HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS **Page**

FINANCIAL SECTION

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-11

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 12-13

Statement of Activities 14-15

Fund Financial Statements:

Balance Sheet - Governmental Funds 16

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 17

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 18

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 20-22

Statement of Net Assets - Proprietary Funds 23

Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds 24

Statement of Cash Flows - Proprietary Funds 25

Statement of Assets and Liabilities - Fiduciary Funds 26

Notes to the Basic Financial Statements 27-50

Required Supplementary Information:

Schedule of Funding Progress for HCRP 51

HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS **Page**

Supplemental Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds 52

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds 53-54

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - E911 and Fire Protection Nonmajor Special Revenue Funds 55-56

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug, Jail Inmate, and Law Library Nonmajor Special Revenue Funds 57-58

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - District Attorney Nonmajor Special Revenue Funds 59

Schedule of Revenues, Expenditures, and Changes in Fund Balance - HEMA Code Red 60

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Juvenile Court Supervision Fees 61

Combining Statement of Revenues, Expenditures, and Changes in Net Assets - Internal Service Funds 62

Agency Funds:

Combining Statement of Changes in Assets and Liabilities 63-66

SPECIAL REPORTS SECTION

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 67-68

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 69-70

Schedule of Expenditures of Federal Awards 71-72

HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS **Page**

Notes to the Schedule of Expenditures of Federal Awards 73

Schedule of Findings and Questioned Costs 74-75

Summary Schedule of Prior Audit Findings 76

Schedule of Projects Undertaken with Special Sales Tax Proceeds 77

Annual Report of 9-1-1 Expenditures 78-80

FINANCIAL SECTION

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

December 6, 2012

INDEPENDENT AUDITOR'S 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, 2012, 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 $3,468,936 as of June 30, 2012 and total revenues of $13,062,542 for the year ended June 30, 2012, nor did we audit the financial statements of the Houston County Public Library, which statements reflect total assets of $4,363,053 as of June 30, 2012, and total revenues of $3,483,453 for the year ended June 30, 2012. 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, 2012, 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 6, 2012, 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.

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 and the agency funds combining statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Houston County, Georgia. The combining and individual nonmajor fund financial statements, the agency funds combining statement of changes in assets and liabilities, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Butler, Williams & Hyche, LLP

Macon, Georgia

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2012. 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 62 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 2011 AND 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets:						
Current assets	$ 91,009,958	97,743,897	$ 27,672,726	28,320,346	$ 118,682,684	126,064,243
Net pension asset	3,581,719	3,880,326	-	-	3,581,719	3,880,326
Capital assets	197,971,180	200,583,773	44,588,417	46,857,595	242,559,597	247,441,368
Total assets	292,562,857	302,207,996	72,261,143	75,177,941	364,824,000	377,385,937
Liabilities:						
Current liabilities	4,268,933	4,909,985	1,152,220	1,289,680	5,421,153	6,199,665
Long-term liabilities	3,615,317	4,149,773	6,283,087	6,775,653	9,898,404	10,925,426
Total liabilities	7,884,250	9,059,758	7,435,307	8,065,333	15,319,557	17,125,091
Net assets:						
Invested in capital assets, net of debt	197,102,183	200,348,699	44,588,417	46,857,595	241,690,600	247,206,294
Restricted	2,003,346	65,896,909	12,663,530	15,103,213	14,666,876	81,000,122
Unrestricted	85,573,078	26,902,630	7,573,889	5,151,800	93,146,967	32,054,430
Total net assets	$ 284,678,607	293,148,238	$ 64,825,836	67,112,608	$ 349,504,443	360,260,846

- Houston County's total assets exceeded total liabilities by $360.2 million (net assets). Total net assets for governmental activities were $293.1 million; total net assets for business-type activities were $67.1 million.

- Total net assets are comprised of the following:

    1. Capital assets, net of related debt, of $247.2 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 $81 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
    3. Unrestricted net assets of $32 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 2012. Total net assets increased by $10.7 million, $8.4 million from governmental activities and $2.3 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 3% in fiscal year 2012. Net assets in the business-type activities grew at a slightly higher rate, posting a 3.5% increase.

HOUSTON COUNTY'S CHANGES IN NET ASSETS
FISCAL YEARS 2011 AND 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program revenues:						
Charges for services	$ 14,957,378	$ 14,981,633	$ 13,635,435	$ 14,177,533	$ 28,592,813	$ 29,159,166
Operating grants	709,873	945,343	-	-	709,873	945,343
Capital grants	1,586,966	935,385	2,144	-	1,589,110	935,385
General:						
Taxes	61,579,456	60,924,446	1,842,648	1,634,755	63,422,104	62,559,201
Other	1,011,783	(4,300,462)	87,009	48,345	1,098,792	(4,252,117)
Total revenues	$ 79,845,456	$ 73,486,345	$ 15,567,236	$ 15,860,633	$ 95,412,692	$ 89,346,978
Expenses:						
General government	$ 16,836,038	18,362,113	$ -	$ -	$ 16,836,038	$ 18,362,113
Judicial	8,535,036	8,800,308	-	-	8,535,036	8,800,308
Public safety	27,848,160	28,964,791	-	-	27,848,160	28,964,791
Highways & streets	6,718,853	7,016,748	-	-	6,718,853	7,016,748
Health & welfare	649,036	528,934	-	-	649,036	528,934
Housing & development	864,768	1,070,757	-	-	864,768	1,070,757
Culture/recreation	751,159	862,870	-	-	751,159	862,870
Interest on long-term debt	62,803	34,121	-	-	62,803	34,121
Water	-	-	5,384,853	5,641,772	5,384,853	5,641,772
Landfill	-	-	7,038,941	7,308,161	7,038,941	7,308,161
Total expenses	$ 62,265,853	$ 65,640,642	$ 12,423,794	$ 12,949,933	$ 74,689,647	$ 78,590,575
Excess (deficiency)	17,579,603	7,845,703	3,143,442	2,910,700	20,723,045	10,756,403
Transfers	28,760	108,390	(28,760)	(108,390)	-	-
Indirect cost allocation	514,758	515,538	(514,758)	(515,538)	-	-
Change in net assets	$ 18,123,121	$ 8,469,631	$ 2,599,924	$ 2,286,772	$ 20,723,045	$ 10,756,403
Beginning net assets	$ 266,555,486	$ 284,678,607	$ 62,225,912	$ 64,825,836	$ 328,781,398	$ 349,504,443
Ending net assets	$ 284,678,607	$ 293,148,238	$ 64,825,836	$ 67,112,608	$ 349,504,443	$ 360,260,846

- For fiscal year 2012, Houston County's governmental funds reported combined fund balances totaling $85.9 million, an increase of $4.5 million when compared to fiscal year 2011. The increase in fund balance is primarily attributed to a $4.6 million increase in the unassigned (reserve) fund which increased from $12.2 million to $16.8 million. Of the $85.9 million, $65.9 million or 76.7% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of $63.6 million, E911 operations of just over $1 million, confiscated drug funds for law enforcement purposes of $264,825 and law library surcharge funds for the operation of the County's public law library at $947,044.

Less than one percent of fund balance, $121,802, is considered nonspendable because it has been used for inventory. $3.12 million or 3.6% of fund balance is either committed or assigned, meaning there are limitations resulting from its intended use. Of these funds, $2,132,899 is committed for fire services, $404,177 for jail inmate services, $22,023 is committed to judicial projects and $564,941 is assigned to the County's emergency warning system known as Code Red. The remaining $16.8 million or 19.5% of fund balance is unassigned.

- Governmental activities in fiscal year 2012 added $8.4 million to net assets, while business-type activities added $2.3 million. In total, net assets increased by $10.7 million during the year to $360.2 million. Revenues for governmental activities decreased from $79.8 to $73.5 million. While overall revenues increased in the General and E911 fund, total revenues in the SPLOST fund and the Fire fund declined slightly. Non-major governmental expenditures increased $268,389 or 5.1% compared to last year's spending. General fund expenditures increased $1.7 million or 3.6% to $49 million, and SPLOST Capital Projects Fund expenditures increased 43.2% to $20.9 million. Revenues for business-type activities increased 1.9% to $15.9 million. Landfill fees reversed a multi-year decline increasing 8.2% from $6.3 million to $6.8 million, while water sales maintained last year's metered sales of $6.8 million allowing for a positive return in business revenues from $13.6 million to $14.2 million. Expenditures for governmental activities increased to $65.7 from $62.3 million. Business-type expenses increased 5.4% from 12.9 million to $13.6 million.

Fund Financial Information

Major Governmental Funds

General Fund – The central operating fund for Houston County, the General Fund, is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances or other externally imposed requirements. At the end of fiscal year 2012, total assets rose from $19 million to $21 million. Total liabilities decreased from $4.3 million to $3.5 million.

The General Fund's unassigned fund balance at year-end increased from $12.1 million to $16.8 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 34.5% of total general fund expenditures, while total fund balance, $17.5 million, represents 36% of the same amount. The General Fund reported a $2.7 million increase in fund balance.

Total revenues and other sources for fiscal year 2012 of $51.8 million exceeded total expenditures and other uses of $49 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 $560,572 during the fiscal year to reflect grant awards for various vehicles and equipment, additional transfers in to the general fund and increases in insurance premium taxes. While property tax revenue also increased slightly, licenses and permits and investment income were under budget estimates primarily because of the worsening economy and declining interest rates.

Expenditures for most functional areas were $2.7 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 Board of Elections budget was increased $37,911 to cover the costs incurred while conducting city elections for Warner Robins, Perry and Centerville, as well as an election for the Board of Education. Second, judicial expenses due to increased caseloads in State Court, Magistrate Court and Juvenile Court were also adjusted during the year. Their budgets were increased $63,000, $26,000 and $43,000 respectively. In July of 2011, the Board of Commissioners created a new department, Victim Advocates, and transferred all Victim Assistance add-on fees ($162,910) to that budget.

