HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

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FINANCIAL SECTION

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

December 17, 2010

INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregated 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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Houston County Department of Public Health, which statements reflect total assets of $2,807,656 as of June 30, 2010 and total revenues of $12,528,695 for the year ended June 30, 2010, nor did we audit the financial statements of the Houston County Public Library, which statements reflect total assets of $2,981,381 as of June 30, 2010, and total revenues of $4,052,130 for the year ended June 30, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Houston County Department of Public Health and the Houston County Public Library in the component unit columns, is based on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Georgia, as of June 30, 2010, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note IV-I to the financial statements, certain errors resulted in the County's restatement of beginning net assets.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 3 through 13 and 53 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the 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, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

In the conduct of our audit, we verified and tested expenditures of the projects of Houston County, Georgia, which were identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. The accompanying schedule of projects undertaken with special sales tax proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Butler, Williams & Hyche, LLP

Macon, Georgia

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, 2010. 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 Assets*. This is the government-wide statement which presents information on all the County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Net assets are reported in three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted.

The second government-wide statement is the *Statement of Activities*, which reports how the County's net assets 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.

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, proprietary and fiduciary.

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.

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 assets; a statement of revenues, expenses, and changes in fund net assets; 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. Individual fund data for the internal service funds is provided in the form of combining statements on page 64 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 governmental-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 net assets is presented for the County's agency funds.

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.

Financial Highlights

HOUSTON COUNTY'S NET ASSETS
FISCAL YEARS 2009 AND 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Assets:						
Current assets	$ 73,320,926	$ 76,084,800	$ 25,440,159	$ 26,005,309	$ 98,761,085	$ 102,090,109
Net pension asset	3,507,854	3,181,366	-	-	3,507,854	3,181,366
Capital assets	217,883,170	232,372,962	41,901,645	43,298,914	259,784,815	275,671,876
Total assets	294,711,950	311,639,128	67,341,804	69,304,223	362,053,754	380,943,351
Liabilities:						
Current liabilities	5,350,315	4,638,211	1,484,482	1,242,920	6,834,797	5,881,131
Long-term liabilities	3,278,625	3,422,333	5,401,548	5,835,391	8,680,173	9,257,724
Total liabilities	8,628,940	8,060,544	6,886,030	7,078,311	15,514,970	15,138,855
Net assets:						
Invested in capital assets, net of debt	215,692,669	230,838,932	41,901,645	43,298,914	257,594,314	274,137,846
Restricted	1,502,537	1,823,832	9,878,077	10,502,800	11,380,614	12,326,632
Unrestricted	68,887,804	70,915,820	8,676,052	8,424,198	77,563,856	79,340,018
Total net assets, as restated	$ 286,083,010	$ 303,578,584	$ 60,455,774	$ 62,225,912	$ 346,538,784	$ 365,804,496

- Houston County's total assets exceeded total liabilities by $365.8 million (net assets). Total net assets for governmental activities were $303.6 million; total net assets for business-type activities were $62.2 million. *Due to a prior period adjustment for the net pension asset in the governmental activities listed above, total assets for fiscal year 2009 should have been $294.7 million, not $291.2 million as originally reported. In addition, total net assets for fiscal year 2009 should have been $286.1 million, not $282.6 million as originally reported. This adjustment is also reflected in the schedule for the change in net assets on the following page.*

- Total net assets are comprised of the following:
    1. Capital assets, net of related debt, of $274 million include property and equipment, net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets.
    2. Net assets of $12 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
    3. Unrestricted net assets of $79 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.

- As a whole, the County's financial position improved during fiscal year 2010. Total net assets increased by $19.3 million, $17.5 million from governmental activities and $1.8 million from business-type activities. Capital spending funded by Special Purpose Local Option Sales Tax (SPLOST) accounts for most of the un-restated growth in governmental activities. Governmental net assets increased 6.1% in fiscal year 2010. Net assets in the business-type activities remained relatively constant, posting a 2.9% increase. *Last fiscal year, total net assets in the business-type funds were under reported by $880,330 due to a duplicate depreciation entry in the water fund. Total net assets for 2009 should have been $60.4 million, not $59.5 as originally reported.*

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HOUSTON COUNTY'S CHANGES IN NET ASSETS
FISCAL YEARS 2009 AND 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program revenues:						
Charges for services	$ 14,042,473	$ 14,477,139	$ 12,501,020	$ 12,818,537	$ 26,543,493	$ 27,295,676
Operating grants	674,469	1,196,768	-	-	674,469	1,196,768
Capital grants	134,341	1,443,973	452,678	49,207	587,019	1,493,180
General:						
Taxes	50,315,903	60,061,369	1,703,467	1,214,902	52,019,370	61,276,271
Other	1,864,318	1,157,444	464,981	161,743	2,329,299	1,319,187
Total revenues	$ 67,031,504	$ 78,336,693	$ 15,122,146	$ 14,244,389	$ 82,153,650	$ 92,581,082
Expenses:						
General government	$ 9,537,809	$ 13,367,668	$ -	$ -	$ 9,537,809	$ 13,367,668
Judicial	8,831,600	8,857,991	-	-	8,831,600	8,857,991
Public safety	28,323,117	28,515,733	-	-	28,323,117	28,515,733
Highways & streets	6,972,697	7,577,308	-	-	6,972,697	7,577,308
Health & welfare	893,986	811,180	-	-	893,986	811,180
Housing & development	963,522	962,288	-	-	963,522	962,288
Culture/recreation	899,597	1,140,468	-	-	899,597	1,140,468
Interest on long-term debt	150,163	112,343	-	-	150,163	112,343
Water	-	-	5,043,994	5,204,304	5,043,994	5,204,304
Landfill	-	-	6,181,269	6,766,087	6,181,269	6,766,087
Total expenses	$ 56,572,491	$ 61,344,979	$ 11,225,263	$ 11,970,391	$ 67,797,754	$ 73,315,370
Excess (deficiency)	10,459,013	16,991,714	3,896,883	2,273,998	14,355,896	19,265,712
Transfers	988,367	-	(988,367)	-	-	-
Indirect cost allocation	512,311	503,860	(512,311)	(503,860)	-	-
Change in net assets	$ 11,959,691	$ 17,495,574	$ 2,396,205	$ 1,770,138	$ 14,355,896	$ 19,265,712
Beginning net assets, as restated	$ 274,123,319	$ 286,083,010	$ 58,059,569	$ 60,455,774	$ 332,182,888	$ 346,538,784
Ending net assets	$ 286,083,010	$ 303,578,584	$ 60,455,774	$ 62,225,912	$ 346,538,784	$ 365,804,496

- For fiscal year 2010, Houston County's governmental funds reported combined fund balances totaling $69.4 million, an increase of $3.5 million when compared to fiscal year 2009. The increase in fund balances is primarily attributed to a $2 million increase in the general fund's total fund balance which increased to $11.7 million. Of this amount, only $8.6 million is undesignated and available for spending. In fiscal year 2010, $53 million (76.4 percent) of the combined governmental fund balance is reserved for SPLOST capital projects. $4.6 million (6.7 percent) is reported in special revenue funds.

- The General Fund unreserved undesignated fund balance at year-end increased from $7.2 million to $8.6 million or 17.6% of expenditures and transfers for the period.

- Governmental activities in fiscal year 2010 added $17.5 million to net assets, while business-type activities added $1.8 million. In total, net assets increased by $19.3 million during the year to $365.8 million. Revenues for governmental activities increased $11.3 million or 16.9% to $78.3 million. This increase is primarily due to a $9.7 million addition in tax revenue. For example, the County's portion of sales tax revenue rose $2 million from $15.7 to $17.7 million. Property tax revenue increased $4.1 million to $36.2 million during the year. A one mill increase in the 2009 millage to 10.45 mills explains this growth in property tax revenue. Expenditures for governmental activities grew 8.4%, primarily in general government functions. Revenues for business-type activities continued to fall, with a 5.8% decrease to $14.2 million, reflecting the current economic recession. While charges for services were up slightly for the year, the decline in capital grants and insurance premium taxes more than offset the marginal increase in business-type activities operating revenues. Business-type expenses increased 6.6% to $12 million, primarily because of spending in contract services.

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 2010, total assets rose from $12.6 million to $14.2 million, primarily because of a $1.7 million increase in investments. Total liabilities fell from $2.9 million to $2.4 million. The General Fund reported a $2 million increase in fund balance. Fund balance at year's end was $11.7 million. Of this year-end total, 2.4 million was designated for buildings and equipment. Also, $500,000 was reserved for a commitment to the Central Georgia Joint Development Authority and $127,354 was reserved for inventories. The remaining unreserved undesignated fund balance of $8.6 million represents 17.6% of expenditures and transfers for the year. In assessing the County's financial health, the unreserved undesignated fund balance represents a two and a half month operating reserve.

Total revenues and other sources for fiscal year 2010 of $51.3 million exceeded total expenditures and other uses of $49.3 million. As a whole, County revenue collections were $1.2 million less than originally estimated. Property tax revenue, charges for services, fines and forfeitures and investment income were all under budget estimates primarily because of the worsening economy and declining interest rates.

Expenditures for most functional areas were $2 million less than budget due to vacancies in positions, staff turnover and savings managed by departments within their operating budgets. There were two areas where costs were somewhat higher than originally projected. First, in public works, the highways and streets - state's budget was increased $738,692 to reflect DOT resurfacing grants awarded during the year. The storm drainage budget was increased $690,929 in part due to a FEMA Public Assistance Disaster Grant associated with a declared presidential flood disaster in Middle Georgia. Second, judicial expenses in State Court, Juvenile Court and the Public Defender's Office also increased. The expansion of the State Court Judge Pro Tem responsibilities caused the State Court budget to rise 9.3% to $480,323. An increase in the number of Court appointed counsel cases in Juvenile Court resulted in a 6.3% increase in its original budget from $587,840 to $624,705. Lastly, the County began contracting with two attorneys to handle criminal indigent defense conflict cases. This new program will save the County money in the long run, but initially caused the Public Defender's budget to increase $85,000 to $1,775,658. Most other departmental expenditures were consistent with fiscal year 2009.

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, and by transfers from Houston County's General Fund and Fire Protection Fund. At the end of fiscal year 2010, total assets declined slightly to $1.3 million, and total liabilities fell to $30,283. Fund balance declined by $51,902 during the year from $1,299,581 to $1,247,679. The ending fund balance represents 34.4% of the expenditures for the year. Management decided to utilize a portion of the fund balance this fiscal year, rather than increase City contributions and County transfers into the fund. Given the healthy size of the fund balance, the same practice will be utilized in fiscal year 2011.

Total E911 revenues and other sources for fiscal year 2010 of $3.6 million equaled total expenditures and other uses of the same amount. Overall, E911 revenues remained flat when compared to fiscal year 2009. Most of the revenue came from 911 fees totaling $2.4 million. Intergovernmental contributions and miscellaneous lease payments were consistent with fiscal year 2009 numbers. Total E911 expenditures for fiscal year 2010 also remained flat at $3.6 million, 95.7% 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 2010, total assets increased 22.4% to $1,850,403. Total liabilities increased to $26,571 due to an increase in accounts payable. The increase in assets is primarily due to the investment of idle cash. Fund balance increased $321,295 to $1.8 million. The fund balance is earmarked only for fire protection uses and currently represents 120% of the expenditures and transfers for the year. The Commissioners may designate some of this fund balance for capital expenditures in fiscal year 2011.

