HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

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FINANCIAL SECTION

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

December 21, 2011

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, 2011, 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 $3,861,147 as of June 30, 2011 and total revenues of $12,548,448 for the year ended June 30, 2011, nor did we audit the financial statements of the Houston County Public Library, which statements reflect total assets of $2,249,865 as of June 30, 2011, and total revenues of $1,531,884 for the year ended June 30, 2011. 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 above 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, 2011, 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 21, 2011, 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 11 and 51 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 combining and individual nonmajor fund financial statements 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 & Tyche, LLP

Macon, Georgia

HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2011. 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 60 of this report.

Fiduciary funds - Houston County is the trustee, or fiduciary, for numerous resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because these resources are not available to support Houston County's own programs. It is the County's responsibility to ensure that the resources reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is similar to that used for proprietary funds. A statement of fiduciary 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 2010 AND 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Assets:						
Current assets	$ 76,084,800	$ 91,009,958	$ 26,005,309	$ 27,672,726	$ 102,090,109	$ 118,682,684
Net pension asset	3,181,366	3,581,719	-	-	3,181,366	3,581,719
Capital assets	195,349,864	197,971,180	43,298,914	44,588,417	238,648,778	242,559,597
Total assets, as restated	274,616,030	292,562,857	69,304,223	72,261,143	343,920,253	364,824,000
Liabilities:						
Current liabilities	4,638,211	4,268,933	1,242,920	1,152,220	5,881,131	5,421,153
Long-term liabilities	3,422,333	3,615,317	5,835,391	6,283,087	9,257,724	9,898,404
Total liabilities	8,060,544	7,884,250	7,078,311	7,435,307	15,138,855	15,319,557
Net assets:						
Invested in capital assets, net of debt	193,815,834	197,102,183	43,298,914	44,588,417	237,114,748	241,690,600
Restricted	1,823,832	2,003,346	10,502,800	12,663,530	12,326,632	14,666,876
Unrestricted	70,915,820	85,573,078	8,424,198	7,573,889	79,340,018	93,146,967
Total net assets, as restated	$ 266,555,486	$ 284,678,607	$ 62,225,912	$ 64,825,836	$ 328,781,398	$ 349,504,443

- Houston County's total assets exceeded total liabilities by $349.5 million (net assets). Total net assets for governmental activities were $284.7 million; total net assets for business-type activities were $64.8 million. *Due to a prior period adjustment in capital assets in the governmental activities listed above, total assets for FY2010 should have been $274.6 million, not the $311.6 million originally reported. Capital assets for governmental activities were adjusted downward by $37,023,098 to reflect SPLOST payments on road projects which, while administered by the County, ultimately became assets of other governmental entities. In addition, total net assets for FY2010 should have been $266.5 million, not the $303.6 million 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 $241.7 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 $14.6 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
    3. Unrestricted net assets of $93.1 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 2011. Total net assets increased by $20.7 million, $18.1 million from governmental activities and $2.6 million from business-type activities. Capital spending funded by Special Purpose Local Option Sales Tax (SPLOST) accounts for most of the growth in governmental activities. Governmental net assets increased 6.8% in fiscal year 2011. Net assets in the business-type activities grew at a slightly lower rate, posting a 4.2% increase.

HOUSTON COUNTY'S CHANGES IN NET ASSETS
FISCAL YEARS 2010 AND 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program revenues:						
Charges for services	$ 14,477,139	$ 14,957,378	$ 12,818,537	$ 13,635,435	$ 27,295,676	$ 28,592,813
Operating grants	1,196,768	709,873	-	-	1,196,768	709,873
Capital grants	1,443,973	1,586,966	49,207	2,144	1,493,180	1,589,110
General:						
Taxes	60,061,369	61,579,456	1,214,902	1,842,648	61,276,271	63,422,104
Other	1,157,444	1,011,783	161,743	87,009	1,319,187	1,098,792
Total revenues	$ 78,336,693	$ 79,845,456	$ 14,244,389	$ 15,567,236	$ 92,581,082	$ 95,412,692
Expenses:						
General government	$ 13,367,668	$ 16,836,038	$ -	$ -	$ 13,367,668	$ 16,836,038
Judicial	8,857,991	8,535,036	-	-	8,857,991	8,535,036
Public safety	28,515,733	27,848,160	-	-	28,515,733	27,848,160
Highways & streets	7,577,308	6,718,853	-	-	7,577,308	6,718,853
Health & welfare	811,180	649,036	-	-	811,180	649,036
Housing & development	962,288	864,768	-	-	962,288	864,768
Culture/recreation	1,140,468	751,159	-	-	1,140,468	751,159
Interest on long-term debt	112,343	62,803	-	-	112,343	62,803
Water	-	-	5,204,304	5,384,853	5,204,304	5,384,853
Landfill	-	-	6,766,087	7,038,941	6,766,087	7,038,941
Total expenses	$ 61,344,979	$ 62,265,853	$ 11,970,391	$ 12,423,794	$ 73,315,370	$ 74,689,647
Excess (deficiency)	16,991,714	17,579,603	2,273,998	3,143,442	19,265,712	20,723,045
Transfers	-	28,760	-	(28,760)	-	-
Indirect cost allocation	503,860	514,758	(503,860)	(514,758)	-	-
Change in net assets	$ 17,495,574	$ 18,123,121	$ 1,770,138	$ 2,599,924	$ 19,265,712	$ 20,723,045
Beginning net assets, as restated	$ 249,059,912	$ 266,555,486	$ 60,455,774	$ 62,225,912	$ 309,515,686	$ 328,781,398
Ending net assets	$ 266,555,486	$ 284,678,607	$ 62,225,912	$ 64,825,836	$ 328,781,398	$ 349,504,443

- For fiscal year 2011, Houston County's governmental funds reported combined fund balances totaling $81.4 million, an increase of $12 million when compared to fiscal year 2010. The increase in fund balances is primarily attributed to an $8.8 million increase in the SPLOST capital project fund which increased to $61.8 million. Of the $81.4 million, $64.3 million or 79% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of $61.8 million, E911 operations of $1.3 million, confiscated drug funds for law enforcement purposes of $314,533 and law library surcharge funds for the operation of the County's public law library at $919,374. Less than one percent of fund balance, $124,626, is considered nonspendable because it has been used for inventory. $4.87 million or 6% of fund balance is either committed or assigned, meaning there are limitations resulting from its intended use. Of these funds, $400,000 is committed to the Central Georgia Joint Development Authority to acquire property encroaching Robins Air Force Base, $2,003,346 is committed for fire services, $375,024 for jail inmate services, $18,572 is committed to judicial projects, $2,000,000 is assigned to building construction and $71,625 is assigned to the County's emergency warning system known as Code Red. The remaining $12.1 million or $14.9% of fund balance is unassigned.

- Governmental activities in fiscal year 2011 added $18.1 million to net assets, while business-type activities added $2.6 million. In total, net assets increased by $20.7 million during the year to $349.5 million. Revenues for governmental activities increased to $79.8 from $78.3 million. While overall revenues increased in the SPLOST fund, E911 fund and fire fund, total revenues in the general fund declined slightly. This decrease in general fund revenue is primarily due to a rollback in the millage from 10.45 mills to 9.95 mills. (Residents voted to temporarily increase the 2009 tax levy by a half mill to fund a county-wide emergency warning system. In 2010, this levy was removed from the tax bill.) Expenditures for governmental activities increased to $62.3 from $61.3 million. While non-major governmental fund expenditures were comparable to last year's spending, general fund expenditures declined $2 million or 4% to $47.3 million. SPLOST Capital Projects Fund expenditures declined 32% to $14.6 million. Revenues for business-type activities reversed a two year decline increasing 9.3% to $15.6 million. While landfill fees continued their decline, an increase in service charges and non-operating insurance premium tax revenues and a $900,000 dollar increase in water sales associated with the drought more than offset the landfill's decline to post a positive return in business revenues. Business-type expenses increased 3.7% to $12.9 million, showing inflationary spending increases in all categories.

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 2011, total assets rose from $14.2 million to $19 million, primarily because of a $3.9 million increase in investments. Total liabilities increased from $2.4 million to $4.3 million. The reason for this increase in liabilities is a change in reporting tax receivables. Tax receivables not collected within 60 days, $1.7 million in FY2011, are now being recorded as deferred revenue, rather than as an allowance account.

The General Fund's unassigned fund balance at year-end increased from $8.6 million to $12.1 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.7% of total general fund expenditures, while total fund balance, $14.7 million, represents 31.2% of the same amount. The General Fund reported a $3 million increase in fund balance.

Total revenues and other sources for fiscal year 2011 of $50.3 million exceeded total expenditures and other uses of $47.3 million. As a whole, County revenue collections were slightly higher than originally estimated due to state mandated increases in various service charges, court fines and fees. Revenue estimates were also increased $178,858 during the fiscal year to reflect grant awards, additional transfer in to the general fund, increases in insurance premium taxes and financial institution taxes. Property tax revenue, licenses and permits and investment income were all slightly under budget estimates primarily because of the worsening economy and declining interest rates.

