HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

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FINANCIAL SECTION

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

December 14, 2016

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Houston County Department of Public Health, a component unit of Houston County, Georgia, which statements reflect total assets of $6,259,241 as of June 30, 2016 and total revenues of $17,629,714 for the year ended June 30, 2016. 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, 2016, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2016 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.



Macon, Georgia

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2016. 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 net position; and a statement of cash flows are presented. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Specifically, the County's proprietary fund financial statements provide separate information for the water system and the solid waste operations, both of which are considered to be major funds. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

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

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

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

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

Financial Highlights:

HOUSTON COUNTY'S NET POSITION
FISCAL YEARS 2015 AND 2016

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Assets:						
Current assets	$ 88,585,866	$ 91,813,589	$ 31,249,162	$ 34,625,799	$ 119,835,028	$ 126,439,388
Capital assets	194,357,931	195,478,038	46,805,574	46,306,133	241,163,505	241,784,171
Total assets	$ 282,943,797	$ 287,291,627	$ 78,054,736	$ 80,931,932	$ 360,998,533	$ 368,223,559
Deferred Outflows of Resources:						
Deferred outflows on pensions	$ 569,878	$ 8,249,367	$ 63,320	$ 844,345	$ 633,198	$ 9,093,712
Liabilities:						
Current liabilities	$ 5,856,352	$ 5,367,104	$ 1,000,217	$ 1,111,584	$ 6,856,569	$ 6,478,688
Long-term liabilities	21,321,178	29,976,248	9,887,500	10,958,750	31,208,678	40,934,998
Total liabilities	$ 27,177,530	$ 35,343,352	$ 10,887,717	$ 12,070,334	$ 38,065,247	$ 47,413,686
Deferred Inflows of Resources:						
Deferred inflows on pensions:	$ -	$ -	$ -	$ -	$ -	$ -
Net position:						
Investment in capital assets	$ 194,357,931	$ 195,478,038	$ 46,805,574	$ 46,306,133	$ 241,163,505	$ 241,784,171
Restricted	41,373,448	44,194,446	18,820,300	20,031,704	60,193,748	64,226,150
Unrestricted	20,604,766	20,525,158	1,604,465	3,368,106	22,209,231	23,893,264
Total net position	$ 256,336,145	$ 260,197,642	$ 67,230,339	$ 69,705,943	$ 323,566,484	$ 329,903,585

- Houston County's total assets exceeded total liabilities by $329.9 million (net position). Total net position for governmental activities was $260.2 million; total net position for business-type activities was $69.7 million.

- Total net position is comprised of the following:
    1. Capital assets of $241.8 million include property and equipment, net of accumulated depreciation related to the purchase or construction of capital assets.
    2. Net assets of $64.2 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
    3. Unrestricted net assets of $23.9 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.

- As a whole, the County's financial position improved showing a 2% increase. Total net position increased by $6 million. Governmental activities experienced a $3.9 million increase while business-type activities increased by $2.5 million. Governmental net position increased 1.5% in fiscal year 2016. Net position in the business-type activities increased 3.7%.

HOUSTON COUNTY'S CHANGES IN NET POSITION
FISCAL YEARS 2015 AND 2016

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	$ 15,886,232	$ 15,881,515	$ 13,121,774	$ 13,491,671	$ 29,008,006	$ 29,373,186
Operating grants	1,200,123	1,409,290	-	-	1,200,123	1,409,290
Capital grants	2,220,968	942,982	-	-	2,220,968	942,982
General revenues:						
Taxes	61,998,259	62,249,260	1,803,238	2,026,746	63,801,497	64,276,006
Other	97,419	176,218	24,599	211,020	122,018	387,238
Total revenues	$ 81,403,001	$ 80,659,265	$ 14,949,611	$ 15,729,437	$ 96,352,612	$ 96,388,702
Expenses:						
General government	$ 10,126,262	$ 10,532,814	$ -	$ -	$ 10,126,262	$ 10,532,814
Judicial	9,889,825	10,322,804	-	-	9,889,825	10,322,804
Public safety	30,073,602	30,260,991	-	-	30,073,602	30,260,991
Highways & streets	24,305,066	23,663,030	-	-	24,305,066	23,663,030
Health & welfare	765,607	538,912	-	-	765,607	538,912
Housing & development	9,148,380	1,182,773	-	-	9,148,380	1,182,773
Culture/recreation	2,831,535	902,064	-	-	2,831,535	902,064
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	5,805,350	5,913,055	5,805,350	5,913,055
Landfill	-	-	8,025,725	6,735,158	8,025,725	6,735,158
Total expenses	$ 87,140,277	$ 77,403,388	$ 13,831,075	$ 12,648,213	$ 100,971,352	$ 90,051,601
Increase (decrease) in net position before transfers	(5,737,276)	3,255,877	1,118,536	3,081,224	(4,618,740)	6,337,101
Transfers	14,566	45,999	(14,566)	(45,999)	-	-
Indirect cost allocation	522,400	559,621	(522,400)	(559,621)	-	-
Increase (decrease) in net position	$ (5,200,310)	$ 3,861,497	$ 581,570	$ 2,475,604	$ (4,618,740)	$ 6,337,101
Net Position - beginning	$ 283,236,782	$ 256,336,145	$ 68,575,084	$ 67,230,339	$ 351,811,866	$ 323,566,484
Prior period adjustment	$ (21,700,327)	$ -	$ (1,926,315)	$ -	$ (23,626,642)	$ -
Net Position - ending	$ 256,336,145	$ 260,197,642	$ 67,230,339	$ 69,705,943	$ 323,566,484	$ 329,903,585

- For fiscal year 2016, Houston County's governmental funds reported combined fund balances totaling $82 million; an increase of $4.5 million when compared to fiscal year 2015. Of the $82 million, $44.2 million or 53.9% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of $42 million, E911 operations of $0.85 million, confiscated drug funds for law enforcement purposes of $375,806, law library surcharge funds for the operation of the County's public law

library at $958,180, and Juvenile Court supervision fees of $33,180. Less than one percent of fund balance, $204,463, is considered non-spendable because it has been used for inventory. A total of $4.5 million or 5.5% of fund balance is committed, meaning there are limitations resulting from its intended use. Of these funds, $3,157,516 is committed for fire services, $353,183 for jail inmate services, and $992,701 is committed to judicial projects. A total of $1,323,115 is assigned to the County's emergency warning system known as Code Red. The remaining $31.7 million or 38.7% of fund balance is unassigned.

- Governmental activities in fiscal year 2016 experienced an increase of $3.9 million in net position, while business-type activities increased by $2.5 million. In total, net position increased by $6 million during the year to $329.9 million. Revenues for governmental activities decreased from $81.4 to $80.7 million. While overall revenues in each of the General, E911 and Fire funds each increased slightly over 2015 levels; total revenues in the SPLOST fund decreased by $1.4 million or 5.9%. Sales tax collections under the current SPLOST have declined steadily over the 45 months since its inception in October 2012. As of June 30, 2016, SPLOST collections are a collective $12.2 million or 13.1% under projections, and can most likely be contributed to both the state of the economy in general and also to a change made by the state of Georgia in the motor vehicle tax. Non-major governmental expenditures decreased $397,791 or 6.8% compared to last year's spending. General fund expenditures increased $3.7 million or 7.6% from $48.2 million to $51.9 million, and SPLOST Capital Projects Fund expenditures decreased 35.9% from $30.9 million to $19.8 million. Revenues for business-type activities increased 5.2% from $14.9 million to $15.7 million. While Water sales experienced a small 2.5% increase during the year from $6.9 million to $7.1 million; Landfill fees also improved slightly to $6.4 million over the past two year's levels of $6.2 million. Even so, Landfill fees remain down due to the multi-year building industry slump resulting in less C&D tonnage. Despite the Landfill's operating loss of $534,589, combined business activities still experienced a positive overall operating income of $283,837. Expenditures for governmental activities decreased to $77.4 from $87.1 million. Business-type expenses decreased 8.0% from $14.4 million to $13.2 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 2016, total assets rose from $35.3 million to $36.5 million; while total liabilities decreased from $2.4 million to $2.2 million.

The General Fund's unassigned fund balance at year-end increased from $29.5 million to $31.7 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 61.2% of total general fund expenditures, while total fund balance, $33.3 million, represents 64.2% of the same amount. The General Fund reported a $1.5 million increase in fund balance.

Total revenues and other sources for fiscal year 2016 of $53.7 million exceeded total expenditures and other uses of $52.3 million. As a whole, County revenue collections were slightly higher than originally estimated due to state mandated increases in various service charges, court fines and fees. Revenue estimates were also increased $470,056 during the fiscal year to reflect additional intergovernmental revenues in the form of grant funds. While property tax revenue maintained last year's levels with only a very slight increase; revenues from licenses and permits increased by 4.8%; intergovernmental revenues increased by 30.5%, fines and forfeitures increased by 8%, investment income by 168%; and miscellaneous revenues increased by 81%. Revenues derived from charges for services decreased by 4.2%. Overall, actual revenues increased by 1.1% in FY16 as compared to FY15.

Expenditures for most functional areas were $2.86 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 $12,000 to cover the development of a new County website and some additional personnel costs; the

Human Resources budget was increased $11,300 to cover additional personnel costs and an unexpected increase in the annual maintenance costs of software programs; and other general government was increased $413,750 to cover higher costs than expected in the Risk Management budget. Second, judicial costs in the Judge of State Court budget was increased $16,500 because of costs incurred due to increased caseloads; The Domestic Violence Assistance, Victim Advocates, Clerk of the State Court and Solicitor-General departmental budgets were increased $2,050, $10,449, $22,400 and $41,250 respectively due to additional personnel costs. Third, under public safety activities, the Sheriff's Department created a new HEAT (Highway Enforcement and Aggressive Traffic) unit establishing that budget at $276,300 that is largely reimbursed through a Governor's Office of Highway Safety grant; the Coroner's budget was adjusted $13,000 to cover an unexpected number of autopsies; and the Emergency Management Agency budget was increased $18,000 to cover the cost of a required Pre-Disaster Mitigation Plan revision that is reimbursed by a grant through GEMA. Fourth, in Public Works activities, the Highways & Streets-State budget was increased $1,032,863 to reflect Georgia Department of Transportation (GDOT) resurfacing grants awarded during the year. Fifth, in Economic Development activities the Perry-Houston County Airport's budget was increased $127,100 to cover the purchase of acreage adjacent to the airport that will provide long-term viability for future growth and to prevent encroachment upon existing airport properties. The Airport's budget was also increased $216,700 to cover construction costs incurred building the Georgia State Patrol Aviation hangar and the Airport's additional T-hangar. Most other departmental expenditures were consistent with fiscal year 2015.