At $1.8 million, total fire revenues were comparable to fiscal year 2009 revenues. The fire tax levy for 2009 remained at 1.18 mills, and fire tax revenues remained at $1.8 million. Investment income fell from $9,539 to $3,198 in fiscal year 2010. Expenditures and transfers were consistent with last year's and totaled $1.5 million or $82.6% of the final amended budget. The County deferred $140,000 in budgeted capital expenditures and $104,820 in personnel services during the year.

SPLOST Capital Projects – Houston County has two 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. At the end of fiscal year 2010, total assets in the SPLOST fund were $54.8 million, and total liabilities were $1.7 million. The ending fund balance increased $1.1 million from $51.9 million to $53 million as spending on the capital projects funded by these taxes lagged slightly behind collections. The County has completed most of the projects funded by the 2001 SPLOST taxes, but many of the 2006 SPLOST projects are still in the planning or construction phase.

At $21.4 million, total sales tax revenues in fiscal year 2010 increased 10.3% over last year's collections. The receipt of this money coupled with $1.1 million in municipal sales tax previously allocated to Centerville as a local match and state library grant reimbursements, offset a significant decline in investment income. Investment income declined from $668,522 to $134,306, as interest rates continued their fall through the year. Total SPLOST expenditures and transfers for fiscal year 2010 were higher than last year, at $21.5 million compared to $18.4 million. Of the $21.5 million expended, $9.8 million was allocated to highway and street projects, $5.8 million to expand the detention center, 3.7 million was directed to the cities of Centerville, Perry and Warner Robins, $1.7 million to build the new Centerville library branch and $141,572 was transferred to the general fund for improvements to Houston Lake Road.

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 2010 increased to $31.9 million while total liabilities fell to $0.7 million. Net assets increased 3.2% to 31.2 million. Total revenues fell slightly to $6.5 million, reflecting a $400,000 decline in intergovernmental grant revenue. Water sales and service charges were comparable to last year. Total expenditures and transfers fell from $5.8 million to $5.5 million, primarily because this year there was no need to transfer out of $450,000 to finance construction of the public works building. Overall, net operating income increased from $0.3 million to $0.9 million. In fiscal year 2010, the County completed three contracts for waterline improvements along Highway 247 south to the Landfill, State Route 96 and State Route 127.

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 $38.2 million and total liabilities were $7.2 million, as compared to $36.6 million and $6.4 million, respectively in fiscal year 2009. Net assets increased during the fiscal year from $30.2 million to $31 million primarily because of increases in long-term capital assets. Operating revenues (disposal fees) remained stable at $6.4 million. Operating expenses in fiscal year 2010 increased from $6.4 million to $7 million primarily because of increases in depreciation and contracted services. This resulted in a negative operating income of $537,107 dollars. This County contracted with Flint Energies to develop its Landfill Gas to Energy Program which will use methane gas to produce 27 million kilowatts of "green power". This project is primarily responsible for the increase in contracted services in fiscal year 2010.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2010, investments in capital assets for both governmental and business-type activities by the County increased from $258.9 million to $275.7 million (net of accumulated depreciation). This amount represents a net increase of $16.8 million, or 6.5% over last year. Governmental activities capital investment amounts increased 6.7% to $232.4 million while business-type activities capital assets increased 5.6% to $43.3 million.

Houston County's $275.7 million investment in capital assets includes land, buildings, machinery, equipment, infrastructure and utility systems. Capital assets added in fiscal year 2010 to governmental activities primarily included $9.8 million in road improvement projects funded under the 2001 and 2006 SPLOST program. Building improvements included $5.8 million for the expansion of the Detention Center and $1.7 million for the Centerville Library. Approximately $1.4 million in machinery and equipment was also added to governmental assets. Capital assets added to the business-type activities included the purchase of 200 acres of landfill property at $1.5 million, $2.3 million in plant and building improvements at the landfill and enhancement of the water system and $627,856 in acquired machinery and equipment.

At the end of fiscal year 2010, the depreciable capital assets for governmental activities were 22% depreciated, compared to 21% in fiscal year 2009. 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, 43% of the asset values were depreciated for fiscal year 2010 and fiscal year 2009. Additional information about capital assets is included in the Notes to the Financial Statements on pages 40 to 42 of this report.

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HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2009 AND 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Non-depreciable assets:						
Land	$ 1,549,826	$ 1,599,326	$ 4,039,545	$ 5,540,051	$ 5,589,371	$ 7,139,377
Construction in progress	48,436,243	58,470,683	3,118,033	2,054,449	51,554,276	60,525,132
Total non-depreciable	$ 49,986,069	$ 60,070,009	$ 7,157,578	$ 7,594,500	$ 57,143,647	$ 67,664,509
Depreciable assets:						
Land (landfill)	$ -	$ -	$ 884,459	$ 884,459	$ 884,459	$ 884,459
Construction	71,421,670	79,711,812	-	-	71,421,670	79,711,812
Buildings	-	-	50,722,152	53,072,060	50,722,152	53,072,060
Improvements	868,520	868,520	-	-	868,520	868,520
Machinery and equipment	27,642,903	28,611,082	7,837,771	8,413,643	35,480,674	37,024,725
Infrastructure	111,456,357	111,710,863	-	-	111,456,357	111,710,863
Total depreciable assets	$ 211,389,450	$ 220,902,277	$ 59,444,382	$ 62,370,162	$ 270,833,832	$ 283,272,439
Less accumulated depreciation	43,492,349	48,599,324	25,580,645	26,665,748	69,072,994	75,265,072
Percentage depreciated	21%	22%	43%	43%	26%	27%
Book value	$ 217,883,170	$ 232,372,962	$ 41,021,315	$ 43,298,914	$ 258,904,485	$ 275,671,876

Debt Management – Houston County has no general obligation debt in either the governmental or business-type activities. In the County's governmental activities, there are long-term notes payable of $1.5 million, compensated absences of $1.7 million and Other Post Employment Benefits (OPEB) of $1.5 million. The long term notes are capital leases on two buildings - the Department of Family and Children Services and the Phoenix Center. These leases will be paid off in 2013. The Commissioners have set aside $606,374 to pay the County's OPEB obligation. However, because the County declined to set a trust fund for these expenses, the OPEB obligation is still listed as a liability. Business-type activities include $5.7 million in closure and post closure care of the landfill and $199,396 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 43 to 45 of this report.

HOUSTON COUNTY'S OUTSTANDING DEBT
FISCAL YEARS 2009 AND 2010

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Capital Leases	$ 2,190,501	$ 1,534,030	$ -	$ -	$ 2,190,501	$ 1,534,030
Net OPEB Obligation	619,615	1,457,038	-	-	619,615	1,457,038
Landfill closure and post closure care	-	-	5,282,833	5,705,784	5,282,833	5,705,784
Compensated absences	1,721,809	1,673,949	182,638	199,396	1,904,447	1,873,345
Total	$ 4,531,925	$ 4,665,017	$ 5,465,471	$ 5,905,180	$ 9,997,396	$ 10,570,197

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 Steve Engle or Comptroller Sandi Stalnaker, 200 Carl Vinson Parkway, Warner Robins, Georgia 31088.

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BASIC FINANCIAL STATEMENTS

HOUSTON COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Governmen	
	Governmental Activities	**Business-type Activities**
ASSETS		
Cash and cash equivalents	$ 3,945,614	$ 7,536,466
Investments	68,631,217	12,561,390
Accounts receivable (net)	535,943	1,145,527
Taxes receivable (net)	233,262	-
Other receivable	-	-
Notes receivable, current	-	-
Internal balances	764,218	(764,218)
Due from other governments	1,847,192	-
Inventories and prepaid items	127,354	91,411
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	-	58,616
Investments	-	5,324,301
Accrued interest receivable	-	51,816
Notes receivable, noncurrent	-	-
Net pension asset	3,181,366	-
Capital assets not subject to depreciation	60,070,009	7,594,500
Capital assets (net of accumulated depreciation)	172,302,953	35,704,414
Total assets	311,639,128	69,304,223
LIABILITIES		
Accounts payable	2,556,365	650,339
Accrued wages payable	219,464	19,456
Accrued compensated absences	585,882	69,789
Due to other governments	619,698	139,921
Capital leases payable	656,802	-
Liabilities payable from restricted assets:		
Accrued bond interest and call premiums	-	4,998
Customer deposits	-	358,417
Noncurrent liabilities:		
Net other postemployment benefits	1,457,038	-
Capital leases payable	877,228	-
Notes payable	-	-
Accrued compensated absences	1,088,067	129,607
Accrued closure and post-closure care costs	-	5,705,784
Total liabilities	8,060,544	7,078,311
NET ASSETS		
Invested in capital assets (net of related debt)	230,838,932	43,298,914
Restricted for fee income	-	-
Restricted for fire protection	1,823,832	-
Restricted for renewal and extension	-	5,012,747
Restricted for waste collections	-	5,490,053
Restricted for permanent fund	-	-
Unrestricted	70,915,820	8,424,198
Total net assets	$ 303,578,584	$ 62,225,912

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

t		Component Units		
	Total	Development Authority	Health Department	Public Library
$	11,482,080	$ 955,794	$ 1,526,946	$ 564,300
	81,192,607	18,616,407	-	41,429
	1,681,470	-	997,147	-
	233,262	-	-	-
	-	-	-	1,864
	-	100,000	-	-
	-	-	-	-
	1,847,192	-	-	690,846
	218,765	-	-	5,763
	58,616	-	-	-
	5,324,301	-	-	-
	51,816	-	-	-
	-	400,000	-	-
	3,181,366	-	-	-
	67,664,509	-	-	316,200
	208,007,367	-	283,563	1,360,979
	380,943,351	20,072,201	2,807,656	2,981,381
	3,206,704	500,000	1,183,918	722,749
	238,920	-	-	-
	655,671	6,080	21,273	18,818
	759,619	-	-	-
	656,802	-	-	-
	4,998	-	-	-
	358,417	-	-	-
	1,457,038	-	-	-
	877,228	-	-	-
	-	10,732,084	-	-
	1,217,674	12,162	456,872	-
	5,705,784	-	-	-
	15,138,855	11,250,326	1,662,063	741,567
	274,137,846	-	283,563	1,677,179
	-	-	593,310	-
	1,823,832	-	-	-
	5,012,747	-	-	-
	5,490,053	-	-	-
	-	-	-	26,839
	79,340,018	8,821,875	268,720	535,796
$	365,804,496	$ 8,821,875	$ 1,145,593	$ 2,239,814