The District Attorney, the Public Defender and the Solicitor department budgets were each increased, by $20,045, $12,534 and $12,020 respectively, to acquire upgrades to courtroom and office computer technology. Third, under public safety activities, the Sheriff department budget was increased by $362,934 to pay for several vehicles, in-car cameras and video recording equipment for the patrol division and a new courthouse camera security system. Finally, the DFACS department budget was increased by $12,928 to reflect the replacement of several roof-top heat exchangers that had failed. Most other departmental expenditures were consistent with fiscal year 2011.

E911 Fund - The E911 Fund accounts for the cost of operating and maintaining Houston County's Centralized Emergency Communications System. Financing is provided by a $1.50 charge to each telephone subscriber (wireless and land) whose exchange access lines are in the areas served by the Houston County 911 service; by contributions from the cities of Centerville, Perry and Warner Robins; by a $0.75 charge on every prepaid wireless retail transaction occurring within the County's jurisdiction; and by transfers from Houston County's General Fund and Fire Protection Fund. At the end of fiscal year 2012, total assets decreased from $1.3 million to $1.1 million, and total liabilities increased from $36,415 to $47,985. Restricted fund balance decreased by $235,740 during the year from $1,261,262 to $1,025,522. The ending fund balance represents 26.7% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2012 of $3.6 million surpassed total expenditures and other uses by $235 thousand. Overall, E911 revenues remained flat when compared to fiscal year 2011. Most of the revenue came from 911 fees totaling $2.4 million. Intergovernmental contributions were consistent with fiscal year 2011 numbers while lease payments decreased from $87,773 to $43,015. Total E911 expenditures for fiscal year 2012 increased by 6.4% to $3.8 million, 96.8% 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 2012, total assets increased 6.6% to $2,148,706. Total liabilities increased to $15,807. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased $129,553 to $2.1 million. The fund balance is earmarked only for fire protection uses and currently represents 125% of the expenditures and transfers for the year.

At $1.84 million, total fire revenues were comparable to fiscal year 2011 revenues of $1.86 million. The fire tax levy for 2011 remained at 1.18 mills. At $1.7 million, expenditures were comparable to last year and represents 87.6% of the final amended budget.

SPLOST Capital Projects – Houston County has three Special Purpose Local Option Sales Tax (SPLOST) programs currently underway. In June of 2001, voters passed an $85 million SPLOST for the construction of roads, an 800 MHz communication system, a city hall, water and sewer improvements and recreation enhancements. While sales tax collections on the 2001 SPLOST ended in August 2006, several of the projects are still underway. In March of 2006, voters approved a six year $130 million SPLOST for the construction of roads, several public safety buildings, library improvements, water and sewer improvements and the write-off of outstanding debt. Collections for the 2006 SPLOST began in October 2006 and will end during FY2013 in September of 2012. In March of 2012, voters passed a $155 million SPLOST for the construction of road, bridge and sidewalk projects, water and sewer system improvements, public safety and recreation facilities and equipment, an E911 system upgrade, property acquisition for Robins Air Force Base encroachment and industrial sites, and debt payoff. Tax collections on this 2012 SPLOST will not begin until October 2012.

At the end of fiscal year 2012, total assets in the SPLOST fund were $72 million, and total liabilities were $8.4 million. The restricted fund balance increased $1.8 million from $61.8 million to $63.6 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, and approximately 75% of the 2006 SPLOST projects, with the remaining projects still in the planning or construction phase.

At $22.3 million, total sales tax revenues in fiscal year 2012 increased $593,907 over last year's collections. The receipt of this money coupled with $278,217 in intergovernmental revenues help to partially offset a continuing decline in investment income. Investment income declined from $97,854 to $78,207, as interest rates continued their fall through the year. Total SPLOST expenditures for fiscal year 2012 increased $6.3 million from $14.6 million to $20.9 million. Expenditures were up mainly because of several large capital projects underway in fiscal year 2012, such as road improvements to Corder Road, Moody Road, Sandefur Road, Margie Drive and Ball Street. Of the $20.9 million expended, $5.4 million was allocated to highway and street projects, $9 million was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins, and $6.2 million was expended for land acquisition under economic development.

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 2012 increased to $35 million while total liabilities increased slightly to $0.8 million. Net assets increased 4.3% to 34.2 million. Total revenues increased marginally 0.3% to $7.3 million. In fiscal year 2012, water sales maintained the 2011 levels at $6.8 million. All other revenue sources were comparable to last year. Total expenditures increased slightly from $5.7 million in 2011 to $5.9 million in 2012. Overall, net operating income decreased from $1.6 million to $1.4 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 $40.4 million and total liabilities were $7.5 million, as compared to $38.8 million and $6.8 million, respectively in fiscal year 2011. Net assets increased during the fiscal year from $32 million to $32.9 million primarily because of increases in long-term capital assets. Operating revenues (disposal fees) increased 8.2% from $6.3 million to $6.8 million. Operating expenses in fiscal year 2012 increased from $7.2 million to $7.5 million primarily because of increases in depreciation and contracted services. The landfill's negative operating income trend has improved from $924,373 in fiscal year 2011 to $681,266 dollars this fiscal year. The year before last, the County had contracted with Flint Energies to develop its Landfill Gas to Energy Program which uses methane gas to produce kilowatts of "green power". This project is partly responsible for the increase in contracted services in fiscal years 2011 and 2012. As expected, gas sales in fiscal year 2012 have reversed the landfill's negative operating income trend to a point.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2012, investments in capital assets for both governmental and business-type activities by the County increased from $242.6 million to $247.4 million (net of accumulated depreciation). This amount represents a net increase of $4.8 million, or 2% over last year. Governmental activities capital investment amounts increased 1.3% to $200.5 million while business-type activities capital assets increased 5.1% to $46.9 million.

Houston County's $247.4 million investment in capital assets includes land, buildings, machinery, equipment, infrastructure and utility systems. Capital assets added in fiscal year 2012 to governmental activities primarily included $4 million in road improvement projects funded under the 2001 and 2006 SPLOST program. Capital assets added to the business-type activities include $4.1 million in building improvements associated with the landfill and water system, and $139,000 in equipment upgrades.

At the end of fiscal year 2012, the depreciable capital assets for governmental activities were 27% depreciated, compared to 24% in fiscal year 2011. 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, 48% of the asset values were depreciated for fiscal year 2012 and 45% in fiscal year 2011. 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 2011 AND 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Non-depreciable assets:						
Land	$ 1,602,875	$ 7,726,034	$ 5,585,052	$ 5,795,527	$ 7,187,927	$ 13,521,561
Construction in progress	25,280,830	31,166,791	3,640,349	7,758,678	28,921,179	38,925,469
Total non-depreciable	$ 26,883,705	$ 38,892,825	$ 9,225,401	13,554,205	$ 36,109,106	$ 52,447,030
Depreciable assets:						
Land (landfill)	$ -	$ -	$ 884,459	$ 884,459	$ 884,459	$ 884,459
Construction	83,830,713	78,327,149	-	-	83,830,713	78,327,149
Buildings	-	-	54,608,643	54,608,643	54,608,643	54,608,643
Improvements	868,520	868,520	-	-	868,520	868,520
Machinery and equipment	28,603,415	29,503,706	8,630,356	8,769,286	37,233,771	38,272,992
Infrastructure	111,710,863	111,710,863	-	-	111,710,863	111,710,863
Total depreciable assets	$ 225,013,511	$ 220,410,238	$ 64,123,458	$ 64,262,388	$ 289,136,969	$ 284,672,626
Less accumulated depreciation	53,926,036	58,719,290	28,760,442	30,958,997	82,686,478	89,678,287
Percentage depreciated	24%	27%	45%	48%	29%	32%
Book value	$ 197,971,180	$ 200,583,773	$ 44,588,417	$ 46,857,596	$ 242,559,597	$ 247,441,369

Debt Management – Houston County has no general obligation debt in either the governmental or business-type activities. In the County's governmental activities, there is one long-term capital lease of $235,074, compensated absences of $1.6 million and Other Post Employment Benefits (OPEB) of $3.1 million. The long term note is a capital lease on one building - the Department of Family and Children Services (DFCS). This 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 $6.6 million in closure and post closure care of the landfill and $218,311 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 2011 AND 2012

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Capital Leases	$ 868,997	$ 235,074	$ -	$ -	$ 868,997	$ 235,074
Net OPEB Obligation	2,303,067	3,095,318	-	-	2,303,067	3,095,318
Landfill closure and post closure care	-	-	6,141,775	$ 6,633,751	6,141,775	6,633,751
Compensated absences	1,652,327	1,622,239	217,404	218,311	1,869,731	1,840,550
Total	$ 4,824,391	$ 4,952,631	$ 6,359,179	$ 6,852,062	$ 11,183,570	$ 11,804,693

Requests for Information

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

BASIC FINANCIAL STATEMENTS

HOUSTON COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,907,942	$ 2,477,284	$ 8,385,226
Investments	90,679,858	12,655,680	103,335,538
Accounts receivable (net)	634,810	1,376,776	2,011,586
Taxes receivable (net)	2,022,022	-	2,022,022
Other receivable	-	-	-
Notes receivable, current	-	-	-
Internal balances	(3,800,862)	3,800,862	-
Due from other governments	2,178,325	-	2,178,325
Inventories and prepaid items	121,802	85,691	207,493
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	86,314	86,314
Investments	-	7,822,016	7,822,016
Accrued interest receivable	-	15,723	15,723
Notes receivable, noncurrent	-	-	-
Net pension asset	3,880,326	-	3,880,326
Capital assets not subject to depreciation	38,892,825	13,554,204	52,447,029
Capital assets (net of accumulated depreciation)	161,690,948	33,303,391	194,994,339
Total assets	302,207,996	75,177,941	377,385,937
LIABILITIES			
Accounts payable	2,757,192	691,593	3,448,785
Accrued wages payable	454,119	41,132	495,251
Accrued compensated absences	567,783	76,409	644,192
Due to other governments	895,817	133,571	1,029,388
Deferred revenue	-	-	-
Capital leases payable	235,074	-	235,074
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	341,977	341,977
Noncurrent liabilities:			
Net other postemployment benefits	3,095,318	-	3,095,318
Capital leases payable	-	-	-
Notes payable	-	-	-
Accrued loan interest	-	-	-
Accrued compensated absences	1,054,455	141,902	1,196,357
Accrued closure and post-closure care costs	-	6,633,751	6,633,751
Total liabilities	9,059,758	8,065,333	17,125,091
NET ASSETS			
Invested in capital assets (net of related debt)	200,348,699	46,857,595	247,206,294
Restricted for capital projects	63,629,828	-	63,629,828
Restricted for renewal and extension	-	7,542,719	7,542,719
Restricted for waste collections	-	7,560,494	7,560,494
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,267,081	-	2,267,081
Unrestricted	26,902,630	5,151,800	32,054,430
Total net assets	$ 293,148,238	$ 67,112,608	$ 360,260,846

