HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

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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 Position 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 Position 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 Position - Proprietary Funds 23

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

Statement of Cash Flows - Proprietary Funds 25

Statement of Fiduciary Assets and Liabilities - Fiduciary Funds 26

Notes to the Basic Financial Statements 27-52

Required Supplementary Information:

Schedule of Funding Progress for HCRP 53

HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS **Page**

Supplemental Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds 54

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds 55-56

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - E911 and Fire Protection Nonmajor Special Revenue Funds 57-58

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug, Jail Inmate, and Law Library Nonmajor Special Revenue Funds 59-60

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - District Attorney Nonmajor Special Revenue Funds 61

Schedule of Revenues, Expenditures, and Changes in Fund Balance - HEMA Code Red 62

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Juvenile Court Supervision Fees 63

Combining Statement of Revenues, Expenditures, and Changes in Net Position - Internal Service Funds 64

Agency Funds:

Combining Statement of Changes in Assets and Liabilities 65-68

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 69-70

Schedule of Findings 71

Summary Schedule of Prior Audit Findings 72

Schedule of Projects Undertaken with Special Sales Tax Proceeds 73

Annual Report of 9-1-1 Expenditures 74-76

FINANCIAL SECTION

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MACON, GEORGIA 31201

December 11, 2013

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Houston County, Georgia ("the County") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Houston County Department of Public Health, which statements reflect total assets of $3,855,821 as of June 30, 2013 and total revenues of $15,023,248 for the year ended June 30, 2013. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Houston County Department of Public Health, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Houston County, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As described in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress information on pages 3 through 11, and page 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County, Georgia's basic financial statements. The combining and individual nonmajor fund statements and schedules, and the agency funds combining statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Butler, Williams & Hyche, LLP

Macon, Georgia

HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2013. Please read it in conjunction with the County's financial statements.

Using This Annual Report

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. Other funds are established by the Board of Commissioners to help it control and manage money for particular purposes or to show that it is meeting legal

responsibilities for using certain taxes, grants and other money. All of Houston County's funds are divided into three categories - governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The governmental funds statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. For the proprietary funds, a statement of net position; a statement of revenues, expenses, and changes in fund net position; and a statement of cash flows are presented. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Specifically, the County's proprietary fund financial statements provide separate information for the water system and the solid waste operations, both of which are considered to be major funds. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on page 64 of this report.

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

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

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

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

The notes to the financial statements can be found on pages 27-52 of this report.

Financial Highlights:

HOUSTON COUNTY'S NET POSITION
FISCAL YEARS 2012 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets:						
Current assets	$ 97,743,897	$ 92,486,591	$ 28,320,346	$ 29,833,200	$ 126,064,243	$ 122,319,791
Net pension assets	3,880,326	4,177,342	-	-	3,880,326	4,177,342
Capital assets	200,583,773	201,827,962	46,857,595	47,137,898	247,441,368	248,965,860
Total assets	$ 302,207,996	$ 298,491,895	$ 75,177,941	$ 76,971,098	$ 377,385,937	$ 375,462,993
Liabilities:						
Current liabilities	$ 4,909,985	$ 5,536,992	$ 1,289,680	$ 974,537	$ 6,199,665	$ 6,511,529
Long-term liabilities	4,149,773	4,349,083	6,775,653	7,240,709	10,925,426	11,589,792
Total liabilities	$ 9,059,758	$ 9,886,075	$ 8,065,333	$ 8,215,246	$ 17,125,091	$ 18,101,321
Net position:						
Net investment in capital assets	$ 200,348,699	$ 201,786,321	$ 46,857,595	$ 47,179,539	$ 247,206,294	$ 248,965,860
Restricted	65,896,909	54,762,383	15,103,213	16,125,011	81,000,122	70,887,394
Unrestricted	26,902,630	32,057,116	5,151,800	5,451,302	32,054,430	37,508,418
Total net position	$ 293,148,238	$ 288,605,820	$ 67,112,608	$ 68,755,852	$ 360,260,846	$ 357,361,672

- Houston County's total assets exceeded total liabilities by $357.3 million (net position). Total net position for governmental activities was $288.6 million; total net position for business-type activities was $68.7million.

- Total net position is comprised of the following:
    1. Capital assets of $248.9 million include property and equipment, net of accumulated depreciation related to the purchase or construction of capital assets.
    2. Net assets of $70.8 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
    3. Unrestricted net assets of $37.5 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.

- As a whole, the County's financial position nearly maintained last year's levels showing only a slight decline. Total net position decreased by $2.9 million. While governmental activities experienced a $4.5

million decrease, business-type activities increased $1.6 million. A slow-down in capital spending funded by Special Purpose Local Option Sales Tax (SPLOST) accounts for most of the decline in governmental activities. Governmental net position decreased 1.5% in fiscal year 2013. Net position in the business-type activities increased 2.4%.

HOUSTON COUNTY'S CHANGES IN NET POSITION
FISCAL YEARS 2012 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues:						
Charges for services	$ 14,981,633	$ 14,558,050	$ 14,177,533	$ 13,434,939	$ 29,159,166	$ 27,992,989
Operating grants	945,343	636,357	-	-	945,343	636,357
Capital grants	935,385	2,194,318	-	-	935,385	2,194,318
General revenues:						
Taxes	60,924,446.00	61,559,347	1,634,755.00	1,801,611	62,559,201.00	63,360,958
Other	(4,300,462.00)	782,898	48,345.00	177,447	(4,252,117.00)	960,345
Total revenues	$ 73,486,345	$ 79,730,970	$ 15,860,633	$ 15,413,997	$ 89,346,978	$ 95,144,967
Expenses:						
General government	$ 18,362,113	$ 35,239,560	$ -	$ -	$ 18,362,113	$ 35,239,560
Judicial	8,800,308	9,038,232	-	-	8,800,308	9,038,232
Public safety	28,964,791	28,657,893	-	-	28,964,791	28,657,893
Highways & streets	7,016,748	7,971,795	-	-	7,016,748	7,971,795
Health & welfare	528,934	673,478	-	-	528,934	673,478
Housing & development	1,070,757	1,305,652	-	-	1,070,757	1,305,652
Culture/recreation	862,870	1,926,430	-	-	862,870	1,926,430
Interest on long-term debt	34,121	2,580	-	-	34,121	2,580
Water	-	-	5,641,772	5,617,537	5,641,772	5,617,537
Landfill	-	-	7,308,161	7,610,984	7,308,161	7,610,984
Total expenses	$ 65,640,642	$ 84,815,620	$ 12,949,933	$ 13,228,521	$ 78,590,575	$ 98,044,141
Increase (decrease) in net position before transfers	7,845,703	(5,084,650)	2,910,700	2,185,476	10,756,403	(2,899,174)
Transfers	108,390	22,600	(108,390)	(22,600)	-	-
Indirect cost allocation	515,538	519,632	(515,538)	(519,632)	-	-
Increase (decrease) in net position	$ 8,469,631	$ (4,542,418)	$ 2,286,772	$ 1,643,244	$ 10,756,403	$ (2,899,174)
Net Position - beginning	$ 284,678,607	$ 293,148,238	$ 64,825,836	$ 67,112,608	$ 349,504,443	$ 360,260,846
Net Position - ending	$ 293,148,238	$ 288,605,820	$ 67,112,608	$ 68,755,852	$ 360,260,846	$ 357,361,672

- For fiscal year 2013, Houston County's governmental funds reported combined fund balances totaling $80.5 million; a decrease of $5.4 million when compared to fiscal year 2012. The decrease in fund balance is primarily contributed to the $11 million decrease in fund balance restricted for SPLOST capital projects; which was partially offset by the increase in unassigned fund balance of $5 million. Of the $80.5 million, $54.7 million or 68% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of $52.7 million, E911 operations of $0.89 million, confiscated drug funds for law enforcement purposes of $231,352 and law library surcharge funds for the operation of the County's public law library at $909,609. Less than one percent of fund balance, $114,333, is considered non-spendable because it has been used for inventory. $3.3 million or 4.1% of fund balance is either committed or assigned, meaning there are limitations resulting from its intended use. Of these funds, $2,399,036 is committed for fire services, $410,485 for jail inmate services, $15,273 is committed to judicial projects and $472,159 is assigned to the County's emergency warning system known as Code Red. The remaining $22.3 million or 27.7% of fund balance is unassigned.

- Governmental activities in fiscal year 2013 experienced a decrease of $4.5 million in net position, while business-type activities added $1.6 million. In total, net position decreased by $2.9 million during the year to $357.3 million. Revenues for governmental activities increased from $73.5 to $79.7 million. While overall revenues increased in the General, Fire and SPLOST funds, total revenues in the E911 fund declined slightly by 2.1%. Non-major governmental expenditures decreased $139,965 or 2.5% compared to last year's spending. General fund expenditures decreased $2.2 million or 4.4% from $49 million to $46.8 million, and SPLOST Capital Projects Fund expenditures increased 65.2% from $20.9 million to $34.5 million. Revenues for business-type activities decreased 2.8% from $15.9 million to $15.4 million. Landfill fees maintained last year's level at $6.8 million, while water sales fell from $7.3 million to $6.6 million as compared to last year. The FY2013 metered sales of $6 million versus FY2012 metered sales of $6.8 million accounted for this dramatic decrease. A very persistent weather pattern across the Southeastern U.S. has driven rainfall averages to record levels which meant most homeowners did not irrigate their lawns as is normal and therefore driving down the metered water sales for the year. Combined business activities therefore experienced a negative operating income, or loss, of $313,214. Expenditures for governmental activities increased to $84.8 from $65.7 million. Business-type expenses increased 2.1% from 13.5 million to $13.7 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 2013, total assets rose from $21 million to $26.6 million. Total liabilities decreased from $3.5 million to $2.2 million.