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	$ 13,367,668	$ (5,029,450)	$ 6,415,742	$ 81,357	$ -
Judicial	8,857,991	1,089,907	3,571,835	345,769	-
Public safety	28,515,733	2,226,122	4,203,291	440,009	-
Highways and streets	7,577,308	551,375	7,359	329,633	475,442
Health and welfare	811,180	375,909	80,040	-	-
Housing and development	962,288	100,871	198,872	-	-
Culture and recreation	1,140,468	181,406	-	-	968,531
Interest on long-term debt	112,343	-	-	-	-
Total governmental activities	61,344,979	(503,860)	14,477,139	1,196,768	1,443,973
Business-type activities:					
Water	5,204,304	307,018	6,392,715	-	49,207
Landfill	6,766,087	196,842	6,425,822	-	-
Total business-type activities	11,970,391	503,860	12,818,537	-	49,207
Total primary government	$ 73,315,370	$ -	$ 27,295,676	$ 1,196,768	$ 1,493,180
Component units:					
Development Authority	$ 1,578,181	$ -	$ 15,000	$ -	$ -
Health Department	12,013,999	-	1,236,751	11,284,618	-
Public Library	2,906,700	-	73,285	311,680	2,483,377
Total component units	$ 16,498,880	$ -	$ 1,325,036	$ 11,596,298	$ 2,483,377
General revenues:					
Property taxes					
Sales taxes					
Franchise tax					
Alcoholic beverage tax					
Insurance premium tax					
Gain (loss) on sale of assets					
Rent					
Intergovernmental					
Grants and contributions, not restricted for specific programs					
Other income					
Unrestricted investment earnings					
Total general revenues					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets - beginning, as restated					
Net assets - ending					

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Development Authority	Health Department	Public Library
$ (1,841,119)	$	$ (1,841,119)	$	$	$
(6,030,294)		(6,030,294)			
(26,098,555)		(26,098,555)			
(7,316,249)		(7,316,249)			
(1,107,049)		(1,107,049)			
(864,287)		(864,287)			
(353,343)		(353,343)			
(112,343)		(112,343)			
(43,723,239)		(43,723,239)			
-	930,600	930,600			
-	(537,107)	(537,107)			
-	393,493	393,493			
$ (43,723,239)	$ 393,493	$ (43,329,746)			
			(1,563,181)	-	-
			-	507,370	-
			-	-	(38,358)
			$ (1,563,181)	$ 507,370	$ (38,358)
$ 36,207,914	$ -	$ 36,207,914	$ -	$ -	$ -
21,365,849	-	21,365,849	-	-	306,000
462,826	-	462,826	-	-	-
218,835	-	218,835	-	-	-
1,805,945	1,214,902	3,020,847	-	-	-
35,361	38,962	74,323	-	-	5,391
852,659	-	852,659	21,189	-	-
-	-	-	250,000	-	814,200
-	-	-	-	-	45,891
6,256	-	6,256	331	-	9,358
263,168	122,781	385,949	36,830	7,326	2,948
61,218,813	1,376,645	62,595,458	308,350	7,326	1,183,788
-	-	-	-	-	-
61,218,813	1,376,645	62,595,458	308,350	7,326	1,183,788
17,495,574	1,770,138	19,265,712	(1,254,831)	514,696	1,145,430
286,083,010	60,455,774	346,538,784	10,076,706	630,897	1,094,384
$ 303,578,584	$ 62,225,912	$ 365,804,496	$ 8,821,875	$ 1,145,593	$ 2,239,814

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,711,395	$ -	$ 1,585,897	$ 3,297,292
Investments	11,100,658	52,476,859	1,504,105	65,081,622
Taxes receivable (net)	233,262	-	-	233,262
Accounts receivable (net)	137,447	-	398,496	535,943
Due from other funds	764,218	581,183	1,230,250	2,575,651
Due from other governments	97,970	1,743,985	5,237	1,847,192
Inventories	127,354	-	-	127,354
Total assets	$ 14,172,304	$ 54,802,027	$ 4,723,985	$ 73,698,316
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts and contracts payable	$ 425,457	$ 1,101,235	$ 58,017	$ 1,584,709
Accrued wages and payroll taxes payable	198,994	-	20,470	219,464
Due to other funds	1,811,433	-	-	1,811,433
Due to other governments	-	619,698	-	619,698
Total liabilities	2,435,884	1,720,933	78,487	4,235,304
Fund balances:				
Reserved for:				
Inventories	127,354	-	-	127,354
Commitment to the Central Georgia Joint Development Authority	500,000	-	-	500,000
Unreserved, reported in:				
General fund - designated for buildings	2,000,000	-	-	2,000,000
General fund - designated for equipment	450,568	-	-	450,568
General fund - undesignated	8,658,498	-	-	8,658,498
Special revenue funds	-	-	4,645,498	4,645,498
Capital project funds	-	53,081,094	-	53,081,094
Total fund balances	11,736,420	53,081,094	4,645,498	69,463,012
Total liabilities and fund balances	$ 14,172,304	$ 54,802,027	$ 4,723,985	$ 73,698,316

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 ASSETS
JUNE 30, 2010

Total fund balances for governmental funds.		$ 69,463,012
Total net assets for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		232,372,962
Net pension assets are not current financial resources and are not recognized at the fund financial reporting level but are reported on the government-wide statement of net assets.		3,181,366
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 Assets.		3,226,261
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 Assets.		(4,665,017)
Net other postemployment benefits (OPEB)	$ 1,457,038	
Long-term debt	1,534,030	
Compensated absences	1,673,949	
Total long-term liabilities	$ 4,665,017	
Total net assets of governmental activities.		$ 303,578,584

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, 2010

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 41,591,945	$ 21,365,849	$ 1,805,945	$ 64,763,739
Licenses and permits	339,159	-	-	339,159
Intergovernmental	1,429,290	1,146,488	420,359	2,996,137
Charges for services	4,468,990	-	2,566,732	7,035,722
Fines and forfeitures	2,380,416	-	230,601	2,611,017
Investment income	97,681	134,306	31,181	263,168
Miscellaneous	807,997	-	67,959	875,956
Total revenues	51,115,478	22,646,643	5,122,777	78,884,898
EXPENDITURES				
Current:				
General government	9,176,253	-	-	9,176,253
Judicial	8,014,357	-	81,153	8,095,510
Public safety	22,244,843	-	5,030,581	27,275,424
Highways and streets	6,213,621	-	-	6,213,621
Health and welfare	634,186	-	-	634,186
Culture and recreation	822,628	306,000	-	1,128,628
Housing and development	475,573	-	-	475,573
Economic development	464,335	-	-	464,335
Capital outlay:				
Public safety	-	5,832,805	122,423	5,955,228
Highways and streets	-	9,808,856	-	9,808,856
Libraries	-	1,711,607	-	1,711,607
Intergovernmental	-	3,700,396	-	3,700,396
Debt service:				
Principal retirement	656,471	-	-	656,471
Interest and fiscal charges	112,343	-	-	112,343
Total expenditures	48,814,610	21,359,664	5,234,157	75,408,431
Excess (deficiency) of revenues over (under) expenditures	2,300,868	1,286,979	(111,380)	3,476,467
OTHER FINANCING SOURCES (USES):				
Transfers in	166,771	-	696,174	862,945
Transfers out	(479,841)	(141,572)	(241,532)	(862,945)
Proceeds from sale of capital assets	35,361	-	-	35,361
Total other financing sources (uses)	(277,709)	(141,572)	454,642	35,361
Net change in fund balance	2,023,159	1,145,407	343,262	3,511,828
Fund balances at beginning of year	9,713,261	51,935,687	4,302,236	65,951,184
Fund balances at end of year	$ 11,736,420	$ 53,081,094	$ 4,645,498	$ 69,463,012

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, 2010

Net change in fund balance - total governmental funds		$ 3,511,828
Total change in net assets 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		19,963,223
Donated capital assets		41,357
Total depreciation		(5,464,721)
Governmental funds report proceeds from the disposal of capital assets but do not record the gain or loss from the disposal of capital assets. This is the amount of loss on the disposal of capital assets.		(50,065)
The change in pension assets are reported in the government-wide statement of activities but not in the governmental funds operating statement. In FY2010, the net pension asset declined; therefore, the change is recorded as an expense.		
Net pension asset @ 6/30/09	3,507,854	
Net pension asset @ 6/30/10	3,181,366	(326,488)
Repayment of loan or lease principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		656,471
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	(837,423)	
Compensated absences	47,860	(789,563)
An internal service fund is used by management to charge the costs of risk management to individual funds. The change in net assets of the risk management fund is reported with governmental activities.		(46,468)
Change in net assets of governmental activities		$ 17,495,574

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, 2010

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	$ 41,860,790	$ 42,200,790	$ 41,591,945	$ (608,845)
Licenses and permits	300,000	300,000	339,159	39,159
Intergovernmental	529,169	1,477,217	1,429,290	(47,927)
Charges for services	4,625,200	4,646,900	4,468,990	(177,910)
Fines and forfeitures	2,661,700	2,661,700	2,380,416	(281,284)
Investment income	250,000	250,000	97,681	(152,319)
Miscellaneous	837,857	837,857	807,997	(29,860)
Total revenues	51,064,716	52,374,464	51,115,478	(1,258,986)
EXPENDITURES				
Current:				
General government:				
County commissioners	771,654	775,954	744,418	(31,536)
Board of elections	393,599	393,599	357,592	(36,007)
Accounting	310,924	310,924	296,185	(14,739)
Purchasing	339,272	329,272	320,606	(8,666)
Legal services	84,353	84,353	80,176	(4,177)
Management of information systems	841,092	849,656	845,196	(4,460)
Human resources	328,764	328,764	320,839	(7,925)
Tax commissioner	1,389,734	1,374,734	1,287,986	(86,748)
Tax assessor	1,590,854	1,587,854	1,523,254	(64,600)
Board of equalization	12,683	13,383	13,323	(60)
Public buildings	2,782,438	2,782,438	2,629,438	(153,000)
Other general government	1,290,603	995,971	757,240	(238,731)
Total general government	10,135,970	9,826,902	9,176,253	(650,649)
Judicial:				
Judge of superior court	1,126,483	1,066,483	917,009	(149,474)
Clerk of superior court	1,013,118	1,013,118	988,745	(24,373)
District attorney	792,504	809,307	761,456	(47,851)
Domestic violence assistance	129,923	141,023	139,211	(1,812)
Judge of state court	439,323	480,323	461,405	(18,918)
Clerk of state court	353,901	366,101	344,568	(21,533)
Solicitor of state court	550,590	550,590	533,918	(16,672)
Magistrate court	950,727	954,727	950,144	(4,583)
Probate court	530,493	530,493	517,119	(13,374)
Juvenile court	587,840	624,705	615,227	(9,478)
Court services	12,000	12,000	6,100	(5,900)
Juvenile court enhancement	92,255	92,255	87,963	(4,292)
Public defender	1,690,658	1,775,658	1,691,492	(84,166)
Total judicial	8,269,815	8,416,783	8,014,357	(402,426)