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

Component Units		
Development Authority	**Health Department**	**Public Library**
$ 951,883	$ 1,574,247	$ 538,924
17,194,874	-	43,106
-	1,198,551	-
-	-	-
-	-	149
100,000	-	-
-	-	-
218,113	-	-
-	-	5,059
-	-	-
-	-	-
-	-	-
200,000	-	-
-	-	-
-	-	412,800
-	696,138	3,363,015
18,664,870	3,468,936	4,363,053
-	1,214,774	12,559
2,760	-	23,407
2,506	27,664	17,567
-	-	-
-	3,752	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
10,732,084	-	-
305,313	-	-
5,848	508,576	-
-	-	-
11,048,511	1,754,766	53,533
-	696,138	3,775,815
-	-	243,228
-	-	-
-	-	-
-	-	30,312
-	-	-
7,616,359	1,018,032	260,165
$ 7,616,359	$ 1,714,170	$ 4,309,520

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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	$ 18,362,113	$ (5,092,678)	$ 6,082,923	$ 126,959	$ -
Judicial	8,800,308	1,160,105	4,208,795	690,362	-
Public safety	28,964,791	2,383,228	4,455,613	92,246	-
Highways and streets	7,016,748	579,210	3,649	30,576	935,385
Health and welfare	528,934	345,415	64,875	5,200	-
Housing and development	1,070,757	109,182	165,778	-	-
Culture and recreation	862,870	-	-	-	-
Interest on long-term debt	34,121	-	-	-	-
Total governmental activities	65,640,642	(515,538)	14,981,633	945,343	935,385
Business-type activities:					
Water	5,641,772	310,937	7,346,037	-	-
Landfill	7,308,161	204,601	6,831,496	-	-
Total business-type activities	12,949,933	515,538	14,177,533	-	-
Total primary government	$ 78,590,575	$ -	$ 29,159,166	$ 945,343	$ 935,385
Component units:					
Development Authority	$ 777,515	$ -	$ -	$ -	$ -
Health Department	12,853,426	-	945,641	12,070,294	-
Public Library	1,373,819	-	72,008	260,931	2,341,700
Total component units	$ 15,004,760	$ -	$ 1,017,649	$ 12,331,225	$ 2,341,700
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					
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
$ (7,059,553)	$	$ (7,059,553)	$	$	$
(5,061,256)		(5,061,256)			
(26,800,160)		(26,800,160)			
(6,626,348)		(6,626,348)			
(804,274)		(804,274)			
(1,014,161)		(1,014,161)			
(862,870)		(862,870)			
(34,121)		(34,121)			
(48,262,743)		(48,262,743)			
-	1,393,328	1,393,328			
-	(681,266)	(681,266)			
-	712,062	712,062			
$ (48,262,743)	$ 712,062	$ (47,550,681)			
			(777,515)	-	-
			-	162,509	-
			-	-	1,300,820
			$ (777,515)	$ 162,509	$ 1,300,820
$ 36,001,312	$ -	$ 36,001,312	$ -	$ -	$ -
22,341,737	-	22,341,737	-	-	-
513,224	-	513,224	-	-	-
231,465	-	231,465	-	-	-
1,836,708	1,634,755	3,471,463	-	-	-
(5,152,174)	18,590	(5,133,584)	-	-	-
830,114	-	830,114	48,809	-	-
-	-	-	590,613	44,718	771,200
100	-	100	-	-	34,325
-	-	-	52,675	-	724
21,498	29,755	51,253	10,548	1,889	2,565
56,623,984	1,683,100	58,307,084	702,645	46,607	808,814
108,390	(108,390)	-	-	-	-
56,732,374	1,574,710	58,307,084	702,645	46,607	808,814
8,469,631	2,286,772	10,756,403	(74,870)	209,116	2,109,634
284,678,607	64,825,836	349,504,443	7,691,229	1,505,054	2,199,886
$ 293,148,238	$ 67,112,608	$ 360,260,846	$ 7,616,359	$ 1,714,170	$ 4,309,520

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,809,825	$ -	$ 705,034	$ 2,514,859
Investments	14,306,917	70,064,191	2,951,806	87,322,914
Taxes receivable (net)	2,022,022	-	-	2,022,022
Accounts receivable (net)	135,517	-	499,293	634,810
Due from other funds	2,390,227	-	734,738	3,124,965
Due from other governments	252,123	1,923,772	2,430	2,178,325
Inventories	121,802	-	-	121,802
Total assets	$ 21,038,433	$ 71,987,963	$ 4,893,301	$ 97,919,697
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts and contracts payable	$ 595,457	$ 1,273,719	$ 51,874	$ 1,921,050
Accrued wages and payroll taxes payable	411,672	-	42,447	454,119
Due to other funds	734,738	6,188,599	2,490	6,925,827
Due to other governments	-	895,817	-	895,817
Deferred revenue	1,790,191	-	-	1,790,191
Total liabilities	3,532,058	8,358,135	96,811	11,987,004
Fund balances:				
Nonspendable:				
Inventories	121,802	-	-	121,802
Restricted for:				
SPLOST Capital Projects	-	63,629,828	-	63,629,828
E 911 fund	-	-	1,025,522	1,025,522
Drug fund	-	-	264,825	264,825
Law library fund	-	-	947,044	947,044
Juvenile Court	29,690	-	-	29,690
Committed to:				
Judicial	-	-	22,023	22,023
Public safety	-	-	2,537,076	2,537,076
Assigned to:				
Code red construction	564,941	-	-	564,941
Unassigned	16,789,942	-	-	16,789,942
Total fund balances	17,506,375	63,629,828	4,796,490	85,932,693
Total liabilities and fund balances	$ 21,038,433	$ 71,987,963	$ 4,893,301	$ 97,919,697

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, 2012

Total fund balances for governmental funds.		$ 85,932,693
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.		200,583,773
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.		1,790,191
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.		3,880,326
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.		5,913,885
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.		(4,952,630)
Net other postemployment benefits (OPEB)	$ 3,095,318	
Long-term debt	235,074	
Compensated absences	1,622,238	
Total long-term liabilities	$ 4,952,630	
Total net assets of governmental activities.		$ 293,148,238

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, 2012

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 41,025,440	$ 22,341,737	$ 1,836,709	$ 65,203,886
Licenses and permits	291,654	-	-	291,654
Intergovernmental	1,515,735	278,217	419,192	2,213,144
Charges for services	5,086,517	-	2,639,126	7,725,643
Fines and forfeitures	2,734,295	-	254,614	2,988,909
Investment income	11,237	78,207	12,537	101,981
Miscellaneous	798,225	-	43,115	841,340
Total revenues	51,463,103	22,698,161	5,205,293	79,366,557
EXPENDITURES				
Current:				
General government	9,463,130	-	-	9,463,130
Judicial	8,343,471	-	77,287	8,420,758
Public safety	22,632,605	113,361	5,132,461	27,878,427
Highways and streets	5,283,150	1,000	-	5,284,150
Health and welfare	474,732	-	-	474,732
Culture and recreation	780,127	82,743	-	862,870
Housing and development	467,488	-	-	467,488
Economic development	503,008	118,113	-	621,121
Capital outlay:				
General government	-	64,759	-	64,759
Public safety	-	-	331,485	331,485
Highways and streets	-	5,420,222	-	5,420,222
Economic development	-	6,123,159	-	6,123,159
Intergovernmental	-	8,955,591	-	8,955,591
Debt service:				
Principal retirement	633,923	-	-	633,923
Interest and fiscal charges	34,120	-	-	34,120
Total expenditures	48,615,754	20,878,948	5,541,233	75,035,935
Excess (deficiency) of revenues over (under) expenditures	2,847,349	1,819,213	(335,940)	4,330,622
OTHER FINANCING SOURCES (USES):				
Transfers in	272,501	-	671,208	943,709
Transfers out	(400,151)	-	(435,168)	(835,319)
Proceeds from sale of capital assets	25,331	-	4,279	29,610
Total other financing sources (uses)	(102,319)	-	240,319	138,000
Net change in fund balance	2,745,030	1,819,213	(95,621)	4,468,622
Fund balances at beginning of year	14,761,345	61,810,615	4,892,111	81,464,071
Fund balances at end of year	$ 17,506,375	$ 63,629,828	$ 4,796,490	$ 85,932,693

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, 2012

Net change in fund balance - total governmental funds		$ 4,468,622
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		13,347,308
Donated capital assets		8,470
Total depreciation		(5,561,401)
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.		(5,181,784)
The change in pension assets are reported in the government-wide statement of activities but not in the governmental funds operating statement. In FY2012, the net pension asset increased; therefore, the change is recorded as revenue.		
Net pension asset @ 6/30/11	3,581,719	
Net pension asset @ 6/30/12	3,880,326	298,607
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	
Property Taxes: Deferred @ 6/30/12	1,790,191	35,433
Repayment of loan or lease principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		633,923
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	(792,251)	
Compensated absences	30,088	(762,163)
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.		1,182,616
Change in net assets of governmental activities		$ 8,469,631