The General Fund's unassigned fund balance at year-end increased from $16.8 million to $22.3 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 46.9% of total general fund expenditures, while total fund balance, $22.9 million, represents 49.4% of the same amount. The General Fund reported a $5.4 million increase in fund balance.

Total revenues and other sources for fiscal year 2013 of $52.2 million exceeded total expenditures and other uses of $46.8 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 $669,593 during the fiscal year to reflect grant awards for Violence Against Women Act (VAWA) funds to offset the personnel costs associated with an Assistant District Attorney and Investigator to prosecute violent crimes against women; LMIG funds for road resurfacing; two vehicles for the Sheriff's

Department; various pieces of computer and audio equipment for the District Attorney, Probate Judge and Superior Court Judge; and additional transfers in to the general fund. While property tax revenue, charges for services, fines and forfeitures, and other miscellaneous revenues increased slightly; licenses and permits, investment income, and intergovernmental revenues experienced a much greater increase. Revenues from licenses and permits especially grew 39.3%, reflecting a positive growth trend in the local building industry.

Expenditures for most functional areas were $4.1 million less than budget due to vacancies in positions, staff turnover and savings managed by departments within their operating budgets. However, there were several areas where costs were somewhat higher than originally projected. First, in general government, the MIS budget was increased $8,050 to cover additional salary and overtime. Second, judicial costs in the Juvenile Court were adjusted to increase Supervision Fees that cover the costs of services such as counseling, diagnostic testing, and educational programs for children in the court system. The Clerk of the Superior Court and the Clerk of the State Court departmental budgets were increased $21,050 and $4,500 respectively because of costs incurred due to increased caseloads. The Superior Court Judge, District Attorney, and Probate Court departmental budgets were each increased by $2,471, $4,892, and $21,367 respectively, to acquire upgrades to courtroom and office computer technology. Third, under public safety activities, the Coroner's budget was adjusted to cover an unexpected number of autopsies. The emergency management agency's budget was adjusted to cover $13,900 in fuel for the ambulance service. The HEMA budget was increased $94,719 to cover equipment replacements, repairs, maintenance and other expenses related to the Code Red program. Fourth, in public works, the Highways and Streets-State budget was increased $549,554 to reflect Georgia Department of Transportation (GDOT) resurfacing grants awarded during the year. Finally, the County Agent's budget was increased by $22,425 to acquire a pickup truck for the ANR agent. Most other departmental expenditures were consistent with fiscal year 2012.

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 2013, total assets decreased from $1.07 million to $0.9 million, and total liabilities increased slightly from $47,985 to $48,522. Restricted fund balance decreased by $140,133 during the year from $1,025,522 to $885,389. The ending fund balance represents 24% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2013 of $3.55 million fell short of total expenditures and other uses by $140 thousand. Overall, E911 revenues remained flat when compared to fiscal year 2012. Most of the revenue came from 911 fees totaling $2.4 million. Intergovernmental contributions were consistent with fiscal year 2012 numbers while lease payments decreased from $43,015 to $38,304. Total E911 expenditures for fiscal year 2013 decreased by 4% to $3.7 million, 97.8% 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 2013, total assets increased 12.4% to $2,415,511. Total liabilities increased to $16,475. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased $266,137 to $2.4 million. The fund balance is earmarked only for fire protection uses and currently represents 149% of the expenditures and transfers for the year.

At $1.87 million, total fire revenues increased slightly in fiscal year 2013 as compared to $1.84 million in fiscal year 2012. The fire tax levy for 2012 remained at 1.18 mills. At $1.6 million, expenditures were down as compared to $1.7 million last year and represents 87.1% of the final amended budget.

SPLOST Capital Projects – Houston County has three Special Purpose Local Option Sales Tax (SPLOST) programs currently underway. In June of 2001, voters passed an $85 million SPLOST for the construction of roads, an 800 MHz communication system, a city hall, water and sewer improvements and recreation enhancements. While sales tax collections on the 2001 SPLOST ended in August 2006, several of the projects are still underway. In March of 2006, voters approved a six year $130 million SPLOST for the construction of roads, several public safety buildings, library improvements, water and sewer improvements and the write-off of outstanding debt. Collections for the 2006 SPLOST began in October 2006 and ended September 2012. In March of 2012, voters passed a $155 million SPLOST for the construction of road, bridge and sidewalk projects, water and sewer system improvements, public safety and recreation facilities and equipment, an E911 system and facilities upgrade, property acquisition for Robins Air Force Base encroachment and industrial sites, and debt payoff. Sales tax collections on this 2012 SPLOST began October 2012 and, through the end of the fiscal year (June 30, 2013), have consistently fallen short of projections. Projections for this nine month period were $17.92 million, while actual collections were $16.25 million, or 9.33% short.

At the end of fiscal year 2013, total assets in the SPLOST fund were $55 million, and total liabilities were $2.3 million. The restricted fund balance decreased $10.9 million from $63.6 million to $52.7 million largely due to a $14.1 million payout to the Georgia Department of Transportation concerning the Highway 96 (Phase II) widening project. This was the first of two installments due of the $19.5 million the County committed to the project under the 2006 SPLOST. The second and final installment of $5.4 million will be made in FY2014. The County has completed most of the projects funded by the 2001 SPLOST taxes and currently is underway on the largest remaining project, the widening of Feagin Mill Road from Houston Lake Boulevard to Moody Road. Approximately 75% of the 2006 SPLOST projects have been completed with the remaining projects still in the planning or construction phase. Projects from the 2012 SPLOST in FY2013 included a new telephone system at the Courthouse and Detention Facility, as well as nine public safety vehicles in the Sheriff's Department, four trucks in the Roads Department, and computer and copier purchases for various departments.

At $21.9 million, total sales tax revenues in fiscal year 2013 decreased $438,657 over last year's collections. An increase in investment income from $78,207 to $106,549, coupled with $1,535,085 in intergovernmental revenues helped to offset this decrease in sales tax revenue. Total SPLOST expenditures for fiscal year 2013 increased $13.6 million from $20.9 million to $34.5 million. Expenditures were up mainly because of several large capital projects underway in fiscal year 2013, such as road improvements including the aforementioned Highway 96 (Phase II) widening. Of the $34.5 million expended, $21.7 million was allocated to highway and street projects; $10.6 million was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins; $1.14 million was expended on library improvements; and $0.445 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 2013 increased to $35.5 million while total liabilities decreased to $0.615 million. Net position increased 2% to 34.9 million. Total revenues decreased 10.2% to $6.6 million. In fiscal year 2013, water sales declined radically as compared to the 2012 sales levels due mainly to the surplus of rainfall and the resultant lack of outdoor watering. All other revenue sources were comparable to last year. Total expenditures decreased marginally from $5.95 million in 2012 to $5.92 million in 2013. Overall, net operating income decreased dramatically from $1.4 million to $.67 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 $41.5 million and total liabilities were $7.6 million, as compared to $40.4 million and $7.5 million, respectively in fiscal year 2012. Net position increased during the fiscal year from $32.9 million to $33.8 million primarily because of increases in long-term capital assets. While operating revenues (disposal fees) maintained last year's levels at $6.8 million; operating

expenses in fiscal year 2013 increased from $7.5 million to $7.8 million primarily due to increases in depreciation. This has resulted in an increase in the landfill's negative operating income from $681,266 in fiscal year 2012 to $979,003 for fiscal year 2013. Although the Landfill Gas to Energy Program's methane gas sales continue to increase, it was not enough to overcome the nearly $400,000 increase ($1.24 million in 2012 compared to $1.63 million in 2013) in depreciation costs.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2013, investments in capital assets for both governmental and business-type activities by the County increased from $247.4 million to $248.9 million (net of accumulated depreciation). This amount represents a net increase of $1.5 million, or 0.6% over last year. Governmental activities capital investment amounts increased 0.6% to $201.8 million while business-type activities capital assets increased 0.7% to $47.2 million.

Houston County's $248.9 million investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure and utility systems. Capital assets added in fiscal year 2013 to governmental activities primarily included $6.5 million in road improvement projects funded under the 2001, 2006 and 2012 SPLOST programs. Capital assets added to the business-type activities include $4 million in building improvements associated with the landfill and water system, and $53,021 in equipment upgrades.

At the end of fiscal year 2013, the depreciable capital assets for governmental activities were 29% depreciated, compared to 27% in fiscal year 2012. 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, 49% of the asset values were depreciated for fiscal year 2013 and 48% in fiscal year 2012. Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 52 of this report.

HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2012 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Non-depreciable assets:						
Land	$ 7,726,034	$ 7,726,034	$ 5,795,527	$ 5,795,527	$ 13,521,561	$ 13,521,561
Construction in progress	31,166,791	37,681,472	7,758,678	6,547,984	38,925,469	44,229,456
Total non-depreciable assets	$ 38,892,825	$ 45,407,506	$ 13,554,205	$ 12,343,511	$ 52,447,030	$ 57,751,017
Depreciable assets:						
Land (landfill)	$ -	$ -	$ 884,459	$ 884,459	$ 884,459	$ 884,459
Construction	78,327,149	78,327,149	-	-	78,327,149	78,327,149
Buildings	-	-	54,608,643	58,648,621	54,608,643	58,648,621
Improvements	868,520	868,520	-	-	868,520	868,520
Machinery and equipment	29,503,706	29,903,238	8,769,286	8,804,900	38,272,992	38,708,138
Infrastructure	111,710,863	111,710,863	-	-	111,710,863	111,710,863
Total depreciable assets	$ 220,410,238	$ 220,809,770	$ 64,262,388	$ 68,337,980	$ 284,672,626	$ 289,147,750
Less accumulated depreciation	58,719,290	64,389,314	30,958,997	33,543,593	89,678,287	97,932,907
Percentage depreciated	27%	29%	48%	49%	32%	34%
Book value	$ 200,583,773	$ 201,827,962	$ 46,857,596	$ 47,137,898	$ 247,441,369	$ 248,965,860

Debt Management – Houston County has no general obligation debt in either the governmental or business-type activities. In the County's governmental activities, there is compensated absences of $1.64 million and Other Post Employment Benefits (OPEB) of $3.9 million. 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 $7.1 million in closure and post closure care of the landfill and $231,890 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 52 of this report.