(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, 2010

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	8,533,489	8,533,489	8,102,785	(430,704)
Juvenile involvement and control	1,000,261	1,000,261	961,416	(38,845)
Jail	12,244,717	12,444,717	11,510,710	(934,007)
Adult probation and parole	4,306	4,306	322	(3,984)
Coroner	105,588	108,088	107,459	(629)
Animal control	245,231	245,231	239,217	(6,014)
Emergency management agency	1,982,539	1,982,539	1,322,934	(659,605)
Total public safety	24,116,131	24,318,631	22,244,843	(2,073,788)
Public works:				
Administration	814,256	814,256	747,875	(66,381)
Highways and streets - county	4,097,626	4,097,626	3,780,585	(317,041)
Highways and streets - state	-	738,692	738,691	(1)
Storm drainage	224,213	915,142	916,735	1,593
Traffic engineering	49,500	49,500	29,735	(19,765)
Total public works	5,185,595	6,615,216	6,213,621	(401,595)
Health and welfare:				
Health and vital statistics	341,000	341,000	336,844	(4,156)
Mental health	66,000	66,000	66,000	-
Mosquito control	5,000	5,000	-	(5,000)
Drug abuse commission	221,200	221,200	214,047	(7,153)
DFACS	8,125	12,625	12,495	(130)
Welfare	4,000	4,800	4,800	-
Total health and welfare	645,325	650,625	634,186	(16,439)
Culture and recreation:				
Recreation	9,000	10,000	9,628	(372)
Library	813,000	813,000	813,000	-
Total culture and recreation	822,000	823,000	822,628	(372)
Housing and development:				
County agent	108,769	108,769	100,601	(8,168)
Georgia forestry commission	4,817	4,817	4,817	-
Building inspection	398,592	398,592	361,447	(37,145)
Planning and zoning	10,700	10,700	8,708	(1,992)
Total housing and development	522,878	522,878	475,573	(47,305)
Economic development:				
Economic development	285,750	285,750	284,406	(1,344)
21st Century partnership	58,179	58,179	58,179	-
Perry-Houston County airport	124,750	124,750	121,750	(3,000)
Total economic development	468,679	468,679	464,335	(4,344)

(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, 2010

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Debt service:				
Principal retirement	666,167	675,618	656,471	(19,147)
Interest and fiscal charges	126,065	116,614	112,343	(4,271)
Total debt service	792,232	792,232	768,814	(23,418)
Total expenditures	50,958,625	52,434,946	48,814,610	(3,620,336)
Excess (deficiency) of revenues over (under) expenditures	106,091	(60,482)	2,300,868	2,361,350
OTHER FINANCING SOURCES (USES):				
Transfers in	-	166,573	166,771	198
Transfers out	(2,479,841)	(2,479,841)	(479,841)	(2,000,000)
Proceeds from sale of capital assets	40,000	40,000	35,361	(4,639)
Total other financing sources (uses)	(2,439,841)	(2,273,268)	(277,709)	(2,004,441)
Net change in fund balance	(2,333,750)	(2,333,750)	2,023,159	356,909
Fund balance at beginning of year	9,713,261	9,713,261	9,713,261	-
Fund balance at end of year	$ 7,379,511	$ 7,379,511	$ 11,736,420	$ 356,909

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Water	Landfill	Total	Governmental Activities-Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,637,483	$ 5,898,983	$ 7,536,466	$ 648,322
Investments	-	12,561,390	12,561,390	3,549,595
Accounts receivable (net)	798,303	347,224	1,145,527	-
Due from other funds	8,540	-	8,540	-
Inventories	91,411	-	91,411	-
Total current assets	2,535,737	18,807,597	21,343,334	4,197,917
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,080	-	27,080	-
Renewal and extension account:				
Investments	4,992,849	-	4,992,849	-
Accrued interest receivable	19,898	31,918	51,816	-
Customer deposits:				
Cash	26,538	-	26,538	-
Investments	301,952	29,500	331,452	-
Total restricted assets	5,373,315	61,418	5,434,733	-
Capital assets not subject to depreciation	606,741	6,987,759	7,594,500	-
Capital assets (net of accumulated depreciation)	23,335,313	12,369,101	35,704,414	-
Total long-term assets	29,315,369	19,418,278	48,733,647	-
Total assets	$ 31,851,106	$ 38,225,875	$ 70,076,981	$ 4,197,917
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	$ 191,922	$ 458,417	$ 650,339	$ 971,656
Accrued wages and payroll taxes payable	11,602	7,854	19,456	-
Accrued compensated absences	42,705	27,084	69,789	-
Due to other funds	-	772,758	772,758	-
Due to other governments	-	139,921	139,921	-
Total current liabilities	246,229	1,406,034	1,652,263	971,656
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	328,917	29,500	358,417	-
Accrued compensated absences	79,308	50,299	129,607	-
Accrued closure / post-closure costs	-	5,705,784	5,705,784	-
Total liabilities	659,452	7,191,617	7,851,069	971,656
NET ASSETS				
Invested in capital assets	23,942,054	19,356,860	43,298,914	-
Restricted for renewal and extension	5,012,747	-	5,012,747	-
Restricted for waste collections	-	5,490,053	5,490,053	-
Unrestricted	2,236,853	6,187,345	8,424,198	3,226,261
Total net assets	31,191,654	31,034,258	62,225,912	3,226,261
Total liabilities and net assets	$ 31,851,106	$ 38,225,875	$ 70,076,981	$ 4,197,917

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Water	Landfill	Total	Internal Service Fund
Operating revenues:				
Metered sales	$ 5,873,648	$ -	$ 5,873,648	$ -
Collection and disposal fees	-	6,411,440	6,411,440	-
Service charges	472,613	14,382	486,995	-
Intergovernmental	49,207	-	49,207	-
Charges for services	46,454	-	46,454	8,465,208
Total operating revenues	6,441,922	6,425,822	12,867,744	8,465,208
Operating expenses:				
Personal services	2,181,700	1,419,751	3,601,451	-
Purchased / contracted services	897,919	3,844,554	4,742,473	8,520,268
Supplies	117,059	629,391	746,450	-
Materials	782,117	-	782,117	-
Heat, light and power	584,343	-	584,343	-
Depreciation	948,184	1,069,233	2,017,417	-
Total operating expenses	5,511,322	6,962,929	12,474,251	8,520,268
Operating income (loss)	930,600	(537,107)	393,493	(55,060)
Nonoperating revenues (expenses):				
Interest revenue	32,720	90,061	122,781	8,592
Insurance premium tax	-	1,214,902	1,214,902	-
Sale of capital assets	3,238	35,724	38,962	-
Total nonoperating revenues	35,958	1,340,687	1,376,645	8,592
Changes in net assets	966,558	803,580	1,770,138	(46,468)
Net assets - beginning, as restated	30,225,096	30,230,678	60,455,774	3,272,729
Net assets - ending	$ 31,191,654	$ 31,034,258	$ 62,225,912	$ 3,226,261

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 ENDED JUNE 30, 2010

	Water	Landfill	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	$ 6,489,191	$ 6,479,787	$ 12,968,978	$ -
Cash received from other funds for services provided	3,253	503,467	506,720	8,465,208
Cash payments to suppliers for goods and services	(2,309,841)	(4,355,876)	(6,665,717)	(8,488,581)
Cash payments to other funds for services provided	(370,589)	680,142	309,553	-
Cash payments to employees for services	(2,160,364)	(1,415,153)	(3,575,517)	-
Net cash provided by operating activities	1,651,650	1,892,367	3,544,017	(23,373)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(386,998)	(3,027,688)	(3,414,686)	-
Increase/(decrease) in escrow deposits	(11,649)	(4,000)	(15,649)	-
Proceeds from sales of capital assets	3,238	35,724	38,962	-
Insurance premium tax	-	1,214,902	1,214,902	-
Net cash flows (required for) capital and related financing activities	(395,409)	(1,781,062)	(2,176,471)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	2,459,611	2,459,611	240,202
Purchase of investments	(39,696)	(29,500)	(69,196)	-
Interest received on investments	49,899	58,143	108,042	8,592
Net cash provided by (required for) investing activities	10,203	2,488,254	2,498,457	248,794
Net increase (decrease) in cash and cash equivalents	1,266,444	2,599,559	3,866,003	225,421
Cash and cash equivalents at beginning of year	429,655	3,299,424	3,729,079	422,901
Cash and cash equivalents at end of year	$ 1,696,099	$ 5,898,983	$ 7,595,082	$ 648,322
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	$ 930,600	$ (537,107)	$ 393,493	$ (55,060)
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	948,184	1,069,233	2,017,417	-
(Increase) decrease in receivables	47,269	53,965	101,234	-
(Increase) decrease in inventories	7,670	-	7,670	-
Increase (decrease) in accounts payable	63,927	(309,379)	(245,452)	31,687
Increase (decrease) in other liabilities	21,336	427,549	448,885	-
(Increase) decrease in due from other funds	3,253	503,467	506,720	-
(Increase) decrease in due to other funds	(370,589)	680,142	309,553	-
(Increase) decrease in due to other governments	-	4,497	4,497	-
Net cash provided from operating activities	$ 1,651,650	$ 1,892,367	$ 3,544,017	$ (23,373)

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, 2010

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 2,571,805
Total assets	$ 2,571,805
LIABILITIES	
Due to other taxing units	$ 636,184
Due to retirement funds	16,904
Due to State	106,164
Funds held in escrow	690,572
Cash bonds	219,403
Other	902,578
Total liabilities	$ 2,571,805

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

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, 2010 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. The Authority is presented as a governmental fund type. 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.

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 Assets 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 Assets, 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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.

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, then unrestricted resources as they are 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.

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.

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 2009 was set on July 29, 2009.

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 assets, 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.

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:

	Estimated Useful Lives	
Asset Class	**Governmental Activities**	**Business-type Activities**
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. Other Post-employment Benefit Obligations

In fiscal year 2009, the County implemented GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*." This pronouncement requires the County to calculate and recognize a net other post-employment benefit obligation (OPEB) at June 30, 2010. The OPEB is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008. The County makes annual contributions based upon board decisions.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

9. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of retained earnings are limitations imposed by an outside third-party. Designations of fund balance represent tentative management plans that are subject to change.

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.

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).

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

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, 2010, 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, 2010, the County's reporting entity had the following investments:

Type of Investment	Investment Maturity			Weighted Average
	Fair Value	Less than 1 yr	Rating	Maturity (WAM)
Primary Government				
Certificate of Deposits	$ 20,163,738	$ 20,163,738		
Georgia Fund I	66,353,170	66,353,170	AAAm	46 day WAM
Total Primary Government	$ 86,516,908	$ 86,516,908		

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 AAAm rated money market funds. 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.

III. DETAILED NOTES ON ALL FUNDS

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.

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, 2010, all of the County's deposits were insured and collateralized.

The Office of Treasury and Fiscal Services is the oversight agency for Georgia Fund 1.

Development Authority - Component Unit.

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.

The cost of investments in real estate as of June 30, 2010 is as follows:

Investment		Cost
Perry speculative building	$	2,494,563
Advanced technology park		149,657
Houston County industrial park addition		14,432,540
Total	$	17,076,760

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, 2010, the carrying amount of the Health Department's cash accounts was $1,526,946 and the bank balances were $1,931,723. Of the bank balances, $1,024,837 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and $906,896 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, 2010, all deposits of the Library were fully collateralized in accordance with state statutes.

III. DETAILED NOTES ON ALL FUNDS

Credit Risk – Investments

As of June 30, 2010, the Library's only investments were certificates of deposit.

At June 30, 2010, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	December 17, 2010	$ 26,839
Certificate of deposit	November 17, 2010	7,000
Certificate of deposit	December 17, 2010	7,590
		$ 41,429

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.

Custodial Credit Risk – Investments

As of June 30, 2010, the Library was not exposed to custodial credit risk for its investments.