Expenditures for most functional areas were $3 million less than budget due to vacancies in positions, staff turnover and savings managed by departments within their operating budgets. There were several areas where costs were somewhat higher than originally projected. First, in general government, the MIS department budget was increased $135,283 primarily because IBM discontinued maintenance on the County's mainframe, requiring the purchase of a new AS400 a year earlier than originally planned. The Risk Management budget was increased $84,000 to cover escalating costs associated with the County's retiree health package. And, the Public Buildings budget was adjusted $113,100 reflecting escalating utility, electricity and gasoline costs. Second, judicial expenses in State Court, Superior Court and Juvenile Court were also adjusted during the year. State Court and Superior Court acquired upgraded technology which was partially paid with law library funds transferred in to the general fund. Their budgets were increased $15,198 and $19,890 respectively. Juvenile Court experienced an increase in the number of court appointed counsel cases requiring a budget adjustment of $35,500. Third, under public works activities, the Storm Drainage budget and HEMA budget were adjusted to reflect work required to repair capital assets damaged by natural disaster. The Storm Drainage budget increased $32,400 to repair infrastructure damaged with a presidential flood disaster in 2010. The HEMA budget was amended $20,000 to repair an emergency warning siren struck by lightning. Lastly, under economic development, the Commissioners opted to increase its local commitment to the State's "Go Fish" Center located in Perry, Georgia by $100,000. The Perry-Houston County Airport Authority's budget was also increased $39,371as part of a local match for infrastructure improvements to the airport. Most other departmental expenditures were consistent with fiscal year 2010.

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 2011, total assets remained steady at $1.3 million, and total liabilities increased from $30,283 to $36,415. Restricted fund balance increased by $13,583 during the year from $1,247,679 to $1,261,262. The ending fund balance represents 35% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2011 of $3.6 million equaled total expenditures and other uses of the same amount. Overall, E911 revenues remained flat when compared to fiscal year 2010. Most of the revenue came from 911 fees totaling $2.4 million. Intergovernmental contributions were consistent with fiscal year 2010 numbers while lease payments increased $26,069 to $87,773. Total E911 expenditures for fiscal year 2011 also remained flat at $3.6 million, 97.9% 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 2011, total assets increased 9% to $2,016,318. Total liabilities decreased to $12,972. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased $179,514 to $2 million. The fund balance is earmarked only for fire protection uses and currently represents 118% of the expenditures and transfers for the year.

At $1.9 million, total fire revenues were comparable to fiscal year 2010 revenues. The fire tax levy for 2010 remained at 1.18 mills. At $1.7 million, expenditures were slightly higher than last year and represents 92.8% of the final amended budget.

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 2011, total assets in the SPLOST fund were $63.4 million, and total liabilities were $1.6 million. The restricted fund balance increased $8.8 million from $53 million to $61.8 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 $21.7 million, total sales tax revenues in fiscal year 2011 increased $381,980 over last year's collections. The receipt of this money coupled with $1.4 million in intergovernmental revenues offset a continuing decline in investment income. Investment income declined from $134,306 to $97,854, as interest rates continued their fall through the year. Total SPLOST expenditures and transfers for fiscal year 2011 declined $6.9 million from $21.5 million to $14.6 million. Expenditures were down because of the closeout of several large capital projects in fiscal year 2010, including the expansion of the detention center and several major road projects. Of the $14.6 million expended, $6 million was allocated to highway and street projects, $6.7 million was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins, and $1.8 million was expended to complete the new Centerville library branch.

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 2011 increased to $33.5 million while total liabilities remained at $0.7 million. Net assets increased 5% to 32.8 million. Total revenues increased 13% to $7.3 million. Water sales account for this jump in revenues, increasing from $5.9 million in fiscal year 2010 to $6.8 million in fiscal year 2011. All other revenue sources were comparable to last year. Total expenditures remained roughly the same at $5.7 million. Overall, net operating income increased from $0.9 million to $1.6 million.

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 $38.8 million and total liabilities were $6.8 million, as compared to $38.2 million and $7.2 million, respectively in fiscal year 2010. Net assets increased during the fiscal year from $31 million to $32 million primarily because of increases in long-term capital assets. Operating revenues (disposal fees) fell slightly from $6.4 million to $6.3 million. Operating expenses in fiscal year 2011 increased from $7 million to $7.2 million primarily because of increases in depreciation and contracted services. This resulted in an increase in the landfill's negative operating income from $537,107 in fiscal year 2010 to $924,373 dollars this fiscal year. Last year, the 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 2011. The infrastructure to capture the methane gas has now been completed. It is expected that gas sales in fiscal year 2012 will reverse the landfill's negative operating income trend.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2011, investments in capital assets for both governmental and business-type activities by the County increased from $238.6 million, as restated to $242.6 million (net of accumulated depreciation). This amount represents a net increase of $4 million, or 1.7% over last year. Governmental activities capital investment amounts increased 1.3% to $198 million while business-type activities capital assets increased 3% to $44.6 million.

Houston County's $242.6 million investment in capital assets includes land, buildings, machinery, equipment, infrastructure and utility systems. Capital assets added in fiscal year 2011 to governmental activities primarily included $3.8 million in road improvement projects funded under the 2001 and 2006 SPLOST program and $4.1 in other depreciable construction. Capital assets added to the business-type activities include $1.5 million in building and equipment improvements associated with the methane gas to energy program at the county landfill and $217,000 in equipment upgrades to enhance the county's water system.

At the end of fiscal year 2011, the depreciable capital assets for governmental activities were 24% depreciated, compared to 22% in fiscal year 2010. 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, 45% of the asset values were depreciated for fiscal year 2011 and 43% in fiscal year 2010. Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 50 of this report.

HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2010 AND 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Non-depreciable assets:						
Land	$ 1,599,326	$ 1,602,875	$ 5,540,051	$ 5,585,052	$ 7,139,377	$ 7,187,927
Construction in progress(1)	21,447,585	25,280,830	2,054,449	3,640,349	23,502,034	28,921,179
Total non-depreciable	$ 23,046,911	$ 26,883,705	$ 7,594,500	$ 9,225,401	$ 30,641,411	$ 36,109,106
Depreciable assets:						
Land (landfill)	$ -	$ -	$ 884,459	$ 884,459	$ 884,459	$ 884,459
Construction	79,711,812	83,830,713	-	-	79,711,812	83,830,713
Buildings	-	-	53,072,060	54,608,643	53,072,060	54,608,643
Improvements	868,520	868,520	-	-	868,520	868,520
Machinery and equipment	28,611,082	28,603,415	8,413,643	8,630,356	37,024,725	37,233,771
Infrastructure	111,710,863	111,710,863	-	-	111,710,863	111,710,863
Total depreciable assets	$ 220,902,277	$ 225,013,511	$ 62,370,162	$ 64,123,458	$ 283,272,439	$ 289,136,969
Less accumulated depreciation	48,599,324	53,926,036	26,665,748	28,760,442	75,265,072	82,686,478
Percentage depreciated	22%	24%	43%	45%	27%	29%
Book value	$ 195,349,864	$ 197,971,180	$ 43,298,914	$ 44,588,417	$ 238,648,778	$ 242,559,597

(1) Assets under construction in governmental activities was restated for FY2010. Assets under construction should have been $21,447,585, not the $58,470,683 originally reported. Assets under construction for governmental activities is adjusted downward by $37,023,098 to reflect SPLOST payments on road projects which, while administered by the County, ultimately became assets of other governmental entities.

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 capital leases of $868,997, compensated absences of $1.7 million and Other Post Employment Benefits (OPEB) of $2.3 million. The long term notes are capital leases on two buildings - the Department of Family and Children Services (DFCS) and the Phoenix Center. The lease on the Phoenix Center was paid off this fiscal year. The lease on the DFCS building 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 not reduced by the above amount and is still listed as a liability. Business-type activities include $6.1 million in closure and post closure care of the landfill and $217,404 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 50 of this report.

HOUSTON COUNTY'S OUTSTANDING DEBT
FISCAL YEARS 2010 AND 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Capital Leases	$ 1,534,030	$ 868,997	$ -	$ -	$ 1,534,030	$ 868,997
Net OPEB Obligation	1,457,038	2,303,067	-	-	1,457,038	2,303,067
Landfill closure and post closure care	-	-	5,705,784	6,141,775	5,705,784	6,141,775
Compensated absences	1,673,949	1,652,327	199,396	217,404	1,873,345	1,869,731
Total	$ 4,665,017	$ 4,824,391	$ 5,905,180	$ 6,359,179	$ 10,570,197	$ 11,183,570

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, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,416,752	$ 6,465,918	$ 11,882,670
Investments	81,591,730	12,623,091	94,214,821
Accounts receivable (net)	561,255	1,346,363	1,907,618
Taxes receivable (net)	1,992,145	-	1,992,145
Other receivable	-	-	-
Notes receivable, current	-	-	-
Internal balances	(726,249)	726,249	-
Due from other governments	2,049,699	-	2,049,699
Inventories and prepaid items	124,626	92,119	216,745
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	47,525	47,525
Investments	-	6,343,616	6,343,616
Accrued interest receivable	-	27,845	27,845
Notes receivable, noncurrent	-	-	-
Net pension asset	3,581,719	-	3,581,719
Capital assets not subject to depreciation	26,883,706	9,225,401	36,109,107
Capital assets (net of accumulated depreciation)	171,087,474	35,363,016	206,450,490
Total assets	292,562,857	72,261,143	364,824,000
LIABILITIES			
Accounts payable	2,108,072	556,019	2,664,091
Accrued wages payable	323,122	29,967	353,089
Accrued compensated absences	578,314	76,092	654,406
Due to other governments	628,666	133,797	762,463
Deferred revenue	-	-	-
Capital leases payable	630,759	-	630,759
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	351,347	351,347
Noncurrent liabilities:			
Net other postemployment benefits	2,303,067	-	2,303,067
Capital leases payable	238,238	-	238,238
Notes payable	-	-	-
Accrued loan interest	-	-	-
Accrued compensated absences	1,074,012	141,312	1,215,324
Accrued closure and post-closure care costs	-	6,141,775	6,141,775
Total liabilities	7,884,250	7,435,307	15,319,557
NET ASSETS			
Invested in capital assets (net of related debt)	197,102,183	44,588,417	241,690,600
Restricted for fire protection	2,003,346	-	2,003,346
Restricted for renewal and extension	-	6,021,029	6,021,029
Restricted for waste collections	-	6,642,501	6,642,501
Restricted for permanent fund	-	-	-
Restricted for capital projects	-	-	-
Unrestricted	85,573,078	7,573,889	93,146,967
Total net assets	$ 284,678,607	$ 64,825,836	$ 349,504,443

