1,435,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,929)</u>	<u>415,942</u>	<u>357,013</u>
Net change in fund balance	(58,929)	415,942	357,013
Fund balance at beginning of year	<u>415,942</u>		
Fund balance at end of year	<u>\$ 357,013</u>		

**HOUSTON COUNTY, GEORGIA  
 JUVENILE COURT SUPERVISION FEES  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Actual</b>
<b>REVENUES</b>	
Charges for services	\$ 17,649
Total revenues	17,649
 <b>EXPENDITURES</b>	
Judicial	11,179
Total expenditures	11,179
Excess (deficiency) of revenues over (under) expenditures	6,470
Net change in fund balance	6,470
Fund balance at beginning of year	17,706
Fund balance at end of year	\$ 24,176

## FIDUCIARY FUNDS

### Agency Funds

**Sheriff** - to account for all moneys received by the Sheriff's Department on behalf of individuals, private organizations, other governmental units and other funds.

**Jail** - to account for all moneys received by the Houston County Jail on behalf of inmates.

**Tax Commissioner** - to account for the collection and payment to Houston County and other taxing units of the property taxes levied, billed and collected by the Tax Commissioner on behalf of Houston County and other taxing units.

**Clerk of Superior Court** - to account for all moneys received by the Clerk of Superior Court on behalf of individuals, private organizations, other governmental units and other funds.

**District Attorney** - to account for all moneys received by the District Attorney on behalf of individuals, private organizations, other governmental units and other funds.

**State Court** - to account for all moneys received by the State Court of Houston County on behalf of individuals, private organizations, other governmental units and other funds.

**Probate Court** - to account for all moneys received by the Probate Court on behalf of individuals, private organizations, other governmental units and other funds.

**Magistrate Court** - to account for all moneys received by the Magistrate Court on behalf of individuals, private organizations, other governmental units and other funds.

**Juvenile Court** - to account for all moneys received by the Juvenile Court on behalf of individuals, private organizations, other governmental units and other funds.

**HOUSTON COUNTY, GEORGIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Sheriff</b>	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2015</b>
<b><u>Assets:</u></b>				
Cash	\$ 658,832	\$ 1,271,836	\$ 1,449,662	\$ 481,006
Total assets	<u>\$ 658,832</u>	<u>\$ 1,271,836</u>	<u>\$ 1,449,662</u>	<u>\$ 481,006</u>
<b><u>Liabilities:</u></b>				
Other	\$ 658,832	\$ 1,271,836	\$ 1,449,662	\$ 481,006
Total liabilities	<u>\$ 658,832</u>	<u>\$ 1,271,836</u>	<u>\$ 1,449,662</u>	<u>\$ 481,006</u>
<b><u>Jail</u></b>				
<b><u>Assets:</u></b>				
Cash	\$ 71,521	\$ 813,461	\$ 803,006	\$ 81,976
Total assets	<u>\$ 71,521</u>	<u>\$ 813,461</u>	<u>\$ 803,006</u>	<u>\$ 81,976</u>
<b><u>Liabilities:</u></b>				
Funds held in escrow	\$ 71,521	813,461	803,006	\$ 81,976
Total liabilities	<u>\$ 71,521</u>	<u>\$ 813,461</u>	<u>\$ 803,006</u>	<u>\$ 81,976</u>
<b><u>Tax Commissioner</u></b>				
<b><u>Assets:</u></b>				
Cash	\$ 2,372,373	\$ 116,909,444	\$ 117,049,739	\$ 2,232,078
Total assets	<u>\$ 2,372,373</u>	<u>\$ 116,909,444</u>	<u>\$ 117,049,739</u>	<u>\$ 2,232,078</u>
<b><u>Liabilities:</u></b>				
Due to other funds:				
Houston County General Fund	\$ -	\$ 44,176,489	\$ 44,176,489	\$ -
Due to Houston County Board of Education	915,336	53,710,908	53,869,772	756,472
Due to State	997,948	15,800,278	15,752,411	1,045,815
Due to City of Perry	43,076	541,785	542,670	42,191
Due to City of Warner Robins	171,832	1,962,077	1,969,324	164,585
Due to City of Centerville	22,867	279,728	280,189	22,406
Other	221,314	438,179	458,884	200,609
Total liabilities	<u>\$ 2,372,373</u>	<u>\$ 116,909,444</u>	<u>\$ 117,049,739</u>	<u>\$ 2,232,078</u>