HOUSTON COUNTY'S OUTSTANDING DEBT
FISCAL YEARS 2012 AND 2013

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Capital Leases	$ 235,074	$ -	$ -	$ -	$ 235,074	$ -
Net OPEB Obligation	3,095,318	3,888,985	-	-	3,095,318	3,888,985
Landfill closure and post closure care	-	-	6,633,751	7,136,359	6,633,751	7,136,359
Compensated absences	1,622,239	1,643,208	218,311	231,890	1,840,550	1,875,098
Total	$ 4,952,631	$ 5,532,193	$ 6,852,062	$ 7,368,249	$ 11,804,693	$ 12,900,442

Requests for Information

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

BASIC FINANCIAL STATEMENTS

HOUSTON COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 6,759,910	$ 3,626,893	$ 10,386,803
Investments	81,862,807	15,733,463	97,596,270
Accounts receivable (net)	609,048	1,068,044	1,677,092
Taxes receivable (net)	1,627,187	-	1,627,187
Other receivable	-	-	-
Notes receivable, current	-	-	-
Internal balances	(353,364)	353,364	-
Due from other governments	1,866,670	-	1,866,670
Inventories and prepaid items	114,333	114,444	228,777
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	76,703	76,703
Investments	-	8,849,884	8,849,884
Accrued interest receivable	-	10,405	10,405
Notes receivable, noncurrent	-	-	-
Net pension asset	4,177,342	-	4,177,342
Capital assets not subject to depreciation	45,407,506	12,343,511	57,751,017
Capital assets (net of accumulated depreciation)	156,420,456	34,794,387	191,214,843
Total assets	298,491,895	76,971,098	375,462,993
LIABILITIES			
Accounts payable	2,511,385	330,052	2,841,437
Accrued wages payable	465,396	40,777	506,173
Accrued compensated absences	1,183,110	127,540	1,310,650
Due to other governments	1,377,101	136,308	1,513,409
Deferred revenue	-	-	-
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	334,862	334,862
Noncurrent liabilities:			
Net other postemployment benefits	3,888,985	-	3,888,985
Notes payable	-	-	-
Accrued compensated absences	460,098	104,350	564,448
Accrued closure and post-closure care costs	-	7,136,359	7,136,359
Total liabilities	9,886,075	8,215,246	18,101,321
NET POSITION			
Net investment in capital assets	201,827,962	47,137,898	248,965,860
Restricted for capital projects	52,677,004	-	52,677,004
Restricted for renewal and extension	-	8,564,517	8,564,517
Restricted for waste collections	-	7,560,494	7,560,494
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,043,738	-	2,043,738
Unrestricted	32,057,116	5,492,943	37,550,059
Total net position	$ 288,605,820	$ 68,755,852	$ 357,361,672

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

Component Units		
Development Authority	Health Department	Public Library
$ 283,780	$ 1,673,180	$ 518,738
17,657,409	-	43,453
-	1,627,857	-
-	-	-
-	-	78
100,000	-	-
-	-	-
70,496	-	-
-	-	1,653
-	-	-
-	-	-
-	-	-
100,000	-	-
-	-	-
-	-	412,800
-	554,784	4,463,195
18,211,685	3,855,821	5,439,917
3,733	1,263,113	4,835
-	-	30,113
10,307	24,097	17,823
-	-	-
-	74,450	-
-	-	-
-	-	-
-	-	-
9,800,000	-	-
3,732	483,334	-
-	-	-
9,817,772	1,844,994	52,771
-	554,784	4,875,995
-	-	222,950
-	-	-
-	-	-
-	-	30,499
-	-	-
8,393,913	1,456,043	257,702
$ 8,393,913	$ 2,010,827	$ 5,387,146

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

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	$ 35,239,560	$ (4,978,955)	$ 5,849,863	$ 99,050	$ -
Judicial	9,038,232	1,148,957	4,267,982	340,626	-
Public safety	28,657,893	2,313,717	4,071,210	166,681	-
Highways and streets	7,971,795	567,102	21,192	30,000	2,194,318
Health and welfare	673,478	327,545	78,814	-	-
Housing and development	1,305,652	102,002	268,989	-	-
Culture and recreation	1,926,430	-	-	-	-
Interest on long-term debt	2,580	-	-	-	-
Total governmental activities	84,815,620	(519,632)	14,558,050	636,357	2,194,318
Business-type activities:					
Water	5,617,537	309,794	6,593,120	-	-
Landfill	7,610,984	209,838	6,841,819	-	-
Total business-type activities	13,228,521	519,632	13,434,939	-	-
Total primary government	$ 98,044,141	$ -	$ 27,992,989	$ 636,357	$ 2,194,318
Component units:					
Development Authority	$ 871,684	$ -	$ -	$ -	$ -
Health Department	14,677,443	-	1,234,857	13,786,542	-
Public Library	1,385,861	-	73,038	273,892	1,225,444
Total component units	$ 16,934,988	$ -	$ 1,307,895	$ 14,060,434	$ 1,225,444
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					
Gain on settlement of debt					
Other income					
Unrestricted investment earnings					
Total general revenues					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning, as restated					
Net position - ending					

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Development Authority	Health Department	Public Library
$ (24,311,692)	$	$ (24,311,692)	$	$	$
(5,578,581)		(5,578,581)			
(26,733,719)		(26,733,719)			
(6,293,387)		(6,293,387)			
(922,209)		(922,209)			
(1,138,665)		(1,138,665)			
(1,926,430)		(1,926,430)			
(2,580)		(2,580)			
(66,907,263)		(66,907,263)			
-	665,789	665,789			
-	(979,003)	(979,003)			
-	(313,214)	(313,214)			
$ (66,907,263)	$ (313,214)	$ (67,220,477)			
			(871,684)	-	-
			-	343,956	-
			-	-	186,513
			$ (871,684)	$ 343,956	$ 186,513
$ 37,024,935	$ -	$ 37,024,935	$ -	$ -	$ -
21,903,080	-	21,903,080	-	-	-
524,085	-	524,085	-	-	-
237,599	-	237,599	-	-	-
1,869,648	1,801,611	3,671,259	-	-	-
(12,471)	115,141	102,670	-	-	-
755,029	-	755,029	72,744	-	-
-	-	-	420,075	-	771,200
-	-	-	200,000	-	48,924
-	-	-	932,084	-	-
3,188	-	3,188	2,500	-	5,569
37,152	62,306	99,458	8,479	1,849	1,688
62,342,245	1,979,058	64,321,303	1,635,882	1,849	827,381
22,600	(22,600)	-	-	-	-
62,364,845	1,956,458	64,321,303	1,635,882	1,849	827,381
(4,542,418)	1,643,244	(2,899,174)	764,198	345,805	1,013,894
293,148,238	67,112,608	360,260,846	7,629,715	1,665,022	4,373,252
$ 288,605,820	$ 68,755,852	$ 357,361,672	$ 8,393,913	$ 2,010,827	$ 5,387,146

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,463,195	$ -	$ 619,569	$ 3,082,764
Investments	22,126,514	53,289,538	3,086,075	78,502,127
Taxes receivable (net)	1,627,187	-	-	1,627,187
Accounts receivable (net)	155,037	-	454,011	609,048
Due from other funds	11,748	-	682,480	694,228
Due from other governments	84,733	1,677,377	104,560	1,866,670
Inventories	114,333	-	-	114,333
Total assets	$ 26,582,747	$ 54,966,915	$ 4,946,695	$ 86,496,357
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts and contracts payable	$ 718,903	$ 912,810	$ 53,149	$ 1,684,862
Accrued wages and payroll taxes payable	422,994	-	42,402	465,396
Due to other funds	1,047,592	-	-	1,047,592
Due to other governments	-	1,377,101	-	1,377,101
Total liabilities	2,189,489	2,289,911	95,551	4,574,951
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	1,474,447	-	-	1,474,447
Total deferred inflows of resources	1,474,447	-	-	1,474,447
Fund balances:				
Nonspendable:				
Inventories	114,333	-	-	114,333
Restricted for:				
SPLOST Capital Projects	-	52,677,004	-	52,677,004
E 911 fund	-	-	885,389	885,389
Drug fund	-	-	231,352	231,352
Law library fund	-	-	909,609	909,609
Juvenile Court	17,388	-	-	17,388
Committed to:				
Local maintenance and Improvements	549,554	-	-	549,554
Judicial	-	-	15,273	15,273
Public safety	-	-	2,809,521	2,809,521
Assigned to:				
Code red construction	472,159	-	-	472,159
Unassigned	21,765,377	-	-	21,765,377
Total fund balances	22,918,811	52,677,004	4,851,144	80,446,959
Total liabilities and fund balances	$ 26,582,747	$ 54,966,915	$ 4,946,695	$ 86,496,357

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

HOUSTON COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances for governmental funds.		$ 80,446,959
Total net position for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		201,827,962
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.		1,474,447
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 position.		4,177,342
An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the risk management have been allocated to the governmental activities on the statement of net position.		6,211,303
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		(5,532,193)
Net other postemployment benefits (OPEB)	$ 3,888,985	
Compensated absences	1,643,208	
Total long-term liabilities	$ 5,532,193	
Total net position of governmental activities.		$ 288,605,820