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

Component Units		
Development Authority	Health Department	Public Library
$ 182,050	$ 1,596,428	$ 587,637
17,994,518	-	42,401
-	1,769,402	-
-	-	-
-	-	306
100,000	-	-
-	-	-
-	-	-
-	-	4,801
-	-	-
-	-	-
-	-	-
300,000	-	-
-	-	-
-	-	316,200
-	495,317	1,298,520
18,576,568	3,861,147	2,249,865
3,233	1,845,657	9,247
-	-	23,612
6,255	20,426	17,120
-	-	-
-	3,978	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,732,084	-	-
130,439	-	-
13,328	486,032	-
-	-	-
10,885,339	2,356,093	49,979
-	495,317	1,614,720
-	-	-
-	-	-
-	-	-
-	-	29,956
-	-	259,903
7,691,229	1,009,737	295,307
$ 7,691,229	$ 1,505,054	$ 2,199,886

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

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	$ 16,836,038	$ (5,064,469)	$ 6,138,165	$ 91,500	$ -
Judicial	8,535,036	1,131,671	4,054,325	351,889	-
Public safety	27,848,160	2,245,015	4,471,231	236,484	-
Highways and streets	6,718,853	578,746	9,761	30,000	522,697
Health and welfare	649,036	389,164	100,486	-	-
Housing and development	864,768	102,331	183,410	-	-
Culture and recreation	751,159	102,784	-	-	1,064,269
Interest on long-term debt	62,803	-	-	-	-
Total governmental activities	62,265,853	(514,758)	14,957,378	709,873	1,586,966
Business-type activities:					
Water	5,384,853	316,402	7,322,511	-	2,144
Landfill	7,038,941	198,356	6,312,924	-	-
Total business-type activities	12,423,794	514,758	13,635,435	-	2,144
Total primary government	$ 74,689,647	$ -	$ 28,592,813	$ 709,873	$ 1,589,110
Component units:					
Development Authority	$ 1,724,156	$ -	$ 2,500	$ -	$ -
Health Department	12,009,952	-	1,106,850	11,433,806	-
Public Library	1,571,812	-	68,669	281,910	340,623
Total component units	$ 15,305,920	$ -	$ 1,178,019	$ 11,715,716	$ 340,623
General revenues:					
Property taxes					
Sales taxes					
Franchise tax					
Alcoholic beverage tax					
Insurance premium tax					
Gain (loss) on sale of assets					
Rent					
Intergovernmental, not restricted for specific programs					
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
$ (5,541,904)	$	$ (5,541,904)	$	$	$
(5,260,493)		(5,260,493)			
(25,385,460)		(25,385,460)			
(6,735,141)		(6,735,141)			
(937,714)		(937,714)			
(783,689)		(783,689)			
210,326		210,326			
(62,803)		(62,803)			
(44,496,878)		(44,496,878)			
-	1,623,400	1,623,400			
-	(924,373)	(924,373)			
-	699,027	699,027			
$ (44,496,878)	$ 699,027	$ (43,797,851)			
			(1,721,656)	-	-
			-	530,704	-
			-	-	(880,610)
			$ (1,721,656)	$ 530,704	$ (880,610)
$ 37,164,286	$ -	$ 37,164,286	$ -	$ -	$ -
21,747,829	-	21,747,829	-	-	-
599,207	-	599,207	-	-	-
228,426	-	228,426	-	-	-
1,839,708	1,842,648	3,682,356	-	-	-
31,549	34,805	66,354	-	-	-
911,805	-	911,805	35,479	-	-
-	-	-	237,500	-	773,550
-	-	-	298,772	-	51,594
7,200	-	7,200	627	-	9,356
61,229	52,204	113,433	18,632	7,792	6,182
62,591,239	1,929,657	64,520,896	591,010	7,792	840,682
28,760	(28,760)	-	-	-	-
62,619,999	1,900,897	64,520,896	591,010	7,792	840,682
18,123,121	2,599,924	20,723,045	(1,130,646)	538,496	(39,928)
266,555,486	62,225,912	328,781,398	8,821,875	966,558	2,239,814
$ 284,678,607	$ 64,825,836	$ 349,504,443	$ 7,691,229	$ 1,505,054	$ 2,199,886

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,669,207	$ -	$ 1,621,802	$ 3,291,009
Investments	14,985,280	61,426,906	1,825,145	78,237,331
Taxes receivable (net)	1,992,145	-	-	1,992,145
Accounts receivable (net)	151,483	-	409,772	561,255
Due from other funds	25,231	-	1,093,405	1,118,636
Due from other governments	101,507	1,945,664	2,528	2,049,699
Inventories	124,626	-	-	124,626
Total assets	$ 19,049,479	$ 63,372,570	$ 4,952,652	$ 87,374,701
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts and contracts payable	$ 396,047	$ 933,494	$ 29,658	$ 1,359,199
Accrued wages and payroll taxes payable	292,239	-	30,883	323,122
Due to other funds	1,844,885	-	-	1,844,885
Due to other governments	205	628,461	-	628,666
Deferred revenue	1,754,758	-	-	1,754,758
Total liabilities	4,288,134	1,561,955	60,541	5,910,630
Fund balances:				
Nonspendable:				
Inventories	124,626	-	-	124,626
Restricted for:				
SPLOST Capital Projects	-	61,810,615	-	61,810,615
E 911 fund	-	-	1,261,262	1,261,262
Drug fund	-	-	314,533	314,533
Law library fund	-	-	919,374	919,374
Committed to:				
Central Georgia Joint Development Authority	400,000	-	-	400,000
Judicial	-	-	18,572	18,572
Public safety	-	-	2,378,370	2,378,370
Assigned to:				
Building construction	2,000,000	-	-	2,000,000
Code red construction	71,625	-	-	71,625
Unassigned	12,165,094	-	-	12,165,094
Total fund balances	14,761,345	61,810,615	4,892,111	81,464,071
Total liabilities and fund balances	$ 19,049,479	$ 63,372,570	$ 4,952,652	$ 87,374,701

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, 2011

Total fund balances for governmental funds.	$ 81,464,071
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.	197,971,180
Other long-term assets (i.e. property taxes receivable) are not available to pay for current-period expenditures and therefore are deferred in the funds, but are reported as revenue on the government-wide statement of activities.	1,754,758
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.	3,581,719
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.	4,731,269
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.	(4,824,390)

Net other postemployment benefits (OPEB)	$ 2,303,067
Long-term debt	868,997
Compensated absences	1,652,326
Total long-term liabilities	$ 4,824,390

Total net assets of governmental activities.	$ 284,678,607

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, 2011

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 40,630,821	$ 21,747,829	$ 1,839,708	$ 64,218,358
Licenses and permits	327,559	-	-	327,559
Intergovernmental	708,673	1,457,312	418,252	2,584,237
Charges for services	5,168,424	-	2,602,609	7,771,033
Fines and forfeitures	2,439,354	-	241,038	2,680,392
Investment income	41,229	97,854	20,000	159,083
Miscellaneous	848,865	7,446	87,773	944,084
Total revenues	50,164,925	23,310,441	5,209,380	78,684,746
EXPENDITURES				
Current:				
General government	10,060,636	-	-	10,060,636
Judicial	8,152,622	-	73,882	8,226,504
Public safety	21,179,800	-	5,177,799	26,357,599
Highways and streets	4,510,032	-	-	4,510,032
Health and welfare	594,314	-	-	594,314
Culture and recreation	783,525	-	-	783,525
Housing and development	466,792	-	-	466,792
Economic development	414,676	-	-	414,676
Capital outlay:				
Public safety	-	-	21,163	21,163
Highways and streets	-	6,007,125	-	6,007,125
Libraries	-	1,816,436	-	1,816,436
Intergovernmental	-	6,757,359	-	6,757,359
Debt service:				
Principal retirement	665,033	-	-	665,033
Interest and fiscal charges	62,803	-	-	62,803
Total expenditures	46,890,233	14,580,920	5,272,844	66,743,997
Excess (deficiency) of revenues over (under) expenditures	3,274,692	8,729,521	(63,464)	11,940,749
OTHER FINANCING SOURCES (USES):				
Transfers in	148,151	-	696,072	844,223
Transfers out	(425,015)	-	(390,448)	(815,463)
Proceeds from sale of capital assets	27,097	-	4,453	31,550
Total other financing sources (uses)	(249,767)	-	310,077	60,310
Net change in fund balance	3,024,925	8,729,521	246,613	12,001,059
Fund balances at beginning of year	11,736,420	53,081,094	4,645,498	69,463,012
Fund balances at end of year	$ 14,761,345	$ 61,810,615	$ 4,892,111	$ 81,464,071

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, 2011

Net change in fund balance - total governmental funds		$ 12,001,059
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		8,293,737
Donated capital assets		6,000
Total depreciation		(5,657,374)
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.		(21,046)
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 @ 6/30/10	3,181,366	
Net pension asset @ 6/30/11	3,581,719	400,353
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues at the fund financial reporting level.		
Property Taxes: Deferred @ 6/30/11		1,754,758
Repayment of loan or lease principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		665,033
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	(846,029)	
Compensated absences	21,622	(824,407)
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.		1,505,008
Change in net assets of governmental activities		$ 18,123,121