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 2016, total assets increased from $777,586 to $939,177, and total liabilities increased from $77,362 to $86,952. Restricted fund balance increased by $152,001 during the year from $700,224 to $852,225. The ending fund balance represents 22.7% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2016 of $3.91 million exceeded total expenditures and other uses by $152,001. Most of the revenue came from 911 fees totaling $2.72 million. While lease payments decreased only slightly from $25,546 to $24,114, intergovernmental contributions increased from $418,120 to $499,444. This increase in intergovernmental contributions is a direct result of planned changes agreed upon by the County and all three municipalities to help stabilize and reverse the alarming trend in revenue shortfall experienced during the past four years. During those four years, from FY12 thru FY15, the restricted fund balance fell from $1,261,262 to $700,224. A new intergovernmental contributions formula that increased each of the municipalities share based on a calls-for-service model was implemented and made effective for fiscal year 2016, beginning July 1, 2015, with a planned three year phase-in for the cities. Since the County's contribution would have decreased considerably based upon the new model it was agreed that our contribution would be frozen at the current level of $671,208. Total E911 expenditures for fiscal year 2016 decreased by 3.6% to $3.8 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 2016, total assets increased 10.4% to $3,187,231. Total liabilities increased to $29,715 from $19,804. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased $291,585 to nearly $3.2 million. The fund balance is earmarked only for fire protection uses and currently represents 194% of the expenditures and transfers for the year.

At $1.92 million, total fire revenues increased by 1.7% when compared to fiscal year 2015. The fire tax levy for 2015 remained at 1.18 mills. At $1.63 million, expenditures were up slightly as compared to $1.62 million last year and represent 90% of the final amended budget.

SPLOST Capital Projects – Houston County has three Special Purpose Local Option Sales Tax (SPLOST) programs currently underway. In June of 2001, voters passed an $85 million SPLOST for the construction of roads, an 800 MHz communication system, a city hall, water and sewer improvements and recreation enhancements.

While sales tax collections on the 2001 SPLOST ended in August 2006, several of the projects are still underway. In March of 2006, voters approved a six year $130 million SPLOST for the construction of roads, several public safety buildings, library improvements, water and sewer improvements and the write-off of outstanding debt. Collections for the 2006 SPLOST began in October 2006 and ended September 2012. In March of 2012, voters passed a $155 million SPLOST for the construction of road, bridge and sidewalk projects, water and sewer system improvements, public safety and recreation facilities and equipment, an E911 system and facilities upgrade, property acquisition for Robins Air Force Base encroachment and industrial sites, and debt payoff. Sales tax collections on this 2012 SPLOST began October 2012 and, through the end of the fiscal year (June 30, 2016), have consistently fallen short of projections. Projections for this forty-five month period were $93.3 million, while actual collections were $81.1 million, or 13.1% short.

At the end of fiscal year 2016, total assets in the SPLOST fund were $43.6 million, and total liabilities were $1.6 million. The restricted fund balance increased $2.6 million from $39.4 million to $42 million. The County has completed most of the projects funded by the 2001 SPLOST taxes. This year, the Ball Street Extension project was completed and the County is well underway on the Carl Vinson Parkway project. Only a few dirt road paving and street resurfacing projects remain. Approximately 80% of the 2006 SPLOST projects have been completed. Of the remaining projects, the widening of Highway 96 (from Lake Joy Road to Moody Road), the widening of Highway 41 (from Osigian Drive to Thomson Road), and the widening of Gunn Road (from US41 to Margie Drive) continued under construction during the year and are nearing completion. In addition, the Lately Bridge Road project has been completed. Several smaller road projects remain in the planning phase. Projects from the 2012 SPLOST in FY2016 included road work on the Dunbar Road widening project (US41 to Houston Lake Road) and the intersection improvement project at Old Hawkinsville Road and SR247. Other notable acquisitions from the 2012 SPLOST include a camera system upgrade and replacement radios at the Detention Center; nine public safety vehicles and various equipment in the Sheriff's Department; construction work on the new Perdue station, roof replacements at two stations, miscellaneous equipment, and two new engines in the Fire Department; four trucks, one excavator and mowers in the Roads Department; two trucks and mowers for Public Buildings; one cargo truck for the Purchasing Department; and computer, printer, scanner and copier purchases for various departments.

At $22.06 million, total sales tax revenues in fiscal year 2016 increased $117,076 over last year's collections. Overall, however, total SPLOST revenues decreased $1.4 million as compared to 2015 levels. While investment income increased from $61,768 to $107,054, intergovernmental revenues fell from $1,798,972 to $239,810 contributing greatly to the overall decrease in total SPLOST revenue for the year. Total SPLOST expenditures for fiscal year 2016 decreased $11.1 million from $30.9 million to $19.8 million. Of the $19.8 million expended, $7.55 million was allocated to highway and street projects; $8.47 million was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins; $120,679 was expended on library improvements; $51,908 was expended on improvements at the Perry-Houston County Airport; $1,907 was expended for land acquisition; $59,040 was expended for property acquisition for Robins AFB encroachment under economic development; $314,562 was expended for water and storm water systems improvements; and $230,516 was expended for public safety equipment and facilities improvements. The remainder of just under $3 million was expended on small equipment, vehicles and capital equipment for various departments.

Major Proprietary Funds

Water Enterprise Fund - This fund is used to account for water service provided to customers primarily in unincorporated Houston County. Rates are established to pay the costs of current operations and to provide for capital maintenance replacement. Total assets at the end of fiscal year 2016 increased to $37.2 million while total liabilities increased to $2.3 million. Net position increased by 2.5% to $35.5 million. Total revenues increased 2.5% to $7.1 million. In fiscal year 2016, water sales increased by 2% as compared to the 2015 sales levels. All other revenue sources were comparable to last year. Total expenditures increased marginally from $6.1 million in 2015 to $6.2 million in 2016. Overall, net operating income increased by 6.4% from $769,381 to $818,426.

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 $43.7 million and total liabilities were $9.8 million, as compared

to $41.8 million and $9.2 million, respectively in fiscal year 2015. Net position increased during the fiscal year from $32.6 million to $34.2 million. While operating revenues (disposal fees) increased to $6.4 million as compared to last year's levels of $6.2 million; operating expenses in fiscal year 2016 decreased considerably from $8.2 million to $6.9 million. This has resulted in a dramatic decrease in the landfill's negative operating income from $2,001,082 in fiscal year 2015 to $534,589 for fiscal year 2016.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2016, investments in capital assets for both governmental and business-type activities by the County increased from $241.2 million to $241.8 million (net of accumulated depreciation). This amount represents a net increase of $0.6 million over last year. Governmental activities capital investment amounts increased less than 1% to $195.5 million while business-type activities capital assets decreased 1.1% to $46.3 million.

Houston County's $241.8 million investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure and utility systems. Capital assets added in fiscal year 2016 to governmental activities primarily included $24.7 million in road improvement projects funded under the 2001, 2006 and 2012 SPLOST programs; and $3.25 million in vehicles, machinery, and equipment. Capital assets added to the business-type activities include $1.1 million improvements (other than buildings) associated with the landfill and water system, and $116,404 in equipment upgrades.

At the end of fiscal year 2016, the depreciable capital assets for governmental activities were 31.1% depreciated, compared to 32.7% in fiscal year 2015. 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, 53.1% of the asset values were depreciated for fiscal year 2016 and as compared to 51.9% in fiscal year 2015.

HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2015 AND 2016

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Non-depreciable assets:						
Land	$ 8,360,954	$ 8,360,954	$ 5,795,527	$ 5,795,527	$ 14,156,481	$ 14,156,481
Construction in progress	34,518,137	13,161,619	5,149,897	4,994,156	39,668,034	18,155,775
Total non-depreciable assets	$ 42,879,091	$ 21,522,573	$ 10,945,424	$ 10,789,683	$ 53,824,515	$ 32,312,256
Depreciable assets:						
Land (landfill)	$ -	$ -	$ -	$ -	$ -	$ -
Construction	-	-	-	-	-	-
Buildings	73,205,343	73,225,791	-	-	73,205,343	73,225,791
Improvements	868,520	868,520	65,516,933	66,605,433	66,385,453	67,473,953
Machinery and equipment	31,712,724	34,178,712	9,043,749	9,131,250	40,756,473	43,309,962
Infrastructure	119,437,386	144,184,643	-	-	119,437,386	144,184,643
Total depreciable assets	$ 225,223,973	$ 252,457,666	$ 74,560,682	$ 75,736,683	$ 299,784,655	$ 328,194,349
Less accumulated depreciation	$ 73,745,133	$ 78,502,201	$ 38,700,535	$ 40,220,233	$ 112,445,668	$ 118,722,434
Percentage depreciated	32.7%	31.1%	51.9%	53.1%	38%	36.2%
Book value	$ 194,357,931	$ 195,478,038	$ 46,805,571	$ 46,306,133	$ 241,163,502	$ 241,784,171

Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 54 of this report.