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, 2013

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 42,106,321	$ 21,903,080	$ 1,869,649	$ 65,879,050
Licenses and permits	406,146	-	-	406,146
Intergovernmental	1,162,154	1,535,085	418,170	3,115,409
Charges for services	5,215,785	-	2,592,133	7,807,918
Fines and forfeitures	2,458,004	-	206,573	2,664,577
Investment income	30,787	106,549	9,496	146,832
Miscellaneous	734,641	3,188	38,304	776,133
Total revenues	52,113,838	23,547,902	5,134,325	80,796,065
EXPENDITURES				
Current:				
General government	9,452,107	38,362	-	9,490,469
Judicial	8,277,426	4,853	147,274	8,429,553
Public safety	21,270,306	50,295	5,227,486	26,548,087
Highways and streets	5,058,116	15,090,976	-	20,149,092
Health and welfare	545,607	-	-	545,607
Culture and recreation	782,229	1,144,201	-	1,926,430
Housing and development	476,781	47,582	-	524,363
Economic development	355,051	445,930	-	800,981
Capital outlay:				
General government	-	264,972	-	264,972
Judicial	-	16,115	-	16,115
Public safety	-	255,383	26,508	281,891
Highways and streets	-	6,571,886	-	6,571,886
Intergovernmental	-	10,570,171	-	10,570,171
Debt service:				
Principal retirement	208,938	-	-	208,938
Interest and fiscal charges	2,580	-	-	2,580
Total expenditures	46,429,141	34,500,726	5,401,268	86,331,135
Excess (deficiency) of revenues over (under) expenditures	5,684,697	(10,952,824)	(266,943)	(5,535,070)
OTHER FINANCING SOURCES (USES):				
Transfers in	112,739	-	671,072	783,811
Transfers out	(411,736)	-	(349,475)	(761,211)
Proceeds from sale of capital assets	26,736	-	-	26,736
Total other financing sources (uses)	(272,261)	-	321,597	49,336
Net change in fund balance	5,412,436	(10,952,824)	54,654	(5,485,734)
Fund balances at beginning of year	17,506,375	63,629,828	4,796,490	85,932,693
Fund balances at end of year	$ 22,918,811	$ 52,677,004	$ 4,851,144	$ 80,446,959

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, 2013

Net change in fund balance - total governmental funds		$ (5,485,734)
Total change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.		
Total capital outlays		7,312,433
Total depreciation		(6,029,037)
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.		(39,207)
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 @ 6/30/12	3,880,326	
Net pension asset @ 6/30/13	4,177,342	297,016
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 @ 6/30/12	1,790,191	
Property Taxes: Deferred @ 6/30/13	1,474,447	(315,744)
Repayment of loan or lease principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		235,074
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	(793,667)	
Compensated absences	(20,970)	(814,637)
An internal service fund is used by management to charge the costs of risk management to individual funds. The change in net position of the risk management fund is reported with governmental activities.		297,418
Change in net position of governmental activities		$ (4,542,418)

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, 2013

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	$ 41,426,708	$ 41,426,708	$ 42,106,321	$ 679,613
Licenses and permits	264,000	264,000	406,146	142,146
Intergovernmental	442,607	1,037,161	1,162,154	124,993
Charges for services	4,778,600	4,778,600	5,215,785	437,185
Fines and forfeitures	2,378,800	2,378,800	2,458,004	79,204
Investment income	12,000	12,000	30,787	18,787
Miscellaneous	728,100	728,100	734,641	6,541
Total revenues	50,030,815	50,625,369	52,113,838	1,488,469
EXPENDITURES				
Current:				
General government:				
County commissioners	675,123	675,123	624,705	(50,418)
Board of elections	509,048	509,048	416,722	(92,326)
Accounting	309,150	309,150	307,478	(1,672)
Purchasing	344,443	344,443	330,394	(14,049)
Legal services	83,000	83,000	79,990	(3,010)
Management of information systems	875,494	883,544	857,118	(26,426)
Human resources	316,245	316,245	313,456	(2,789)
Tax commissioner	1,421,520	1,421,520	1,409,185	(12,335)
Tax assessor	1,629,285	1,629,285	1,580,420	(48,865)
Board of equalization	16,034	16,034	13,475	(2,559)
Public buildings	2,896,477	2,896,477	2,814,846	(81,631)
Other general government	2,083,747	2,192,406	704,318	(1,488,088)
Total general government	11,159,566	11,276,275	9,452,107	(1,824,168)
Judicial:				
Judge of superior court	848,682	851,153	770,074	(81,079)
Clerk of superior court	1,028,035	1,049,085	1,018,639	(30,446)
District attorney	803,854	808,746	732,721	(76,025)
Domestic violence assistance	174,956	174,956	171,216	(3,740)
Victim advocates	164,086	164,086	146,575	(17,511)
Judge of state court	474,006	474,006	468,989	(5,017)
Clerk of state court	382,866	387,366	386,681	(685)
Solicitor of state court	541,674	541,674	522,857	(18,817)
Magistrate court	950,594	950,594	944,127	(6,467)
Probate court	558,527	579,894	577,231	(2,663)
Juvenile court	572,541	588,569	575,012	(13,557)
Court services	7,500	7,500	400	(7,100)
Juvenile court enhancement	97,735	97,735	95,771	(1,964)
Public defender	1,900,381	1,900,381	1,867,133	(33,248)
Total judicial	8,505,437	8,575,745	8,277,426	(298,319)

(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, 2013

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	8,695,151	8,656,261	8,389,188	(267,073)
Juvenile involvement and control	969,739	969,739	914,182	(55,557)
Jail	12,125,645	12,047,114	11,331,935	(715,179)
Coroner	96,668	107,118	106,286	(832)
Animal control	233,884	233,884	216,206	(17,678)
Emergency management agency	286,955	300,855	219,727	(81,128)
HEMA	-	94,719	92,782	(1,937)
Total public safety	22,408,042	22,409,690	21,270,306	(1,139,384)
Public works:				
Administration	726,562	726,562	647,685	(78,877)
Highways and streets - county	4,140,895	4,150,771	3,915,207	(235,564)
Highways and streets - state	-	549,554	309,501	(240,053)
Storm drainage	260,812	260,812	152,147	(108,665)
Traffic engineering	49,400	49,400	33,576	(15,824)
Total public works	5,177,669	5,737,099	5,058,116	(678,983)
Health and welfare:				
Health and vital statistics	340,175	344,935	341,749	(3,186)
Mental health	61,750	61,750	61,750	-
Mosquito control	4,000	4,000	2,823	(1,177)
Drug abuse commission	27,550	27,550	27,550	-
DFACS	131,000	131,000	106,235	(24,765)
Welfare	3,200	5,500	5,500	-
Total health and welfare	567,675	574,735	545,607	(29,128)
Culture and recreation:				
Recreation	11,750	12,325	12,229	(96)
Library	770,000	770,000	770,000	-
Total culture and recreation	781,750	782,325	782,229	(96)
Housing and development:				
County agent	89,948	112,373	95,719	(16,654)
Georgia forestry commission	12,042	12,042	12,042	-
Building inspection	364,645	364,645	358,557	(6,088)
Planning and zoning	8,610	10,520	10,463	(57)
Total housing and development	475,245	499,580	476,781	(22,799)
Economic development:				
Economic development	270,500	270,775	270,767	(8)
21st Century partnership	55,000	55,000	39,684	(15,316)
Perry-Houston County airport	44,600	44,600	44,600	-
Total economic development	370,100	370,375	355,051	(15,324)

(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, 2013

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Debt service:				
Principal retirement	285,000	285,000	208,938	(76,062)
Interest and fiscal charges	5,000	5,000	2,580	(2,420)
Total debt service	290,000	290,000	211,518	(78,482)
Total expenditures	49,735,484	50,515,824	46,429,141	(4,086,683)
Excess (deficiency) of revenues over (under) expenditures	295,331	109,545	5,684,697	5,575,152
OTHER FINANCING SOURCES (USES):				
Transfers in	92,045	167,084	112,739	(54,345)
Transfers out	(411,736)	(411,736)	(411,736)	-
Proceeds from sale of capital assets	27,000	27,000	26,736	(264)
Total other financing sources (uses)	(292,691)	(217,652)	(272,261)	(54,609)
Net change in fund balance	2,640	(108,107)	5,412,436	5,520,543
Fund balance at beginning of year	17,506,375	17,506,375	17,506,375	-
Fund balance at end of year	$ 17,509,015	$ 17,398,268	$ 22,918,811	$ 5,520,543

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS	**Water**	**Landfill**	**Total**	**Governmental Activities-Internal Service Fund**
Current assets:				
Cash and cash equivalents	$ 416,564	$ 3,210,329	$ 3,626,893	$ 3,677,146
Investments	-	15,733,463	15,733,463	3,360,680
Accounts receivable (net)	628,218	439,826	1,068,044	-
Due from other funds	950	382,621	383,571	-
Inventories	114,444	-	114,444	-
Total current assets	1,160,176	19,766,239	20,926,415	7,037,826
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,144	-	27,144	-
Renewal and extension account:				
Investments	8,559,932	-	8,559,932	-
Accrued interest receivable	4,585	5,820	10,405	-
Customer deposits:				
Cash	44,561	-	44,561	-
Investments	251,952	38,000	289,952	-
Total restricted assets	8,893,172	43,820	8,936,992	-
Capital assets not subject to depreciation	4,936,700	7,406,811	12,343,511	-
Capital assets (net of accumulated depreciation)	20,527,014	14,267,373	34,794,387	-
Total long-term assets	34,356,886	21,718,004	56,074,890	-
Total assets	$ 35,517,062	$ 41,484,243	$ 77,001,305	$ 7,037,826
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	$ 119,105	$ 210,947	$ 330,052	$ 826,523
Accrued wages and payroll taxes payable	24,437	16,340	40,777	-
Accrued compensated absences	77,019	50,521	127,540	-
Due to other funds	30,207	-	30,207	-
Due to other governments	-	136,308	136,308	-
Total current liabilities	250,768	414,116	664,884	826,523
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	296,862	38,000	334,862	-
Accrued compensated absences	63,016	41,334	104,350	-
Accrued closure / post-closure costs	-	7,136,359	7,136,359	-
Total liabilities	615,644	7,629,809	8,245,453	826,523
NET POSITION				
Net investment in capital assets	25,463,714	21,674,184	47,137,898	-
Restricted for renewal and extension	8,564,517	-	8,564,517	-
Restricted for waste collections	-	7,560,494	7,560,494	-
Unrestricted	873,187	4,619,756	5,492,943	6,211,303
Total net position	34,901,418	33,854,434	68,755,852	6,211,303
Total liabilities and net position	$ 35,517,062	$ 41,484,243	$ 77,001,305	$ 7,037,826