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, 2011

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	$ 40,572,893	$ 40,652,653	$ 40,630,821	$ (21,832)
Licenses and permits	355,000	355,000	327,559	(27,441)
Intergovernmental	779,001	833,051	708,673	(124,378)
Charges for services	4,434,700	4,434,700	5,168,424	733,724
Fines and forfeitures	2,182,150	2,182,150	2,439,354	257,204
Investment income	100,000	100,000	41,229	(58,771)
Miscellaneous	838,857	844,357	848,865	4,508
Total revenues	49,262,601	49,401,911	50,164,925	763,014
EXPENDITURES				
Current:				
General government:				
County commissioners	784,861	820,321	795,552	(24,769)
Board of elections	484,708	493,188	468,892	(24,296)
Accounting	299,464	302,189	297,699	(4,490)
Purchasing	347,456	337,456	329,127	(8,329)
Legal services	83,063	83,063	71,775	(11,288)
Management of information systems	867,612	1,002,895	996,444	(6,451)
Human resources	333,068	333,068	326,537	(6,531)
Tax commissioner	1,398,049	1,398,049	1,348,431	(49,618)
Tax assessor	1,621,938	1,621,938	1,563,437	(58,501)
Board of equalization	11,995	13,995	13,105	(890)
Public buildings	2,795,893	2,908,993	2,886,906	(22,087)
Other general government	1,268,621	1,127,447	962,731	(164,716)
Total general government	10,296,728	10,442,602	10,060,636	(381,966)
Judicial:				
Judge of superior court	834,715	854,605	842,757	(11,848)
Clerk of superior court	1,022,698	1,022,698	1,011,601	(11,097)
District attorney	759,087	759,087	752,966	(6,121)
Domestic violence assistance	143,919	143,919	142,667	(1,252)
Judge of state court	437,077	452,275	449,047	(3,228)
Clerk of state court	371,485	371,485	363,850	(7,635)
Solicitor of state court	566,478	566,478	551,015	(15,463)
Magistrate court	980,579	980,579	960,320	(20,259)
Probate court	545,796	545,796	541,491	(4,305)
Juvenile court	597,509	633,009	610,502	(22,507)
Court services	5,000	9,410	9,410	-
Juvenile court enhancement	96,964	91,964	88,447	(3,517)
Public defender	1,858,418	1,850,918	1,828,549	(22,369)
Total judicial	8,219,725	8,282,223	8,152,622	(129,601)

(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, 2011

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	8,543,037	8,509,037	8,231,734	(277,303)
Juvenile involvement and control	1,028,125	1,028,125	915,102	(113,023)
Jail	12,261,823	12,276,823	11,480,187	(796,636)
Coroner	97,446	98,946	90,096	(8,850)
Animal control	253,405	253,405	241,986	(11,419)
Emergency management agency	213,993	233,993	220,695	(13,298)
Total public safety	22,397,829	22,400,329	21,179,800	(1,220,529)
Public works:				
Administration	812,499	730,399	638,697	(91,702)
Highways and streets - county	4,155,955	4,150,955	3,646,075	(504,880)
Highways and streets - state	280,000	280,000	11,863	(268,137)
Storm drainage	257,488	289,888	171,108	(118,780)
Traffic engineering	46,500	46,500	42,289	(4,211)
Total public works	5,552,442	5,497,742	4,510,032	(987,710)
Health and welfare:				
Health and vital statistics	325,175	325,175	320,713	(4,462)
Mental health	62,750	62,750	62,750	-
Mosquito control	4,000	4,000	2,745	(1,255)
Drug abuse commission	202,550	202,550	201,976	(574)
DFACS	8,125	8,125	5,330	(2,795)
Welfare	2,400	2,400	800	(1,600)
Total health and welfare	605,000	605,000	594,314	(10,686)
Culture and recreation:				
Recreation	13,000	13,000	11,175	(1,825)
Library	772,350	772,350	772,350	-
Total culture and recreation	785,350	785,350	783,525	(1,825)
Housing and development:				
County agent	92,290	92,290	84,602	(7,688)
Georgia forestry commission	4,817	12,042	12,042	-
Building inspection	365,873	368,373	364,388	(3,985)
Planning and zoning	10,700	8,200	5,760	(2,440)
Total housing and development	473,680	480,905	466,792	(14,113)
Economic development:				
Economic development	274,880	275,380	275,209	(171)
21st Century partnership	50,696	50,696	50,696	-
Perry-Houston County airport	49,400	88,771	88,771	-
Total economic development	374,976	414,847	414,676	(171)

(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, 2011

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Debt service:				
Principal retirement	706,787	706,787	665,033	(41,754)
Interest and fiscal charges	85,445	85,445	62,803	(22,642)
Total debt service	792,232	792,232	727,836	(64,396)
Total expenditures	49,497,962	49,701,230	46,890,233	(2,810,997)
Excess (deficiency) of revenues over (under) expenditures	(235,361)	(299,319)	3,274,692	3,574,011
OTHER FINANCING SOURCES (USES):				
Transfers in	179,808	223,766	148,151	(75,615)
Transfers out	(425,015)	(425,015)	(425,015)	-
Proceeds from sale of capital assets	30,000	30,000	27,097	(2,903)
Total other financing sources (uses)	(215,207)	(171,249)	(249,767)	(78,518)
Net change in fund balance	(450,568)	(470,568)	3,024,925	3,495,493
Fund balance at beginning of year	11,736,420	11,736,420	11,736,420	-
Fund balance at end of year	$ 11,285,852	$ 11,265,852	$ 14,761,345	$ 3,495,493

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Water	Landfill	Total	Governmental Activities-Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,195,205	$ 4,270,713	$ 6,465,918	$ 2,125,743
Investments	-	12,623,091	12,623,091	3,354,399
Accounts receivable (net)	991,722	354,641	1,346,363	-
Due from other funds	8,826	751,480	760,306	-
Inventories	92,119	-	92,119	-
Total current assets	3,287,872	17,999,925	21,287,797	5,480,142
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,107	-	27,107	-
Renewal and extension account:				
Investments	6,008,164	-	6,008,164	-
Accrued interest receivable	12,865	14,980	27,845	-
Customer deposits:				
Cash	15,420	-	15,420	-
Investments	301,952	33,500	335,452	-
Total restricted assets	6,370,506	48,480	6,418,986	-
Capital assets not subject to depreciation	1,426,116	7,799,285	9,225,401	-
Capital assets (net of accumulated depreciation)	22,417,779	12,945,237	35,363,016	-
Total long-term assets	30,214,401	20,793,002	51,007,403	-
Total assets	$ 33,502,273	$ 38,792,927	$ 72,295,200	$ 5,480,142
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	$ 181,455	$ 374,564	$ 556,019	$ 748,873
Accrued wages and payroll taxes payable	18,263	11,704	29,967	-
Accrued compensated absences	46,704	29,388	76,092	-
Due to other funds	25,231	8,826	34,057	-
Due to other governments	-	133,797	133,797	-
Total current liabilities	271,653	558,279	829,932	748,873
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	317,847	33,500	351,347	-
Accrued compensated absences	86,734	54,578	141,312	-
Accrued closure / post-closure costs	-	6,141,775	6,141,775	-
Total liabilities	681,232	6,788,132	7,469,364	748,873
NET ASSETS				
Invested in capital assets	23,843,895	20,744,522	44,588,417	-
Restricted for renewal and extension	6,021,029	-	6,021,029	-
Restricted for waste collections	-	6,642,501	6,642,501	-
Unrestricted	2,956,117	4,617,772	7,573,889	4,731,269
Total net assets	32,821,041	32,004,795	64,825,836	4,731,269
Total liabilities and net assets	$ 33,502,273	$ 38,792,927	$ 72,295,200	$ 5,480,142

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, 2011

	Water	Landfill	Total	Internal Service Fund
Operating revenues:				
Metered sales	$ 6,815,835	$ -	$ 6,815,835	$ -
Collection and disposal fees	-	6,154,560	6,154,560	-
Service charges	457,482	158,364	615,846	-
Intergovernmental	2,144	-	2,144	-
Charges for services	49,194	-	49,194	9,395,683
Total operating revenues	7,324,655	6,312,924	13,637,579	9,395,683
Operating expenses:				
Personal services	2,200,221	1,500,570	3,700,791	-
Purchased / contracted services	880,709	3,934,899	4,815,608	7,895,201
Supplies	117,428	683,858	801,286	-
Materials	831,845	-	831,845	-
Heat, light and power	678,733	-	678,733	-
Depreciation	992,319	1,117,970	2,110,289	-
Total operating expenses	5,701,255	7,237,297	12,938,552	7,895,201
Operating income (loss)	1,623,400	(924,373)	699,027	1,500,482
Nonoperating revenues (expenses):				
Interest revenue	5,987	46,217	52,204	4,526
Insurance premium tax	-	1,842,648	1,842,648	-
Sale of capital assets	-	34,805	34,805	-
Total nonoperating revenues	5,987	1,923,670	1,929,657	4,526
Income before transfers	1,629,387	999,297	2,628,684	1,505,008
Transfer Out	-	(28,760)	(28,760)	-
Changes in net assets	1,629,387	970,537	2,599,924	1,505,008
Net assets - beginning	31,191,654	31,034,258	62,225,912	3,226,261
Net assets - ending	$ 32,821,041	$ 32,004,795	$ 64,825,836	$ 4,731,269