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 $1.83 million and Other Post Employment Benefits (OPEB) of $5.2 million. Business-type activities include $8.3 million in closure/post-closure care of the landfill and $222,107 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 54 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Capital Leases	$ -	$ -	$ -	$ -	$ -	$ -
Net Pension Obligation	16,077,344	24,138,905	1,778,197	2,603,319	17,855,541	26,742,224
Net OPEB Obligation	4,609,808	5,196,782	-	-	4,609,808	5,196,782
Landfill closure and post closure care	-	-	8,004,508	8,255,483	8,004,508	8,255,483
Compensated absences	1,811,503	1,830,175	232,879	222,107	2,044,382	2,052,282
Total	$ 22,498,655	$ 31,165,862	$ 10,015,584	$ 11,080,909	$ 32,514,239	$ 42,246,771

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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,913,334	$ 7,799,813	$ 13,713,147
Investments	82,084,186	16,415,353	98,499,539
Accounts receivable (net)	659,378	1,448,171	2,107,549
Taxes receivable (net)	1,091,221	-	1,091,221
Internal balances	(277,027)	277,027	-
Due from other governments	2,138,034	-	2,138,034
Inventories and prepaid items	204,463	124,748	329,211
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	46,872	46,872
Investments	-	8,513,563	8,513,563
Accrued interest receivable	-	252	252
Capital assets not subject to depreciation	21,522,573	10,789,683	32,312,256
Capital assets (net of accumulated depreciation)	173,955,465	35,516,450	209,471,915
Total assets	287,291,627	80,931,932	368,223,559
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	8,249,367	844,345	9,093,712
LIABILITIES			
Accounts payable	1,838,403	463,979	2,302,382
Accrued wages payable	960,079	80,600	1,040,679
Accrued compensated absences	1,189,614	122,159	1,311,773
Due to other governments	1,379,008	132,046	1,511,054
Unearned revenue	-	-	-
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	307,802	307,802
Noncurrent liabilities:			
Net other postemployment benefits	5,196,782	-	5,196,782
Net pension liability	24,138,905	2,603,319	26,742,224
Accrued compensated absences	640,561	99,948	740,509
Accrued closure and post-closure care costs	-	8,255,483	8,255,483
Total liabilities	35,343,352	12,070,334	47,413,686
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	-	-	-
NET POSITION			
Investment in capital assets	195,478,038	46,306,133	241,784,171
Restricted for capital projects	41,975,055	-	41,975,055
Restricted for renewal and extension	-	8,221,863	8,221,863
Restricted for waste collections	-	11,809,841	11,809,841
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,219,391	-	2,219,391
Unrestricted	20,525,158	3,368,106	23,893,264
Total net position	$ 260,197,642	$ 69,705,943	$ 329,903,585

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

	Component Units		
	Development Authority	**Health Department**	**Public Library**
	$ 389,201	$ 3,443,501	$ 482,415
	13,318,052	-	44,106
	-	2,314,121	6,365
	-	-	-
	-	-	-
	-	-	-
	6,042	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	548,700
	-	501,619	7,239,544
	13,713,295	6,259,241	8,321,130
	-	1,650,378	73,138
	62,016	1,031,593	6,759
	-	171,977	25,676
	9,430	16,468	19,198
	-	-	-
	-	102,066	-
	-	-	-
	-	-	-
	-	-	-
	-	8,696,002	737,755
	9,542	586,118	-
	-	-	-
	80,988	10,604,224	789,388
	-	1,000,838	163,903
	-	501,619	7,788,244
	-	-	51,243
	-	-	-
	-	-	-
	-	-	30,862
	-	-	-
	13,632,307	(4,197,062)	(429,372)
	$ 13,632,307	$ (3,695,443)	$ 7,440,977

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENED JUNE 30, 2016

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	$ 10,532,814	$ (5,251,832)	$ 6,553,996	$ 348,614	$ -
Judicial	10,322,804	1,271,780	4,376,109	567,194	-
Public safety	30,260,991	2,534,231	4,599,004	365,240	-
Highways and streets	23,663,030	605,932	5,643	60,054	942,982
Health and welfare	538,912	168,619	75,380	-	-
Housing and development	1,182,773	111,649	271,383	68,188	-
Culture and recreation	902,064	-	-	-	-
Total governmental activities	77,403,388	(559,621)	15,881,515	1,409,290	942,982
Business-type activities:					
Water	5,913,055	333,703	7,065,184	-	-
Landfill	6,735,158	225,918	6,426,487	-	-
Total business-type activities	12,648,213	559,621	13,491,671	-	-
Total primary government	$ 90,051,601	$ -	$ 29,373,186	$ 1,409,290	$ 942,982
Component units:					
Development Authority	$ 4,720,132	$ -	$ -	$ -	$ -
Health Department	16,807,780	-	2,366,806	15,261,152	-
Public Library	1,537,818	-	89,779	316,046	60,000
Total component units	$ 23,065,730	$ -	$ 2,456,585	$ 15,577,198	$ 60,000
General revenues:					
Property taxes					
Sales taxes					
Franchise tax					
Alcoholic beverage tax					
Insurance premium tax					
Gain on sale of assets					
Rent					
Intergovernmental, not restricted for specific programs					
Grants and contributions, not restricted for specific programs					
Other income					
Unrestricted investment earnings					
Total general revenues					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning					
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
$ 1,621,628	$	$ 1,621,628		$	$	$
(6,651,281)		(6,651,281)				
(27,830,978)		(27,830,978)				
(23,260,283)		(23,260,283)				
(632,151)		(632,151)				
(954,851)		(954,851)				
(902,064)		(902,064)				
(58,609,980)		(58,609,980)				
-	818,426	818,426				
-	(534,589)	(534,589)				
-	283,837	283,837				
$ (58,609,980)	$ 283,837	$ (58,326,143)				
				(4,720,132)	-	-
				-	820,178	-
				-	-	(1,071,993)
				$ (4,720,132)	$ 820,178	$ (1,071,993)
$ 37,458,979	$ -	$ 37,458,979		$ -	$ -	$ -
22,055,625	-	22,055,625		-	-	-
566,209	-	566,209		-	-	-
263,204	-	263,204		-	-	-
1,905,243	2,026,746	3,931,989		-	-	-
-	170,092	170,092		-	-	-
58,914	-	58,914		119,247	-	-
-	-	-		240,000	-	771,200
-	-	-		-	-	36,923
25,346	-	25,346		45,890	-	6,589
91,958	40,928	132,886		1,599	1,757	845
62,425,478	2,237,766	64,663,244		406,736	1,757	815,557
45,999	(45,999)	-		-	-	-
62,471,477	2,191,767	64,663,244		406,736	1,757	815,557
3,861,497	2,475,604	6,337,101		(4,313,396)	821,935	(256,436)
256,336,145	67,230,339	323,566,484		17,945,703	(4,517,378)	7,697,413
$ 260,197,642	$ 69,705,943	$ 329,903,585		$ 13,632,307	$ (3,695,443)	$ 7,440,977

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,869,722	$ -	$ 1,845,325	$ 3,715,047
Investments	33,003,525	41,749,793	3,956,986	78,710,304
Taxes receivable (net)	1,091,221	-	-	1,091,221
Accounts receivable (net)	166,188	-	493,190	659,378
Due from other funds	49	-	398,414	398,463
Due from other governments	173,560	1,839,583	124,891	2,138,034
Inventories	204,463	-	-	204,463
Total assets	$ 36,508,728	$ 43,589,376	$ 6,818,806	$ 86,916,910
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts and contracts payable	$ 651,346	$ 235,313	$ 40,922	$ 927,581
Accrued wages and payroll taxes payable	871,806	-	88,273	960,079
Due to other funds	675,490	-	-	675,490
Due to other governments	-	1,379,008	-	1,379,008
Total liabilities	2,198,642	1,614,321	129,195	3,942,158
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	1,011,693	-	-	1,011,693
Total deferred inflows of resources	1,011,693	-	-	1,011,693
Fund balances:				
Nonspendable:				
Inventories	204,463	-	-	204,463
Restricted for:				
SPLOST Capital Projects	-	41,975,055	-	41,975,055
E 911 fund	-	-	852,225	852,225
Drug fund	-	-	375,806	375,806
Law library fund	-	-	958,180	958,180
Juvenile Court	33,180	-	-	33,180
Committed to:				
Judicial	-	-	992,701	992,701
Public safety	-	-	3,510,699	3,510,699
Assigned to:				
Code red construction	1,323,115	-	-	1,323,115
Unassigned	31,737,635	-	-	31,737,635
Total fund balances	33,298,393	41,975,055	6,689,611	81,963,059
Total liabilities, deferred inflow of resources and fund balances	$ 36,508,728	$ 43,589,376	$ 6,818,806	$ 86,916,910

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, 2016

Total fund balances for governmental funds.		$ 81,963,059
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.		195,478,038
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.		1,011,693
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of future period; therefore, are not reported in the funds.		8,249,367
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.		4,661,347
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.		(31,165,862)
Net other postemployment benefits (OPEB)	$ 5,196,782	
Pensions	24,138,905	
Compensated absences	1,830,175	
Total long-term liabilities	$ 31,165,862	
Total net position of governmental activities.		$ 260,197,642

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 ENED JUNE 30, 2016

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 42,943,503	$ 22,055,625	$ 1,905,243	$ 66,904,371
Licenses and permits	410,804	-	-	410,804
Intergovernmental	1,995,622	239,810	506,713	2,742,145
Charges for services	5,284,419	-	2,880,786	8,165,205
Fines and forfeitures	2,720,628	-	318,699	3,039,327
Investment income	88,099	107,054	11,376	206,529
Miscellaneous	64,992	-	24,114	89,106
Total revenues	53,508,067	22,402,489	5,646,931	81,557,487
EXPENDITURES				
Current:				
General government	10,258,777	24,557	-	10,283,334
Judicial	9,137,848	30,680	212,425	9,380,953
Public safety	22,790,956	159,007	5,107,488	28,057,451
Highways and streets	6,163,433	2,080,476	-	8,243,909
Health and welfare	471,049	-	-	471,049
Culture and recreation	781,385	120,679	-	902,064
Housing and development	527,481	1,907	-	529,388
Economic development	1,727,269	110,948	-	1,838,217
Capital outlay:				
General government	-	1,422,159	-	1,422,159
Judicial	-	-	-	-
Public safety	-	1,099,810	144,274	1,244,084
Highways and streets	-	2,448,812	-	2,448,812
Agricultural resources	-	11,804	-	11,804
Intergovernmental	-	12,274,788	-	12,274,788
Total expenditures	51,858,198	19,785,627	5,464,187	77,108,012
Excess (deficiency) of revenues over (under) expenditures	1,649,869	2,616,862	182,744	4,449,475
OTHER FINANCING SOURCES (USES):				
Transfers in	227,927	-	671,208	899,135
Transfers out	(422,517)	-	(430,619)	(853,136)
Proceeds from sale of capital assets	33,133	-	2,725	35,858
Total other financing sources (uses)	(161,457)	-	243,314	81,857
Net change in fund balance	1,488,412	2,616,862	426,058	4,531,332
Fund balances at beginning of year	31,809,981	39,358,193	6,263,553	77,431,727
Fund balances at end of year	$ 33,298,393	$ 41,975,055	$ 6,689,611	$ 81,963,059