B. Interfund Receivables and Payables.

Individual fund interfund receivable and payable balances at June 30, 2010, are as follows:

Fund	Receivables	Payables
General	764,218	1,811,433
SPLOST capital projects	581,183	-
Water	8,540	-
Solid waste	-	772,758
Non-major governmental funds	1,230,250	-
Total	2,584,191	2,584,191

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.

	Due to:				
Due From:	General Fund	SPLOST Capital Projects	Nonmajor Governmental	Water	Total
General Fund	$ -	$ 581,183	$ 1,230,250	$ -	$ 1,811,433
Solid Waste	764,218	-	-	8,540	772,758
	$ 764,218	$ 581,183	$ 1,230,250	$ 8,540	$ 2,584,191

III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 166,771	$ 479,841
Nonmajor Governmental		
E-911	696,072	-
Drug	102	25,199
LLEBG	-	102
Fire	-	216,231
SPLOST Fund	-	141,572
	$ 862,945	$ 862,945

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:

	Transfer in:		
Transfer out:	General Fund	Nonmajor Governmental	Total
General Fund	$ -	$ 479,841	$ 479,841
Nonmajor Governmental	25,199	216,333	241,532
SPLOST Fund	141,572	-	141,572
Total	$ 166,771	$ 696,174	$ 862,945

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III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010	Accumulated Depreciation June 30, 2010	Book Value June 30, 2010
Nondepreciable assets:						
Land	$ 1,549,826	$ 49,500	$ -	$ 1,599,326	$ -	$ 1,599,326
Construction in progress	48,436,243	18,324,582	8,290,142	58,470,683	-	58,470,683
Depreciable assets:						
Construction	71,421,670	8,290,142	-	79,711,812	12,477,292	67,234,520
Improvements other than buildings	868,520	-	-	868,520	804,283	64,237
Machinery & equipment	27,642,903	1,375,992	407,813	28,611,082	15,940,151	12,670,931
Infrastructure	111,456,357	254,506	-	111,710,863	19,377,598	92,333,265
Total capital assets	261,375,519	28,294,722	8,697,955	280,972,286	$ 48,599,324	$ 232,372,962
Accumulated depreciation:						
Construction	11,154,351	1,322,941	-	12,477,292		
Improvements	796,922	7,361	-	804,283		
Machinery & equipment	14,394,691	1,903,206	357,746	15,940,151		
Infrastructure	17,146,385	2,231,213	-	19,377,598		
Total accumulated depreciation	$ 43,492,349	$ 5,464,721	$ 357,746	$ 48,599,324		

Business-type activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010	Accumulated Depreciation June 30, 2010	Book Value June 30, 2010
Nondepreciable assets:						
Land	$ 4,039,545	$ 1,500,506	$ -	$ 5,540,051	$ -	$ 5,540,051
Construction in progress	3,118,033	1,120,804	2,184,388	2,054,449	-	2,054,449
Depreciable assets:						
Land (landfill)	884,459	-	-	884,459	230,000	654,459
Plant & buildings	50,722,152	2,349,908	-	53,072,060	21,349,759	31,722,301
Machinery & equipment	7,837,771	627,856	51,984	8,413,643	5,085,989	3,327,654
Total capital assets	$ 66,601,960	$ 5,599,074	$ 2,236,372	$ 69,964,662	$ 26,665,748	$ 43,298,914

Accumulated depreciation:	Balance June 30, 2009	Prior Period Adjustment	Restated Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Land (landfill)	$ 220,000	$ -	$ 220,000	$ 10,000	$ -	$ 230,000
Plant & buildings	20,592,340	(780,894)	19,811,446	1,538,313	-	21,349,759
Machinery & equipment	4,768,305	(99,436)	4,668,869	469,104	51,984	5,085,989
Total accumulated depreciation	$ 25,580,645	$ (880,330)	$ 24,700,315	$ 2,017,417	$ 51,984	$ 26,665,748

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	$ 206,680
Judicial	610,965
Public safety	1,971,129
Public works	2,502,030
Health and welfare	165,156
Culture and recreation	2,052
Housing and development	6,709
Total depreciation expense - governmental activities	$ 5,464,721
Business-type activities:	
Water	$ 948,184
Solid waste	1,069,233
Total depreciation expense - business-type activities	$ 2,017,417

A summary of capital asset activity for the Development Authority Component Unit for the year ended June 30, 2010 is as follows:

Governmental activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Depreciable assets:				
Equipment	$ 15,284	$ -	$ 15,284	$ -
Total capital assets	15,284	-	15,284	-
Accumulated depreciation:				
Equipment	15,284	-	15,284	-
Total accumulated depreciation	15,284	-	15,284	-
Capital assets, net	$ -	$ -	$ -	$ -

III. DETAILED NOTES ON ALL FUNDS

A summary of capital asset activity for the Houston County Health Department Component Unit for the year ended June 30, 2010 is as follows:

Governmental activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Depreciable assets:				
Office and Medical Equipment	$ 633,793	$ 242,804	$ -	$ 876,597
Total capital assets	633,793	242,804	-	876,597
Accumulated depreciation:				
Office and Medical Equipment	547,253	45,781	-	593,034
Total accumulated depreciation	547,253	45,781	-	593,034
Capital assets, net	$ 86,540	$ 197,023	$ -	$ 283,563

A summary of capital asset activity for the Houston County Public Library Component Unit for the year ended June 30, 2010 is as follows:

Governmental activities	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Nondepreciable assets:				
Land	$ 187,500	$ 128,700	$ -	316,200
Depreciable assets:				
Buildings and improvements	1,274,640	695,300	-	1,969,940
Equipment	26,500	-	12,000	14,500
Library collections	2,270,904	116,278	117,935	2,269,247
Total capital assets	3,759,544	940,278	129,935	4,569,887
Accumulated depreciation:				
Buildings and improvements	1,274,640	34,765	-	1,309,405
Equipment	20,096	1,450	12,000	9,546
Library collections	1,561,906	129,786	117,935	1,573,757
Total accumulated depreciation	2,856,642	166,001	129,935	2,892,708
Capital assets, net	$ 902,902	$ 774,277	$ -	$ 1,677,179

III. DETAILED NOTES ON ALL FUNDS

E. Long-term Debt.

Governmental funds:

Capital Leases
Houston County is obligated under two capital leases, initiated in prior years, which cover two buildings. These buildings house the Department of Family and Children Services and the Phoenix Center. Both of these leases are accounted for in governmental funds. The gross amount of assets acquired through these capital leases is $6,506,470.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments and annual interest amounts as of June 30, 2010:

Fiscal Year	Principal	Interest	Payment Amount
2011	$ 656,802	$ 74,203	$ 731,005
2012	630,759	28,482	659,241
2013	246,469	3,653	250,122
Total payments	$ 1,534,030	$ 106,338	$ 1,640,368

Development Authority Component Unit Governmental funds:

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. Quarterly interest payments are payable on the 9th of each third month, beginning December 9, 2008, with an interest rate according to the most recent Wall Street Journal Prime Rate. The entire balance of the loan is due September 9, 2013. The outstanding balance at June 30, 2010 is $10,732,084. The land purchased by the Authority, upon which this loan was used, is stated as collateral for the note.

Annual debt service requirements for this note payable as of June 30, 2010 are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	$ -	$ 348,793	$ 348,793
2012	-	348,793	348,793
2013	-	348,793	348,793
2014	10,732,084	67,847	10,799,931
Totals	$ 10,732,084	$ 1,114,226	$ 11,846,310

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2010, the following changes occurred in the long-term liabilities:

Governmental funds:

Long-term liability	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Capital leases	$ 2,190,501	$ -	$ 656,471	$ 1,534,030	$ 656,802
Net OPEB Obligation	619,615	837,423	-	1,457,038	-
Compensated absences	1,721,809	553,223	601,083	1,673,949	585,882
Total	$ 4,531,925	$ 1,390,646	$ 1,257,554	$ 4,665,017	$ 1,242,684

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

Business-type funds:

Long-term liability	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Compensated absences	$ 182,638	$ 89,134	$ 72,376	$ 199,396	$ 69,789
Accrued closure and post-closure care costs	5,282,833	422,951	-	5,705,784	-
Total	$ 5,465,471	$ 512,085	$ 72,376	$ 5,905,180	$ 69,789

A summary of changes in long-term debt for the Development Authority Component Unit for the year ended June 30, 2010 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Note payable	$ 10,732,084	$ -	$ -	$ 10,732,084	$ -
Compensated absences	14,165	9,521	5,444	18,242	6,080
Total	$ 10,746,249	$ 9,521	$ 5,444	$ 10,750,326	$ 6,080

A summary of changes in long-term debt for the Houston County Health Department Component Unit for the year ended June 30, 2010 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Compensated absences	$ 476,836	$ 348,915	$ 347,606	$ 478,145	$ 21,273

III. DETAILED NOTES ON ALL FUNDS

A summary of changes in long-term debt for the Houston County Public Library Component Unit for the year ended June 30, 2010 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Compensated absences	$ 21,076	$ 31,728	$ 33,986	$ 18,818	$ 18,818

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 $5,045,487 as of June 30, 2010, which is based on 61.0 percent usage (filled) of the solid waste landfill. It is estimated that an additional $2,766,726 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 (2019). The estimated liability for C & D landfill closure and post-closure care costs has a balance of $660,297 as of June 30, 2010, which is based on 22.0 percent usage (filled) of the C & D landfill. It is estimated that an additional $2,028,828 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 (2044).

The estimated combined total current cost of the landfill closure and post-closure care ($5,705,784) 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, 2010. 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.

H. Restrictions.

The following restrictions are used by Houston County:

Restriction for Fire Protection – Special Revenue Fund.

This restriction is used to segregate a portion of net assets of the Fire Fund that represents the unused portion of the fire tax.

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.

III. DETAILED NOTES ON ALL FUNDS

I. Designations of Unreserved Fund Balance.

A designation of fund balance represents management's intent for the use of unreserved fund balance. Designations are an internal restriction and are not legally binding. For the fiscal year ending June 30, 2010, management's designations of unreserved fund balance are as follows:

Designation for:	Amount
Buildings	$ 2,000,000
Equipment	450,568
Total designation of unreserved fund balance	$ 2,450,568

IV. OTHER INFORMATION

A. Employees' Retirement Plan.

Plan Description and Provisions:

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. 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.

Funding Policy:

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.

IV. OTHER INFORMATION

Annual Pension Cost:

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

Derivation of Net Pension Obligation:	**2010**	**2009**
Annual Pension Cost for Prior Year	$ 3,975,611	$ 2,694,687
Actual Contributions to Plan for Prior Year	3,649,123	3,363,466
Increase (Decrease) in Net Pension Obligation	326,488	(668,779)
Net Pension Obligation (Asset), beginning of year	(3,507,854)	(2,839,075)
Net Pension Obligation (Asset), end of year	$ (3,181,366)	$ (3,507,854)

Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 4,091,477	$ 3,956,587
Interest on Net Pension Obligation	(246,556)	(271,859)
Amortization of Net Pension Obligatin	263,810	290,883
Annual Pension Cost	$ 4,108,731	$ 3,975,611

Basis of Valuation	
Current Valuation Date	January 1, 2010
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0%-6.5% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	10

B. Employees' Retirement Plan – Three Year Trend Information & One Year Funded Status

Note that these figures reflect the County's most current Plan documents, which were restated and amended on April 1, 2009.