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, 2012

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ 40,911,542	$ 40,926,935	$ 41,025,440	$ 98,505
Licenses and permits	322,000	322,000	291,654	(30,346)
Intergovernmental	983,519	1,336,170	1,515,735	179,565
Charges for services	5,034,200	5,034,200	5,086,517	52,317
Fines and forfeitures	2,597,150	2,597,150	2,734,295	137,145
Investment income	50,000	50,000	11,237	(38,763)
Miscellaneous	841,469	803,724	798,225	(5,499)
Total revenues	50,739,880	51,070,179	51,463,103	392,924
EXPENDITURES				
Current:				
General government:				
County commissioners	731,706	757,706	752,549	(5,157)
Board of elections	420,521	458,432	403,630	(54,802)
Accounting	304,301	304,301	302,726	(1,575)
Purchasing	357,256	357,256	344,932	(12,324)
Legal services	83,063	83,063	73,773	(9,290)
Management of information systems	910,732	910,732	893,369	(17,363)
Human resources	323,480	323,480	310,448	(13,032)
Tax commissioner	1,413,372	1,451,552	1,388,053	(63,499)
Tax assessor	1,662,323	1,688,323	1,653,410	(34,913)
Board of equalization	15,059	15,059	12,990	(2,069)
Public buildings	2,912,996	2,912,996	2,740,374	(172,622)
Other general government	1,708,609	1,390,635	586,876	(803,759)
Total general government	10,843,418	10,653,535	9,463,130	(1,190,405)
Judicial:				
Judge of superior court	820,119	820,119	798,868	(21,251)
Clerk of superior court	1,054,338	1,054,338	1,023,099	(31,239)
District attorney	803,733	823,778	750,842	(72,936)
Domestic violence assistance	155,499	155,499	153,358	(2,141)
Victim advocates	-	162,910	132,111	(30,799)
Judge of state court	426,465	490,449	490,449	-
Clerk of state court	376,102	376,102	372,076	(4,026)
Solicitor of state court	536,686	548,706	535,461	(13,245)
Magistrate court	965,191	991,191	984,960	(6,231)
Probate court	555,307	555,307	546,542	(8,765)
Juvenile court	558,535	601,535	588,172	(13,363)
Court services	7,500	7,500	7,100	(400)
Juvenile court enhancement	92,799	92,799	92,705	(94)
Public defender	1,877,379	1,889,913	1,867,728	(22,185)
Total judicial	8,229,653	8,570,146	8,343,471	(226,675)

(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, 2012

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	8,995,845	9,358,779	9,141,485	(217,294)
Juvenile involvement and control	1,009,672	1,009,672	933,760	(75,912)
Jail	12,235,684	12,235,684	11,957,727	(277,957)
Coroner	96,315	101,315	98,334	(2,981)
Animal control	233,941	249,334	231,554	(17,780)
Emergency management agency	288,433	288,433	269,745	(18,688)
Total public safety	22,859,890	23,243,217	22,632,605	(610,612)
Public works:				
Administration	723,873	723,873	636,015	(87,858)
Highways and streets - county	4,221,005	4,288,855	4,023,882	(264,973)
Highways and streets - state	450,800	465,738	465,737	(1)
Storm drainage	261,656	261,656	121,921	(139,735)
Traffic engineering	48,000	48,000	35,595	(12,405)
Total public works	5,705,334	5,788,122	5,283,150	(504,972)
Health and welfare:				
Health and vital statistics	325,175	351,325	347,960	(3,365)
Mental health	62,750	62,750	62,750	-
Mosquito control	4,000	3,050	-	(3,050)
Drug abuse commission	202,550	39,640	39,639	(1)
DFACS	8,125	21,183	21,183	-
Welfare	2,400	3,200	3,200	-
Total health and welfare	605,000	481,148	474,732	(6,416)
Culture and recreation:				
Recreation	11,750	11,750	10,127	(1,623)
Library	770,000	770,000	770,000	-
Total culture and recreation	781,750	781,750	780,127	(1,623)
Housing and development:				
County agent	90,526	90,526	80,867	(9,659)
Georgia forestry commission	12,042	12,042	12,042	-
Building inspection	371,484	371,484	367,954	(3,530)
Planning and zoning	8,700	8,700	6,625	(2,075)
Total housing and development	482,752	482,752	467,488	(15,264)
Economic development:				
Economic development	409,880	409,880	408,408	(1,472)
21st Century partnership	50,000	50,000	50,000	-
Perry-Houston County airport	44,600	44,600	44,600	-
Total economic development	504,480	504,480	503,008	(1,472)

(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, 2012

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Debt service:				
Principal retirement	751,568	751,268	633,923	(117,345)
Interest and fiscal charges	41,476	41,476	34,120	(7,356)
Total debt service	793,044	792,744	668,043	(124,701)
Total expenditures	50,805,321	51,297,894	48,615,754	(2,682,140)
Excess (deficiency) of revenues over (under) expenditures	(65,441)	(227,715)	2,847,349	3,075,064
OTHER FINANCING SOURCES (USES):				
Transfers in	363,967	594,240	272,501	(321,739)
Transfers out	(400,151)	(481,150)	(400,151)	(80,999)
Proceeds from sale of capital assets	30,000	30,000	25,331	(4,669)
Total other financing sources (uses)	(6,184)	143,090	(102,319)	(407,407)
Net change in fund balance	(71,625)	(84,625)	2,745,030	2,667,657
Fund balance at beginning of year	14,761,345	14,761,345	14,761,345	-
Fund balance at end of year	$ 14,689,720	$ 14,676,720	$ 17,506,375	$ 2,667,657

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS	Water	Landfill	Total	Governmental Activities-Internal Service Fund
Current assets:				
Cash and cash equivalents	$ 148,473	$ 2,328,811	$ 2,477,284	$ 3,393,083
Investments	-	12,655,680	12,655,680	3,356,944
Accounts receivable (net)	1,023,013	353,763	1,376,776	-
Due from other funds	1,009,323	3,023,147	4,032,470	-
Inventories	85,691	-	85,691	-
Total current assets	2,266,500	18,361,401	20,627,901	6,750,027
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,130	-	27,130	-
Renewal and extension account:				
Investments	7,534,564	-	7,534,564	-
Accrued interest receivable	8,155	7,568	15,723	-
Customer deposits:				
Cash	54,186	-	54,186	-
Investments	251,952	35,500	287,452	-
Total restricted assets	7,880,985	43,068	7,924,053	-
Capital assets not subject to depreciation	3,407,978	10,146,226	13,554,204	-
Capital assets (net of accumulated depreciation)	21,478,952	11,824,439	33,303,391	-
Total long-term assets	32,767,915	22,013,733	54,781,648	-
Total assets	$ 35,034,415	$ 40,375,134	$ 75,409,549	$ 6,750,027
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	$ 212,479	$ 479,114	$ 691,593	$ 836,142
Accrued wages and payroll taxes payable	24,434	16,698	41,132	-
Accrued compensated absences	45,725	30,684	76,409	-
Due to other funds	130,405	101,203	231,608	-
Due to other governments	-	133,571	133,571	-
Total current liabilities	413,043	761,270	1,174,313	836,142
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	306,477	35,500	341,977	-
Accrued compensated absences	84,918	56,984	141,902	-
Accrued closure / post-closure costs	-	6,633,751	6,633,751	-
Total liabilities	809,436	7,487,505	8,296,941	836,142
NET ASSETS				
Invested in capital assets	24,886,930	21,970,665	46,857,595	-
Restricted for renewal and extension	7,542,719	-	7,542,719	-
Restricted for waste collections	-	7,560,494	7,560,494	-
Unrestricted	1,795,330	3,356,470	5,151,800	5,913,885
Total net assets	34,224,979	32,887,629	67,112,608	5,913,885
Total liabilities and net assets	$ 35,034,415	$ 40,375,134	$ 75,409,549	$ 6,750,027

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, 2012

	Water	Landfill	Total	Internal Service Fund
Operating revenues:				
Metered sales	$ 6,839,586	$ -	$ 6,839,586	$ -
Collection and disposal fees	-	6,380,656	6,380,656	-
Service charges	455,447	450,840	906,287	-
Charges for services	51,004	-	51,004	9,475,002
Total operating revenues	7,346,037	6,831,496	14,177,533	9,475,002
Operating expenses:				
Personal services	2,294,500	1,493,624	3,788,124	-
Purchased / contracted services	938,176	4,022,194	4,960,370	8,293,320
Supplies	138,492	760,198	898,690	-
Materials	902,452	-	902,452	-
Heat, light and power	693,461	-	693,461	-
Depreciation	985,628	1,236,746	2,222,374	-
Total operating expenses	5,952,709	7,512,762	13,465,471	8,293,320
Operating income (loss)	1,393,328	(681,266)	712,062	1,181,682
Nonoperating revenues (expenses):				
Interest revenue	8,155	21,600	29,755	934
Insurance premium tax	-	1,634,755	1,634,755	-
Sale of capital assets	2,455	16,135	18,590	-
Total nonoperating revenues	10,610	1,672,490	1,683,100	934
Income before transfers	1,403,938	991,224	2,395,162	1,182,616
Transfer Out	-	(108,390)	(108,390)	-
Changes in net assets	1,403,938	882,834	2,286,772	1,182,616
Net assets - beginning	32,821,041	32,004,795	64,825,836	4,731,269
Net assets - ending	$ 34,224,979	$ 32,887,629	$ 67,112,608	$ 5,913,885

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, 2012

	Water	Landfill	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	$ 7,314,746	$ 6,832,374	$ 14,147,120	$ -
Cash received from other funds for services provided	(1,000,497)	(2,271,667)	(3,272,164)	9,475,002
Cash payments to suppliers for goods and services	(2,635,129)	(4,186,091)	(6,821,220)	(8,206,051)
Cash payments to other funds for services provided	105,174	92,377	197,551	-
Cash payments to employees for services	(2,291,125)	(1,484,928)	(3,776,053)	-
Net cash provided by operating activities	1,493,169	(1,017,935)	475,234	1,268,951
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(108,390)	(108,390)	-
Net Cash (required for) noncapital financing activities	-	(108,390)	(108,390)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,028,663)	(2,462,891)	(4,491,554)	-
Increase/(decrease) in escrow deposits	(11,369)	2,000	(9,369)	-
Proceeds from sales of capital assets	2,455	16,135	18,590	-
Insurance premium tax	-	1,634,755	1,634,755	-
Net cash flows (required for) capital and related financing activities	(2,037,577)	(810,001)	(2,847,578)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(32,589)	(32,589)	(2,545)
Purchase of investments	(1,476,400)	(2,000)	(1,478,400)	-
Interest received on investments	12,865	29,013	41,878	934
Net cash provided by (required for) investing activities	(1,463,535)	(5,576)	(1,469,111)	(1,611)
Net increase (decrease) in cash and cash equivalents	(2,007,943)	(1,941,902)	(3,949,845)	1,267,340
Cash and cash equivalents at beginning of year	2,242,730	4,270,713	6,513,443	2,125,743
Cash and cash equivalents at end of year	$ 234,787	$ 2,328,811	$ 2,563,598	$ 3,393,083
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	$ 1,393,328	$ (681,266)	$ 712,062	$ 1,181,682
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	985,628	1,236,746	2,222,374	-
(Increase) decrease in receivables	(31,291)	878	(30,413)	-
(Increase) decrease in inventories	6,428	-	6,428	-
Increase (decrease) in accounts payable	31,024	104,551	135,575	87,269
Increase (decrease) in other liabilities	3,375	500,672	504,047	-
(Increase) decrease in due from other funds	(1,000,497)	(2,271,667)	(3,272,164)	-
(Increase) decrease in due to other funds	105,174	92,377	197,551	-
(Increase) decrease in due to other governments	-	(226)	(226)	-
Net cash provided from operating activities	$ 1,493,169	$ (1,017,935)	$ 475,234	$ 1,268,951

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, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 2,451,012
Total assets	$ 2,451,012
LIABILITIES	
Due to other taxing units	$ 805,703
Due to retirement funds	15,042
Due to State	115,632
Funds held in escrow	488,383
Cash bonds	235,316
Other	790,936
Total liabilities	$ 2,451,012

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, 2012 of the Houston County Public Purpose Corporation has been recorded in the County's general fund.