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, 2011

	Water	Landfill	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	$ 7,131,236	$ 6,305,507	$ 13,436,743	$ -
Cash received from other funds for services provided	(286)	(751,480)	(751,766)	9,395,683
Cash payments to suppliers for goods and services	(2,519,891)	(4,272,743)	(6,792,634)	(8,117,984)
Cash payments to other funds for services provided	25,231	(763,932)	(738,701)	-
Cash payments to employees for services	(2,182,135)	(1,490,137)	(3,672,272)	-
Net cash provided by operating activities	2,454,155	(972,785)	1,481,370	1,277,699
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(28,760)	(28,760)	-
Net Cash (required for) noncapital financing activities	-	(28,760)	(28,760)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(894,160)	(2,505,632)	(3,399,792)	-
Increase/(decrease) in escrow deposits	(11,069)	4,000	(7,069)	-
Proceeds from sales of capital assets	-	34,805	34,805	-
Insurance premium tax	-	1,842,648	1,842,648	-
Net cash flows (required for) capital and related financing activities	(905,229)	(624,179)	(1,529,408)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(61,701)	(61,701)	195,196
Purchase of investments	(1,015,315)	(4,000)	(1,019,315)	-
Interest received on investments	13,020	63,155	76,175	4,526
Net cash provided by (required for) investing activities	(1,002,295)	(2,546)	(1,004,841)	199,722
Net increase (decrease) in cash and cash equivalents	546,631	(1,628,270)	(1,081,639)	1,477,421
Cash and cash equivalents at beginning of year	1,696,099	5,898,983	7,595,082	648,322
Cash and cash equivalents at end of year	$ 2,242,730	$ 4,270,713	$ 6,513,443	$ 2,125,743
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	$ 1,623,400	$ (924,373)	$ 699,027	$ 1,500,482
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	992,319	1,117,970	2,110,289	-
(Increase) decrease in receivables	(193,419)	(7,417)	(200,836)	-
(Increase) decrease in inventories	(708)	-	(708)	-
Increase (decrease) in accounts payable	(10,468)	(83,853)	(94,321)	(222,783)
Increase (decrease) in other liabilities	18,086	446,424	464,510	-
(Increase) decrease in due from other funds	(286)	(751,480)	(751,766)	-
(Increase) decrease in due to other funds	25,231	(763,932)	(738,701)	-
(Increase) decrease in due to other governments	-	(6,124)	(6,124)	-
Net cash provided from operating activities	$ 2,454,155	$ (972,785)	$ 1,481,370	$ 1,277,699

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, 2011

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 2,636,350
Total assets	$ 2,636,350
LIABILITIES	
Due to other taxing units	$ 774,184
Due to retirement funds	15,304
Due to State	105,976
Funds held in escrow	551,907
Cash bonds	252,975
Other	936,004
Total liabilities	$ 2,636,350

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, 2011 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. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

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

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

The County reports the following non-major governmental funds:

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

The County reports the following fiduciary funds:

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

The County reports the following fund types:

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

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

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

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

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

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 2010 was set on July 29, 2010.

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, 2011. 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 – Governmental Funds

Houston County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the County Commissioners, the County's highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by County Commissioners.

- Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the County's policy, amounts may be assigned by the Board of Commissioners, Director of Administration or Comptroller.

- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The County reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 18) and the Nonmajor Governmental Funds Combining Balance sheet (page 54). As discussed in Note I B, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners have provided otherwise in commitment or assignment actions.

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

- funds that are a stable funding source for expenditures that fluctuate significantly each year, for example equipment acquisitions and replacements,

- working capital to maintain a sufficient cash flow,

- funding of services during periods of budget shortfalls or other revenue reductions during a budget year, and

- a stable or improved credit rating.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Encumbrances.

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments.

Primary Government.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2011, 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, 2011, the County's reporting entity had the following investments:

Type of Investment	Fair Value	Investment Maturity Less than 1 yr	Rating	Weighted Average Maturity (WAM)
Primary Government				
Certificate of Deposits	$ 13,735,428	$ 13,735,428		
Georgia Fund I	86,823,010	86,823,010	AAAm	59 day WAM
Total Primary Government	$ 100,558,438	$ 100,558,438		

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.

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.

III. DETAILED NOTES ON ALL FUNDS

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2011, 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, 2011 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, 2011, the carrying amount of the Health Department's cash accounts was $1,596,428 and the bank balances were $2,019,044. Of the bank balances, $1,061,558 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and $957,486 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, 2011, 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, 2011, the Library's only investments were certificates of deposit.

At June 30, 2011, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	January 17, 2012	$ 27,509
Certificate of deposit	December 18, 2011	7,113
Certificate of deposit	January 17, 2012	7,779
		$ 42,401

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, 2011, 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, 2011, are as follows:

Fund	Receivables	Payables
General	25,231	1,844,885
SPLOST capital projects	-	-
Water	8,826	25,231
Solid waste	751,480	8,826
Non-major governmental funds	1,093,405	-
Total	1,878,942	1,878,942

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	Nonmajor Governmental	Water	Solid Waste	Total
General Fund	$ -	$ 1,093,405	$ -	$ 751,480	$ 1,844,885
Water	25,231	-	-	-	25,231
Solid Waste	-	-	8,826	-	8,826
	$ 25,231	$ 1,093,405	$ 8,826	$ 751,480	$ 1,878,942

III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 148,151	$ 425,015
Nonmajor Governmental		
E-911	696,072	-
Drug	-	104,193
Fire	-	271,057
Law Library	-	15,198
Solid Waste	-	28,760
	$ 844,223	$ 844,223

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	$ -	$ 425,015	$ 425,015
Nonmajor Governmental	119,391	271,057	390,448
Solid Waste	28,760	-	28,760
Total	$ 148,151	$ 696,072	$ 844,223

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III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance June 30, 2010	Prior Period Adjustment	Restated Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Accumulated Depreciation June 30, 2011	Book Value June 30, 2011
Nondepreciable assets:								
Land	$ 1,599,326	$ -	$ 1,599,326	$ 3,549	$ -	$ 1,602,875	$ -	$ 1,602,875
Construction in progress	58,470,683	(37,023,098)	21,447,585	7,952,146	4,118,901	25,280,830	-	25,280,830
Depreciable assets:								
Construction	79,711,812	-	79,711,812	4,118,901	-	83,830,713	14,079,620	69,751,093
Improvements other than buildings	868,520	-	868,520	-	-	868,520	811,506	57,014
Machinery & equipment	28,611,082	-	28,611,082	344,042	351,709	28,603,415	17,407,954	11,195,461
Infrastructure	111,710,863	-	111,710,863	-	-	111,710,863	21,626,956	90,083,907
Total capital assets	280,972,286	(37,023,098)	243,949,188	12,418,638	4,470,610	251,897,216	$ 53,926,036	$ 197,971,180
Accumulated depreciation:								
Construction	12,477,292	-	12,477,292	1,602,328	-	14,079,620		
Improvements	804,283	-	804,283	7,223	-	811,506		
Machinery & equipment	15,940,151	-	15,940,151	1,798,465	330,662	17,407,954		
Infrastructure	19,377,598	-	19,377,598	2,249,358	-	21,626,956		
Total accumulated depreciation	$ 48,599,324	$ -	$ 48,599,324	$ 5,657,374	$ 330,662	$ 53,926,036		

Business-type activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011	Accumulated Depreciation June 30, 2011	Book Value June 30, 2011
Nondepreciable assets:						
Land	$ 5,540,051	$ 45,001	$ -	$ 5,585,052	$ -	$ 5,585,052
Construction in progress	2,054,449	3,122,483	1,536,583	3,640,349	-	3,640,349
Depreciable assets:						
Land (landfill)	884,459	-	-	884,459	240,000	644,459
Plant & buildings	53,072,060	1,536,583	-	54,608,643	22,921,860	31,686,783
Machinery & equipment	8,413,643	232,308	15,595	8,630,356	5,598,582	3,031,774
Total capital assets	$ 69,964,662	$ 4,936,375	$ 1,552,178	$ 73,348,859	$ 28,760,442	$ 44,588,417

Accumulated depreciation:	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Land (landfill)	$ 230,000	$ 10,000	$ -	$ 240,000
Plant & buildings	21,349,759	1,572,101	-	22,921,860
Machinery & equipment	5,085,989	528,188	15,595	5,598,582
Total accumulated depreciation	$ 26,665,748	$ 2,110,289	$ 15,595	$ 28,760,442

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	$ 276,406
Judicial	608,600
Public safety	2,092,653
Public works	2,495,127
Health and welfare	177,267
Culture and recreation	-
Housing and development	7,321
Total depreciation expense - governmental activities	$ 5,657,374
Business-type activities:	
Water	$ 992,319
Solid waste	1,117,970
Total depreciation expense - business-type activities	$ 2,110,289

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III. DETAILED NOTES ON ALL FUNDS

Houston County Health Department Component Unit.

A summary of capital asset activity for the Houston County Health Department for the year ended June 30, 2011 is as follows:

Governmental activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Depreciable assets:				
Office and Medical Equipment	$ 876,597	$ 313,128	$ -	$ 1,189,725
Total capital assets	876,597	313,128	-	1,189,725
Accumulated depreciation:				
Office and Medical Equipment	593,034	101,374	-	694,408
Total accumulated depreciation	593,034	101,374	-	694,408
Capital assets, net	$ 283,563	$ 211,754	$ -	$ 495,317

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

Governmental activities:	
Health	$101,374

Houston County Public Library Component Unit.

A summary of capital asset activity for the Houston County Public Library for the year ended June 30, 2011 is as follows:

Governmental activities	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Nondepreciable assets:				
Land	$ 316,200	$ -	$ -	316,200
Depreciable assets:				
Buildings and improvements	1,969,940	-	-	1,969,940
Equipment	14,500	11,794	-	26,294
Library collections	2,269,247	129,716	37,332	2,361,631
Total capital assets	4,569,887	141,510	37,332	4,674,065
Accumulated depreciation:				
Buildings and improvements	1,309,405	69,530	-	1,378,935
Equipment	9,546	2,040	-	11,586
Library collections	1,573,757	132,399	37,332	1,668,824
Total accumulated depreciation	2,892,708	203,969	37,332	3,059,345
Capital assets, net	$ 1,677,179	$ (62,459)	$ -	$ 1,614,720

All depreciation expense was charged to the public services function during the year ended June 30, 2011.