THREE-YEAR TREND INFORMATION FOR HCRP

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/2010	$ 4,108,731	$ -	N/A	$ (3,181,366)
1/1/2009	3,975,611	3,649,123	100%	(3,507,854)
1/1/2008	2,694,687	3,363,466	100%	(2,839,075)

IV. OTHER INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR HCRP

Measurement Date	Actuarial Value of Assets*	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a percentage of Covered Payroll
12/31/2009	$36,984,833	$57,067,989	64.8%	$20,083,156	$20,216,506	99.3%

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

The assets and liabilities shown above reflect expected amounts as of the last day of the plan year. These amounts may vary from those used in determining the required contribution, since those calculations use actual amounts as of the first day of the next plan year.

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. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective.

C. 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. 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, 2009. The post-retirement plan does not issue stand-alone financial reports.

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.

IV. OTHER INFORMATION

Annual Required Contribution (ARC)

Normal Cost (service cost for one year)	$ 566,966
Accrued Liability	269,349
Annual Required Contribution (ARC)	836,315
Employer Annual Required Contribution	836,315
Interest on Net OPEB Obligation	24,785
Adjustment to Annual Required Contribution	(23,677)
Annual OPEB Cost (Expense)	837,423
Employer contributions for Fiscal Year 2010	-
Increase (decrease) in Net OPEB Obligation	837,423
Net OPEB Obligation at beginning of Fiscal Year	619,615
Net OPEB Obligation at end of Fiscal Year	$ 1,457,038

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	7/1/2009
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	10.5% - 5.0%
Year of ultimate trend rate	2016
*Includes inflation at	3%

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.

IV. OTHER INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b) **	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
1/2/2007	$ -	$ 6,484,515	$ 6,484,515	0.0%	$ 23,436,193	27.7%
7/1/2009	-	7,048,734	7,048,734	0.0%	25,164,078	28.0%

* *Valuation date changed to July 1st*

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

Schedule of Employer Contributions

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 790,430	$ 170,815	21.61%	$ 619,615
6/30/2010	837,423	-	0.00%	1,457,038

There is no separate trust through which benefits for retirees are funded. The County has set aside $606,374 to pay for the OPEB obligation; however, because the County did not elect to establish a trust fund for other post-employment benefits, the OPEB obligation is still listed as a liability. 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.

D. 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 $350,000 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.

IV. OTHER INFORMATION

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:

Claims Activity	Year Ended June 30, 2010	Year Ended June 30, 2009
Unpaid claims, beginning of fiscal year	$ 939,969	$ 668,617
Incurred claims	7,792,818	7,687,769
Claim payments	7,761,131	7,416,417
Unpaid claims, end of fiscal year	$ 971,656	$ 939,969

E. Contingent Liabilities.

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.

F. 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 Development Center.

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

G. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2009, the Health Department received $10,271,900 (82 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.

IV. OTHER INFORMATION

H. 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, 2010.

I. Prior Period Adjustments and Restatements.

Governmental Activities.

The following changes have been made to the beginning net assets of the Governmental Activities as summarized and described below:

	Governmental Activities
Beginning balances of net assets at June 30, 2010, as previously reported:	$ 282,575,156
Prior period adjustment to correct net pension asset	3,507,854
Beginning balances of net assets at June 30, 2010, as restated:	$ 286,083,010

The net assets of Governmental Activities have been increased by $3,507,854 to record a net pension asset in the County's pension plan at the end of the prior year.

Business-type Activities and Water Fund.

The following changes have been made to the beginning net assets of the Business-type Activities and the Water Fund as summarized and described below:

	Business-Type Activities	Water Fund
Beginning balances of net assets at June 30, 2010, as previously reported:	$ 59,575,444	$ 29,344,766
Prior period adjustment to correct depreciation expense	880,330	880,330
Beginning balances of net assets at June 30, 2010, as restated:	$ 60,455,774	$ 30,225,096

The net assets of the Business-type Activities and the Water Fund have been increased by $880,330 to correctly record depreciation expense.

J. Subsequent Events.

Management has evaluated subsequent events through December 17, 2010, the date these financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR HCRP
(Unaudited)

Measurement Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2000	$ 10,587,312	$ 12,210,561	86.7%	$ 1,623,249	$ 6,677,094	24.3%
12/31/2001	11,570,405	13,565,538	85.3%	1,995,133	7,901,305	25.3%
12/31/2002	12,211,668	15,382,275	79.4%	3,170,607	9,280,927	34.2%
12/31/2003	14,688,418	19,891,459	73.8%	5,203,041	10,397,755	50.0%
12/31/2004	17,273,527	22,415,153	77.1%	5,141,626	11,452,156	44.9%
12/31/2005	20,135,046	25,738,314	78.2%	5,603,268	13,060,105	42.9%
12/31/2006	24,706,398	32,825,156	75.3%	8,118,758	15,573,622	52.1%
12/31/2007	29,540,370	37,119,522	79.6%	7,579,152	17,569,875	43.1%
12/31/2008	32,198,422	41,988,446	76.7%	9,790,024	18,069,615	54.2%
12/31/2009	36,984,833	57,067,989	64.8%	20,083,156	20,216,506	99.3%

OTHER POST RETIREMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (ALL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
1/2/2007	$ -	$ 6,484,515	$ 6,484,515	0.0%	$ 23,436,193	27.7%
7/1/2009*	-	7,048,734	7,048,734	0.0%	25,164,078	28.0%

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

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HOUSTON COUNTY, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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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 contributions from the Cities of Centerville, Perry and Warner Robins and by a transfer from the County's General 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.

Local Law Enforcement Block Grant (2007 LBBX0364) - to account for revenues received under a grant from the U.S. Department of Justice to reduce crime and improve public safety.

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	Special Revenue				
	E 911	**Fire Protection**	**Drug**	**Jail Inmate**	**Law Library**
ASSETS					
Cash and cash equivalents	$ -	$ 19,099	$ 350,965	$ 321,403	$ 887,785
Investments	-	1,504,105	-	-	-
Accounts receivable	370,252	-	-	28,244	-
Due from other funds	907,710	322,540	-	-	-
Due from other governments	-	4,659	-	-	-
Total assets	$ 1,277,962	$ 1,850,403	$ 350,965	$ 349,647	$ 887,785
LIABILITIES AND FUND BALANCE					
Accounts payable	$ 14,783	$ 21,601	$ 12,510	$ 2,547	$ 6,126
Accrued wages and payroll taxes payable	15,500	4,970	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	30,283	26,571	12,510	2,547	6,126
FUND BALANCES					
Unreserved	1,247,679	1,823,832	338,455	347,100	881,659
Total fund balances	1,247,679	1,823,832	338,455	347,100	881,659
Total liabilities and fund balances	$ 1,277,962	$ 1,850,403	$ 350,965	$ 349,647	$ 887,785

District Attorney	LLEBG 2007 LBBX 0364	Total Nonmajor Governmental Funds
$ 6,645	$ -	$ 1,585,897
-	-	1,504,105
-	-	398,496
-	-	1,230,250
578	-	5,237
$ 7,223	$ -	$ 4,723,985
$ 450	$ -	$ 58,017
-	-	20,470
-	-	-
-	-	-
450	-	78,487
6,773	-	4,645,498
6,773	-	4,645,498
$ 7,223	$ -	$ 4,723,985

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue				
	E 911	**Fire Protection**	**Drug**	**Jail Inmate**	**Law Library**
REVENUES					
Taxes	$ -	$ 1,805,945	$ -	$ -	$ -
Intergovernmental	393,252	27,107	-	-	-
Charges for services	2,425,342	-	-	141,390	-
Fines and forfeitures	-	-	104,988	-	107,164
Investment income	-	3,198	4,011	3,024	20,948
Miscellaneous	61,704	6,255	-	-	-
Total revenues	2,880,298	1,842,505	108,999	144,414	128,112
EXPENDITURES					
Current:					
Judicial	-	-	-	-	64,175
Public safety	3,628,272	1,304,979	78,990	140,763	-
Health and welfare	-	-	-	-	-
Total expenditures	3,628,272	1,304,979	78,990	140,763	64,175
Excess (deficiency) of revenues over (under) expenditures	(747,974)	537,526	30,009	3,651	63,937
OTHER FINANCING SOURCES (USES)					
Transfers in	696,072	-	102	-	-
Transfers out	-	(216,231)	(25,199)	-	-
Proceeds of capital asset dispositions	-	-	-	-	-
Total other financing sources (uses)	696,072	(216,231)	(25,097)	-	-
Net change in fund balances	(51,902)	321,295	4,912	3,651	63,937
Fund balance - beginning	1,299,581	1,502,537	333,543	343,449	817,722
Fund balance - ending	$ 1,247,679	$ 1,823,832	$ 338,455	$ 347,100	$ 881,659

District Attorney	LLEBG 2007 LBBX 0364	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,805,945
-	-	420,359
-	-	2,566,732
18,449	-	230,601
-	-	31,181
-	-	67,959
18,449	-	5,122,777
16,978	-	81,153
-	-	5,153,004
-	-	-
16,978	-	5,234,157
1,471	-	(111,380)
-	-	696,174
-	(102)	(241,532)
-	-	-
-	(102)	454,642
1,471	(102)	343,262
5,302	102	4,302,236
$ 6,773	$ -	$ 4,645,498

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, 2010

	E 911			
	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	393,252	393,252	393,252	-
Charges for services	2,500,000	2,500,000	2,425,342	(74,658)
Investment Income	-	-	-	-
Miscellaneous	75,000	75,000	61,704	(13,296)
Total revenues	2,968,252	2,968,252	2,880,298	(87,954)
EXPENDITURES				
Personal services	2,814,780	2,773,780	2,713,511	(60,269)
Purchased / contracted services	691,951	732,226	707,361	(24,865)
Supplies	89,850	90,575	84,977	(5,598)
Capital outlay	192,743	192,743	122,423	(70,320)
Total expenditures	3,789,324	3,789,324	3,628,272	(161,052)
Excess (deficiency) of revenues over (under) expenditures	(821,072)	(821,072)	(747,974)	73,098
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	821,072	821,072	696,072	(125,000)
Proceeds of capital asset dispositions	-	-	-	-
Total other financing sources (uses)	821,072	821,072	696,072	(125,000)
Net change in fund balance	-	-	(51,902)	(51,902)
Fund balance at beginning of year	1,299,581	1,299,581	1,299,581	-
Fund balance at end of year	$ 1,299,581	$ 1,299,581	$ 1,247,679	$ (51,902)

Fire Protection

Budgeted Amounts			Variance with Final Budget Over
Original	Final	Actual	(Under)
$ 1,810,756	$ 1,810,756	$ 1,805,945	$ (4,811)
-	25,000	27,107	2,107
-	-	-	-
5,000	5,000	3,198	(1,802)
-	-	6,255	6,255
1,815,756	1,840,756	1,842,505	1,749
952,285	952,285	847,465	(104,820)
322,020	322,080	292,207	(29,873)
185,220	210,160	165,307	(44,853)
140,000	140,000	-	(140,000)
1,599,525	1,624,525	1,304,979	(319,546)
216,231	216,231	537,526	321,295
(216,231)	(216,231)	(216,231)	-
-	-	-	-
(216,231)	(216,231)	(216,231)	-
-	-	321,295	321,295
1,502,537	1,502,537	1,502,537	-
$ 1,502,537	$ 1,502,537	$ 1,823,832	$ 321,295