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 ENED JUNE 30, 2016

Net change in fund balance - total governmental funds		$ 4,531,332
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		6,661,720
Total depreciation		(5,471,049)
The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		(70,564)
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 @ 6/30/15	1,092,770	
Property Taxes: Deferred @ 6/30/16	1,011,693	(81,077)
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	(586,974)	
Pensions	(382,072)	
Compensated absences	(18,673)	(987,719)
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.		(721,146)
Change in net position of governmental activities		$ 3,861,497

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

HOUSTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	$ 43,667,714	$ 43,667,714	$ 42,943,503	$ (724,211)
Licenses and permits	380,750	380,750	410,804	30,054
Intergovernmental	1,623,539	2,093,595	1,995,622	(97,973)
Charges for services	5,215,200	5,215,200	5,284,419	69,219
Fines and forfeitures	2,377,250	2,377,250	2,720,628	343,378
Investment income	20,000	20,000	88,099	68,099
Miscellaneous	37,300	37,300	64,992	27,692
Total revenues	53,321,753	53,791,809	53,508,067	(283,742)
EXPENDITURES				
Current:				
General government:				
County commissioners	675,781	667,381	642,636	(24,745)
Board of elections	456,050	451,650	427,377	(24,273)
Accounting	309,923	309,923	306,859	(3,064)
Purchasing	347,795	340,595	337,337	(3,258)
Legal services	197,916	186,616	171,215	(15,401)
Management of information systems	1,031,770	1,043,770	1,008,560	(35,210)
Human resources	357,499	368,799	364,328	(4,471)
Tax commissioner	1,489,064	1,456,764	1,409,389	(47,375)
Tax assessor	1,743,568	1,660,468	1,616,594	(43,874)
Board of equalization	9,959	9,959	4,042	(5,917)
Public buildings	2,954,443	2,922,643	2,880,738	(41,905)
Other general government	2,062,324	2,476,074	1,089,702	(1,386,372)
Total general government	11,636,092	11,894,642	10,258,777	(1,635,865)
Judicial:				
Judge of superior court	1,058,251	1,047,251	853,808	(193,443)
Clerk of superior court	1,054,829	1,054,829	1,045,694	(9,135)
District attorney	837,407	826,607	810,926	(15,681)
Domestic violence assistance	169,901	171,951	169,215	(2,736)
Victim advocates	199,160	209,609	183,828	(25,781)
Judge of state court	517,698	534,198	527,243	(6,955)
Clerk of state court	385,798	408,198	402,116	(6,082)
Solicitor of state court	657,456	698,706	656,940	(41,766)
Magistrate court	1,014,540	1,014,540	1,012,456	(2,084)
Probate court	614,689	614,689	605,906	(8,783)
Juvenile court	881,556	863,356	834,870	(28,486)
Juvenile court enhancement	136,558	136,558	134,792	(1,766)
Public defender	1,956,937	1,914,437	1,900,054	(14,383)
Total judicial	9,484,780	9,494,929	9,137,848	(357,081)

(Continued)

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

HOUSTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	9,466,982	9,229,976	9,159,768	(70,208)
Sheriff GOHS HEAT	-	276,300	237,671	(38,629)
Juvenile involvement and control	1,079,967	1,021,367	997,637	(23,730)
Jail	12,662,630	11,889,680	11,659,280	(230,400)
Coroner	102,202	115,202	113,358	(1,844)
Animal control	245,806	234,306	207,868	(26,438)
Emergency management agency	399,254	417,254	358,076	(59,178)
HEMA	60,200	60,200	57,298	(2,902)
Total public safety	24,017,041	23,244,285	22,790,956	(453,329)
Public works:				
Administration	719,656	643,256	607,122	(36,134)
Highways and streets - county	4,218,420	3,939,620	3,725,651	(213,969)
Highways and streets - state	591,498	1,624,361	1,622,522	(1,839)
Storm drainage	319,148	286,843	179,916	(106,927)
Traffic engineering	49,500	49,500	28,222	(21,278)
Total public works	5,898,222	6,543,580	6,163,433	(380,147)
Health and welfare:				
Health and vital statistics	340,175	340,925	336,144	(4,781)
Mental health	65,000	65,000	65,000	-
Mosquito control	4,000	4,000	3,505	(495)
Drug abuse commission	10,000	10,000	10,000	-
DFACS	50,000	50,000	50,000	-
Welfare	10,000	10,000	6,400	(3,600)
Total health and welfare	479,175	479,925	471,049	(8,876)
Culture and recreation:				
Recreation	11,750	11,750	11,385	(365)
Library	770,000	770,000	770,000	-
Total culture and recreation	781,750	781,750	781,385	(365)
Housing and development:				
County agent	101,573	101,573	94,047	(7,526)
Georgia forestry commission	12,155	12,155	12,155	-
Building inspection	415,181	414,081	409,290	(4,791)
Planning and zoning	11,300	12,700	11,989	(711)
Total housing and development	540,209	540,509	527,481	(13,028)
Economic development:				
Economic development	274,500	274,900	274,845	(55)
21st Century partnership	75,000	75,000	64,067	(10,933)
Perry-Houston County airport	1,044,600	1,388,400	1,388,357	(43)
Total economic development	1,394,100	1,738,300	1,727,269	(11,031)

(Continued)

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

HOUSTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Total expenditures	54,231,369	54,717,920	51,858,198	(2,859,722)
Excess (deficiency) of revenues over (under) expenditures	(909,616)	(926,111)	1,649,869	2,575,980
OTHER FINANCING SOURCES (USES):				
Transfers in	241,933	258,428	227,927	(30,501)
Transfers out	(422,517)	(422,517)	(422,517)	-
Proceeds from sale of capital assets	30,000	30,000	33,133	3,133
Total other financing sources (uses)	(150,584)	(134,089)	(161,457)	(27,368)
Net change in fund balance	$ (1,060,200)	$ (1,060,200)	1,488,412	$ 2,548,612
Fund balance at beginning of year			31,809,981	
Fund balance at end of year			$ 33,298,393	

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	Water	Landfill	Total	Governmental Activities-Internal Service Fund
Current assets:				
Cash and cash equivalents	$ 2,210,317	$ 5,589,496	$ 7,799,813	$ 2,198,287
Investments	-	16,415,353	16,415,353	3,373,882
Accounts receivable (net)	972,767	475,404	1,448,171	-
Due from other funds	8,794	277,076	285,870	-
Inventories	124,748	-	124,748	-
Total current assets	3,316,626	22,757,329	26,073,955	5,572,169
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,164	-	27,164	-
Renewal and extension account:				
Investments	8,221,611	-	8,221,611	-
Accrued interest receivable	252	-	252	-
Customer deposits:				
Cash	14,710	-	14,710	-
Investments	251,952	40,000	291,952	-
Total restricted assets	8,520,687	40,000	8,560,687	-
Capital assets not subject to depreciation	4,969,752	5,819,931	10,789,683	-
Capital assets (net of accumulated depreciation)	20,439,401	15,077,049	35,516,450	-
Total long-term assets	33,929,840	20,936,980	54,866,820	-
Total assets	37,246,466	43,694,309	80,940,775	5,572,169
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	531,559	312,786	844,345	-
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	251,729	212,250	463,979	910,822
Accrued wages and payroll taxes payable	49,162	31,438	80,600	-
Accrued compensated absences	68,905	53,254	122,159	-
Due to other funds	49	8,794	8,843	-
Due to other governments	-	132,046	132,046	-
Total current liabilities	369,845	437,782	807,627	910,822
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	267,802	40,000	307,802	-
Net pension liability	1,604,198	999,121	2,603,319	-
Accrued compensated absences	56,377	43,571	99,948	-
Accrued closure / post-closure costs	-	8,255,483	8,255,483	-
Total liabilities	2,303,220	9,775,957	12,079,177	910,822
NET POSITION				
Investment in capital assets	25,409,153	20,896,980	46,306,133	-
Restricted for renewal and extension	8,221,863	-	8,221,863	-
Restricted for waste collections	-	11,809,841	11,809,841	-
Unrestricted	1,843,789	1,524,317	3,368,106	4,661,347
Total net position	35,474,805	34,231,138	69,705,943	4,661,347
Total liabilities and net position	$ 37,778,025	$ 44,007,095	$ 81,785,120	$ 5,572,169

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 ENED JUNE 30, 2016

	Water	Landfill	Total	Internal Service Fund
Operating revenues:				
Metered sales	$ 6,421,164	$ -	$ 6,421,164	$ -
Collection and disposal fees	-	5,959,982	5,959,982	-
Service charges	514,966	466,505	981,471	-
Charges for services	129,054	-	129,054	8,262,944
Total operating revenues	7,065,184	6,426,487	13,491,671	8,262,944
Operating expenses:				
Personal services	2,361,060	1,492,149	3,853,209	-
Purchased / contracted services	1,101,411	4,202,608	5,304,019	8,992,887
Supplies	91,527	696,773	788,300	-
Materials	973,761	-	973,761	-
Heat, light and power	739,945	-	739,945	-
Depreciation	979,054	569,546	1,548,600	-
Total operating expenses	6,246,758	6,961,076	13,207,834	8,992,887
Operating income (loss)	818,426	(534,589)	283,837	(729,943)
Nonoperating revenues (expenses):				
Interest revenue	4,323	36,605	40,928	8,797
Insurance premium tax	-	2,026,746	2,026,746	-
Gain on sale of capital assets	3,550	166,542	170,092	-
Total nonoperating revenues	7,873	2,229,893	2,237,766	8,797
Income before transfers	826,299	1,695,304	2,521,603	(721,146)
Transfer Out	-	(45,999)	(45,999)	-
Changes in net position	826,299	1,649,305	2,475,604	(721,146)
Net position - beginning	34,648,506	32,581,833	67,230,339	5,382,493
Prior period adjustment	-	-	-	-
Net position - ending	$ 35,474,805	$ 34,231,138	$ 69,705,943	$ 4,661,347