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, 2011:

Fiscal Year	Principal	Interest	Payment Amount
2012	$ 630,759	$ 28,482	$ 659,241
2013	238,238	3,653	241,891
Total payments	$ 868,997	$ 32,135	$ 901,132

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. On December 9, 2010, the Authority modified its note with American Real Estate. Beginning with the December 9, 2010 quarterly interest payment, and each payment thereafter, the interest payments are to be divided in two halves, rounded up to the nearest cent. The first half of the interest payment will be paid according to the terms of the original note agreement. The second half of the interest payment will be deferred, accruing without interest, until the maturity date of the loan. All deferred but unpaid interest is due and payable at the maturity date of the note, September 9, 2013. Interest payments are based on the most recent Wall Street Journal Prime Rate. The outstanding loan balance at June 30, 2011 is $10,732,084. The entire balance of the loan is due September 9, 2013. 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, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	-	174,396	174,396
2013	-	174,396	174,396
2014	10,732,084	566,431	11,298,515
Totals	$ 10,732,084	$ 915,223	$ 11,647,307

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2011, the following changes occurred in the long-term liabilities:

Governmental funds:

Long-term liability	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Capital leases	$ 1,534,030	$ -	$ 665,033	$ 868,997	$ 630,759
Net OPEB Obligation	1,457,038	846,029	-	2,303,067	-
Compensated absences	1,673,949	1,157,590	1,179,212	1,652,327	578,314
Total	$ 4,665,017	$ 2,003,619	$ 1,844,245	$ 4,824,391	$ 1,209,073

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, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Compensated absences	$ 199,396	$ 125,119	$ 107,111	$ 217,404	$ 76,092
Accrued closure and post-closure care costs	5,705,784	435,991	-	6,141,775	-
Total	$ 5,905,180	$ 561,110	$ 107,111	$ 6,359,179	$ 76,092

A summary of changes in long-term debt for the Development Authority Component Unit for the year ended June 30, 2011 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Note payable	$ 10,732,084	$ -	$ -	$ 10,732,084	$ -
Compensated absences	18,242	6,255	4,914	19,583	6,255
Total	$ 10,750,326	$ 6,255	$ 4,914	$ 10,751,667	$ 6,255

Houston County Health Department Component Unit.

A summary of changes in long-term debt for the Houston County Health Department for the year ended June 30, 2011 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Compensated absences	$ 478,145	$ 370,522	$ 342,209	$ 506,458	$ 20,426

III. DETAILED NOTES ON ALL FUNDS

Houston County Public Library Component Unit.

A summary of changes in long-term debt for the Houston County Public Library for the year ended June 30, 2011 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Compensated absences	$ 18,818	$ 36,020	$ 37,718	$ 17,120	$ 17,120

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 $5,421,037 as of June 30, 2011, which is based on 65.2 percent usage (filled) of the solid waste landfill. It is estimated that an additional $2,469,298 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 $720,738 as of June 30, 2011, which is based on 24.2 percent usage (filled) of the C & D landfill. It is estimated that an additional $1,995,278 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 ($6,141,775) 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, 2011. 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:

Restricted for Renewal and Extension - Enterprise Fund.

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

Restricted for Waste Collections – Enterprise Fund.

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

IV. OTHER INFORMATION

A. Employees' Retirement Plan.

Plan Description 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.

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:	**2011**	**2010**
Annual Pension Cost for Prior Year	$ 4,108,731	$ 3,975,611
Actual Contributions to Plan for Prior Year	4,509,084	3,649,123
Increase (Decrease) in Net Pension Obligation	(400,353)	326,488
Net Pension Obligation (Asset), beginning of year	(3,181,366)	(3,507,854)
Net Pension Obligation (Asset), end of year	$ (3,581,719)	$ (3,181,366)
Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 4,040,508	$ 4,091,477
Interest on Net Pension Obligation	(277,583)	(246,556)
Amortization of Net Pension Obligatin	297,008	263,810
Annual Pension Cost	$ 4,059,933	$ 4,108,731

Basis of Valuation	
Current Valuation Date	January 1, 2011
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

IV. OTHER INFORMATION

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)
01/01/11	$ 4,059,933	N/A	N/A	$ (3,581,719)
01/01/10	4,108,731	4,509,084	110%	(3,181,366)
01/01/09	3,975,611	3,649,123	92%	(3,507,854)

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
12/31/10	$42,843,900	$61,566,717	69.6%	$18,722,817	$19,948,266	93.9%
12/31/09	$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.

IV. OTHER INFORMATION

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.

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	58,282
Adjustment to Annual Required Contribution	(48,568)
Annual OPEB Cost (Expense)	846,029
Employer contributions for Fiscal Year 2011	-
Increase (decrease) in Net OPEB Obligation	846,029
Net OPEB Obligation at beginning of Fiscal Year	1,457,038
Net OPEB Obligation at end of Fiscal Year	$ 2,303,067

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)
01/02/07	$ -	$ 6,484,515	$ 6,484,515	0.0%	$ 23,436,193	27.7%
07/01/09	-	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
6/30/2010	$ 837,423	$ -	0.00%	$ 1,457,038
6/30/2011	846,029	-	0.00%	2,303,067

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 $375,000 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, 2011	Year Ended June 30, 2010
Unpaid claims, beginning of fiscal year	$ 971,656	$ 939,969
Incurred claims	7,143,225	7,792,818
Claim payments	7,366,008	7,761,131
Unpaid claims, end of fiscal year	$ 748,873	$ 971,656

E. Commitments and Contingent Liabilities.

Grant Funds.

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

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

On July 7, 2010, Houston County entered into a contract establishing a joint partnership with Bibb County and Central Georgia Joint Development Authority (CGJDA). The purpose of this contract is to eliminate the presence of residences in the noise and the crash corridor that are in South Bibb County and North Houston County and to comply with the 2004 Joint Land Use Study (JLUS) regarding the encroachment of certain residential properties in areas designated with Decibel Noise levels 65 db through 85 db. Non-compliance with the 2004 JLUS is detrimental to existing and future missions of Robins Air Force Base. The CGJDA, created by General Statute O.C,C.G.A 36-62-1 is responsible for promoting the general welfare and economic prosperity of the Middle Georgia region and recognizes the importance of complying with the JLUS. Under the terms of the contract, Houston County and Bibb County will provide $100,000 a year for five years beginning with FY 2011 and continuing for the next successive four fiscal year budget cycles for a total financial commitment of $500,000 each. The first payment was paid by August 1, 2010 with successive payments due on or before August 1 of the next four years. These funds are solely for the purpose of acquiring the properties in the affected encroachment areas (APZ 1 and 2 zones), and/or noise contour areas, and any expenses related to the acquisition and disposition of such properties. The contract terminates on the earlier of (i) the date that all obligations have been performed, or (ii) five years after the effective date.

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.

IV. OTHER INFORMATION

The Middle Georgia Regional Commission.

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

G. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2011, the Health Department received $10,311,892 (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.

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, 2011.

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, 2011, as previously reported:	$ 303,578,584
Prior period adjustment to correct capital assets	(37,023,098)
Beginning balances of net assets at June 30, 2011, as restated:	$ 266,555,486

The net assets of Governmental Activities have been decreased by $37,023,098 to adjust capital assets for intergovernmental payments for construction projects incorrectly recorded in CIP accounts of capital assets.

Health Department - Component Unit.

Net assets for both the government-wide and fund financial statements were decreased by $179,035 to reflect an error in the June 30, 2010 statements.

J. Subsequent Events.

Management has evaluated subsequent events through December 21, 2011, 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, 2011

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)
12/31/00	$ 10,587,312	$ 12,210,561	86.7%	$ 1,623,249	$ 6,677,094	24.3%
12/31/01	11,570,405	13,565,538	85.3%	1,995,133	7,901,305	25.3%
12/31/02	12,211,668	15,382,275	79.4%	3,170,607	9,280,927	34.2%
12/31/03	14,688,418	19,891,459	73.8%	5,203,041	10,397,755	50.0%
12/31/04	17,273,527	22,415,153	77.1%	5,141,626	11,452,156	44.9%
12/31/05	20,135,046	25,738,314	78.2%	5,603,268	13,060,105	42.9%
12/31/06	24,706,398	32,825,156	75.3%	8,118,758	15,573,622	52.1%
12/31/07	29,540,370	37,119,522	79.6%	7,579,152	17,569,875	43.1%
12/31/08	32,198,422	41,988,446	76.7%	9,790,024	18,069,615	54.2%
12/31/09	36,984,833	57,067,989	64.8%	20,083,156	20,216,506	99.3%
12/31/10	42,843,899	61,566,717	69.6%	18,722,818	19,948,266	93.9%

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)
01/02/07	$ -	$ 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.