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, 2010

	Drug Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Charges for services	$ -	$ -	$ -
Fines and forfeitures	340,000	104,988	(235,012)
Investment income	10,000	4,011	(5,989)
Miscellaneous	-	-	-
Total revenues	350,000	108,999	(241,001)
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	350,000	78,990	(271,010)
Total expenditures	350,000	78,990	(271,010)
Excess (deficiency) of revenues over (under) expenditures	-	30,009	30,009
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(25,097)	(25,097)
Net change in fund balances	-	4,912	4,912
Fund balance - beginning	333,543	333,543	-
Fund balance - ending	$ 333,543	$ 338,455	$ 4,912

Jail Inmate Fund			Law Library		
Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
$ 220,000	$ 141,390	$ (78,610)	$ -	$ -	$ -
-	-	-	220,000	107,164	(112,836)
5,000	3,024	(1,976)	30,000	20,948	(9,052)
-	-	-	-	-	-
225,000	144,414	(80,586)	250,000	128,112	(121,888)
-	-	-	250,000	64,175	(185,825)
225,000	140,763	(84,237)	-	-	-
225,000	140,763	(84,237)	250,000	64,175	(185,825)
-	3,651	3,651	-	63,937	63,937
-	-	-	-	-	-
-	3,651	3,651	-	63,937	63,937
343,449	343,449	-	817,722	817,722	-
$ 343,449	$ 347,100	$ 3,651	$ 817,722	$ 881,659	$ 63,937

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, 2010

	District Attorney		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	40,000	18,449	(21,551)
Investment income	-	-	-
Total revenues	40,000	18,449	(21,551)
EXPENDITURES			
Current:			
Judicial	40,000	16,978	(23,022)
Public safety	-	-	-
Total expenditures	40,000	16,978	(23,022)
Excess (deficiency) of revenues over (under) expenditures	-	1,471	1,471
OTHER FINANCING (USES)			
Transfers (out)	-	-	-
Net change in fund balances	-	1,471	1,471
Fund balance - beginning	5,302	5,302	-
Fund balance - ending	$ 5,302	$ 6,773	$ 1,471

LLEBG 2007 LBBX 0364 Fund		
Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
$ 60,000	$ -	$ (60,000)
-	-	-
-	-	-
-	-	-
60,000	-	(60,000)
60,000	-	(60,000)
(60,000)	-	60,000
-	(102)	(102)
(60,000)	(102)	59,898
102	102	-
$ (59,898)	$ -	$ 59,898

HOUSTON COUNTY, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Workers' Compensation Program	Health Insurance Program	Property and Liability Insurance Program	Total
Operating revenues:				
Charges for services	$ 97,044	$ 7,987,377	$ 380,787	$ 8,465,208
Total operating revenues	97,044	7,987,377	380,787	8,465,208
Operating expenses:				
Insurance claims	293,391	7,190,753	81,714	7,565,858
Insurance premiums and administration	53,272	602,065	299,073	954,410
Total operating expenses	346,663	7,792,818	380,787	8,520,268
Net operating income (loss)	(249,619)	194,559	-	(55,060)
Nonoperating revenue:				
Interest revenue	1,951	4,908	1,733	8,592
Total nonoperating revenue	1,951	4,908	1,733	8,592
Income (loss) before transfers	(247,668)	199,467	1,733	(46,468)
Transfers in	-	-	-	-
Change in net assets	(247,668)	199,467	1,733	(46,468)
Net assets - beginning of year	1,559,883	993,835	719,011	3,272,729
Net assets - end of year	$ 1,312,215	$ 1,193,302	$ 720,744	$ 3,226,261

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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, 2010

Sheriff	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash	$ 321,653	$ 1,574,505	$ 1,521,975	$ 374,183
Total assets	$ 321,653	$ 1,574,505	$ 1,521,975	$ 374,183
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 916,707	$ 916,707	$ -
Funds held in escrow	140,917	190,123	156,109	174,931
Cash bonds	180,736	382,118	363,602	199,252
Other	-	85,557	85,557	-
Total liabilities	$ 321,653	$ 1,574,505	$ 1,521,975	$ 374,183
Jail				
Assets:				
Cash	$ 58,628	$ 555,547	$ 557,250	$ 56,925
Total assets	$ 58,628	$ 555,547	$ 557,250	$ 56,925
Liabilities:				
Due to other funds:				
Jail Inmate Special Revenue Fund	$ -	$ 21,469	$ 21,469	$ -
Funds held in escrow	58,628	-	1,703	56,925
Other	-	534,078	534,078	-
Total liabilities	$ 58,628	$ 555,547	$ 557,250	$ 56,925
Tax Commissioner				
Assets:				
Cash	$ 793,383	$ 97,068,578	$ 97,096,790	$ 765,171
Total assets	$ 793,383	$ 97,068,578	$ 97,096,790	$ 765,171
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 42,384,444	$ 42,384,444	$ -
Due to Houston County Board of Education	485,896	47,793,524	47,784,916	494,504
Due to State	72,316	5,120,765	5,141,250	51,831
Due to City of Perry	26,675	342,804	343,240	26,239
Due to City of Warner Robins	89,314	1,153,021	1,138,607	103,728
Due to City of Centerville	10,298	171,291	169,876	11,713
Other	108,884	102,729	134,457	77,156
Total liabilities	$ 793,383	$ 97,068,578	$ 97,096,790	$ 765,171

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

Clerk of Superior Court	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash	$ 727,752	$ 3,960,371	$ 4,056,855	$ 631,268
Total assets	$ 727,752	$ 3,960,371	$ 4,056,855	$ 631,268
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 1,714,098	$ 1,714,098	$ -
Law Library Fund	-	20,113	20,113	-
Houston County Sheriff	-	54,075	54,075	-
Superior Court Clerks' retirement	2,173	24,552	24,470	2,255
Sheriffs' retirement	327	4,073	4,025	375
Peace Officers' retirement	2,382	21,948	22,808	1,522
Due to State	2,349	22,859	23,431	1,777
Funds held in escrow	541,842	462,802	545,928	458,716
Other	178,679	1,635,851	1,647,907	166,623
Total liabilities	$ 727,752	$ 3,960,371	$ 4,056,855	$ 631,268
District Attorney				
Assets:				
Cash	$ 275	$ 174,739	$ 155,738	$ 19,276
Total assets	$ 275	$ 174,739	$ 155,738	$ 19,276
Liabilities:				
Garnishments, restitution & other	$ 275	$ 174,739	$ 155,738	$ 19,276
Total liabilities	$ 275	$ 174,739	$ 155,738	$ 19,276
State Court				
Assets:				
Cash	$ 201,037	$ 3,915,863	$ 3,944,516	$ 172,384
Total assets	$ 201,037	$ 3,915,863	$ 3,944,516	$ 172,384
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 1,837,467	$ 1,837,467	$ -
Law Library Fund	-	50,757	50,757	-
Peace Officer's retirement	9,337	85,666	86,068	8,935
Sheriffs' retirement	1,559	17,267	17,146	1,680
Clerk's retirement	1,884	20,821	20,568	2,137
Garnishments, restitution & other	130,759	1,131,035	1,174,867	86,927
Due to State	43,436	434,766	425,648	52,554
Cash bonds	14,062	338,084	331,995	20,151
Total liabilities	$ 201,037	$ 3,915,863	$ 3,944,516	$ 172,384

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

Probate Court	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash	$ 627,870	$ 565,581	$ 646,167	$ 547,284
Total assets	$ 627,870	$ 565,581	$ 646,167	$ 547,284
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 252,023	$ 252,023	$ -
Law Library Fund	-	3,215	3,215	-
Probate Judges' retirement	-	9,843	9,843	-
Due to State	192	111,493	111,683	2
Other	627,678	189,007	269,403	547,282
Total liabilities	$ 627,870	$ 565,581	$ 646,167	$ 547,284
Magistrate Court				
Assets:				
Cash	$ 35	$ 1,496,339	$ 1,496,383	$ (9)
Total assets	$ 35	$ 1,496,339	$ 1,496,383	$ (9)
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 422,873	$ 422,873	$ -
Law Library Fund	-	33,853	33,853	-
Sheriff	-	3,743	3,743	-
Retirement payable	-	27,426	27,426	-
Due to State	-	102,483	102,483	-
Other	35	905,961	906,005	(9)
Total liabilities	$ 35	$ 1,496,339	$ 1,496,383	$ (9)
Juvenile Court				
Assets:				
Cash	$ 5,005	$ 35,199	$ 34,881	$ 5,323
Total assets	$ 5,005	$ 35,199	$ 34,881	$ 5,323
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 24,531	$ 24,531	$ -
Peace Officers' Training Fund	-	74	74	-
Due to State	-	279	279	-
Restitution payable & other	5,005	10,315	9,997	5,323
Total liabilities	$ 5,005	$ 35,199	$ 34,881	$ 5,323

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

Total - All Agency Funds	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash	$ 2,735,638	$ 109,346,722	$ 109,510,555	$ 2,571,805
Total assets	$ 2,735,638	$ 109,346,722	$ 109,510,555	$ 2,571,805
Liabilities:				
Due to other funds	$ -	$ 47,739,368	$ 47,739,368	$ -
Due to other taxing units	612,183	49,460,640	49,436,639	636,184
Due to retirement funds	17,662	211,596	212,354	16,904
Due to training funds	-	74	74	-
Due to State	118,293	5,792,645	5,804,774	106,164
Funds held in escrow	741,387	652,925	703,740	690,572
Cash bonds	194,798	720,202	695,597	219,403
Other	1,051,315	4,769,272	4,918,009	902,578
Total liabilities	$ 2,735,638	$ 109,346,722	$ 109,510,555	$ 2,571,805

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SPECIAL REPORTS SECTION

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

December 17, 2010

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 the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 17, 2010. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Houston County Department of Public Health and Houston County Public Library as described in our report on Houston County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Houston County, Georgia's, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: item 2010-1. 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.

Compliance and Other Matters

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

Houston County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Houston County, Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of County Commissioners, others in the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Butler, Williams & Tryche, LLP

Macon, Georgia

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

December 17, 2010

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited Houston County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2010. Houston County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on Houston County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Houston County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Houston County, Georgia's compliance with those requirements.

In our opinion, Houston County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Houston County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Houston County, Georgia's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of County Commissioners, others in the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Macon, Georgia

HOUSTON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor / Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Passed-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Passed-Through Council of Juvenile Court Judges of Georgia:			
Juvenile Accountability Block Grants	16.523	07B-ST-0001	$ 6,100
Passed-Through Criminal Justice Coordinating Council:			
Stop Violence Against Women	16.588	W09-8-027	21,031
Project Safe Neighborhoods	16.609	2008-GP-CX-0091	21,700
			42,731
State Criminal Alien Assistance Program	16.606	N/A	31,671
Total U.S. Department of Justice			**80,502**
U.S. Department of Transportation			
Passed-Through Georgia Department of Transportation:			
Highway Planning and Construction	20.205	STP-0675	36,147
Total U.S. Department of Transportation			**36,147**
U.S. Department of Homeland Security			
Passed-Through Georgia Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1858-DR-GA	297,032
Hazard Mitigation Grant	97.039	HMGP-1686-0024	13,000
Emergency Management Performance Grant	97.042	P09-9-078	50,063
Homeland Security Grant Program	97.073	2006-GE-T6-0066	65,055
Total U.S. Department of Homeland Security			**425,150**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 541,799**

HOUSTON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Houston County, Georgia, and is presented on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"), which is generally when the allowable program expenditures are incurred. Expenditures generally represent allowable costs, determined in accordance with generally accepted accounting principles.