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Water	Landfill	Total	Internal Service Fund
Operating revenues:				
Metered sales	$ 6,006,777	$ -	$ 6,006,777	$ -
Collection and disposal fees	-	6,326,732	6,326,732	-
Service charges	533,107	515,087	1,048,194	-
Charges for services	53,236	-	53,236	8,140,089
Total operating revenues	6,593,120	6,841,819	13,434,939	8,140,089
Operating expenses:				
Personal services	2,294,355	1,472,918	3,767,273	-
Purchased / contracted services	1,026,907	3,891,385	4,918,292	7,845,410
Supplies	142,243	826,453	968,696	-
Materials	815,842	-	815,842	-
Heat, light and power	676,046	-	676,046	-
Depreciation	971,938	1,630,066	2,602,004	-
Total operating expenses	5,927,331	7,820,822	13,748,153	7,845,410
Operating income (loss)	665,789	(979,003)	(313,214)	294,679
Nonoperating revenues (expenses):				
Interest revenue	9,700	52,606	62,306	2,739
Insurance premium tax	-	1,801,611	1,801,611	-
Sale of capital assets	950	114,191	115,141	-
Total nonoperating revenues	10,650	1,968,408	1,979,058	2,739
Income before transfers	676,439	989,405	1,665,844	297,418
Transfer Out	-	(22,600)	(22,600)	-
Changes in net position	676,439	966,805	1,643,244	297,418
Net position - beginning	34,224,979	32,887,629	67,112,608	5,913,885
Net position - ending	$ 34,901,418	$ 33,854,434	$ 68,755,852	$ 6,211,303

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, 2013

	Water	Landfill	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	$ 6,987,915	$ 6,755,756	$ 13,743,671	$ -
Cash received from other funds for services provided	1,008,372	2,640,526	3,648,898	8,140,089
Cash payments to suppliers for goods and services	(2,783,163)	(4,480,660)	(7,263,823)	(7,855,029)
Cash payments to other funds for services provided	(100,198)	(101,203)	(201,401)	-
Cash payments to employees for services	(2,284,960)	(1,469,089)	(3,754,049)	-
Net cash provided by operating activities	2,827,966	3,345,330	6,173,296	285,060
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(22,600)	(22,600)	-
Net Cash (required for) noncapital financing activities	-	(22,600)	(22,600)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,548,721)	(1,333,585)	(2,882,306)	-
Increase/(decrease) in escrow deposits	(9,617)	2,500	(7,117)	-
Proceeds from sales of capital assets	950	114,191	115,141	-
Insurance premium tax	-	1,801,611	1,801,611	-
Net cash flows (required for) capital and related financing activities	(1,557,388)	584,717	(972,671)	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(3,077,783)	(3,077,783)	(3,736)
Purchase of investments	(1,025,368)	(2,500)	(1,027,868)	-
Interest received on investments	13,270	54,354	67,624	2,739
Net cash provided by (required for) investing activities	(1,012,098)	(3,025,929)	(4,038,027)	(997)
Net increase (decrease) in cash and cash equivalents	258,480	881,518	1,139,998	284,063
Cash and cash equivalents at beginning of year	234,787	2,328,811	2,563,598	3,393,083
Cash and cash equivalents at end of year	$ 493,267	$ 3,210,329	$ 3,703,596	$ 3,677,146
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	$ 665,789	$ (979,003)	$ (313,214)	$ 294,679
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	971,938	1,630,066	2,602,004	-
(Increase) decrease in receivables	394,795	(86,063)	308,732	-
(Increase) decrease in inventories	(28,754)	-	(28,754)	-
Increase (decrease) in accounts payable	(93,371)	(268,167)	(361,538)	(9,619)
Increase (decrease) in other liabilities	9,395	506,437	515,832	-
(Increase) decrease in due from other funds	1,008,372	2,640,526	3,648,898	-
(Increase) decrease in due to other funds	(100,198)	(101,203)	(201,401)	-
(Increase) decrease in due to other governments	-	2,737	2,737	-
Net cash provided from operating activities	$ 2,827,966	$ 3,345,330	$ 6,173,296	$ 285,060

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, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 7,194,040
Total assets	$ 7,194,040
LIABILITIES	
Due to other taxing units	$ 1,170,332
Due to retirement funds	14,992
Due to State	957,726
Funds held in escrow	4,211,812
Cash bonds	228,949
Other	610,229
Total liabilities	$ 7,194,040

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, 2013 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 Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. The primary government and the discretely presented component units are presented separately within the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other nonexchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines and forfeitures, and other charges to users of the County's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements.

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

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

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 2012 was set on August 21, 2012.

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

3. Interfund Balances

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

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

4. Inventories and Prepaid Items

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

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

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, 2013. 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 & Net Position

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

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

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2013, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

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

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

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

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

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 16) and the Nonmajor Governmental Funds Combining Balance sheet (page 54). 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

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

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

10. Management Estimates

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

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and solid waste. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

12. Contributions of Capital

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

13. Allocation of Indirect Expenses

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

14. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller fund and as expenditures/expenses in the purchaser fund. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the fund responsible for a particular expenditure/expense to the fund that initially paid for them are not presented on the financial statements (i.e., they are netted). Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

15. Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. This implementation resulted primarily in changes to terminology and the elimination of reporting unamortized debt issuance costs (i.e., unamortized loan origination fees) as a deferred charge.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting.

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

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

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, 2013, the County's bank balances are entirely insured or collateralized with securities held by the County's agent in the County's name.

III. DETAILED NOTES ON ALL FUNDS

As of June 30, 2013, the County's reporting entity had the following investments:

Type of Investment	Fair Value	Investment Maturity Less than 1 yr	Rating	Weighted Average Maturity (WAM)
Primary Government				
Certificate of Deposits	$ 14,725,844	$ 14,725,844		
Georgia Fund I	91,720,310	91,720,310	AAAm	59 day WAM
Total Primary Government	$ 106,446,154	$ 106,446,154		

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.

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, 2013, 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, 2013, the carrying amount of the Authority's bank balance was $365,565. As of June 30, 2013, 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.

III. DETAILED NOTES ON ALL FUNDS

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, 2013 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

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, 2013, the carrying amount of the Health Department's cash accounts was $1,673,180 and the bank balances were $2,442,587. Of the bank balances, $1,234,512 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and $1,208,075 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, 2013, all deposits of the Library were fully collateralized in accordance with state statutes.

Custodial Credit Risk - Investments

As of June 30, 2013, the Library was not exposed to custodial credit risk for its investments.

III. DETAILED NOTES ON ALL FUNDS

Credit Risk – Investments

As of June 30, 2013, the Library's only investments were certificates of deposit.

At June 30, 2013, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	February 17,2013	$ 28,188
Certificate of deposit	January 18, 2013	7,294
Certificate of deposit	February 17, 2013	7,971
		$ 43,453

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, 2013, are as follows:

Fund	Receivables	Payables
General	11,748	1,047,591
Water	950	30,208
Solid waste	382,621	-
Non-major governmental funds	682,480	-
Total	1,077,799	1,077,799

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	$ -	$ 682,480	$ 950	$ 364,161	$ 1,047,591
Water	11,748	-	-	18,460	30,208
	$ 11,748	$ 682,480	$ 950	$ 382,621	$ 1,077,799

Interfund balances at June 30, 2013 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 112,739	$ 411,736
Nonmajor Governmental		
E-911	671,072	-
Drug	-	58,859
Fire	-	259,336
Jail Inmate	-	10,698
Law Library	-	20,582
Solid Waste	-	22,600
	$ 783,811	$ 783,811

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	$ -	$ 411,736	$ 411,736
Nonmajor Governmental	90,139	259,336	349,475
Solid Waste	22,600	-	22,600
Total	$ 112,739	$ 671,072	$ 783,811

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III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Accumulated Depreciation June 30, 2013	Book Value June 30, 2013
Nondepreciable assets:						
Land	$ 7,726,034	$ -	$ -	$ 7,726,034	$ -	$ 7,726,034
Construction in progress	31,166,791	6,514,681	-	37,681,472	-	37,681,472
Total nondepreciable assets:	38,892,825	6,514,681	-	45,407,506	-	45,407,506
Depreciable assets:						
Construction	78,327,149	-	-	78,327,149	16,891,812	61,435,337
Improvements other than buildings	868,520	-	-	868,520	825,952	42,568
Machinery & equipment	29,503,706	797,752	398,220	29,903,238	20,088,989	9,814,249
Infrastructure	111,710,863	-	-	111,710,863	26,582,561	85,128,302
Total depreciable assets:	220,410,238	797,752	398,220	220,809,770	64,389,314	156,420,456
Total capital assets	259,303,063	7,312,433	398,220	266,217,276	64,389,314	$ 201,827,962
Accumulated depreciation:						
Construction	15,321,936	1,569,876	-	16,891,812		
Improvements	818,729	7,223	-	825,952		
Machinery & equipment	18,702,669	1,745,333	359,013	20,088,989		
Infrastructure	23,875,956	2,706,605	-	26,582,561		
Total accumulated depreciation	$ 58,719,290	$ 6,029,037	$ 359,013	$ 64,389,314		