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HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue						
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 23,165	$ 314,533	$ 343,722	$ 924,338	$ 16,044	$ 1,621,802
Investments	-	1,825,145	-	-	-	-	1,825,145
Accounts receivable	371,956	324	-	37,492	-	-	409,772
Due from other funds	925,721	167,684	-	-	-	-	1,093,405
Due from other governments	-	-	-	-	-	2,528	2,528
Total assets	$ 1,297,677	$ 2,016,318	$ 314,533	$ 381,214	$ 924,338	$ 18,572	$ 4,952,652
LIABILITIES AND FUND BALANCE							
Accounts payable	$ 13,459	$ 5,045	$ -	$ 6,190	$ 4,964	$ -	$ 29,658
Accrued wages and payroll taxes payable	22,956	7,927	-	-	-	-	30,883
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	36,415	12,972	-	6,190	4,964	-	60,541
FUND BALANCES							
Restricted	1,261,262	-	314,533	-	919,374	-	2,495,169
Committed to:							
Judicial	-	-	-	-	-	18,572	18,572
Public safety	-	2,003,346	-	375,024	-	-	2,378,370
Total fund balances	1,261,262	2,003,346	314,533	375,024	919,374	18,572	4,892,111
Total liabilities and fund balances	$ 1,297,677	$ 2,016,318	$ 314,533	$ 381,214	$ 924,338	$ 18,572	$ 4,952,652

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue			
	E 911	Fire Protection	Drug	Jail Inmate
REVENUES				
Taxes	$ -	$ 1,839,708	$ -	$ -
Intergovernmental	393,252	25,000	-	-
Charges for services	2,448,533	-	-	154,076
Fines and forfeitures	-	-	114,383	-
Investment income	-	2,868	2,347	2,846
Miscellaneous	87,773	-	-	-
Total revenues	2,929,558	1,867,576	116,730	156,922
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Public safety	3,612,047	1,421,458	36,459	128,998
Health and welfare	-	-	-	-
Total expenditures	3,612,047	1,421,458	36,459	128,998
Excess (deficiency) of revenues over (under) expenditures	(682,489)	446,118	80,271	27,924
OTHER FINANCING SOURCES (USES)				
Transfers in	696,072	-	-	-
Transfers out	-	(271,057)	(104,193)	-
Proceeds of capital asset dispositions	-	4,453	-	-
Total other financing sources (uses)	696,072	(266,604)	(104,193)	-
Net change in fund balances	13,583	179,514	(23,922)	27,924
Fund balance - beginning	1,247,679	1,823,832	338,455	347,100
Fund balance - ending	$ 1,261,262	$ 2,003,346	$ 314,533	$ 375,024

Law Library	District Attorney	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,839,708
-	-	418,252
-	-	2,602,609
105,833	20,822	241,038
11,939	-	20,000
-	-	87,773
117,772	20,822	5,209,380
64,859	9,023	73,882
-	-	5,198,962
-	-	-
64,859	9,023	5,272,844
52,913	11,799	(63,464)
-	-	696,072
(15,198)	-	(390,448)
-	-	4,453
(15,198)	-	310,077
37,715	11,799	246,613
881,659	6,773	4,645,498
$ 919,374	$ 18,572	$ 4,892,111

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, 2011

	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	2,508,698	2,508,698	2,448,533	(60,165)
Investment Income	-	-	-	-
Miscellaneous	90,000	90,000	87,773	(2,227)
Total revenues	2,991,950	2,991,950	2,929,558	(62,392)
EXPENDITURES				
Personal services	2,870,309	2,870,309	2,835,529	(34,780)
Purchased / contracted services	697,738	692,720	659,962	(32,758)
Supplies	90,375	95,393	95,393	-
Capital outlay	29,600	29,600	21,163	(8,437)
Total expenditures	3,688,022	3,688,022	3,612,047	(75,975)
Excess (deficiency) of revenues over (under) expenditures	(696,072)	(696,072)	(682,489)	13,583
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	696,072	696,072	696,072	-
Proceeds of capital asset dispositions	-	-	-	-
Total other financing sources (uses)	696,072	696,072	696,072	-
Net change in fund balance	-	-	13,583	13,583
Fund balance at beginning of year	1,247,679	1,247,679	1,247,679	-
Fund balance at end of year	$ 1,247,679	$ 1,247,679	$ 1,261,262	$ 13,583

Fire Protection			
Budgeted Amounts			Variance with Final Budget Over (Under)
Original	Final	Actual	
$ 1,749,276	$ 1,749,276	$ 1,839,708	$ 90,432
2,000	27,000	25,000	(2,000)
-	-	-	-
-	-	2,868	2,868
-	-	-	-
1,751,276	1,776,276	1,867,576	91,300
978,633	978,633	887,396	(91,237)
293,032	301,405	286,450	(14,955)
171,900	250,732	247,612	(3,120)
36,654	22,339	-	(22,339)
1,480,219	1,553,109	1,421,458	(131,651)
271,057	223,167	446,118	222,951
(271,057)	(271,057)	(271,057)	-
-	-	4,453	4,453
(271,057)	(271,057)	(266,604)	4,453
-	(47,890)	179,514	227,404
1,823,832	1,823,832	1,823,832	-
$ 1,823,832	$ 1,775,942	$ 2,003,346	$ 227,404

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, 2011

	Drug Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Charges for services	$ -	$ -	$ -
Fines and forfeitures	240,000	114,383	(125,617)
Investment income	10,000	2,347	(7,653)
Miscellaneous	-	-	-
Total revenues	250,000	116,730	(133,270)
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	250,000	36,459	(213,541)
Total expenditures	250,000	36,459	(213,541)
Excess (deficiency) of revenues over (under) expenditures	-	80,271	80,271
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(104,193)	(104,193)
Net change in fund balances	-	(23,922)	(23,922)
Fund balance - beginning	338,455	338,455	-
Fund balance - ending	$ 338,455	$ 314,533	$ (23,922)

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)
$ 195,000	$ 154,076	$ (40,924)	$ -	$ -	$ -
-	-	-	120,000	105,833	(14,167)
5,000	2,846	(2,154)	30,000	11,939	(18,061)
-	-	-	-	-	-
200,000	156,922	(43,078)	150,000	117,772	(32,228)
-	-	-	150,000	64,859	(85,141)
200,000	128,998	(71,002)	-	-	-
200,000	128,998	(71,002)	150,000	64,859	(85,141)
-	27,924	27,924	-	52,913	52,913
-	-	-	-	(15,198)	(15,198)
-	27,924	27,924	-	37,715	37,715
347,100	347,100	-	881,659	881,659	-
$ 347,100	$ 375,024	$ 27,924	$ 881,659	$ 919,374	$ 37,715

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, 2011

	District Attorney		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	25,000	20,822	(4,178)
Investment income	-	-	-
Total revenues	25,000	20,822	(4,178)
EXPENDITURES			
Current:			
Judicial	25,000	9,023	(15,977)
Public safety	-	-	-
Total expenditures	25,000	9,023	(15,977)
Excess (deficiency) of revenues over (under) expenditures	-	11,799	11,799
OTHER FINANCING (USES)			
Transfers (out)	-	-	-
Net change in fund balances	-	11,799	11,799
Fund balance - beginning	6,773	6,773	-
Fund balance - ending	$ 6,773	$ 18,572	$ 11,799

HOUSTON COUNTY, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Workers' Compensation Program	Health Insurance Program	Property and Liability Insurance Program	Total
Operating revenues:				
Charges for services	$ 171,877	$ 8,833,741	$ 390,065	$ 9,395,683
Total operating revenues	171,877	8,833,741	390,065	9,395,683
Operating expenses:				
Insurance claims	259,311	6,549,670	103,227	6,912,208
Insurance premiums and administration	102,101	593,555	287,337	982,993
Total operating expenses	361,412	7,143,225	390,564	7,895,201
Net operating income (loss)	(189,535)	1,690,516	(499)	1,500,482
Nonoperating revenue:				
Interest revenue	462	2,895	1,169	4,526
Total nonoperating revenue	462	2,895	1,169	4,526
Change in net assets	(189,073)	1,693,411	670	1,505,008
Net assets - beginning of year	1,312,215	1,193,302	720,744	3,226,261
Net assets - end of year	$ 1,123,142	$ 2,886,713	$ 721,414	$ 4,731,269

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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.

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HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

Sheriff	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash	$ 374,183	$ 1,440,040	$ 1,439,666	$ 374,557
Total assets	$ 374,183	$ 1,440,040	$ 1,439,666	$ 374,557
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 1,116,102	$ 1,116,102	$ -
Funds held in escrow	174,931	56,769	59,165	172,535
Cash bonds	199,252	144,207	141,437	202,022
Other	-	122,962	122,962	-
Total liabilities	$ 374,183	$ 1,440,040	$ 1,439,666	$ 374,557
Jail				
Assets:				
Cash	$ 56,925	$ 578,864	$ 579,888	$ 55,901
Total assets	$ 56,925	$ 578,864	$ 579,888	$ 55,901
Liabilities:				
Due to other funds:				
Jail Inmate Special Revenue Fund	$ -	$ 22,249	$ 22,249	$ -
Funds held in escrow	56,925	-	1,024	55,901
Other	-	556,615	556,615	-
Total liabilities	$ 56,925	$ 578,864	$ 579,888	$ 55,901
Tax Commissioner				
Assets:				
Cash	$ 765,171	$ 98,410,751	$ 98,250,088	$ 925,834
Total assets	$ 765,171	$ 98,410,751	$ 98,250,088	$ 925,834
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 41,839,195	$ 41,839,195	$ -
Due to Houston County Board of Education	494,504	49,017,822	48,903,801	608,525
Due to State	51,831	5,612,334	5,608,912	55,253
Due to City of Perry	26,239	378,178	372,090	32,327
Due to City of Warner Robins	103,728	1,257,346	1,243,349	117,725
Due to City of Centerville	11,713	184,570	180,676	15,607
Other	77,156	121,306	102,065	96,397
Total liabilities	$ 765,171	$ 98,410,751	$ 98,250,088	$ 925,834