Discretely Presented Component Units.

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

Houston County Development Authority.

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

Houston County Department of Public Health.

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

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 2011 was set on August 30, 2011.

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, 2012. 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, 2012, 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, 2012, 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, 2012, the County's reporting entity had the following investments:

Type of Investment	Investment Maturity			Weighted Average
	Fair Value	Less than 1 yr	Rating	Maturity (WAM)
Primary Government				
Certificate of Deposits	$ 14,687,081	$ 14,687,081		
Georgia Fund I	96,470,473	96,470,473	AAAm	59 day WAM
Total Primary Government	$ 111,157,554	$ 111,157,554		

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, 2012, 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.

Custodial Credit Risk – Deposits

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

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

At June 30, 2012, the carrying amount of the Authority's bank balance was $962,023. As of June 30, 2012, all of these bank balances were fully covered by federal depository insurance or collateralized with securities held by the Authority's agent in the Authority's name.

Interest Rate Risk – Investments

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

Investments – Real Estate

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

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

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

The cost of investments in real estate as of June 30, 2012 is as follows:

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

III. DETAILED NOTES ON ALL FUNDS

Health Department - Component Unit.

Custodial credit risk is the risk that in the event of a bank failure, the Health Department's deposits may be lost. The Health Department's policy with respect to custodial risk is to comply with Georgia Law (O.C.G.A. 45-8-12) by requiring the custodian to provide collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. As of June 30, 2012, the carrying amount of the Health Department's cash accounts was $1,574,247 and the bank balances were $2,094,749. Of the bank balances, $1,233,368 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and $861,381 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, 2012, all deposits of the Library were fully collateralized in accordance with state statutes.

Custodial Credit Risk - Investments

As of June 30, 2012, the Library was not exposed to custodial credit risk for its investments.

Credit Risk – Investments

As of June 30, 2012, the Library's only investments were certificates of deposit.

At June 30, 2012, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	February 17,2013	$ 27,963
Certificate of deposit	January 18, 2013	7,236
Certificate of deposit	February 17, 2013	7,907
		$ 43,106

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.

B. Interfund Receivables and Payables.

Individual fund interfund receivable and payable balances at June 30, 2012, are as follows:

Fund	Receivables	Payables
General	2,390,227	734,738
SPLOST capital projects	-	6,188,599
Water	1,009,323	130,405
Solid waste	3,023,147	101,203
Non-major governmental funds	734,738	2,490
Total	7,157,435	7,157,435

III. DETAILED NOTES ON ALL FUNDS

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	$ -	$ 734,738	$ -	$ -	$ 734,738
SPLOST capital projects	2,165,452		1,000,000	3,023,147	6,188,599
Non-major governmental funds	2,490				2,490
Water	130,405	-	-	-	130,405
Solid Waste	91,880	-	9,323	-	101,203
	$ 2,390,227	$ 734,738	$ 1,009,323	$ 3,023,147	$ 7,157,435

The majority of the payable from the SPLOST capital projects fund ($6,023,147) is related to the purchase of two tracts of land. Initially, to acquire the land, amounts were loaned to the SPLOST fund from the following funds: General fund ($2,000,000), Water fund ($1,000,000), and Solid Waste fund ($3,023,147). Each fund will be reimbursed with 2012 SPLOST proceeds at an interest rate of one percent per annum.

C. Transfers In and Out.

Transfers are as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 272,501	$ 400,151
Nonmajor Governmental		
E-911	671,208	-
Drug	-	142,181
Fire	-	271,057
Jail Inmate	-	6,595
Law Library	-	15,335
Solid Waste	-	108,390
	$ 943,709	$ 943,709

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	$ -	$ 400,151	$ 400,151
Nonmajor Governmental	164,111	271,057	435,168
Solid Waste	108,390	-	108,390
Total	$ 272,501	$ 671,208	$ 943,709

III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012	Accumulated Depreciation June 30, 2012	Book Value June 30, 2012
Nondepreciable assets:						
Land	$ 1,602,875	$ 6,123,159	$ -	$ 7,726,034	$ -	$ 7,726,034
Construction in progress	25,280,830	5,885,961	-	31,166,791	-	31,166,791
Total nondepreciable assets:	225,013,511	12,009,120	-	38,892,825	-	38,892,825
Depreciable assets:						
Construction	83,830,713	-	5,503,564	78,327,149	15,321,936	63,005,213
Improvements other than buildings	868,520	-	-	868,520	818,729	49,791
Machinery & equipment	28,603,415	1,346,658	446,367	29,503,706	18,702,669	10,801,037
Infrastructure	111,710,863	-	-	111,710,863	23,875,956	87,834,907
Total depreciable assets:	225,013,511	1,346,658	5,949,931	220,410,238	58,719,290	161,690,948
Total capital assets	450,027,022	13,355,778	5,949,931	259,303,063	58,719,290	$ 200,583,773
Accumulated depreciation:						
Construction	14,079,620	1,593,097	350,781	15,321,936		
Improvements	811,506	7,223	-	818,729		
Machinery & equipment	17,407,954	1,712,081	417,366	18,702,669		
Infrastructure	21,626,956	2,249,000	-	23,875,956		
Total accumulated depreciation	$ 53,926,036	$ 5,561,401	$ 768,147	$ 58,719,290		

Business-type activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012	Accumulated Depreciation June 30, 2012	Book Value June 30, 2012
Nondepreciable assets:						
Land	$ 5,585,052	$ 210,475	$ -	$ 5,795,527	$ -	$ 5,795,527
Construction in progress	3,640,349	4,118,328	-	7,758,677	-	7,758,677
Total nondepreciable assets:	9,225,401	4,328,803	-	13,554,204	-	13,554,204
Depreciable assets:						
Land (landfill)	884,459	-	-	884,459	250,000	634,459
Plant & buildings	54,608,643	-	-	54,608,643	24,569,641	30,039,002
Machinery & equipment	8,630,356	162,750	23,820	8,769,286	6,139,356	2,629,930
Total depreciable assets:	64,123,458	162,750	23,820	64,262,388	30,958,997	33,303,391
Total capital assets	$ 73,348,859	$ 4,491,553	$ 23,820	$ 77,816,592	$ 30,958,997	$ 46,857,595

Accumulated depreciation:	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Land (landfill)	$ 240,000	$ 10,000	$ -	$ 250,000
Plant & buildings	22,921,860	1,647,781	-	24,569,641
Machinery & equipment	5,598,582	564,594	23,820	6,139,356
Total accumulated depreciation	$ 28,760,442	$ 2,222,375	$ 23,820	$ 30,958,997

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	$ 288,986
Judicial	602,269
Public safety	2,031,947
Public works	2,465,402
Health and welfare	167,816
Housing and development	4,981
Total depreciation expense - governmental activities	$ 5,561,401
Business-type activities:	
Water	$ 985,628
Solid waste	1,236,747
Total depreciation expense - business-type activities	$ 2,222,375

(This section intentionally left blank)

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, 2012 is as follows:

Governmental activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Depreciable assets:				
Office and Medical Equipment	$ 1,189,725	$ 368,003	$ -	$ 1,557,728
Total capital assets	1,189,725	368,003	-	1,557,728
Accumulated depreciation:				
Office and Medical Equipment	694,408	167,181	-	861,589
Total accumulated depreciation	694,408	167,181	-	861,589
Capital assets, net	$ 495,317	$ 200,822	$ -	$ 696,139

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

Governmental activities:	
Health	$167,181

Houston County Public Library Component Unit.

A summary of capital asset activity for the Houston County Public Library for the year ended June 30, 2012 is as follows:

Governmental activities	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Nondepreciable assets:				
Land	$ 316,200	$ 96,600	$ -	412,800
Depreciable assets:				
Buildings and improvements	1,969,940	2,245,100	-	4,215,040
Equipment	26,294	-	-	26,294
Library collections	2,361,631	111,833	56,994	2,416,470
Total capital assets	4,674,065	2,453,533	56,994	7,070,604
Accumulated depreciation:				
Buildings and improvements	1,378,935	155,713	-	1,534,648
Equipment	11,586	2,629	-	14,215
Library collections	1,668,824	134,096	56,994	1,745,926
Total accumulated depreciation	3,059,345	292,438	56,994	3,294,789
Capital assets, net	$ 1,614,720	$ 2,161,095	$ -	$ 3,775,815

All depreciation expense was charged to the public services function during the year ended June 30, 2012.

III. DETAILED NOTES ON ALL FUNDS

E. Long-term Debt.

Governmental funds:

Capital Leases
Houston County is obligated under one capital lease, initiated in prior years, which cover one building. This building houses the Department of Family and Children Services. The lease is accounted for in governmental funds. The gross amount of assets acquired through this capital lease is $5,121,806.