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENED JUNE 30, 2016

	Water	Landfill	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	$ 6,982,455	$ 6,345,738	$ 13,328,193	$ -
Cash received from other funds for services provided	1,225	303,145	304,370	8,262,944
Cash payments to suppliers for goods and services	(2,802,967)	(4,643,395)	(7,446,362)	(8,981,296)
Cash payments to other funds for services provided	(767)	(1,225)	(1,992)	-
Cash payments to employees for services	(2,334,881)	(1,465,358)	(3,800,239)	-
Net cash provided by operating activities	1,845,065	538,905	2,383,970	(718,352)
Cash flows from noncapital financing activities:				
Transfers to other funds	-	(45,999)	(45,999)	-
Net Cash (required for) noncapital financing activities	-	(45,999)	(45,999)	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(427,244)	(621,916)	(1,049,160)	-
Increase/(decrease) in escrow deposits	(9,010)	1,500	(7,510)	-
Proceeds from sales of capital assets	3,550	166,542	170,092	-
Insurance premium tax	-	2,026,746	2,026,746	-
Net cash flows (required for) capital and related financing activities	(432,704)	1,572,872	1,140,168	-
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(34,978)	(34,978)	(7,430)
Purchase of investments	(15,988)	(1,500)	(17,488)	-
Interest received on investments	4,321	36,605	40,926	8,797
Net cash provided by (required for) investing activities	(11,667)	127	(11,540)	1,367
Net increase (decrease) in cash and cash equivalents	1,400,694	2,065,905	3,466,599	(716,985)
Cash and cash equivalents at beginning of year	856,495	3,523,591	4,380,086	2,915,272
Cash and cash equivalents at end of year	$ 2,257,189	$ 5,589,496	$ 7,846,685	$ 2,198,287
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	$ 818,426	$ (534,589)	$ 283,837	$ (729,943)
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	979,054	569,546	1,548,600	-
(Increase) decrease in receivables	(82,729)	(80,748)	(163,477)	-
(Increase) decrease in inventories	3,529	-	3,529	-
(Increase) decrease in deferred outflows or resources	(492,934)	(288,091)	(781,025)	-
Increase (decrease) in accounts payable	100,148	(2,150)	97,998	11,591
Increase (decrease) in other liabilities	519,113	565,857	1,084,970	-
(Increase) decrease in due from other funds	1,225	303,145	304,370	-
(Increase) decrease in due to other funds	(767)	(1,226)	(1,993)	-
(Increase) decrease in due to other governments	-	7,161	7,161	-
Net cash provided from operating activities	$ 1,845,065	$ 538,905	$ 2,383,970	$ (718,352)

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, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 4,115,420
Total assets	$ 4,115,420
LIABILITIES	
Due to other taxing units	$ 913,551
Due to State	1,310,603
Funds held in escrow	97,564
Other	1,793,702
Total liabilities	$ 4,115,420

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, 2016 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 reported at fair value. Short-term investments are reported at cost, which approximates fair value.

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 2015 was set on September 11, 2015.

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. Pension

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

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, 2016, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to ordinances passed by the County Commissioners, the County's highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by County Commissioners.
- Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the County's policy, amounts may be assigned by the Board of Commissioners, Director of Administration or Comptroller.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The County reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

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

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

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

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

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

15. Deferred Outflows/Inflows of Resources

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting.

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

B. Encumbrances.

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments.

Primary Government.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is not subject to the fair value measurement hierarchy.

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, 2016, the County's bank balances are entirely insured or collateralized with securities held by the County's agent in the County's name.

As of June 30, 2016, the County's reporting entity had the following investments:

Type of Investment	Fair Value	Investment Maturity Less than 1 yr	Rating	Weighted Average Maturity (WAM)
Primary Government				
Certificate of Deposits	$ 13,801,164	$ 13,801,164		
Georgia Fund I	93,212,170	93,212,170	AAAf	42 day WAM
Total Primary Government	$ 107,013,334	$ 107,013,334		

Credit Risk – Investments

State statutes authorize the County to invest in obligations of the United States Treasury or Agencies, banker's acceptances, bank money market accounts, repurchase agreements, and the "Georgia Fund 1". The Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Office of the State Treasurer. However, the Georgia Fund 1 operates in a manner consistent with Rule (2a-7) of the Investment Company Act of 1940, and is considered a Rule (2a-7) like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

Interest Rate Risk – Investments

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

III. DETAILED NOTES ON ALL FUNDS

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, all of the County's deposits were insured and collateralized.

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, 2016, the Authority's bank balances were $409,425. As of June 30, 2016 all of these bank balances were fully covered by federal depository insurance or collateralized with securities held by the Authority's agent in the Authority's name.

Interest Rate Risk – Investments

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

Investments – Real Estate

Investments in real estate consist of the Authority's share of the cost of land and improvements in the Advanced Technology Park located on Houston Lake Road in Warner Robins, Georgia and the Perry speculative building in Houston County, Georgia. Title for the speculative building was transferred to Sandler AG during the current fiscal year.

In addition, the Authority acquired 667.32 acres of land in Houston County, Georgia during the fiscal year ended June 30, 2009. This land is to be prepared for industrial use and used as an addition to the Houston County Industrial Park. As a part of the acquisition, the Authority immediately sold 12.668 acres of this land to the Perry-Houston County Airport Authority. The Authority transferred title for 80 acres of the land to Sandler AG during the current fiscal year.

During fiscal year ended June 30, 2012, the Authority acquired a house (1.52 acres) located at 321 A.E. Harris Road. The home was demolished during the current fiscal year to prepare the land it sat on for development.

The cost of investments in real estate as of June 30, 2016 is as follows:

Location	Cost
Advanced technology park	149,657
Houston County industrial park addition	12,702,330
Total	$ 12,851,987

III. DETAILED NOTES ON ALL FUNDS

Health Department - Component Unit.

Custodial credit risk is the risk that in the event of a bank failure, the Health Department's deposits may be lost. The Health Department's policy with respect to custodial risk is to comply with Georgia Law (O.C.G.A. 45-8-12) by requiring the custodian to provide collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. As of June 30, 2016, the carrying amount of the Health Department's cash accounts was $3,443,501 and the bank balances were $3,586,352. Of the bank balances, $500,000 were insured or collateralized with securities held by the Health Department or by its agent in the Health Department's name and $3,086,352 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, 2016, all deposits of the Library were fully collateralized in accordance with state statutes.

Custodial Credit Risk - Investments

As of June 30, 2016, the Library was not exposed to custodial credit risk for its investments.

Credit Risk – Investments

As of June 30, 2016, the Library's only investments were certificates of deposit.

At June 30, 2016, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	February 17, 2017	$ 8,090
Certificate of deposit	February 18, 2017	7,409
Certificate of deposit	February 17, 2017	28,607
		$ 44,106

Interest Rate Risk

The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

III. DETAILED NOTES ON ALL FUNDS

B. Interfund Receivables and Payables.

Individual fund interfund receivable and payable balances at June 30, 2016, are as follows:

Fund	Receivables	Payables
General	$ 49	$ 675,490
Water	8,794	49
Solid waste	277,076	8,794
Non-major governmental funds	398,414	-
Total	$ 684,333	$ 684,333

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	$ -	$ 398,414	$ -	$277,076	$ 675,490
Water Fund	49	-	-	-	49
Solid Waste Fund	-	-	8,794	-	8,794
	49	398,414	8,794	277,076	$ 684,333

Interfund balances at June 30, 2016 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

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III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

Fund	Transfer In	Transfer Out
General Fund	$ 227,927	$ 422,517
Nonmajor Governmental		
E-911	671,208	-
Law Library	-	16,495
District Attorney	-	27,327
Jail Inmate	-	63,633
Drug	-	74,473
Fire	-	248,691
Solid Waste	-	45,999
	$ 899,135	$ 899,135

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	$ -	$ 422,517	$ 422,517
Nonmajor Governmental	181,928	248,691	430,619
Solid Waste	45,999	-	45,999
Total	$ 227,927	$ 671,208	$ 899,135

(This section intentionally left blank)

III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Accumulated Depreciation June 30, 2016	Book Value June 30, 2016
Nondepreciable assets:						
Land	$ 8,360,954	$ -	$ -	$ 8,360,954	$ -	$ 8,360,954
Construction in progress	34,518,137	3,390,739	24,747,257	13,161,619	-	13,161,619
Total nondepreciable assets:	42,879,091	3,390,739	24,747,257	21,522,573	-	21,522,573
Depreciable assets:						
Buildings	73,205,343	20,448	-	73,225,791	19,874,575	53,351,216
Improvements other than buildings	868,520	-	-	868,520	836,597	31,923
Machinery & equipment	31,712,724	3,250,533	784,545	34,178,712	23,226,438	10,952,274
Infrastructure	119,437,386	24,747,257	-	144,184,643	34,564,591	109,620,052
Total depreciable assets:	225,223,973	28,018,238	784,545	252,457,666	78,502,201	173,955,465
Total capital assets	$ 268,103,064	$ 31,408,977	$ 25,531,802	$ 273,980,239	$ 78,502,201	$ 195,478,038
Accumulated depreciation:						
Buildings	$ 18,402,730	$ 1,471,845	$ -	$ 19,874,575		
Improvements	834,886	1,711	-	836,597		
Machinery & equipment	22,811,974	1,128,445	713,981	23,226,438		
Infrastructure	31,695,543	2,869,048	-	34,564,591		
Total accumulated depreciation	$ 73,745,133	$ 5,471,049	$ 713,981	$ 78,502,201		

Business-type activities	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Accumulated Depreciation June 30, 2016	Book Value June 30, 2016
Nondepreciable assets:						
Land	$ 5,795,527	$ -	$ -	$ 5,795,527	$ -	$ 5,795,527
Construction in progress	5,149,897	853,639	1,009,380	4,994,156	-	4,994,156
Total nondepreciable assets:	10,945,424	853,639	1,009,380	10,789,683	-	10,789,683
Depreciable assets:						
Improvements other than buildings	65,516,933	1,088,500	-	66,605,433	32,591,206	34,014,227
Machinery & equipment	9,043,749	116,404	28,903	9,131,250	7,629,027	1,502,223
Total depreciable assets:	74,560,682	1,204,904	28,903	75,736,683	40,220,233	35,516,450
Total capital assets	$ 85,506,106	$ 2,058,543	$ 1,038,283	$ 86,526,366	$ 40,220,233	$ 46,306,133

Accumulated depreciation:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Improvements other than buildings	$ 31,359,101	$ 1,232,105	$ -	$ 32,591,206
Machinery & equipment	7,341,434	316,495	28,903	7,629,026
Total accumulated depreciation	$ 38,700,535	$ 1,548,600	$ 28,903	$ 40,220,232

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	$ 329,483
Judicial	607,341
Public safety	1,452,245
Public works	3,034,872
Health and welfare	42,545
Housing and development	4,563
Total depreciation expense - governmental activities	$ 5,471,049

Business-type activities:	
Water	$ 979,054
Solid waste	569,546
Total depreciation expense - business-type activities	$ 1,548,600

Houston County Health Department Component Unit.