**HOUSTON COUNTY, GEORGIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Clerk of Superior Court</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b><u>Assets:</u></b>				
Cash	\$ 1,609,780	\$ 4,533,607	\$ 5,246,110	\$ 897,277
Total assets	<u>\$ 1,609,780</u>	<u>\$ 4,533,607</u>	<u>\$ 5,246,110</u>	<u>\$ 897,277</u>
<b><u>Liabilities:</u></b>				
Other	\$ 1,609,780	\$ 4,533,607	\$ 5,246,110	\$ 897,277
Total liabilities	<u>\$ 1,609,780</u>	<u>\$ 4,533,607</u>	<u>\$ 5,246,110</u>	<u>\$ 897,277</u>
<u>District Attorney</u>				
<b><u>Assets:</u></b>				
Cash	\$ 146	\$ 54,227	\$ 54,227	\$ 146
Total assets	<u>\$ 146</u>	<u>\$ 54,227</u>	<u>\$ 54,227</u>	<u>\$ 146</u>
<b><u>Liabilities:</u></b>				
Garnishments, restitution & other	\$ 146	\$ 54,227	\$ 54,227	\$ 146
Total liabilities	<u>\$ 146</u>	<u>\$ 54,227</u>	<u>\$ 54,227</u>	<u>\$ 146</u>
<u>State Court</u>				
<b><u>Assets:</u></b>				
Cash	\$ 172,417	\$ 5,066,721	\$ 5,091,846	\$ 147,292
Total assets	<u>\$ 172,417</u>	<u>\$ 5,066,721</u>	<u>\$ 5,091,846</u>	<u>\$ 147,292</u>
<b><u>Liabilities:</u></b>				
Other	\$ 172,417	\$ 5,066,721	\$ 5,091,846	\$ 147,292
Total liabilities	<u>\$ 172,417</u>	<u>\$ 5,066,721</u>	<u>\$ 5,091,846</u>	<u>\$ 147,292</u>

**HOUSTON COUNTY, GEORGIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Probate Court</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b><u>Assets:</u></b>				
Cash	\$ 205,959	\$ 736,564	\$ 771,798	\$ 170,725
Total assets	<u>\$ 205,959</u>	<u>\$ 736,564</u>	<u>\$ 771,798</u>	<u>\$ 170,725</u>
<b><u>Liabilities:</u></b>				
Funds held in escrow	\$ 2,323	\$ 15,743	\$ 16,308	\$ 1,758
Other	203,636	720,821	755,490	168,967
Total liabilities	<u>\$ 205,959</u>	<u>\$ 736,564</u>	<u>\$ 771,798</u>	<u>\$ 170,725</u>
<u>Magistrate Court</u>				
<b><u>Assets:</u></b>				
Cash	\$ 217	\$ 1,642,339	\$ 1,642,344	\$ 212
Total assets	<u>\$ 217</u>	<u>\$ 1,642,339</u>	<u>\$ 1,642,344</u>	<u>\$ 212</u>
<b><u>Liabilities:</u></b>				
Other	\$ 217	\$ 1,642,339	\$ 1,642,344	\$ 212
Total liabilities	<u>\$ 217</u>	<u>\$ 1,642,339</u>	<u>\$ 1,642,344</u>	<u>\$ 212</u>
<u>Juvenile Court</u>				
<b><u>Assets:</u></b>				
Cash	\$ 6,012	\$ 45,189	\$ 46,062	\$ 5,139
Total assets	<u>\$ 6,012</u>	<u>\$ 45,189</u>	<u>\$ 46,062</u>	<u>\$ 5,139</u>
<b><u>Liabilities:</u></b>				
Restitution payable & other	\$ 6,012	\$ 45,189	\$ 46,062	\$ 5,139
Total liabilities	<u>\$ 6,012</u>	<u>\$ 45,189</u>	<u>\$ 46,062</u>	<u>\$ 5,139</u>

**HOUSTON COUNTY, GEORGIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>Total - All Agency Funds</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b><u>Assets:</u></b>				
Cash	\$ 5,097,257	\$ 131,073,388	\$ 132,154,794	\$ 4,015,851
Total assets	<u>\$ 5,097,257</u>	<u>\$ 131,073,388</u>	<u>\$ 132,154,794</u>	<u>\$ 4,015,851</u>
<b><u>Liabilities:</u></b>				
Due to other taxing units	\$ 1,153,111	\$ 100,670,987	\$ 100,838,444	\$ 985,654
Due to State	997,948	15,800,278	15,752,411	1,045,815
Funds held in escrow	73,844	829,204	819,314	83,734
Other	<u>2,872,354</u>	<u>13,772,919</u>	<u>14,744,625</u>	<u>1,900,648</u>
Total liabilities	<u>\$ 5,097,257</u>	<u>\$ 131,073,388</u>	<u>\$ 132,154,794</u>	<u>\$ 4,015,851</u>