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, 2012:

Fiscal Year	Principal	Interest	Payment Amount
2012	$ 235,074	$ 3,653	$ 238,727
Total payments	$ 235,074	$ 3,653	$ 238,727

Development Authority Component Unit:

Notes Payable
On September 10, 2008, the Authority obtained a real estate note for $10,732,084 from America Real Estate Investment Company, Ltd., L.P. to assist with the acquisition of land in Houston County, Georgia. The Authority plans to invest in infrastructure and convert the land for light industrial purposes. 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, 2012 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, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	-	174,396	174,396
2014	10,732,084	566,430	11,298,514
Totals	$ 10,732,084	$ 740,826	$ 11,472,910

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2012, the following changes occurred in the long-term liabilities:

Governmental funds:

Long-term liability	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Capital leases	$ 868,997	$ -	$ 633,923	$ 235,074	$ 235,074
Net OPEB Obligation	2,303,067	792,251	-	3,095,318	-
Compensated absences	1,652,327	1,188,511	1,218,599	1,622,239	567,783
Total	$ 4,824,391	$ 1,980,762	$ 1,852,522	$ 4,952,631	$ 802,857

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, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Compensated absences	$ 217,404	$ 132,047	$ 131,140	$ 218,311	$ 76,409
Accrued closure and post-closure care costs	6,141,775	491,976	-	6,633,751	-
Total	$ 6,359,179	$ 624,023	$ 131,140	$ 6,852,062	$ 76,409

Houston County Development Authority Component Unit.

A summary of changes in long-term debt for the Development Authority Component Unit for the year ended June 30, 2012 is as follows:

Business-type fund:

Long-term liability	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Note payable	$ 10,732,084	$ -	$ -	$ 10,732,084	$ -
Compensated absences	19,583	12,502	23,731	8,354	2,506
Total	$ 10,751,667	$ 12,502	$ 23,731	$ 10,740,438	$ 2,506

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, 2012 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Compensated absences	$ 506,458	$ 358,547	$ 328,765	$ 536,240	$ 27,664

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, 2012 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Compensated absences	$ 17,120	$ 33,156	$ 32,709	$ 17,567	$ 17,567

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 $5,852,856 as of June 30, 2012, which is based on 69.4 percent usage (filled) of the solid waste landfill. It is estimated that an additional $2,203,177 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 $780,895 as of June 30, 2012, which is based on 25.7 percent usage (filled) of the C & D landfill. It is estimated that an additional $1,992,157 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 (2064).

The estimated combined total current cost of the landfill closure and post-closure care ($6,633,751) 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, 2012. 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:	**2012**	**2011**
Annual Pension Cost for Prior Year	$ 4,059,933	$ 4,108,731
Actual Contributions to Plan for Prior Year	4,358,540	4,509,084
Increase (Decrease) in Net Pension Obligation	(298,607)	(400,353)
Net Pension Obligation (Asset), beginning of year	(3,581,719)	(3,181,366)
Net Pension Obligation (Asset), end of year	$ (3,880,326)	$ (3,581,719)
Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 4,325,358	$ 4,040,508
Interest on Net Pension Obligation	(300,725)	(277,583)
Amortization of Net Pension Obligatin	321,770	297,008
Annual Pension Cost	$ 4,346,403	$ 4,059,933

Basis of Valuation	
Current Valuation Date	January 1, 2012
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	14

IV. OTHER INFORMATION

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

THREE-YEAR TREND INFORMATION FOR HCRP

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
01/01/12	$ 4,346,403	N/A	N/A	$ (3,880,326)
01/01/11	4,059,933	4,358,540	107%	(3,581,719)
01/01/10	4,108,731	4,509,084	110%	(3,181,366)

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
12/31/11	$47,899,556	$65,692,071	72.9%	$17,792,515	$19,783,644	89.9%
12/31/10	$42,843,900	$61,566,717	69.6%	$18,722,817	$19,948,266	93.9%

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

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, 2011. 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)	$ 510,159
Accrued Liability	277,975
Annual Required Contribution (ARC)	788,134
Employer Annual Required Contribution	788,134
Interest on Net OPEB Obligation	92,123
Adjustment to Annual Required Contribution	(88,006)
Annual OPEB Cost (Expense)	792,251
Employer contributions for Fiscal Year 2011	-
Increase (decrease) in Net OPEB Obligation	792,251
Net OPEB Obligation at beginning of Fiscal Year	2,303,067
Net OPEB Obligation at end of Fiscal Year	$ 3,095,318

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	07/01/11
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	2018
*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%
07/01/11	-	7,274,471	7,274,471	0.0%	25,632,239	28.4%

* *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
6/30/2011	$ 846,029	$ -	0.00%	$ 2,303,067
6/30/2012	792,251	-	0.00%	3,095,318

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 $400,000 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, 2012	Year Ended June 30, 2011
Unpaid claims, beginning of fiscal year	$ 748,873	$ 971,656
Incurred claims	7,517,575	7,143,225
Claim payments	7,430,306	7,366,008
Unpaid claims, end of fiscal year	$ 836,142	$ 748,873

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 original contract, Houston County and Bibb County were to provide $100,000 a year for five years beginning with FY 2011 and continuing for the next successive four fiscal year budget cycles for a total financial commitment of $500,000 each. The first payment was paid by August 1, 2010 with successive payments due on or before August 1 of the next four years. These funds are solely for the purpose of acquiring the properties in the affected encroachment areas (APZ 1 and 2 zones), and/or noise contour areas, and any expenses related to the acquisition and disposition of such properties. The second payment of $100,000 was made in FY 2012. However, after the passage of the new SPLOST in March of 2012, this original contract was terminated mutually between all parties and a new Intergovernmental Agreement was signed with Bibb County, Peach County and the CGJDA whereby the County committed $6,000,000 of SPLOST funds to be paid by late calendar year 2014.

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.

IV. OTHER INFORMATION

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

The Middle Georgia Regional Commission.

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

G. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2012, the Health Department received $10,337,127 (79 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, 2012.

I. Subsequent Events.

On October 16, 2012, the Board of Commissioners pledged 2012 SPLOST funds to back a loan not to exceed $9.8 million to be secured by the Houston County Development Authority for the purpose of purchasing American Real Estate property to be developed and marketed for industrial purposes.

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

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)
12/31/2002	12,211,668	15,382,275	79.4%	3,170,607	9,280,927	34.2%
12/31/2003	14,688,418	19,891,459	73.8%	5,203,041	10,397,755	50.0%
12/31/2004	17,273,527	22,415,153	77.1%	5,141,626	11,452,156	44.9%
12/31/2005	20,135,046	25,738,314	78.2%	5,603,268	13,060,105	42.9%
12/31/2006	24,706,398	32,825,156	75.3%	8,118,758	15,573,622	52.1%
12/31/2007	29,540,370	37,119,522	79.6%	7,579,152	17,569,875	43.1%
12/31/2008	32,198,422	41,988,446	76.7%	9,790,024	18,069,615	54.2%
12/31/2009	36,984,833	57,067,989	64.8%	20,083,156	20,216,506	99.3%
12/31/2010	42,843,900	61,566,717	69.6%	18,722,817	19,948,266	93.9%
12/31/2011	47,899,556	65,692,071	72.9%	17,792,515	19,783,644	89.9%

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)
1/2/2007	$ -	$ 6,484,515	$ 6,484,515	0.0%	$ 23,436,193	27.7%
7/1/2009*	-	7,048,734	7,048,734	0.0%	25,164,078	28.0%
7/1/2011	-	7,274,471	7,274,471	0.0%	25,632,239	28.4%

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

HOUSTON COUNTY, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

E 911 - to account for the cost of operating and maintaining the centralized 911 emergency communication system of the County. Financing is provided by a charge to each telephone subscriber whose exchange is served by the County's "911" service, by 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.

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	Special Revenue						
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 20,344	$ 288,149	$ 244,469	$ 132,479	$ 19,593	$ 705,034
Investments	-	2,004,293	-	127,950	819,563	-	2,951,806
Accounts receivable	462,838	-	-	36,455	-	-	499,293
Due from other funds	610,669	124,069	-	-	-	-	734,738
Due from other governments	-	-	-	-	-	2,430	2,430
Total assets	$ 1,073,507	$ 2,148,706	$ 288,149	$ 408,874	$ 952,042	$ 22,023	$ 4,893,301
LIABILITIES AND FUND BALANCE							
Accounts payable	$ 15,081	$ 3,774	$ 23,324	$ 4,697	$ 4,998	$ -	$ 51,874
Accrued wages and payroll taxes payable	32,904	9,543	-	-	-	-	42,447
Due to other funds	-	2,490	-	-	-	-	2,490
Total liabilities	47,985	15,807	23,324	4,697	4,998	-	96,811
FUND BALANCES							
Restricted	1,025,522	-	264,825	-	947,044	-	2,237,391
Committed to:							
Judicial	-	-	-	-	-	22,023	22,023
Public safety	-	2,132,899	-	404,177	-	-	2,537,076
Total fund balances	1,025,522	2,132,899	264,825	404,177	947,044	22,023	4,796,490
Total liabilities and fund balances	$ 1,073,507	$ 2,148,706	$ 288,149	$ 408,874	$ 952,042	$ 22,023	$ 4,893,301

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue			
	E 911	**Fire Protection**	**Drug**	**Jail Inmate**
REVENUES				
Taxes	$ -	$ 1,836,709	$ -	$ -
Intergovernmental	418,120	1,072	-	-
Charges for services	2,476,087	-	-	163,039
Fines and forfeitures	-	-	138,243	-
Investment income	-	2,276	479	2,410
Miscellaneous	43,015	100	-	-
Total revenues	2,937,222	1,840,157	138,722	165,449
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Public safety	3,844,170	1,443,826	46,249	129,701
Health and welfare	-	-	-	-
Total expenditures	3,844,170	1,443,826	46,249	129,701
Excess (deficiency) of revenues over (under) expenditures	(906,948)	396,331	92,473	35,748
OTHER FINANCING SOURCES (USES)				
Transfers in	671,208	-	-	-
Transfers out	-	(271,057)	(142,181)	(6,595)
Proceeds of capital asset dispositions	-	4,279	-	-
Total other financing sources (uses)	671,208	(266,778)	(142,181)	(6,595)
Net change in fund balances	(235,740)	129,553	(49,708)	29,153
Fund balance - beginning	1,261,262	2,003,346	314,533	375,024
Fund balance - ending	$ 1,025,522	$ 2,132,899	$ 264,825	$ 404,177