A summary of capital asset activity for the Houston County Health Department for the year ended June 30, 2016 is as follows:

Governmental activities	**Balance June 30, 2015**	**Increases**	**Decreases**	**Balance June 30, 2016**
Depreciable assets:				
Office and Medical Equipment	$ 2,018,659	$ 51,457	$ -	$ 2,070,116
Total capital assets	2,018,659	51,457	-	2,070,116
Accumulated depreciation:				
Office and Medical Equipment	1,346,507	221,990	-	1,568,497
Total accumulated depreciation	1,346,507	221,990	-	1,568,497
Capital assets, net	$ 672,152	$ (170,533)	$ -	$ 501,619

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

Governmental activities:	
Health	$221,990

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, 2016 is as follows:

Governmental activities	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Nondepreciable assets:				
Land	$ 548,700	$ -	$ -	$ 548,700
Construction in Progress	-	-	-	-
Total	548,700	-	-	548,700
Depreciable assets:				
Buildings and improvements	8,950,441	-	-	8,950,441
Equipment	26,294	-	-	26,294
Library collections	2,553,240	120,142	266,935	2,406,447
Total	11,529,975	120,142	266,935	11,383,182
Accumulated depreciation:				
Buildings and improvements	1,994,506	311,953	-	2,306,459
Equipment	19,806	1,179	-	20,985
Library collections	1,953,109	130,020	266,935	1,816,194
Total accumulated depreciation	3,967,421	443,152	266,935	4,143,638
Total depreciable assets, net	7,562,554	(323,010)	-	7,239,544
Capital assets, net	$ 8,111,254	$ (323,010)	$ -	$ 7,788,244

All depreciation expense was charged to the public services function during the year ended June 30, 2016.

E. Long-term Debt.

Development Authority Component Unit:

Notes Payable

As of June 30, 2016, the Authority had no outstanding notes payable.

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2016, the following changes occurred in the long-term liabilities:

Governmental funds:

Long-term liability	Restated Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Net Pension Obligation	$ 16,077,344	$ 8,061,561	$ -	$ 24,138,905	$ -
Net OPEB Obligation	4,609,808	586,974	-	5,196,782	-
Compensated absences	1,811,503	1,275,389	1,256,717	1,830,175	1,189,614
Total	$ 22,498,655	$ 9,923,924	$ 1,256,717	$ 31,165,862	$ 1,189,614

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

Business-type funds:

Long-term liability	Restated Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Net Pension Obligation	$ 1,778,197	$ 825,122	$ -	$ 2,603,319	$ -
Compensated absences	232,879	128,825	139,597	222,107	122,159
Accrued closure and post-closure care costs	8,004,508	250,975	-	8,255,483	-
Total	$ 10,015,584	$ 1,204,922	$ 139,597	$ 11,080,909	$ 122,159

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, 2016 is as follows:

Business-type fund:

Long-term liability	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Compensated absences	$ 16,212	$ 10,781	$ 8,021	$ 18,972	$ 9,430
Total	$ 16,212	$ 10,781	$ 8,021	$ 18,972	$ 9,430

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, 2016 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Net Pension Liability	$ 8,457,569	$ 238,433	$ -	$ 8,696,002	$ -
Compensated absences	571,630	401,189	370,233	602,586	16,468
Total	$ 9,029,199	$ 639,622	$ 370,233	$ 9,298,588	$ 16,468

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, 2016 is as follows:

Governmental funds:

Long-term liability	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Net Pension Liability	$ 628,905	$ 108,850	$ -	$ 737,755	$ -
Compensated absences	19,307	38,203	38,312	19,198	19,198
Total	$ 648,212	$ 147,053	$ 38,312	$ 756,953	$ 19,198

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 $6,919,776 as of June 30, 2016, which is based on 11.9 percent usage (filled) of the solid waste landfill. It is estimated that an additional $53,408,976 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 (2240). The estimated liability for C & D landfill closure and post-closure care costs has a balance of $1,335,707 as of June 30, 2016, which is based on 45.4 percent usage (filled) of the C & D landfill. It is estimated that an additional $2,912,529 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 (2037).

The estimated combined total current cost of the landfill closure and post-closure care ($8,255,483) 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, 2016. 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:

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

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

Employees covered by benefit terms. At June 30, 2016, the following employees were covered by the benefit terms:

Retirees, beneficiaries and disables receiving benefits	155
Terminated plan participants entitled to but not yet receiving benefits	109
Active employees participating in the Plan	470
Total membership	734

IV. OTHER INFORMATION

Contributions:

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local government pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. Plan participants contribute 4% of their annual covered salary to the plan. The County's contributions were $4,614,522 for the year ended June 30, 2016.

Net Pension Liability:

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	4.5%-6.0%, normalized rates, per year adjusted for age
Investment rate of return	7.5%

Mortality rates were based on the RP 2000 projected with Scale AA to 2016.

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

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

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

IV. OTHER INFORMATION

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/15	$ 90,492,002	$ 72,636,461	$ 17,855,541
Changes for the year:			
Service cost	1,957,294	-	1,957,294
Interest	6,645,437	-	6,645,437
Liability Experience (Gain)/Loss	2,400,090	-	2,400,090
Assumption Change	3,469,412		3,469,412
Contributions-employer	-	4,614,522	(4,614,522)
Contributions-employee	-	854,578	(854,578)
Net investment income	-	590,357	(590,357)
Benefit payments, including refunds of employee contributions	(3,772,344)	(3,772,344)	-
Administrative expense	-	(99,515)	99,515
Other changes	-	(374,392)	374,392
Net changes	10,699,889	1,813,206	8,886,683
Balances at 6/30/16	$ 101,191,891	$ 74,449,667	$ 26,742,224

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

	1% Decrease (6.5%)	**Current Discount Rate (7.5%)**	**1% Increase (8.5%)**
County's net pension liability	$ 40,910,491	$ 26,742,224	$15,035,611

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

IV. OTHER INFORMATION

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

For the year ended June 30, 2016, the County recognized pension expense of $4,407,493. At June 30, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,000,075
Changes in assumptions	2,891,177
Net difference between projected and actual earnings on pension plan investments	4,202,460
	$ 9,093,712

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

Year ended June 30:	
2017	$ 2,028,865
2018	2,028,865
2019	2,028,865
2020	2,028,865
2021	978,252
	$ 9,093,712

B. Other Post-employment Benefits

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

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

A bi-annual actuarial valuation is made to determine whether contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2015. The post-retirement plan does not issue stand-alone financial reports.

IV. OTHER INFORMATION

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

Annual Required Contribution (ARC)

Normal Cost (service cost for one year)	$ 566,055
Accrued Liability	318,724
Annual Required Contribution (ARC)	884,779
Employer Annual Required Contribution	884,779
Interest on Net OPEB Obligation	184,392
Adjustment to Annual Required Contribution	(176,152)
Annual OPEB Cost (Expense)	893,019
Employer contributions for Fiscal Year 2015	(306,045)
Increase (decrease) in Net OPEB Obligation	586,974
Net OPEB Obligation at beginning of Fiscal Year	4,609,808
Net OPEB Obligation at end of Fiscal Year	$ 5,196,782

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	07/01/15
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%
Pre-Medicare trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020
*Includes inflation at	3%

IV. OTHER INFORMATION

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

Schedule of Funding Progress

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)
07/01/09	-	7,048,734	7,048,734	0.0%	25,164,078	28.01%
07/01/11	-	7,274,471	7,274,471	0.0%	25,632,239	28.38%
07/01/13	-	9,035,221	9,035,221	0.0%	26,876,739	33.62%
07/01/15	-	8,340,841	8,340,841	0.0%	25,791,368	32.34%

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

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 1,011,153	$ 508,714	50.31%	$ 3,597,757
6/30/2014	1,012,051	-	0.00%	4,609,808
6/30/2015	893,019	306,045	34.27%	5,196,782

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

IV. OTHER INFORMATION

C. Risk Management.

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

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

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

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

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

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

Claims Activity	Year Ended June 30, 2016	Year Ended June 30, 2015
Unpaid claims, beginning of fiscal year	$ 899,231	$ 573,896
Incurred claims	8,364,406	9,049,661
Claim payments	8,352,816	8,724,326
Unpaid claims, end of fiscal year	$ 910,821	$ 899,231

IV. OTHER INFORMATION

D. Commitments and Contingent Liabilities.

Grant Funds.

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

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

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

E. Joint Ventures.

The Perry-Houston County Airport Authority.

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

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

The Middle Georgia Regional Commission.

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

IV. OTHER INFORMATION

F. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2016, the Health Department received $8,423,487 (48 percent of total revenue) from the Georgia Department of Human Resources. Future operations of the Health Department, on a comparable scale, are dependent on continued funding from the DHR.

G. Conduit Debt - Development Authority Component Unit.

The conduit debt of the Development Authority is the revenue bonds issued by the Authority to provide capital financing for local businesses. Generally, the conduit debt is arranged so that payments to be paid by the local business are equal to the debt service requirements for the Development Authority. The Development Authority generally has no responsibility for the debt payment beyond what the local business pays. The Houston County Development Authority has issued $749,700,000 of revenue bonds for local businesses through June 30, 2016.

H. Subsequent Events.

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 14, 2016, the date the financial statements were available to be issued.

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST RETIREMENT BENEFITS
JUNE 30, 2016

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)
7/1/2011	-	7,274,471	7,274,471	0.0%	25,632,239	28.4%
7/1/2013	-	9,035,221	9,035,221	0.0%	26,876,739	33.6%
7/1/2015	-	8,340,841	8,340,841	0.0%	25,791,368	32.3%

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2016

	2016	2015
Total pension liability		
Service cost	$ 1,957,294	$ 1,912,479
Interest	6,645,437	6,295,938
Changes of benefit terms	-	-
Differences between expected and actual experience	2,400,090	-
Changes of assumptions	3,469,412	-
Benefit payments, including refunds of employee contributions	(3,772,344)	(3,324,505)
Net change in total pension liability	10,699,889	4,883,912
Total pension liability-beginning	90,492,002	85,608,090
Total pension liability-ending (a)	$ 101,191,891	$ 90,492,002
Plan fiduciary net position		
Contributions-employer	$ 4,614,522	$ 4,467,670
Contributions-employee	854,578	752,585
Net investment income	590,357	4,839,939
Benefit payments, including refunds of employee contributions	(3,772,344)	(3,324,505)
Administrative expense	(99,515)	(87,612)
Other	(374,392)	(356,559)
Net change in plan fiduciary net position	1,813,206	6,291,518
Plan fiduciary net position-beginning	72,636,461	66,344,943
Plan fiduciary net position-ending (b)	$ 74,449,667	$ 72,636,461
County's net pension liability-ending (a) - (b)	$ 26,742,224	$ 17,855,541
Plan fiduciary net position as a percentage of the total pension liability	73.57%	80.27%
Covered-employee payroll	$ 20,998,445	$ 20,537,403
County's net pension liability as a percentage of covered-employee payroll	127.35%	86.94%

Notes to Schedule:
This schedule will present 10 years of information once the data is available.