Note 2. Non-cash Awards

The County received $41,357 in non-cash awards in the form of a donated truck. The accompanying schedule of expenditures of federal awards includes the Homeland Security Grant award, CFDA Number 97.073.

HOUSTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: - Unqualified

Internal control over financial reporting:

Material weakness identified? - ____ Yes __X__ No

Significant deficiency identified that is not considered to be a material weakness? - __X__ Yes ____ None reported

Noncompliance material to financial statements noted? - ____ Yes __X__ No

Federal Awards

Internal control over major programs:

Material weakness identified? - ____ Yes __X__ No

Significant deficiency identified that is not considered to be a material weakness? - ____ Yes __X__ None reported

Type of auditors' report issued on compliance for major programs: - Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? - ____ Yes __X__ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
97.036	U.S. Department of Homeland Security- Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: - $300,000

Auditee qualified as a low-risk auditee - ____ Yes __X__ No

HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1 ***Criteria*** **–** Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel in order to prevent and/or detect unauthorized use of assets.

Condition **–** Houston County, Georgia's State Court office has a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Cause of Condition **–** The lack of segregation of duties is due to the limited number of employees in this office that are trained to work on financial records.

Effect of Condition **–** Failure to properly segregate between recording, receipt/distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected.

Recommendation **–** To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Response/Corrective Action Plan **–**We concur. We have evaluated the cost versus benefit associated with improving internal controls and due to the limited amount of staff and associated cost, this condition will continue to exist to some extent; however, we will incorporate reviews by management to mitigate the associated risks.

HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010

2009-1 ***Condition –*** Houston County, Georgia's State Court office has a limited number of employees and resources; therefore, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in areas of cash receipts/disbursements, recording and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected in the normal course of business.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

Status– Unresolved. See current year finding 2010-1.

2009-2 ***Condition –*** Infrastructure and accumulated depreciation on infrastructure are not being reported correctly via the system utilized by the client.

Recommendation – We recommend the client review the current system in use to determine the capabilities related to infrastructure reporting. We further recommend the client carefully review year end infrastructure reports to assess the accuracy of the reporting.

Status – This finding was corrected during the fiscal year ended June 30, 2010.

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HOUSTON COUNTY
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2010

Project	(a) Previously Reported Original Estimated Cost	Original Estimated Cost	Expenditures A Prior Years	B Current Year	C From Other Revenue Sources	B + C Total Current Expenditures	A + B Total Expenditures From SPLOST
2001 Referendum:							
Roads, Streets, and Bridges	$ 69,285,000	$ 55,821,250	$ 45,214,001	$ 2,699,517	$ -	$ 2,699,517	$ 47,913,518
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	-	2,530,000	2,530,000	-	-	-	2,530,000
City of Warner Robins	-	12,113,750	12,113,750	-	-	-	12,113,750
	$ 81,785,000	$ 85,000,000	$ 74,392,751	$ 2,699,517	$ -	$ 2,699,517	$ 77,092,268
2006 Referendum:							
Roads, Streets, and Bridges	$ 100,675,000	$ 93,160,000	$ 6,108,785	$ 7,106,996	$ -	$ 7,106,996	$ 13,215,781
Library Improvements	-	5,225,000	590,859	1,049,076	968,531	2,017,607	1,639,935
Jail Pod Addition	-	4,000,000	2,481,883	5,832,805	-	5,832,805	8,314,688
Water System Improvements	-	3,000,000	1,762,611	2,343	-	2,343	1,764,954
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,500,000	648,385	246,528	-	246,528	894,913
City of Perry	-	5,500,000	2,377,421	903,938	-	903,938	3,281,359
City of Warner Robins	-	15,515,000	6,706,499	2,549,930	-	2,549,930	9,256,429
	$ 100,675,000	$ 130,000,000	$ 22,776,443	$ 17,691,616	$ 968,531	$ 18,660,147	$ 40,468,059
Total SPLOST referendums	$ 182,460,000	$ 215,000,000	$ 97,169,194	$ 20,391,133	$ 968,531	$ 21,359,664	$ 117,560,327

(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.

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

December 17, 2010

INDEPENDENT AUDITORS REPORT

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

We have examined management's assertion included in the accompanying Annual Report of 9-1-1 Collections and Expenditures about Houston County, Georgia's compliance during the fiscal year ended June 30, 2010, with the requirement to expend 9-1-1 funds in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134. Management is responsible for Houston County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Houston County, Georgia's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Houston County, Georgia's compliance with this requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Houston County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Houston County, Georgia complied with the aforementioned requirement during the fiscal year ended June 30, 2010, is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Georgia Department of Audits and Accounts and is not intended to be and should not be used by anyone other than the specified parties.

Butler, Williams & Wyche, LLP

Macon, Georgia

Houston County, Georgia

Annual Report of 9-1-1 Collections and Expenditures

For the Year Ended June 30, 2010

Line No.		O.C.G.A. Reference		
1	**Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):**			
	_X_ Special Revenue Fund ____ Enterprise Fund			
2	**Monthly 9-1-1 charge billed to each exchange access facility subscriber:**	46-5-134(a)(1)	$ 1.50	
3	**Total revenue from exchange access facility subscribers:**			$ 563,829
4	**Does 9-1-1 system provide automatic number identification of a wireless telecommunications connection? (choose one)**			
	__X__ Yes ____ No			
5	**If the answer to Line 4 is "yes", indicate below which of the following apply (choose one)**			
	____ System provides location of base station or cell site	46-5-134(a)(2)(A)		
	_X___ System provides automatic location identification	46-5-134(a)(2)(B)		
6	**If the answer to Line 4 is "yes", identify the monthly 9-1-1 charge billed to each wireless telecommunications connection subscriber:**	46-5-134(a)(2)	$ 1.50	
7	**Total revenue from wireless telecommunications connection subscribers:**			$ 1,861,513
8	**Total Line 3 plus Line 7 (should equal UCOA Revenue Source 34.2500)**			$ 2,425,342
9	**Additional revenue sources:**			
9a	**Federal (UCOA Revenue Source 33.1000)** **Identify each funding agency individually. Attach list, if necessary.**	46-5-134(j)		
	None			$ -
	None			$ -
9b	**State (UCOA Revenue Source 33.4000)** **Identify each funding agency individually. Attach list, if necessary.**	46-5-134(j)		
	None			$ -
	None			$ -
9c	**Local (UCOA Revenue Source 33.6000)** **Identify each unit of local government individually. Attach list, if necessary.**	46-5-134(j)		
	City of Centerville, Georgia			$ 27,236
	City of Perry, Georgia			$ 59,916
	City of Warner Robins, Georgia			$ 306,100
	City of Fort Valley			$ 20,894
9d	**Private (UCOA Revenue Source 37.1000)** **Identify each private source individually. Attach list, if necessary.**	46-5-134(j)		
	Sprint/Nextel			$ 21,983
	ClearWire			18,827
				$ -

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For the Year Ended June 30, 2010

Line No.		O.C.G.A. Reference	
10	**Investment Income (UCOA Revenue Source 36.1000 through 36.3000)**		$ -
11	**Other revenue sources not included above. Identify each source individually. Transfers from other funds of the local government should be reported on Line 25 and not included here.**		
	None		$ -
	None		$ -
	None		$ -
	None		$ -
	None		$ -
	None		$ -
	None		$ -
	None		$ -
12	**Total Revenues (total of all amounts reported on Lines 8 through 11)**		$ 2,880,298
	Expenditures (UCOA Activity 3800)		
13	**Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)**	46-5-134(e)	
	Southern Link		$ 350
	AT&T		$ 83,684
	Sprint/Nextel		$ 28,710
14	**Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:**		
14a	**Lease costs**	46-5-134(f)(1)	$ -
14b	**Purchase costs**	46-5-134(f)(1)	$ 3,396
14c	**Maintenance costs**	46-5-134(f)(1)	$ -
15	**Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges**	46-5-134(f)(2)	$ 153,681
16	**Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system: Number of employees classified as: Full time 48 Part time 2**		
16a	**Salaries and wages**	46-5-134(f)(3)	$ 1,824,668
16b	**Employee benefits**	46-5-134(f)(3)	$ 888,844

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For the Year Ended June 30, 2010

Line No.		O.C.G.A. Reference:	
17	Cost of training of employees who work as dispatchers	46-5-134(f)(3)	$ 9,202
18	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(4)	$ 24,709
19a	Building used as a public safety answering point:		
19a1	Lease costs	46-5-134(f)(5)	$ -
19a2	Purchase costs	46-5-134(f)(5)	$ -
19b	Has the local government completed its street addressing plan? (choose one)	46-5-134(f)(5)	
	_X_ Yes _____ No		
20	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems:		
20a	Lease costs	46-5-134(f)(6)	$ -
20b	Purchase costs	46-5-134(f)(6)	$ 122,423
20c	Maintenance costs	46-5-134(f)(6)	$ 395,274
21	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)(7)	$ 583
22	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
22a	Lease costs	46-5-134(f)(8)	$ -
22b	Purchase costs	46-5-134(f)(8)	$ -
22c	Maintenance costs	46-5-134(f)(8)	$ -
23	Other expenditures not included in Lines 13 through 22 above. Identify by object and purpose. Transfers to other funds of the local government should be reported on Line 26 and not included here.		
	General insurance		$ 36,000
	Utilities		$ 53,371
	Gasoline		$ 2,337
	Food		$ 650
	Waste Disposal		$ 390
24	Total Expenditures (total of all amounts reported on Lines 13 through 23 above)		$ 3,628,272

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For the Year Ended June 30, 2010

Line No.		O.C.G.A. Reference	
25	**Transfers From Other Funds (identify by fund)**		
	Transfer from the General Fund		$ 696,072
			$
26	**Transfers To Other Funds (identify by fund)**		
	None		$ -
	None		$ -
27	**Proceeds from Capital Lease (identify by asset class and, if equipment, purpose)**		
	None		$ -
	None		$ -
28	**Net Change in Fund Balance (Line 12 - Line 24 + Line 25 - Line 26 + Line 27)**		$ (51,902)
29	**Fund Balance - Beginning of Year**		$ 1,299,581
30	**Fund Balance - End of Year**		$ 1,247,679

31a **Do amounts on Lines 12, 24, 28, 29, and 30 agree to amounts reported in the government's audited financial statements submitted to the Georgia Department of Audits and Accounts?**

__X__ Yes ____ No

31b **If the answer to Line 31a is "no", provide explanation (including amounts) to reconcile each line item specified in Line 31a above to government's audited financial statements. Reconciliation should be attached to this report.**

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 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 Ned M. Sanders Date 8 DEC 2010

Print Name of Chief Elected Official Ned M. Sanders

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandi Stalnaker Date 12/8/10

Print Name of Chief Financial Officer Sandi Stalnaker