Law Library	District Attorney	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,836,709
-	-	419,192
-	-	2,639,126
103,552	12,819	254,614
7,372	-	12,537
-	-	43,115
110,924	12,819	5,205,293
67,919	9,368	77,287
-	-	5,463,946
-	-	-
67,919	9,368	5,541,233
43,005	3,451	(335,940)
-	-	671,208
(15,335)	-	(435,168)
-	-	4,279
(15,335)	-	240,319
27,670	3,451	(95,621)
919,374	18,572	4,892,111
$ 947,044	$ 22,023	$ 4,796,490

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, 2012

	E 911			
	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	418,115	418,115	418,120	5
Charges for services	2,445,000	2,445,000	2,476,087	31,087
Investment Income	-	-	-	-
Miscellaneous	68,000	68,000	43,015	(24,985)
Total revenues	2,931,115	2,931,115	2,937,222	6,107
EXPENDITURES				
Personal services	2,878,181	2,878,181	2,763,565	(114,616)
Purchased / contracted services	868,957	866,315	857,830	(8,485)
Supplies	87,750	97,892	94,320	(3,572)
Capital outlay	137,500	130,000	128,455	(1,545)
Total expenditures	3,972,388	3,972,388	3,844,170	(128,218)
Excess (deficiency) of revenues over (under) expenditures	(1,041,273)	(1,041,273)	(906,948)	134,325
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	671,208	671,208	671,208	-
Proceeds of capital asset dispositions	-	-	-	-
Total other financing sources (uses)	671,208	671,208	671,208	-
Net change in fund balance	(370,065)	(370,065)	(235,740)	134,325
Fund balance at beginning of year	1,261,262	1,261,262	1,261,262	-
Fund balance at end of year	$ 891,197	$ 891,197	$ 1,025,522	$ 134,325

Fire Protection			
Budgeted Amounts			Variance with Final Budget Over
Original	Final	Actual	(Under)
$ 1,752,230	$ 1,752,230	$ 1,836,709	$ 84,479
-	-	1,072	1,072
-	-	-	-
2,000	2,000	2,276	276
-	-	100	100
1,754,230	1,754,230	1,840,157	85,927
969,341	969,341	830,134	(139,207)
276,532	276,532	241,226	(35,306)
207,300	207,300	169,436	(37,864)
30,000	233,030	203,030	(30,000)
1,483,173	1,686,203	1,443,826	(242,377)
271,057	68,027	396,331	328,304
(271,057)	(271,057)	(271,057)	-
-	-	4,279	4,279
(271,057)	(271,057)	(266,778)	4,279
-	(203,030)	129,553	332,583
2,003,346	2,003,346	2,003,346	-
$ 2,003,346	$ 1,800,316	$ 2,132,899	$ 332,583

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, 2012

	Drug Fund		
	Original and Final Budgeted Amounts	**Actual Amounts**	**Variance with Final Budget Over (Under)**
REVENUES			
Charges for services	$ -	$ -	$ -
Fines and forfeitures	245,000	138,243	(106,757)
Investment income	5,000	479	(4,521)
Miscellaneous	-	-	-
Total revenues	250,000	138,722	(111,278)
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	250,000	46,249	(203,751)
Total expenditures	250,000	46,249	(203,751)
Excess (deficiency) of revenues over (under) expenditures	-	92,473	92,473
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(142,181)	(142,181)
Net change in fund balances	-	(49,708)	(49,708)
Fund balance - beginning	314,533	314,533	-
Fund balance - ending	$ 314,533	$ 264,825	$ (49,708)

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	$ 163,039	$ (31,961)	$ -	$ -	$ -
-	-	-	150,000	103,552	(46,448)
5,000	2,410	(2,590)	20,000	7,372	(12,628)
-	-	-	-	-	-
200,000	165,449	(34,551)	170,000	110,924	(59,076)
-	-	-	170,000	67,919	(102,081)
200,000	129,701	(70,299)	-	-	-
200,000	129,701	(70,299)	170,000	67,919	(102,081)
-	35,748	35,748	-	43,005	43,005
-	(6,595)	(6,595)	-	(15,335)	(15,335)
-	29,153	29,153	-	27,670	27,670
375,024	375,024	-	919,374	919,374	-
$ 375,024	$ 404,177	$ 29,153	$ 919,374	$ 947,044	$ 27,670

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, 2012

	District Attorney		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	25,000	12,819	(12,181)
Investment income	-	-	-
Total revenues	25,000	12,819	(12,181)
EXPENDITURES			
Current:			
Judicial	25,000	9,368	(15,632)
Public safety	-	-	-
Total expenditures	25,000	9,368	(15,632)
Excess (deficiency) of revenues over (under) expenditures	-	3,451	3,451
OTHER FINANCING (USES)			
Transfers (out)	-	-	-
Net change in fund balances	-	3,451	3,451
Fund balance - beginning	18,572	18,572	-
Fund balance - ending	$ 18,572	$ 22,023	$ 3,451

HOUSTON COUNTY, GEORGIA

HEMA CODE RED
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
PRIOR AND CURRENT YEARS
FOR THE YEAR ENDED JUNE 30, 2012

	Prior Years	Current Year	Total
REVENUES			
Taxes	$ 1,778,336	$ -	$ 1,778,336
Intergovernmental	14,479	-	14,479
Total revenues	1,792,815	-	1,792,815
EXPENDITURES			
Professional	143,400	50,625	194,025
Electricity	7,366	3,819	11,185
Repairs and maintenance	1,019,577	3,087	1,022,664
Total expenditures	1,170,343	57,531	1,227,874
Excess (deficiency) of revenues over (under) expenditures	622,472	(57,531)	564,941
Net change in fund balance	622,472	(57,531)	564,941
Fund balance at beginning of year	-	622,472	
Fund balance at end of year	$ 622,472	$ 564,941	

HOUSTON COUNTY, GEORGIA

JUVENILE COURT SUPERVISION FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012

	Actual
REVENUES	
Charges for services	$ 17,699
Total revenues	17,699
EXPENDITURES	
Judicial	19,014
Total expenditures	19,014
Excess (deficiency) of revenues over (under) expenditures	(1,315)
Net change in fund balance	(1,315)
Fund balance at beginning of year	31,005
Fund balance at end of year	$ 29,690

HOUSTON COUNTY, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Workers' Compensation Program	Health Insurance Program	Property and Liability Insurance Program	Total
Operating revenues:				
Charges for services	$ 381,399	$ 8,768,500	$ 325,103	$ 9,475,002
Total operating revenues	381,399	8,768,500	325,103	9,475,002
Operating expenses:				
Insurance claims	348,544	6,822,756	37,658	7,208,958
Insurance premiums and administration	101,581	694,836	287,945	1,084,362
Total operating expenses	450,125	7,517,592	325,603	8,293,320
Net operating income (loss)	(68,726)	1,250,908	(500)	1,181,682
Nonoperating revenue:				
Interest revenue	145	-	789	934
Total nonoperating revenue	145	-	789	934
Change in net assets	(68,581)	1,250,908	289	1,182,616
Net assets - beginning of year	1,123,142	2,886,713	721,414	4,731,269
Net assets - end of year	$ 1,054,561	$ 4,137,621	$ 721,703	$ 5,913,885

FIDUCIARY FUNDS

Agency Funds

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

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

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

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

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

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

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

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

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

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

Sheriff	Balance June 30, 2011	Balance June 30, 2012
Assets:		
Cash	$ 374,557	$ 418,685
Total assets	$ 374,557	$ 418,685
Liabilities:		
Funds held in escrow	$ 172,535	$ 199,714
Cash bonds	202,022	218,283
Other	-	688
Total liabilities	$ 374,557	$ 418,685
Jail		
Assets:		
Cash	$ 55,901	$ 56,494
Total assets	$ 55,901	$ 56,494
Liabilities:		
Funds held in escrow	$ 55,901	$ 56,494
Other	-	-
Total liabilities	$ 55,901	$ 56,494
Tax Commissioner		
Assets:		
Cash	$ 925,834	$ 942,921
Total assets	$ 925,834	$ 942,921
Liabilities:		
Due to Houston County Board of Education	$ 608,525	$ 622,964
Due to State	55,253	65,832
Due to City of Perry	32,327	34,303
Due to City of Warner Robins	117,725	129,525
Due to City of Centerville	15,607	18,911
Other	96,397	71,386
Total liabilities	$ 925,834	$ 942,921

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

Clerk of Superior Court	Balance June 30, 2011	Balance June 30, 2012
Assets:		
Cash	$ 529,381	$ 451,202
Total assets	$ 529,381	$ 451,202
Liabilities:		
Due to retirement funds	$ 3,702	$ 3,364
Due to State	2,124	1,569
Funds held in escrow	323,471	232,175
Other	200,084	214,094
Total liabilities	$ 529,381	$ 451,202
District Attorney		
Assets:		
Cash	$ 147	$ 2,046
Total assets	$ 147	$ 2,046
Liabilities:		
Garnishments, restitution & other	$ 147	$ 2,046
Total liabilities	$ 147	$ 2,046
State Court		
Assets:		
Cash	$ 185,428	$ 167,683
Total assets	$ 185,428	$ 167,683
Liabilities:		
Due to retirement funds	$ 11,602	$ 11,678
Garnishments, restitution & other	74,278	90,741
Due to State	48,595	48,231
Cash bonds	50,953	17,033
Total liabilities	$ 185,428	$ 167,683

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

Probate Court	Balance June 30, 2011	Balance June 30, 2012
Assets:		
Cash	$ 559,583	$ 406,409
Total assets	$ 559,583	$ 406,409
Liabilities:		
Due to State	$ 4	$ -
Other	559,579	406,409
Total liabilities	$ 559,583	$ 406,409
Magistrate Court		
Assets:		
Cash	$ 526	$ 554
Total assets	$ 526	$ 554
Liabilities:		
Other	$ 526	$ 554
Total liabilities	$ 526	$ 554
Juvenile Court		
Assets:		
Cash	$ 4,993	$ 5,018
Total assets	$ 4,993	$ 5,018
Liabilities:		
Restitution payable & other	$ 4,993	$ 5,018
Total liabilities	$ 4,993	$ 5,018

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total - All Agency Funds	Balance June 30, 2011	Balance June 30, 2012
Assets:		
Cash	$ 2,636,350	$ 2,451,012
Total assets	$ 2,636,350	$ 2,451,012
Liabilities:		
Due to other taxing units	$ 774,184	$ 805,703
Due to retirement funds	15,304	15,042
Due to State	105,976	115,632
Funds held in escrow	551,907	488,383
Cash bonds	252,975	235,316
Other	936,004	790,936
Total liabilities	$ 2,636,350	$ 2,451,012

SPECIAL REPORTS SECTION

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

December 6, 2012

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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 6, 2012. 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

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

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

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

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.*

We noted certain other matters that we reported to the management of the County in a separate letter dated December 6, 2012.