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
JUNE 30, 2016

	2016	2015	2014	2013
Actuarially determined contribution	$ 4,452,080	$ 4,162,155	$ 4,578,727	$ 4,325,358
Contributions in relation to the actuarially determined contribution	4,614,522	4,467,670	4,787,535	4,643,419
Contribution deficiency (excess)	$ (162,442)	$ (305,515)	$ (208,808)	$ (318,061)
Covered-employee payroll	$ 20,998,445	$ 20,537,403	$ 20,429,617	$ 20,949,625
Contributions as a percentage of covered-employee payroll	21.20%	20.27%	22.41%	20.65%

Notes to Schedule:

Valuation date:	January 1, 2016
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years
Asset valuation method	Smoothed market value with a 5-year smoothing period
Inflation	5.50%
Salary increases	4.5%-6.0%, normalized rates, adjusted for age
Investment rate of return	7.50%
Retirement age	The bulk of retirees are assumed to retire at the earliest age that unreduced benefits are first available under the plan. Modest to high levels of earlier retirement will be assumed based on the early retirement benefit structure of the plan
Mortality	RP 2000 projected with Scale AA

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

2012	2011	2010	2009
$ 4,040,508	$ 4,091,477	$ 3,956,587	$ 2,682,193
4,358,540	4,509,084	3,649,123	3,363,466
$ (318,032)	$ (417,607)	$ 307,464	$ (681,273)
$ 19,783,644	$ 19,948,266	$ 20,216,506	$ 18,069,615
20.42%	20.51%	19.57%	14.84%

HOUSTON COUNTY, GEORGIA

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Special Revenue						
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	$ -	$ 22,292	$ 375,806	$ 317,387	$ 130,076	$ 999,764	$ 1,845,325
Investments	-	3,123,447	-	-	833,539	-	3,956,986
Accounts receivable	457,394	-	-	35,796	-	-	493,190
Due from other funds	356,922	41,492	-	-	-	-	398,414
Due from other governments	124,861	-	-	-	-	30	124,891
Total assets	$ 939,177	$ 3,187,231	$ 375,806	$ 353,183	$ 963,615	$ 999,794	$ 6,818,806
LIABILITIES AND FUND BALANCE							
Accounts payable	$ 19,230	$ 9,164	$ -	$ -	$ 5,435	$ 7,093	$ 40,922
Accrued wages and payroll taxes payable	67,722	20,551	-	-	-	-	88,273
Total liabilities	86,952	29,715	-	-	5,435	7,093	129,195
FUND BALANCES							
Restricted	852,225	-	375,806	-	958,180	-	2,186,211
Committed to:							
Judicial	-	-	-	-	-	992,701	992,701
Public safety	-	3,157,516	-	353,183	-	-	3,510,699
Total fund balances	852,225	3,157,516	375,806	353,183	958,180	992,701	6,689,611
Total liabilities and fund balances	$ 939,177	$ 3,187,231	$ 375,806	$ 353,183	$ 963,615	$ 999,794	$ 6,818,806

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue						
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ 1,905,243	$ -	$ -	$ -	$ -	$ 1,905,243
Intergovernmental	499,444	7,269	-	-	-	-	506,713
Charges for services	2,716,129	-	-	164,657	-	-	2,880,786
Fines and forfeitures	-	-	112,657	-	113,871	92,171	318,699
Investment income	-	7,517	524	-	3,335	-	11,376
Miscellaneous	24,114	-	-	-	-	-	24,114
Total revenues	3,239,687	1,920,029	113,181	164,657	117,206	92,171	5,646,931
EXPENDITURES							
Current:							
Judicial	-	-	-	-	71,146	141,279	212,425
Public safety	3,759,619	1,381,753	25,142	85,248	-	-	5,251,762
Total expenditures	3,759,619	1,381,753	25,142	85,248	71,146	141,279	5,464,187
Excess (deficiency) of revenues over (under) expenditures	(519,932)	538,276	88,039	79,409	46,060	(49,108)	182,744
OTHER FINANCING SOURCES (USES)							
Transfers in	671,208	-	-	-	-	-	671,208
Transfers out	-	(248,691)	(74,473)	(63,633)	(16,495)	(27,327)	(430,619)
Proceeds of capital asset dispositions	725	2,000	-	-	-	-	2,725
Total other financing sources (uses)	671,933	(246,691)	(74,473)	(63,633)	(16,495)	(27,327)	243,314
Net change in fund balances	152,001	291,585	13,566	15,776	29,565	(76,435)	426,058
Fund balance - beginning	700,224	2,865,931	362,240	337,407	928,615	1,069,136	6,263,553
Fund balance - ending	$ 852,225	$ 3,157,516	$ 375,806	$ 353,183	$ 958,180	$ 992,701	$ 6,689,611

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, 2016

	E 911			
	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	499,439	499,439	499,444	5
Charges for services	2,649,093	2,649,093	2,716,129	67,036
Investment Income	-	-	-	-
Miscellaneous	25,800	25,800	24,114	(1,686)
Total revenues	3,174,332	3,174,332	3,239,687	65,355
EXPENDITURES				
Personal services	2,829,112	2,829,112	2,803,297	(25,815)
Purchased / contracted services	907,128	907,128	870,914	(36,214)
Supplies	97,300	97,300	85,408	(11,892)
Capital outlay	12,000	12,000	-	(12,000)
Total expenditures	3,845,540	3,845,540	3,759,619	(85,921)
Excess (deficiency) of revenues over (under) expenditures	(671,208)	(671,208)	(519,932)	151,276
OTHER FINANCING SOURCES (USES):				
Transfers in	671,208	671,208	671,208	-
Transfers out	-	-	-	-
Proceeds of capital asset dispositions	-	-	725	725
Total other financing sources (uses)	671,208	671,208	671,933	725
Net change in fund balance	$ -	$ -	152,001	$ 152,001
Fund balance at beginning of year			700,224	
Fund balance at end of year			$ 852,225	

Fire Protection			
Budgeted Amounts			Variance with Final Budget Over
Original	Final	Actual	(Under)
$ 1,793,770	$ 1,822,477	$ 1,905,243	$ 82,766
-	-	7,269	7,269
-	-	-	-
2,500	2,500	7,517	5,017
-	-	-	-
1,796,270	1,824,977	1,920,029	95,052
1,088,796	1,088,796	964,068	(124,728)
277,443	302,893	292,103	(10,790)
181,340	155,890	96,875	(59,015)
-	28,707	28,707	-
1,547,579	1,576,286	1,381,753	(194,533)
248,691	248,691	538,276	289,585
-	-	-	-
(248,691)	(248,691)	(248,691)	-
-	-	2,000	2,000
(248,691)	(248,691)	(246,691)	2,000
$ -	$ -	291,585	$ 291,585
		2,865,931	
		$ 3,157,516	

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, 2016

	Drug Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Charges for services	$ -	$ -	$ -
Fines and forfeitures	245,000	112,657	(132,343)
Investment income	5,000	524	(4,476)
Total revenues	250,000	113,181	(136,819)
EXPENDITURES			
Current:			
Judicial	-	-	-
Public safety	250,000	25,142	(224,858)
Total expenditures	250,000	25,142	(224,858)
Excess (deficiency) of revenues over (under) expenditures	-	88,039	88,039
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	(74,473)	(74,473)
Net change in fund balances	$ -	13,566	$ 13,566
Fund balance - beginning		362,240	
Fund balance - ending		$ 375,806	

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	$ 164,657	$ (30,343)	$ -	$ -	$ -
-	-	-	170,000	113,871	(56,129)
5,000	-	(5,000)	5,000	3,335	(1,665)
200,000	164,657	(35,343)	175,000	117,206	(57,794)
-	-	-	175,000	71,146	(103,854)
200,000	85,248	(114,752)	-	-	-
200,000	85,248	(114,752)	175,000	71,146	(103,854)
-	79,409	79,409	-	46,060	46,060
-	(63,633)	(63,633)	-	(16,495)	(16,495)
$ -	15,776	$ 15,776	$ -	29,565	$ 29,565
	337,407			928,615	
	$ 353,183			$ 958,180	

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, 2016

	District Attorney		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental	$ -	$ -	$ -
Fines and forfeitures	30,000	92,171	62,171
Investment income	-	-	-
Total revenues	30,000	92,171	62,171
EXPENDITURES			
Current:			
Judicial	30,000	141,279	111,279
Public safety	-	-	-
Total expenditures	30,000	141,279	111,279
Excess (deficiency) of revenues over (under) expenditures	-	(49,108)	(49,108)
OTHER FINANCING (USES)			
Transfers (out)	-	(27,327)	(27,327)
Net change in fund balances	$ -	(76,435)	$ (76,435)
Fund balance - beginning		1,069,136	
Fund balance - ending		$ 992,701	

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, 2016

	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	36,248	345,900	382,148
Electricity	4,280	23,855	28,135
Repairs and maintenance	16,770	1,066,047	1,082,817
Total expenditures	57,298	1,435,802	1,493,100
Excess (deficiency) of revenues over (under) expenditures	(57,298)	357,013	299,715
Net change in fund balance	(57,298)	357,013	299,715
Fund balance at beginning of year	357,013		
Fund balance at end of year	$ 299,715		

HOUSTON COUNTY, GEORGIA
JUVENILE COURT SUPERVISION FEES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	Actual
REVENUES	
Charges for services	$ 15,351
Total revenues	15,351
EXPENDITURES	
Judicial	6,347
Total expenditures	6,347
Excess (deficiency) of revenues over (under) expenditures	9,004
Net change in fund balance	9,004
Fund balance at beginning of year	24,176
Fund balance at end of year	$ 33,180