Business-type activities	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Accumulated Depreciation June 30, 2013	Book Value June 30, 2013
Nondepreciable assets:						
Land	$ 5,795,527	$ -	$ -	$ 5,795,527	$ -	$ 5,795,527
Construction in progress	7,758,678	2,829,286	4,039,980	6,547,984	-	6,547,984
Total nondepreciable assets:	13,554,205	2,829,286	4,039,980	12,343,511	-	12,343,511
Depreciable assets:						
Land (landfill)	884,459	-	-	884,459	260,000	624,459
Plant & buildings	54,608,643	4,039,978	-	58,648,621	26,582,221	32,066,400
Machinery & equipment	8,769,286	53,021	17,407	8,804,900	6,701,372	2,103,528
Total depreciable assets:	64,262,388	4,092,999	17,407	68,337,980	33,543,593	34,794,387
Total capital assets	$ 77,816,593	$ 6,922,285	$ 4,057,387	$ 80,681,491	$ 33,543,593	$ 47,137,898

Accumulated depreciation:	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Land (landfill)	$ 250,000	$ 10,000	$ -	$ 260,000
Plant & buildings	24,569,641	2,012,580	-	26,582,221
Machinery & equipment	6,139,356	579,423	17,407	6,701,372
Total accumulated depreciation	$ 30,958,997	$ 2,602,003	$ 17,407	$ 33,543,593

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	$ 287,866
Judicial	589,184
Public safety	2,085,654
Public works	2,914,093
Health and welfare	149,257
Housing and development	2,983
Total depreciation expense - governmental activities	$ 6,029,037

Business-type activities:	
Water	$ 971,937
Solid waste	1,630,066
Total depreciation expense - business-type activities	$ 2,602,003

Houston County Health Department Component Unit.

A summary of capital asset activity for the Houston County Health Department for the year ended June 30, 2013 is as follows:

Governmental activities	**Balance June 30, 2012**	**Increases**	**Decreases**	**Balance June 30, 2013**
Depreciable assets:				
Office and Medical Equipment	$ 1,557,728	$ 43,954	$ -	$ 1,601,682
Total capital assets	1,557,728	43,954	-	1,601,682
Accumulated depreciation:				
Office and Medical Equipment	861,590	185,308	-	1,046,898
Total accumulated depreciation	861,590	185,308	-	1,046,898
Capital assets, net	$ 696,138	$ (141,354)	$ -	$ 554,784

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

Governmental activities:	
Health	$185,308

III. DETAILED NOTES ON ALL FUNDS

Houston County Public Library Component Unit.

A summary of capital asset activity for the Houston County Public Library for the year ended June 30, 2013 is as follows:

Governmental activities	Balance June 30, 2012	Restatement	Restated Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Nondepreciable assets:						
Land	$ 412,800	$ -	$ 412,800	$ -	$ -	412,800
Depreciable assets:						
Buildings and improvements	4,215,040	-	4,215,040	1,225,444	-	5,440,484
Equipment	26,294	-	26,294	-	-	26,294
Library collections	2,416,470	-	2,416,470	66,037	35,992	2,446,515
Total	6,657,804	-	6,657,804	1,291,481	35,992	7,913,293
Accumulated depreciation:						
Buildings and improvements	1,534,648	(63,732)	1,470,916	114,432	-	1,585,348
Equipment	14,215	-	14,215	2,629	-	16,844
Library collections	1,745,926	-	1,745,926	137,972	35,992	1,847,906
Total accumulated depreciation	3,294,789	(63,732)	3,231,057	255,033	35,992	3,450,098
Total depreciable assets, net	$ 3,363,015	$ 63,732	$ 3,426,747	$ 1,036,448	$ -	$ 4,463,195
Capital assets, net	$ 3,775,815	$ 63,732	$ 3,839,547	$ 1,036,448	$ -	$ 4,875,995

All depreciation expense was charged to the public services function during the year ended June 30, 2013.

E. Long-term Debt.

Development Authority Component Unit:

Notes Payable

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

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

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2013, the following changes occurred in the long-term liabilities:

Governmental funds:

Long-term liability	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
Capital leases	$ 235,074	$ -	$ 235,074	$ -	$ -
Net OPEB Obligation	3,095,318	793,667	-	3,888,985	-
Compensated absences	1,622,239	1,187,166	1,166,197	1,643,208	1,183,110
Total	$ 4,952,631	$ 1,980,833	$ 1,401,271	$ 5,532,193	$ 1,183,110

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, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
Compensated absences	$ 218,311	$ 134,709	$ 121,130	$ 231,890	$ 127,540
Accrued closure and post-closure care costs	6,633,751	502,608	-	7,136,359	-
Total	$ 6,852,062	$ 637,317	$ 121,130	$ 7,368,249	$ 127,540

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, 2013 is as follows:

Business-type fund:

Long-term liability	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
Note payable	$ 10,732,084	$ -	$ 932,084	$ 9,800,000	$ 2,416,473
Compensated absences	8,354	12,204	6,519	14,039	10,307
Total	$ 10,740,438	$ 12,204	$ 938,603	$ 9,814,039	$ 2,426,780

III. DETAILED NOTES ON ALL FUNDS

Houston County Health Department Component Unit.

A summary of changes in long-term debt for the Houston County Health Department for the year ended June 30, 2013 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
Compensated absences	$ 536,240	$ 358,104	$ 386,913	$ 507,431	$ 24,097

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, 2013 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
Compensated absences	$ 17,567	$ 39,433	$ 39,177	$ 17,823	$ 17,823

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 $6,288,009 as of June 30, 2013, which is based on 72.7 percent usage (filled) of the solid waste landfill. It is estimated that an additional $1,913,031 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 $848,350 as of June 30, 2013, which is based on 29.0 percent usage (filled) of the C & D landfill. It is estimated that an additional $1,974,617 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 ($7,136,359) 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, 2013. 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.

III. DETAILED NOTES ON ALL FUNDS

H. Restrictions.

The following restrictions are used by Houston County:

Restricted for Renewal and Extension - Enterprise Fund.

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

Restricted for Waste Collections – Enterprise Fund.

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

IV. OTHER INFORMATION

A. Employees' Retirement Plan.

Plan Description 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:

IV. OTHER INFORMATION

Derivation of Net Pension Obligation:	2013	2012
Annual Pension Cost for Prior Year	$ 4,346,403	$ 4,059,933
Actual Contributions to Plan for Prior Year	4,643,419	4,358,540
Increase (Decrease) in Net Pension Obligation	(297,016)	(298,607)
Net Pension Obligation (Asset), beginning of year	-	-
Net Pension Obligation (Asset), end of year	$ (297,016)	$ (298,607)
Derivation of Annual Pension Cost:		
Annual Required Contribution	$ 4,578,727	$ 4,325,358
Interest on Net Pension Obligation	(323,744)	(300,725)
Amortization of Net Pension Obligatin	346,399	321,770
Annual Pension Cost	$ 4,601,382	$ 4,346,403

Basis of Valuation	
Current Valuation Date	January 1, 2013
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0%-6.5% based on age
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (Closed)
Remaining Amortization Period	10

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

THREE-YEAR TREND INFORMATION FOR HCRP

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/2013	$ 4,601,382	N/A	N/A	$ (4,177,342)
1/1/2012	4,346,403	$ 4,643,419	107%	(3,880,326)
1/1/2011	4,059,933	4,358,540	107%	(3,581,719)
1/1/2010	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
12/31/2012	$53,405,279	$72,288,038	73.9%	$18,882,759	$20,949,625	90.1%
12/31/2011	$47,899,556	$65,692,071	72.9%	$17,792,515	$19,783,644	89.9%
12/31/2010	$42,843,900	$61,566,717	69.6%	$18,722,817	$19,948,266	93.9%

IV. OTHER INFORMATION

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 for benefits. 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.

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	123,813
Adjustment to Annual Required Contribution	(118,280)
Annual OPEB Cost (Expense)	793,667
Employer contributions for Fiscal Year 2011	-
Increase (decrease) in Net OPEB Obligation	793,667
Net OPEB Obligation at beginning of Fiscal Year	3,095,318
Net OPEB Obligation at end of Fiscal Year	$ 3,888,985

IV. OTHER INFORMATION

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.

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*

IV. OTHER INFORMATION

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
6/30/2013	793,667	-	0.00%	3,888,985

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no separate trust through which benefits for retirees are funded. 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.

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.

IV. OTHER INFORMATION

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

Claims Activity	Year Ended June 30, 2013	Year Ended June 30, 2012
Unpaid claims, beginning of fiscal year	$ 836,142	$ 748,873
Incurred claims	7,119,869	7,517,575
Claim payments	7,129,489	7,430,306
Unpaid claims, end of fiscal year	$ 826,522	$ 836,142

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 2013, the Health Department received $10,360,127 (69 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, 2013.

I. Prior Period Adjustments and Restatements

Houston County Development Authority – Component Unit

The following changes have been made to the beginning net position as summarized and described below:

	Business-type Activities
Net position as previously reported	$ 7,616,360
Prior Period Adjustment to correct intergovernmental revenues	13,355
Net position as restated	$ 7,629,715

The restatement to beginning net position was required to correct the intergovernmental revenue received from Houston County.

IV. OTHER INFORMATION

Houston County Health Department – Component Unit

The net position and fund balance of the Houston County Board of Health have both been decreased by $49,148 to reflect an error in the prior year financial statements. The error related to an incorrect amount which was included in the "Budgetary Stabilization" figure in the June 30, 2012 financial statements.

Houston County Public Library – Component Unit

The net position of the Houston County Public Library has been increased by $63,732 to correct an error in the prior year financial statements. The error related to an incorrect amount of accumulated depreciation in the June 30, 2012 financial statements.

J. Subsequent Events.

On September 17, 2013 the Board of Commissioners authorized a resolution with regards to the conveyance of the 4.83 acres of land and improvements, the MLK Human Service Center (DFACS) building, to the state of Georgia.