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

Clerk of Superior Court	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash	$ 631,268	$ 4,048,270	$ 4,150,157	$ 529,381
Total assets	$ 631,268	$ 4,048,270	$ 4,150,157	$ 529,381
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 1,663,397	$ 1,663,397	$ -
Law Library Fund	-	14,700	14,700	-
Houston County Sheriff	-	48,725	48,725	-
Superior Court Clerks' retirement	2,255	24,019	24,486	1,788
Sheriffs' retirement	375	3,088	3,217	246
Peace Officers' retirement	1,522	18,581	18,435	1,668
Due to State	1,777	22,392	22,045	2,124
Funds held in escrow	458,716	343,729	478,974	323,471
Other	166,623	1,909,639	1,876,178	200,084
Total liabilities	$ 631,268	$ 4,048,270	$ 4,150,157	$ 529,381
District Attorney				
Assets:				
Cash	$ 19,276	$ 26,094	$ 45,223	$ 147
Total assets	$ 19,276	$ 26,094	$ 45,223	$ 147
Liabilities:				
Garnishments, restitution & other	$ 19,276	$ 26,094	$ 45,223	$ 147
Total liabilities	$ 19,276	$ 26,094	$ 45,223	$ 147
State Court				
Assets:				
Cash	$ 172,384	$ 4,505,115	$ 4,492,071	$ 185,428
Total assets	$ 172,384	$ 4,505,115	$ 4,492,071	$ 185,428
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 2,045,852	$ 2,045,852	$ -
Law Library Fund	-	49,554	49,554	-
Peace Officer's retirement	8,935	93,479	93,996	8,418
Sheriffs' retirement	1,680	15,736	15,960	1,456
Clerk's retirement	2,137	19,593	20,002	1,728
Garnishments, restitution & other	86,927	1,185,032	1,197,681	74,278
Due to State	52,554	540,837	544,796	48,595
Cash bonds	20,151	555,032	524,230	50,953
Total liabilities	$ 172,384	$ 4,505,115	$ 4,492,071	$ 185,428

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

Probate Court	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash	$ 547,284	$ 673,832	$ 661,533	$ 559,583
Total assets	$ 547,284	$ 673,832	$ 661,533	$ 559,583
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 410,542	$ 410,542	$ -
Law Library Fund	-	3,400	3,400	-
Probate Judges' retirement	-	10,506	10,506	-
Due to State	2	112,072	112,070	4
Other	547,282	137,312	125,015	559,579
Total liabilities	$ 547,284	$ 673,832	$ 661,533	$ 559,583

Magistrate Court				
Assets:				
Cash	$ (9)	$ 1,760,888	$ 1,760,353	$ 526
Total assets	$ (9)	$ 1,760,888	$ 1,760,353	$ 526
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 651,593	$ 651,593	$ -
Law Library Fund	-	36,645	36,645	-
Sheriff	-	2,236	2,236	-
Retirement payable	-	25,718	25,718	-
Due to State	-	110,596	110,596	-
Other	(9)	934,100	933,565	526
Total liabilities	$ (9)	$ 1,760,888	$ 1,760,353	$ 526

Juvenile Court				
Assets:				
Cash	$ 5,323	$ 29,364	$ 29,694	$ 4,993
Total assets	$ 5,323	$ 29,364	$ 29,694	$ 4,993
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 23,646	$ 23,646	$ -
Peace Officers' Training Fund	-	59	59	-
Due to State	-	254	254	-
Restitution payable & other	5,323	5,405	5,735	4,993
Total liabilities	$ 5,323	$ 29,364	$ 29,694	$ 4,993

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

Total - All Agency Funds	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Assets:				
Cash	$ 2,571,805	$ 111,473,218	$ 111,408,673	$ 2,636,350
Total assets	$ 2,571,805	$ 111,473,218	$ 111,408,673	$ 2,636,350
Liabilities:				
Due to other funds	$ -	$ 47,927,836	$ 47,927,836	$ -
Due to other taxing units	636,184	50,837,916	50,699,916	774,184
Due to retirement funds	16,904	210,720	212,320	15,304
Due to training funds	-	59	59	-
Due to State	106,164	6,398,485	6,398,673	105,976
Funds held in escrow	690,572	400,498	539,163	551,907
Cash bonds	219,403	699,239	665,667	252,975
Other	902,578	4,998,465	4,965,039	936,004
Total liabilities	$ 2,571,805	$ 111,473,218	$ 111,408,673	$ 2,636,350

HOUSTON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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	JB-07ST-004	$ 9,410
Passed-Through Criminal Justice Coordinating Council:			
Stop Violence Against Women	16.588	W09-8-027	28,969
Stop Violence Against Women	16.588	W09-8-061	24,912
			53,881
Direct Award:			
State Criminal Alien Assistance Program	16.606		37,491
Total U.S. Department of Justice			**100,782**
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	101,965
Hazard Mitigation Grant	97.039	HMGP-1686-0024	2,058
Emergency Management Performance Grant	97.042	OEM10-078	50,063
Homeland Security Grant Program	97.073	2007-GE-T7-0054	25,000
Homeland Security Grant Program	97.073	2008-GE-T8-0017	10,931
Total U.S. Department of Homeland Security			**190,017**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 290,799**

HOUSTON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

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 no federal non-cash awards during the 2011 fiscal year.

SPECIAL REPORTS SECTION

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

December 21, 2011

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2011. 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.

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 significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider these deficiencies described in the accompanying schedule of findings to be material weaknesses: 2011-2.

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. We consider these deficiencies described in the accompanying schedule of findings to be significant deficiencies: 2011-1.

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. 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 & Tyche, LLC

Macon, Georgia

HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2011-1 ***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.

2011-2 ***Criteria*** – Amounts recorded as capital assets should include only those capital assets that belong to the County.

Condition –The County's construction in progress and capital outlay accounts included amounts for projects that belong to other entities.

Cause of Condition – The County supervised the construction of the capital assets that belonged to other entities, leading the County to capitalize those expenditures.

Effect of Condition – Audit adjustments were required to decrease capital outlay expenditures by $2,990,807 and reclassify as payments to other entities. In addition, a prior period adjustment reducing CIP by $37,023,098 was required to remove prior year expenditures on projects owned by others.

Recommendation – We recommend that the County segregate its capital asset expenditures to distinguish between projects owned by the County and projects owned by other entities.

Response/Corrective Action Plan – We concur. For the past eleven years, Houston County has acted as program manager for a variety of road improvement projects funded by SPLOST. Some of these road projects were owned by other governmental entities. Because we expended the funds, we erroneously capitalized the expenditures. The County has now segregated its capital asset expenditures to distinguish between SPLOST projects owned by the County and projects owned by other governmental entities. At the end of each fiscal year, the County will also notify the other entities of the capital expenditures made on their behalf.

HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011

2010-1 ***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 2011-1.

HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2011

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	$ 47,913,518	$ 1,290,660	$ -	$ 1,290,660	$ 49,204,178
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	$ 77,092,268	$ 1,290,660	$ -	$ 1,290,660	$ 78,382,928
2006 Referendum:							
Roads, Streets, and Bridges	$100,675,000	$ 93,160,000	$ 13,357,353	$ 7,217,376	$ 424,843	$ 7,642,219	$ 20,574,729
Library Improvements	-	5,225,000	1,639,935	783,967	1,032,469	1,816,436	2,423,902
Jail Pod Addition	-	4,000,000	8,314,688	-	-	-	8,314,688
Water System Improvements	-	3,000,000	1,764,954	65,053	-	65,053	1,830,007
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,500,000	894,913	250,935	-	250,935	1,145,848
City of Perry	-	5,500,000	3,281,359	920,098	-	920,098	4,201,457
City of Warner Robins	-	15,515,000	9,256,429	2,595,519	-	2,595,519	11,851,948
	$100,675,000	$130,000,000	$ 40,609,631	$ 11,832,948	$1,457,312	$13,290,260	$ 52,442,579
Total SPLOST referendums	$182,460,000	$215,000,000	$ 117,701,899	$ 13,123,608	$1,457,312	$14,580,920	$130,825,507

(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.

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Houston County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended
June 30, 2011

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		
	Expenditures (UCOA Activity 3800)		
2	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	AT&T		$ 90,634
	Sprint/Nextel		$ 15,871
			$
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	$
3b	Purchase costs	46-5-134(f)(1)(A)	$ 11,950
3c	Maintenance costs	46-5-134(f)(1)(A)	$
4	Rates associated with the service supplier's 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ 154,008
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	$ 1,822,093
5b	Employee benefits	46-5-134(f)(1)(C)	$ 1,013,436
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ 8,144
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$ 25,488
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	$
8b	Purchase costs	46-5-134(f)(1)(F)	$
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	$
9b	Purchase costs	46-5-134(f)(1)(G)	$ 21,163
9c	Maintenance costs	46-5-134(f)(1)(G)	$ 357,104

Houston County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended
June 30, 2011

Line No.		O.C.G.A. Reference	
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$ 333
11	Logging recorders used at a public safety answering point to record telephone and radio traffic		
11a	Lease costs	46-5-134(f)(1)(I)	$
11b	Purchase costs	46-5-134(f)(1)(I)	$
11c	Maintenance costs	46-5-134(f)(1)(I)	$
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$ 34,000
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	$
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	$
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	$
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$
15	Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	$
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	$
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	$
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	$
16b	Purchase costs	46-5-134(f)(2)(B)(v)	$
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	$

Houston County, Georgia

Certification of 9-1-1 Expenditures

For the Year Ended
June 30, 2011

Line No.		O.C.G.A. Reference	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	Utilities		$ 54,816
	Gasoline		$ 2,834
	Food		$ 173
			$
			$
			$
			$
			$
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 3,612,047

Certification of Local Government Officials

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

Signature of Chief Elected Official Tommy Stalnaker Date December 21, 2011

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalnaker Date December 21, 2011

Print Name of Chief Financial Officer Sandi Stalnaker