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

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

December 6, 2012

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

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

Compliance

We have audited Houston County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2012. Houston County, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on Houston County, Georgia's compliance based on our audit.

The County's basic financial statements include the operations of the Houston County Board of Health (the "Health Department"), which received $7,478,448 in federal awards which are not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Health Department because the Health Department engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, Houston County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

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



Macon, Georgia

HOUSTON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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-08ST-002	$ 1,950
Juvenile Accountability Block Grants	16.523	JB-09ST-004	5,150
Total of CFDA 16.523			7,100
Passed-Through Criminal Justice Coordinating Council:			
Stop Violence Against Women	16.588	W09-8-062	11,408
Stop Violence Against Women	16.588	W10-8-063	18,816
Total of CFDA 16.588			30,224
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	5,964
Direct Program:			
State Criminal Alien Assistance Program	16.606	N/A	25,333
Justice Assistance Grant Program Cluster			
Passed-Through City of Warner Robins			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1254	27,354
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1133	26,111
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3409	17,493
Total of CFDA 16.738			70,958
ARRA - Edward Byrne Memorial Justice Assistance Grant Prograı	16.804	2009-SB-B9-1219	112,215
Passed-Through Criminal Justice Coordinating Council:			
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	B-82-8-323	144,681
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	B-82-8-325	19,155
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	B82-B-326	12,736
Total of CFDA 16.803			176,572
Total justice Assistance Grant Program Cluster			359,745
Total U.S. Department of Justice			428,366

(continued)

HOUSTON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Passed-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Passed-Through Georgia Emergency Management Agency:			
Emergency Management Performance Grant	97.042	OEM 11-078	50,063
Homeland Security Grant Program	97.073	2007-GE-T7-0054	4,267
Homeland Security Grant Program	97.073	2008-GE-T8-0017	1,496
Homeland Security Grant Program	97.073	2008-GE-T8-0017	4,708
Homeland Security Grant Program	97.073	2009-SS-T9-0047	416
Total of CFDA 97.073			10,887
Total U.S. Department of Homeland Security			60,950
U.S. Department of Transportation			
Passed-Through Georgia Department of Transportation			
High Priority Projects Program			
Hybrid Vehicles and Equipment	20.205	0009420	137,480
Total U.S. Department of Transportation			137,480
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 626,796

HOUSTON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Note 2. Non-cash Awards

The County did not have any non-cash awards during the fiscal year.

Note 3. Insurance

The County did not receive insurance as part of any award during the fiscal year.

Note 4. Loans and Loan Guarantees

The County did not receive any loans or loan guarantees as part of any award during the year.

Note 5. Program Clusters

The County received grants from three Federal programs (CFDA 16.738, 16.803 and 16.804) that are part of the Department of Justice's Justice Assistance Grant program cluster. These programs must therefore be audited together.

HOUSTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: - Unqualified

Internal control over financial reporting:

Material weakness identified? - ____ Yes __X__ No

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

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

Federal Awards

Internal control over major programs:

Material weakness identified? - ____ Yes __X__ No

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

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

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Justice:
16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) Program
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program

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

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012

2011-1 ***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 – The above finding was corrected during the year ended June 30, 2012 and is not included as a finding for the current year.

2011-2 ***Condition*** –The County's construction in progress and capital outlay accounts included amounts for projects that belong to other entities.

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.

Status **–** The above finding was corrected during the year ended June 30, 2012 and is not included as a finding for the current year.

HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

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	$ 15,221,166	$ 576,194	$ -	$ 576,194	$ 15,797,360
City of Centerville	-	-	9,020,395	-	-	-	9,020,395
City of Perry	-	1,350,000	1,485,371	636,269	-	636,269	2,121,640
City of Warner Robins	-	12,113,750	23,309,920	154,767	-	154,767	23,464,687
Department of Transportation	-	-	167,326	-	-	-	167,326
Public Safety Radio Facilities and Equipment	12,500,000	12,500,000	12,500,000	-	-	-	12,500,000
City of Centerville	-	2,035,000	2,035,000	-	-	-	2,035,000
City of Perry	-	1,180,000	2,530,000	-	-	-	2,530,000
	$ 81,785,000	$ 85,000,000	$ 66,269,178	$ 1,367,230	$ -	$ 1,367,230	$ 67,636,408
2006 Referendum:							
Roads, Streets, and Bridges	$ 100,675,000	$ 93,160,000	$ 14,543,836	$ 3,376,564	$ 278,218	$ 3,654,782	$ 17,920,400
City of Centerville	-	500,000	1,803,866	803,644		803,644	2,607,510
City of Perry	-	1,500,000	2,187,685	363,628		363,628	2,551,313
City of Warner Robins	-	5,515,000	1,562,315	3,072,268		3,072,268	4,634,583
Department of Transportation	-	-	477,027	55,603		55,603	532,630
Library Improvements	-	5,225,000	2,423,902	82,743	-	82,743	2,506,645
Jail Pod Addition	-	4,000,000	8,314,688	-	-	-	8,314,688
Water System Improvements	-	3,000,000	1,830,007	1,190,246	-	1,190,246	3,020,253
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,000,000	1,145,848	257,788	-	257,788	1,403,636
City of Perry	-	4,000,000	4,201,457	945,225	-	945,225	5,146,682
City of Warner Robins	-	10,000,000	11,851,948	2,666,399	-	2,666,399	14,518,347
	$ 100,675,000	$ 130,000,000	$ 52,442,579	$ 12,814,108	$ 278,218	$ 13,092,326	$ 65,256,687
2012 Referendum:							
Roads, Streets, and Bridges	$ -	$ 25,332,000	$ -	$ -	$ -	$ -	$ -
Public Safety Facilities & Equipment	-	9,000,000	-	64,759	-	64,759	64,759
Water & Storm Water Systems Improvement	-	6,550,000	-	-	-	-	-
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	-	-	-	-	-
Land Acquisition & Infrastructure - Improvements	-	19,000,000	-	6,241,272	-	6,241,272	6,241,272
Unincorporated County Projects							
Roads, Streets, & Bridges	-	5,300,000	-	-	-	-	-
Public Safety Facilities & Equipment	-	13,665,000	-	113,361	-	113,361	113,361
General Capital Obligations	-	9,482,000	-	-	-	-	-
Airport Facility Improvements	-	400,000	-	-	-	-	-
City of Centerville							
Roads, Streets, and Bridges	-	706,500	-	-	-	-	-
Water & Sewer System Improvements	-	706,500	-	-	-	-	-
Debt payoff on Water & System Improvements	-	637,000	-	-	-	-	-
Public Safety Facilities & Equipment	-	3,000,000	-	-	-	-	-
City of Perry							
Roads, Streets, and Bridges	-	3,000,000	-	-	-	-	-
Public Safety Facilities & Equipment	-	1,800,000	-	-	-	-	-
Water & Sewer System Improvements	-	4,100,000	-	-	-	-	-
Recreation Facilities & Equipment	-	900,000	-	-	-	-	-
City of Warner Robins							
Roads, Streets, and Bridges	-	8,100,000	-	-	-	-	-
Public Safety Facilities & Equipment	-	10,016,000	-	-	-	-	-
Water & Sewer System Improvements	-	6,600,000	-	-	-	-	-
General Capital Obligations	-	9,420,000	-	-	-	-	-
Land Acquisition & Infrastructure - Improvements	-	2,500,000	-	-	-	-	-
Recreation Facilities & Equipment	-	7,785,000	-	-	-	-	-
	$ -	$ 155,000,000	$ -	$ 6,419,392	$ -	$ 6,419,392	$ 6,419,392
Total SPLOST referendums	$ 182,460,000	$ 370,000,000	$ 118,711,757	$ 20,600,730	$ 278,218	$ 20,878,948	$ 139,312,487

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

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

For the Year Ended
June 30, 2012

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)	
	Southern Linc		$ 1,490.00
	AT & T		$ 90,754.00
	Sprint		$ 24,857.00
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)	$ 9,154.00
3c	Maintenance costs	46-5-134(f)(1)(A)	
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ 153,786.00
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)	$ 1,790,262.00
5b	Employee benefits	46-5-134(f)(1)(C)	$ 973,304.00
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ 9,510.00
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)	$ 24,727.00
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)	$ 128,455.00

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

For the Year Ended
June 30, 2012

Line No.		O.C.G.A. Reference	
9c	Maintenance costs	46-5-134(f)(1)(G)	$ 399,715.00
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)	$ 803.00
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	
11b	Purchase costs	46-5-134(f)(1)(I)	
11c	Maintenance costs	46-5-134(f)(1)(I)	
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$ 34,000.00
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2(B)(ii)	
13b	Purchase costs	46-5-134(f)(2(B)(ii)	
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$ 143,459.00
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2(B)(iv)	
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, 2012

Line No.		O.C.G.A. Reference	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	Utilities		$ 56,022.00
	Gasoline		$ 3,755.00
	Food		$ 117.00
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 3,844,170.00

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 12/6/2012

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalnaker Date 12/6/2012

Print Name of Chief Financial Officer Sandra K. Stalnaker