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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)
12/31/2003	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%
12/31/2012	53,405,279	72,288,038	73.9%	18,882,759	20,949,625	90.1%

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, 2013

	Special Revenue						
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 25,548	$ 231,462	$ 235,993	$ 111,323	$ 15,243	$ 619,569
Investments	-	2,133,094	-	128,740	824,241	-	3,086,075
Accounts receivable	403,770	-	-	50,241	-	-	454,011
Due from other funds	425,611	256,869	-	-	-	-	682,480
Due from other governments	104,530	-	-	-	-	30	104,560
Total assets	$ 933,911	$ 2,415,511	$ 231,462	$ 414,974	$ 935,564	$ 15,273	$ 4,946,695
LIABILITIES AND FUND BALANCE							
Accounts payable	$ 15,925	$ 6,670	$ 110	$ 4,489	$ 25,955	$ -	$ 53,149
Accrued wages and payroll taxes payable	32,597	9,805	-	-	-	-	42,402
Due to other funds	-	-	-	-	-	-	-
Total liabilities	48,522	16,475	110	4,489	25,955	-	95,551
FUND BALANCES							
Restricted	885,389	-	231,352	-	909,609	-	2,026,350
Committed to:							
Judicial	-	-	-	-	-	15,273	15,273
Public safety	-	2,399,036	-	410,485	-	-	2,809,521
Total fund balances	885,389	2,399,036	231,352	410,485	909,609	15,273	4,851,144
Total liabilities and fund balances	$ 933,911	$ 2,415,511	$ 231,462	$ 414,974	$ 935,564	$ 15,273	$ 4,946,695

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue			
	E 911	**Fire Protection**	**Drug**	**Jail Inmate**
REVENUES				
Taxes	$ -	$ 1,869,649	$ -	$ -
Intergovernmental	418,120	50	-	-
Charges for services	2,419,999	-	-	172,134
Fines and forfeitures	-	-	87,579	-
Investment income	-	3,131	898	790
Miscellaneous	38,304	-	-	-
Total revenues	2,876,423	1,872,830	88,477	172,924
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Public safety	3,687,628	1,347,357	63,091	155,918
Total expenditures	3,687,628	1,347,357	63,091	155,918
Excess (deficiency) of revenues over (under) expenditures	(811,205)	525,473	25,386	17,006
OTHER FINANCING SOURCES (USES)				
Transfers in	671,072	-	-	-
Transfers out	-	(259,336)	(58,859)	(10,698)
Total other financing sources (uses)	671,072	(259,336)	(58,859)	(10,698)
Net change in fund balances	(140,133)	266,137	(33,473)	6,308
Fund balance - beginning	1,025,522	2,132,899	264,825	404,177
Fund balance - ending	$ 885,389	$ 2,399,036	$ 231,352	$ 410,485

Law Library	District Attorney	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,869,649
-	-	418,170
-	-	2,592,133
97,407	21,587	206,573
4,677	-	9,496
-	-	38,304
102,084	21,587	5,134,325
118,937	28,337	147,274
-	-	5,253,994
118,937	28,337	5,401,268
(16,853)	(6,750)	(266,943)
-	-	671,072
(20,582)	-	(349,475)
(20,582)	-	321,597
(37,435)	(6,750)	54,654
947,044	22,023	4,796,490
$ 909,609	$ 15,273	$ 4,851,144

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, 2013

	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	2,500,000	2,500,000	2,419,999	(80,001)
Investment Income	-	-	-	-
Miscellaneous	24,000	24,000	38,304	14,304
Total revenues	2,942,115	2,942,115	2,876,423	(65,692)
EXPENDITURES				
Personal services	2,802,025	2,802,025	2,751,402	(50,623)
Purchased / contracted services	861,308	861,308	832,418	(28,890)
Supplies	107,337	107,337	103,808	(3,529)
Total expenditures	3,770,670	3,770,670	3,687,628	(83,042)
Excess (deficiency) of revenues over (under) expenditures	(828,555)	(828,555)	(811,205)	17,350
OTHER FINANCING SOURCES (USES):				
Transfers in	671,208	671,208	671,072	(136)
Transfers out	-	-	-	-
Total other financing sources (uses)	671,208	671,208	671,072	(136)
Net change in fund balance	(157,347)	(157,347)	(140,133)	17,214
Fund balance at beginning of year	1,025,522	1,025,522	1,025,522	-
Fund balance at end of year	$ 868,175	$ 868,175	$ 885,389	$ 17,214

Fire Protection			
Budgeted Amounts			Variance with Final Budget Over
Original	Final	Actual	(Under)
$ 1,778,678	$ 1,778,678	$ 1,869,649	$ 90,971
-	-	50	50
-	-	-	-
2,000	2,000	3,131	1,131
-	-	-	-
1,780,678	1,780,678	1,872,830	92,152
937,210	937,210	868,141	(69,069)
313,062	313,062	261,707	(51,355)
296,158	296,158	217,509	(78,649)
1,546,430	1,546,430	1,347,357	(199,073)
234,248	234,248	525,473	291,225
25,088	25,088	-	(25,088)
(259,335)	(259,335)	(259,336)	(1)
(234,247)	(234,247)	(259,336)	(25,089)
1	1	266,137	266,136
2,132,899	2,132,899	2,132,899	-
$ 2,132,900	$ 2,132,900	$ 2,399,036	$ 266,136

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, 2013

	Drug Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Charges for services	$ -	$ -	$ -
Fines and forfeitures	245,000	87,579	(157,421)
Investment income	5,000	898	(4,102)
Miscellaneous	-	-	-
Total revenues	250,000	88,477	(161,523)
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	250,000	63,091	(186,909)
Total expenditures	250,000	63,091	(186,909)
Excess (deficiency) of revenues over (under) expenditures	-	25,386	25,386
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(58,859)	(58,859)
Net change in fund balances	-	(33,473)	(33,473)
Fund balance - beginning	264,825	264,825	-
Fund balance - ending	$ 264,825	$ 231,352	$ (33,473)

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	$ 172,134	$ (22,866)	$ -	$ -	$ -
-	-	-	165,000	97,407	(67,593)
5,000	790	(4,210)	20,000	4,677	(15,323)
-	-	-	-	-	-
200,000	172,924	(27,076)	185,000	102,084	(82,916)
-	-	-	185,000	118,937	(66,063)
200,000	155,918	(44,082)	-	-	-
200,000	155,918	(44,082)	185,000	118,937	(66,063)
-	17,006	17,006	-	(16,853)	(16,853)
-	(10,698)	(10,698)	-	(20,582)	(20,582)
-	6,308	6,308	-	(37,435)	(37,435)
404,177	404,177	-	947,044	947,044	-
$ 404,177	$ 410,485	$ 6,308	$ 947,044	$ 909,609	$ (37,435)

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, 2013

	District Attorney		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	30,000	21,587	(8,413)
Investment income	-	-	-
Total revenues	30,000	21,587	(8,413)
EXPENDITURES			
Current:			
Judicial	30,000	28,337	(1,663)
Public safety	-	-	-
Total expenditures	30,000	28,337	(1,663)
Excess (deficiency) of revenues over (under) expenditures	-	(6,750)	(6,750)
OTHER FINANCING (USES)			
Transfers (out)	-	-	-
Net change in fund balances	-	(6,750)	(6,750)
Fund balance - beginning	22,023	22,023	-
Fund balance - ending	$ 22,023	$ 15,273	$ (6,750)

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, 2013

	Current Year	Cumulative Prior Years	Total
REVENUES			
Taxes	$ -	$ 1,778,336	$ 1,778,336
Intergovernmental	-	14,479	14,479
Total revenues	-	1,792,815	1,792,815
EXPENDITURES			
Professional	50,625	194,025	244,650
Electricity	4,178	11,185	15,363
Repairs and maintenance	37,979	1,022,664	1,060,643
Total expenditures	92,782	1,227,874	1,320,656
Excess (deficiency) of revenues over (under) expenditures	(92,782)	564,941	472,159
Net change in fund balance	(92,782)	564,941	472,159
Fund balance at beginning of year	564,941		
Fund balance at end of year	$ 472,159		

HOUSTON COUNTY, GEORGIA

JUVENILE COURT SUPERVISION FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	Actual
REVENUES	
Charges for services	$ 18,726
Total revenues	18,726
EXPENDITURES	
Judicial	31,028
Total expenditures	31,028
Excess (deficiency) of revenues over (under) expenditures	(12,302)
Net change in fund balance	(12,302)
Fund balance at beginning of year	29,690
Fund balance at end of year	$ 17,388

HOUSTON COUNTY, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Workers' Compensation Program	Health Insurance Program	Property and Liability Insurance Program	Total
Operating revenues:				
Charges for services	$ 361,264	$ 7,396,595	$ 382,230	$ 8,140,089
Total operating revenues	361,264	7,396,595	382,230	8,140,089
Operating expenses:				
Insurance claims	230,022	6,278,333	96,501	6,604,856
Insurance premiums and administration	112,789	841,536	286,229	1,240,554
Total operating expenses	342,811	7,119,869	382,730	7,845,410
Net operating income (loss)	18,453	276,726	(500)	294,679
Nonoperating revenue:				
Interest revenue	396	1,322	1,021	2,739
Total nonoperating revenue	396	1,322	1,021	2,739
Change in net position	18,849	278,048	521	297,418
Net position - beginning of year	1,054,561	4,137,621	721,703	5,913,885
Net position - end of year	$ 1,073,410	$ 4,415,669	$ 722,224	$ 6,211,303