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, 2016

Sheriff	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash	$ 481,006	$ 1,195,116	$ 1,208,629	$ 467,493
Total assets	$ 481,006	$ 1,195,116	$ 1,208,629	$ 467,493
Liabilities:				
Other	$ 481,006	$ 1,195,116	$ 1,208,629	$ 467,493
Total liabilities	$ 481,006	$ 1,195,116	$ 1,208,629	$ 467,493
Jail				
Assets:				
Cash	$ 81,976	$ 799,368	$ 791,274	$ 90,070
Total assets	$ 81,976	$ 799,368	$ 791,274	$ 90,070
Liabilities:				
Funds held in escrow	$ 81,976	799,368	791,274	$ 90,070
Total liabilities	$ 81,976	$ 799,368	$ 791,274	$ 90,070
Tax Commissioner				
Assets:				
Cash	$ 2,232,078	$ 118,406,168	$ 118,203,103	$ 2,435,143
Total assets	$ 2,232,078	$ 118,406,168	$ 118,203,103	$ 2,435,143
Liabilities:				
Due to other funds:				
Houston County General Fund	$ -	$ 44,290,375	$ 44,290,375	$ -
Due to Houston County Board of Education	756,472	53,707,363	53,768,688	695,147
Due to State	1,045,815	17,437,247	17,172,459	1,310,603
Due to City of Perry	42,191	530,022	532,011	40,202
Due to City of Warner Robins	164,585	1,885,212	1,892,696	157,101
Due to City of Centerville	22,406	268,734	270,039	21,101
Other	200,609	287,215	276,835	210,989
Total liabilities	$ 2,232,078	$ 118,406,168	$ 118,203,103	$ 2,435,143

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

Clerk of Superior Court	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash	$ 897,277	$ 4,478,271	$ 4,570,989	$ 804,559
Total assets	$ 897,277	$ 4,478,271	$ 4,570,989	$ 804,559
Liabilities:				
Other	$ 897,277	$ 4,478,271	$ 4,570,989	$ 804,559
Total liabilities	$ 897,277	$ 4,478,271	$ 4,570,989	$ 804,559
District Attorney				
Assets:				
Cash	$ 146	$ 26,676	$ 26,674	$ 148
Total assets	$ 146	$ 26,676	$ 26,674	$ 148
Liabilities:				
Garnishments, restitution & other	$ 146	$ 26,676	$ 26,674	$ 148
Total liabilities	$ 146	$ 26,676	$ 26,674	$ 148
State Court				
Assets:				
Cash	$ 147,292	$ 5,319,034	$ 5,304,794	$ 161,532
Total assets	$ 147,292	$ 5,319,034	$ 5,304,794	$ 161,532
Liabilities:				
Other	$ 147,292	$ 5,319,034	$ 5,304,794	$ 161,532
Total liabilities	$ 147,292	$ 5,319,034	$ 5,304,794	$ 161,532

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

Probate Court	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash	$ 170,725	$ 861,458	$ 882,208	$ 149,975
Total assets	$ 170,725	$ 861,458	$ 882,208	$ 149,975
Liabilities:				
Funds held in escrow	$ 1,758	$ 24,589	$ 18,853	$ 7,494
Other	168,967	836,869	863,355	142,481
Total liabilities	$ 170,725	$ 861,458	$ 882,208	$ 149,975
Magistrate Court				
Assets:				
Cash	$ 212	$ 1,575,955	$ 1,576,038	$ 129
Total assets	$ 212	$ 1,575,955	$ 1,576,038	$ 129
Liabilities:				
Other	$ 212	$ 1,575,955	$ 1,576,038	$ 129
Total liabilities	$ 212	$ 1,575,955	$ 1,576,038	$ 129
Juvenile Court				
Assets:				
Cash	$ 5,139	$ 32,190	$ 30,958	$ 6,371
Total assets	$ 5,139	$ 32,190	$ 30,958	$ 6,371
Liabilities:				
Restitution payable & other	$ 5,139	$ 32,190	$ 30,958	$ 6,371
Total liabilities	$ 5,139	$ 32,190	$ 30,958	$ 6,371

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total - All Agency Funds	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Cash	$ 4,015,851	$ 132,694,236	$ 132,594,667	$ 4,115,420
Total assets	$ 4,015,851	$ 132,694,236	$ 132,594,667	$ 4,115,420
Liabilities:				
Due to other taxing units	$ 985,654	$ 100,681,706	$ 100,753,809	$ 913,551
Due to State	1,045,815	17,437,247	17,172,459	1,310,603
Funds held in escrow	83,734	823,957	810,127	97,564
Other	1,900,648	13,751,326	13,858,272	1,793,702
Total liabilities	$ 4,015,851	$ 132,694,236	$ 132,594,667	$ 4,115,420

SPECIAL REPORTS SECTION

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

December 14, 2016

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, 2016, 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 14, 2016. 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 14, 2016.

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, 2016

None reported

HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016

2015-001 ***Condition:*** Expenditures exceeded appropriations at the legal level of control.

Recommendation: The County should more closely monitor special revenue fund expenditures to ensure expenditures are not made prior to authorization in the budgetary process.

Status: Resolved.

HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2016

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	$ 17,306,224	$ 526,538	$ -	$ 526,538	$ 17,832,762
City of Centerville	-	-	9,152,156	189,296	-	189,296	9,341,452
City of Perry	-	1,350,000	4,463,118	34,710	-	34,710	4,497,828
City of Warner Robins	-	12,113,750	27,536,638	1,289,507	-	1,289,507	28,826,145
Department of Transportation	-	-	237,690	-	-	-	237,690
Public Safety Radio Facilities and Equipment	12,500,000	12,500,000	12,500,000	-	-	-	12,500,000
City of Centerville	-	2,035,000	2,035,000	-	-	-	2,035,000
City of Perry	-	1,180,000	2,530,000	-	-	-	2,530,000
	$ 81,785,000	$ 85,000,000	$ 75,760,826	$ 2,040,051	$ -	$ 2,040,051	$ 77,800,877
2006 Referendum:							
Roads, Streets, and Bridges	$ 100,675,000	$ 93,160,000	$ 26,073,556	$ 607,713	$ -	$ 607,713	$ 26,681,269
City of Centerville	-	500,000	3,763,897	2,231,499		2,231,499	5,995,396
City of Perry	-	1,500,000	2,778,680	2,095		2,095	2,780,775
City of Warner Robins	-	5,515,000	6,133,260	18,000		18,000	6,151,260
Department of Transportation	-	-	25,365,316	1,955,300		1,955,300	27,320,616
Library Improvements	-	5,225,000	7,160,409	60,679	-	60,679	7,221,088
Jail Pod Addition	-	4,000,000	8,314,688	-	-	-	8,314,688
Water System Improvements	-	3,000,000	3,186,592	-	-	-	3,186,592
Debt Payoff on Spec Building	-	2,100,000	2,100,000	-	-	-	2,100,000
City of Centerville	-	1,000,000	1,468,849	-	-	-	1,468,849
City of Perry	-	4,000,000	5,385,795	-	-	-	5,385,795
City of Warner Robins	-	10,000,000	15,192,866	-	-	-	15,192,866
	$ 100,675,000	$ 130,000,000	$ 106,923,908	$ 4,875,286	$ -	$ 4,875,286	$ 111,799,194
2012 Referendum:							
Roads, Streets, and Bridges	$ -	$ 25,332,000	$ -	$ -	$ -	$ -	$ -
City of Centerville	-	-	-	-			
City of Perry	-	-	-	-			
City of Warner Robins	-	-	417,037	39,091	-	39,091	456,128
Department of Transportation	-	-	38,107	108,902	-	108,902	147,009
Public Safety Facilities & Equipment	-	9,000,000	466,298	56,900	-	56,900	523,198
Water & Storm Water Systems Improvement	-	6,550,000	153,159	307,963	-	307,963	461,122
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	4,461,051	59,040	-	59,040	4,520,091
Land Acquisition & Infrastructure - Improvements	-	19,000,000	17,470,563	1,907	-	1,907	17,472,470
Unincorporated County Projects							
Roads, Streets, & Bridges	-	5,300,000	921,195	547,305	-	547,305	1,468,500
Public Safety Facilities & Equipment	-	13,665,000	1,573,678	173,616	-	173,616	1,747,294
General Capital Obligations	-	9,482,000	947,833	2,993,068	-	2,993,068	3,940,901
Airport Facility Improvements	-	400,000	266,987	51,908	-	51,908	318,895
Library Improvements				60,000		60,000	60,000
City of Centerville	-	5,050,000	1,924,896	755,533	-	755,533	2,680,429
City of Perry	-	9,800,000	3,731,699	1,393,915	-	1,393,915	5,125,614
City of Warner Robins	-	44,421,000	16,922,547	6,321,142	-	6,321,142	23,243,689
	$ -	$ 155,000,000	$ 49,295,050	$ 12,870,290	$ -	$ 12,870,290	$ 62,165,340
Total SPLOST referendums	$ 182,460,000	$ 370,000,000	$ 231,979,784	$ 19,785,627	$ -	$ 19,785,627	$ 251,765,411

(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, 2016

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		$ 566.10
	Sprint		$ 19,559.55
	AT&T		$ 74,477.10
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)	$ 2,881.76
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)	$ 164,016.28
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)	$ 1,898,842.35
5b	Employee benefits	46-5-134(f)(1)(C)	$ 904,454.71
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ 17,395.63
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)	$ 28,491.35
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)	$ -

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

For the Year Ended
June 30, 2016

Line No.		O.C.G.A. Reference:	
9c	Maintenance costs	46-5-134(f)(1)(G)	$ 414,542.55
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)	$ 920.00
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)	$ 138,841.00
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2(B)(iv)	$ 2,400.00
15b	Purchase costs	46-5-134(f)(2(B)(iv)	
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2(B)(v)	
16b	Purchase costs	46-5-134(f)(2(B)(v)	
16c	Maintenance costs	46-5-134(f)(2(B)(v)	

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

For the Year Ended
June 30, 2016

Line No.		O.C.G.A. Reference:	
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	Utilities		$ 50,567.79
	Gasoline		$ 3,129.09
	Food		$ 287.98
	Waste Disposal		$ 1,745.88
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 3,759,619.12

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 12-14-16

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalnaker Date 12-14-16

Print Name of Chief Financial Officer Sandra K. Stalnaker