## **SPECIAL REPORTS SECTION**

**BUTLER, WILLIAMS & WYCHE, LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
915 HILL PARK  
MACON, GA 31201**

December 18, 2015

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

**To the Board of County Commissioners  
of Houston County  
Warner Robins, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Georgia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Houston County, Georgia's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of Houston County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted certain other matters that we reported to the management of the County in a separate letter dated December 18, 2015.

**Purpose of this Report**

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

*Butler, Williams & Stycher, LLP*

Macon, GA

**HOUSTON COUNTY, GEORGIA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

**None reported**

**HOUSTON COUNTY, GEORGIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

**None reported**

**HOUSTON COUNTY, GEORGIA  
SCHEDULE OF PROJECTS UNDERTAKEN  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Project	(a)		Expenditures				
	Previously Reported Original Estimated Cost	Original Estimated Cost	A	B	C	B + C	A + B
			Prior Years	Current Year	From Other Revenue Sources	Total Current Expenditures	Total Expenditures From SPLOST
<b>2001 Referendum:</b>							
Roads, Streets, and Bridges	\$ 69,285,000	\$ 55,821,250	\$ 16,980,746	\$ 325,478	\$ -	\$ 325,478	\$ 17,306,224
City of Centerville	-	-	9,077,337	74,819	-	74,819	9,152,156
City of Perry	-	1,350,000	3,853,367	609,751	-	609,751	4,463,118
City of Warner Robins	-	12,113,750	24,985,237	2,551,401	-	2,551,401	27,536,638
Department of Transportation	-	-	167,326	70,364	-	70,364	237,690
Public Safety Radio Facilities and Equipment	12,500,000	12,500,000	12,500,000	-	-	-	12,500,000
City of Centerville	-	2,035,000	2,035,000	-	-	-	2,035,000
City of Perry	-	1,180,000	2,530,000	-	-	-	2,530,000
	<u>\$ 81,785,000</u>	<u>\$ 85,000,000</u>	<u>\$ 72,129,013</u>	<u>\$ 3,631,813</u>	<u>\$ -</u>	<u>\$ 3,631,813</u>	<u>\$ 75,760,826</u>
<b>2006 Referendum:</b>							
Roads, Streets, and Bridges	\$ 100,675,000	\$ 93,160,000	\$ 25,350,822	\$ 722,734	\$ -	\$ 722,734	\$ 26,073,556
City of Centerville	-	500,000	2,878,243	885,654	-	885,654	3,763,897
City of Perry	-	1,500,000	2,778,680	-	-	-	2,778,680
City of Warner Robins	-	5,515,000	5,922,853	210,407	-	210,407	6,133,260
Department of Transportation	-	-	21,883,270	3,482,046	-	3,482,046	25,365,316
Library Improvements	-	5,225,000	5,110,335	2,050,074	-	2,050,074	7,160,409
Jail Pod Addition	-	4,000,000	8,314,688	-	-	-	8,314,688
Water System Improvements	-	3,000,000	3,186,592	-	-	-	3,186,592
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,000,000	1,468,849	-	-	-	1,468,849
City of Perry	-	4,000,000	5,385,795	-	-	-	5,385,795
City of Warner Robins	-	10,000,000	15,192,866	-	-	-	15,192,866
	<u>\$ 100,675,000</u>	<u>\$ 130,000,000</u>	<u>\$ 99,572,993</u>	<u>\$ 7,350,915</u>	<u>\$ -</u>	<u>\$ 7,350,915</u>	<u>\$ 106,923,908</u>
<b>2012 Referendum:</b>							
Roads, Streets, and Bridges	\$ -	\$ 25,332,000	\$ -	\$ -	\$ -	\$ -	\$ -
City of Centerville	-	-	-	-	-	-	-
City of Perry	-	-	-	-	-	-	-
City of Warner Robins	-	-	-	417,038	-	417,038	417,038
Department of Transportation	-	-	-	38,107	-	38,107	38,107
Public Safety Facilities & Equipment	-	9,000,000	388,165	78,133	-	78,133	466,298
Water & Storm Water Systems Improvement	-	6,550,000	66,192	86,966	-	86,966	153,158
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	3,500,000	961,051	-	961,051	4,461,051
Land Acquisition & Infrastructure - Improvements	-	19,000,000	9,743,384	7,727,175	-	7,727,175	17,470,559
Unincorporated County Projects							
Roads, Streets, & Bridges	-	5,300,000	51,382	869,813	-	869,813	921,195
Public Safety Facilities & Equipment	-	13,665,000	892,446	681,232	-	681,232	1,573,678
General Capital Obligations	-	9,482,000	586,807	361,026	-	361,026	947,833
Airport Facility Improvements	-	400,000	-	266,987	-	266,987	266,987
City of Centerville	-	5,050,000	1,209,699	715,197	-	715,197	1,924,896
City of Perry	-	9,800,000	2,345,183	1,386,516	-	1,386,516	3,731,699
City of Warner Robins	-	44,421,000	10,634,959	6,287,588	-	6,287,588	16,922,547
	<u>\$ -</u>	<u>\$ 155,000,000</u>	<u>\$ 29,418,217</u>	<u>\$ 19,876,829</u>	<u>\$ -</u>	<u>\$ 19,876,829</u>	<u>\$ 49,295,046</u>
Total SPLOST referendums	<u>\$ 182,460,000</u>	<u>\$ 370,000,000</u>	<u>\$ 201,120,223</u>	<u>\$ 30,859,557</u>	<u>\$ -</u>	<u>\$ 30,859,557</u>	<u>\$ 231,979,780</u>