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, 2013

Sheriff	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash	$ 418,685	$ 1,503,073	$ 1,494,465	$ 427,293
Total assets	$ 418,685	$ 1,503,073	$ 1,494,465	$ 427,293
Liabilities:				
Funds held in escrow	$ 199,714	105,244	91,775	$ 213,183
Cash bonds	218,283	546,001	550,856	213,428
Other	688	851,828	851,834	682
Total liabilities	$ 418,685	$ 1,503,073	$ 1,494,465	$ 427,293
Jail				
Assets:				
Cash	$ 56,494	$ 572,431	$ 575,436	$ 53,489
Total assets	$ 56,494	$ 572,431	$ 575,436	$ 53,489
Liabilities:				
Funds held in escrow	$ 56,494	572,431	575,436	$ 53,489
Total liabilities	$ 56,494	$ 572,431	$ 575,436	$ 53,489
Tax Commissioner				
Assets:				
Cash	$ 942,921	$ 106,146,259	$ 104,888,292	$ 2,200,888
Total assets	$ 942,921	$ 106,146,259	$ 104,888,292	$ 2,200,888
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 43,227,891	$ 43,227,891	$ -
Due to Houston County Board of Education	622,964	51,540,269	51,237,063	926,170
Due to State	65,832	8,559,166	7,715,819	909,179
Due to City of Perry	34,303	494,246	483,934	44,615
Due to City of Warner Robins	129,525	1,740,813	1,694,879	175,459
Due to City of Centerville	18,911	252,972	247,795	24,088
Other	71,386	330,902	280,911	121,377
Total liabilities	$ 942,921	$ 106,146,259	$ 104,888,292	$ 2,200,888

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

Clerk of Superior Court	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash	$ 451,202	$ 9,179,573	$ 5,529,142	$ 4,101,633
Total assets	$ 451,202	$ 9,179,573	$ 5,529,142	$ 4,101,633
Liabilities:				
Due to retirement funds	$ 3,364	$ 45,688	$ 46,314	$ 2,738
Due to State	1,569	22,392	22,496	1,465
Funds held in escrow	232,175	4,935,871	1,272,887	3,895,159
Other	214,094	4,175,622	4,187,445	202,271
Total liabilities	$ 451,202	$ 9,179,573	$ 5,529,142	$ 4,101,633
District Attorney				
Assets:				
Cash	$ 2,046	$ 35,104	$ 37,004	$ 146
Total assets	$ 2,046	$ 35,104	$ 37,004	$ 146
Liabilities:				
Garnishments, restitution & other	$ 2,046	$ 35,104	$ 37,004	$ 146
Total liabilities	$ 2,046	$ 35,104	$ 37,004	$ 146
State Court				
Assets:				
Cash	$ 167,683	$ 4,594,631	$ 4,606,155	$ 156,159
Total assets	$ 167,683	$ 4,594,631	$ 4,606,155	$ 156,159
Liabilities:				
Due to retirement funds	$ 11,678	$ 147,052	$ 146,476	$ 12,254
Garnishments, restitution & other	90,741	3,200,895	3,210,334	81,302
Due to State	48,231	564,979	566,128	47,082
Cash bonds	17,033	681,705	683,217	15,521
Total liabilities	$ 167,683	$ 4,594,631	$ 4,606,155	$ 156,159

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

Probate Court	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash	$ 406,409	$ 860,603	$ 1,018,280	$ 248,732
Total assets	$ 406,409	$ 860,603	$ 1,018,280	$ 248,732
Liabilities:				
Funds held in escrow	$ -	$ 86,578	$ 36,597	$ 49,981
Other	406,409	774,025	981,683	198,751
Total liabilities	$ 406,409	$ 860,603	$ 1,018,280	$ 248,732
Magistrate Court				
Assets:				
Cash	$ 554	$ 1,678,976	$ 1,679,029	$ 501
Total assets	$ 554	$ 1,678,976	$ 1,679,029	$ 501
Liabilities:				
Other	$ 554	$ 1,678,976	$ 1,679,029	$ 501
Total liabilities	$ 554	$ 1,678,976	$ 1,679,029	$ 501
Juvenile Court				
Assets:				
Cash	$ 5,018	$ 32,140	$ 31,959	$ 5,199
Total assets	$ 5,018	$ 32,140	$ 31,959	$ 5,199
Liabilities:				
Restitution payable & other	$ 5,018	$ 32,140	$ 31,959	$ 5,199
Total liabilities	$ 5,018	$ 32,140	$ 31,959	$ 5,199

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2013

Total - All Agency Funds	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets:				
Cash	$ 2,451,012	$ 124,602,790	$ 119,859,762	$ 7,194,040
Total assets	$ 2,451,012	$ 124,602,790	$ 119,859,762	$ 7,194,040
Liabilities:				
Due to other taxing units	$ 805,703	$ 97,256,191	$ 96,891,562	$ 1,170,332
Due to retirement funds	15,042	192,740	192,790	14,992
Due to State	115,632	9,146,537	8,304,443	957,726
Funds held in escrow	488,383	5,700,124	1,976,695	4,211,812
Cash bonds	235,316	1,227,706	1,234,073	228,949
Other	790,936	11,079,492	11,260,199	610,229
Total liabilities	$ 2,451,012	$ 124,602,790	$ 119,859,762	$ 7,194,040

SPECIAL REPORTS SECTION

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

December 11, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Georgia (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Houston County, Georgia's basic financial statements, and have issued our report thereon dated December 11, 2013. Our report includes a reference to other auditors who audited the financial statements of Houston County Department of Public Health, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to the management of the County in a separate letter dated December 11, 2013.

Purpose of this Report

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

Butler, Williams & Hyche, LLP

Macon, GA

HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None reported

HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

None reported

HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2013

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	$ 15,797,360	$ 273,821	$ -	$ 273,821	$ 16,071,181
City of Centerville	-	-	9,020,395	56,942	-	56,942	9,077,337
City of Perry	-	1,350,000	2,121,640	1,600,023	-	1,600,023	3,721,663
City of Warner Robins	-	12,113,750	23,464,687	402,384	-	402,384	23,867,071
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	$ 67,636,408	$ 2,333,170	$ -	$ 2,333,170	$ 69,969,578
2006 Referendum:							
Roads, Streets, and Bridges	$ 100,675,000	$ 93,160,000	$ 17,920,400	$ 5,997,302	$ 35,085	$ 6,032,387	$ 23,917,702
City of Centerville	-	500,000	2,607,510	104,635		104,635	2,712,145
City of Perry	-	1,500,000	2,551,313	213,395		213,395	2,764,708
City of Warner Robins	-	5,515,000	4,634,583	999,452		999,452	5,634,035
Department of Transportation	-	-	532,630	15,089,477		15,089,477	15,622,107
Library Improvements	-	5,225,000	2,506,645	1,144,201	-	1,144,201	3,650,846
Jail Pod Addition	-	4,000,000	8,314,688	-	-	-	8,314,688
Water System Improvements	-	3,000,000	3,020,253	163,256	-	163,256	3,183,509
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,000,000	1,403,636	65,213	-	65,213	1,468,849
City of Perry	-	4,000,000	5,146,682	239,113	-	239,113	5,385,795
City of Warner Robins	-	10,000,000	14,518,347	674,519	-	674,519	15,192,866
	$ 100,675,000	$ 130,000,000	$ 65,256,687	$ 24,690,563	$ 35,085	$ 24,725,648	$ 89,947,250
2012 Referendum:							
Roads, Streets, and Bridges	$ -	$ 25,332,000	$ -	$ -	$ -	$ -	$ -
Public Safety Facilities & Equipment	-	9,000,000	64,759	276,875	-	276,875	341,634
Water & Storm Water Systems Improvement	-	6,550,000	-	14,555	-	14,555	14,555
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	-	-	-	-	-
Land Acquisition & Infrastructure - Improvements	-	19,000,000	6,241,272	493,513	-	493,513	6,734,785
Unincorporated County Projects							
Roads, Streets, & Bridges	-	5,300,000	-	-	-	-	-
Public Safety Facilities & Equipment	-	13,665,000	113,361	305,677	-	305,677	419,038
General Capital Obligations	-	9,482,000	-	136,793	-	136,793	136,793
Airport Facility Improvements	-	400,000	-	-	-	-	-
City of Centerville	-	5,050,000	-	529,792	-	529,792	529,792
City of Perry	-	9,800,000	-	1,027,082	-	1,027,082	1,027,082
City of Warner Robins	-	44,421,000	-	4,657,621	-	4,657,621	4,657,621
	$ -	$ 155,000,000	$ 6,419,392	$ 7,441,908	$ -	$ 7,441,908	$ 13,861,300
Total SPLOST referendums	$ 182,460,000	$ 370,000,000	$ 139,312,487	$ 34,465,641	$ 35,085	$ 34,500,726	$ 173,778,128

(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, 2013

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		$ 555.00
	AT&T		$ 89,305.00
	Sprint		$ 18,932.00
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)	$ 20,429.00
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)	$ 165,940.00
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)	$ 1,813,924.00
5b	Employee benefits	46-5-134(f)(1)(C)	$ 937,478.00
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ 10,618.00
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)	$ 24,865.00
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)	$ 0.00
9c	Maintenance costs	46-5-134(f)(1)(G)	$ 377,528.00

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

For the Year Ended
June 30, 2013

Line No.		O.C.G.A. Reference:		
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$	320.00
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:			
11a	Lease costs	46-5-134(f)(1)(I)	$	
11b	Purchase costs	46-5-134(f)(1)(I)	$	
11c	Maintenance costs	46-5-134(f)(1)(I)	$	
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$	36,500.00
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center			
13a	Lease costs	46-5-134(f)(2(B)(ii)	$	
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$	
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$	
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$	132,769.00
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, 2013

Line No.		O.C.G.A. Reference:	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	Utilities		$ 54,720.00
	Gasoline		$ 3,545.00
	Food		$ 200.00
			$
			$
			$
			$
			$
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 3,687,628.00

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 12-11-13

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalnaker Date 12/11/13

Print Name of Chief Financial Officer Sandra K. Stalnaker