(a) The amounts reported in previous years were for Countywide Projects administered by Houston County for road, street, bridge & sidewalk projects. The intergovernmental portion of road, street, bridge and sidewalk projects were included with the Countywide Projects, but none of the other projects were included on this schedule previously. This schedule has been revised to include all projects per the 2001 and 2006 Referendums.

Houston County, Georgia  
 Certification of 9-1-1 Expenditures

For the Year Ended  
 June 30, 2015

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):  <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund		
2	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	Southern Linc		\$ \$ 549.45
	Sprint		\$ \$ 17,884.05
	AT&T		\$ \$ 82,985.40
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	\$ _____
3b	Purchase costs	46-5-134(d)(1)(A)	\$ \$ 53,237.44
3c	Maintenance costs	46-5-134(f)(1)(A)	\$ _____
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	\$ \$ 168,912.02
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	\$ \$ 1,814,767.93
5b	Employee benefits	46-5-134(f)(1)(C)	\$ \$ 996,704.77
6	Cost of training of employees who work as dispatchers or directors	46-5-134(d)(1)(D)	\$ \$ 17,106.33
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	\$ \$ 38,088.20
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	\$ _____
8b	Purchase costs	46-5-134(d)(1)(F)	\$ _____
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	\$ _____
9b	Purchase costs	46-5-134(d)(1)(G)	\$ \$ 7,250.00
9c	Maintenance costs	46-5-134(d)(1)(G)	\$ \$ 460,774.97

Houston County, Georgia  
 Certification of 9-1-1 Expenditures

For the Year Ended  
 June 30, 2015

Line No.		O.C.G.A. Reference:	\$	\$	
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	\$	\$	400.00
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:				
11a	Lease costs	46-5-134(f)(1)(I)	\$		_____
11b	Purchase costs	46-5-134(f)(1)(I)	\$		_____
11c	Maintenance costs	46-5-134(f)(1)(I)	\$		_____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$	\$	36,500.00
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center				
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$		_____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$		_____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$		_____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$	\$	142,027.00
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations				
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$	\$	2,400.00
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$		_____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$		_____
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems				
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$		_____
16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$		_____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$		_____
17	Other expenditures not included in Lines 2 through 16 above.				

Houston County, Georgia  
 Certification of 9-1-1 Expenditures

For the Year Ended  
 June 30, 2015

Line  
 No.

O.C.G.A.  
 Reference:

Identify by object and purpose.

Utilities	\$ \$ 52,137.63
Gasoline	\$ \$ 4,143.31
Food	\$ \$ 539.35
Waste Disposal	\$ \$ 1,745.88
	\$ _____
	\$ _____
	\$ _____
	\$ _____
18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	\$ \$ <u>3,898,153.73</u>

**Certification of Local Government Officials**

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

Signature of Chief Elected Official Tommy Stalaker Date 12-18-15

Print Name of Chief Elected Official Tommy Stalaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalaker Date 12-18-15

Print Name of Chief Financial Officer Sandra K. Stalaker