

**HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

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FINANCIAL SECTION

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915 HILL PARK
MACON, GEORGIA 31201

December 20, 2017

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, 2017, 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 \$5,810,527 as of June 30, 2017 and total revenues of \$18,836,856 for the year ended June 30, 2017. 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, 2017, 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 56), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (page 57), and the Schedule of County Contributions (pages 58 through 59) 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 20, 2017 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

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2017. 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.

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

**HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The notes to the financial statements can be found on pages 27-55 of this report.

Financial Highlights:

**HOUSTON COUNTY'S NET POSITION
FISCAL YEARS 2016 AND 2017**

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Assets:						
Current assets	\$ 91,813,589	\$ 92,040,249	\$ 34,625,799	\$ 38,155,690	\$ 126,439,388	\$ 130,195,939
Capital assets	195,478,038	187,329,936	46,306,133	46,434,235	241,784,171	233,764,171
Total assets	<u>\$ 287,291,627</u>	<u>\$ 279,370,185</u>	<u>\$ 80,931,932</u>	<u>\$ 84,589,925</u>	<u>\$ 368,223,559</u>	<u>\$ 363,960,110</u>
Deferred Outflows of Resources:						
Deferred outflows on pensions	\$ 8,249,367	\$ 9,848,104	\$ 844,345	\$ 999,632	\$ 9,093,712	\$ 10,847,736
Liabilities:						
Current liabilities	\$ 5,367,104	\$ 6,677,635	\$ 1,111,584	\$ 1,375,833	\$ 6,478,688	\$ 8,053,468
Long-term liabilities	29,976,248	33,429,789	10,958,750	11,696,475	40,934,998	45,126,264
Total liabilities	<u>\$ 35,343,352</u>	<u>\$ 40,107,424</u>	<u>\$ 12,070,334</u>	<u>\$ 13,072,308</u>	<u>\$ 47,413,686</u>	<u>\$ 53,179,732</u>
Deferred Inflows of Resources:						
Deferred inflows on pensions:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net position:						
Investment in capital assets	\$ 195,478,038	\$ 187,329,936	\$ 46,306,133	\$ 46,434,235	\$ 241,784,171	\$ 233,764,171
Restricted	44,194,446	41,467,138	20,031,704	21,331,711	64,226,150	62,798,849
Unrestricted	20,525,158	20,313,791	3,368,106	4,751,303	23,893,264	25,065,094
Total net position	<u>\$ 260,197,642</u>	<u>\$ 249,110,865</u>	<u>\$ 69,705,943</u>	<u>\$ 72,517,249</u>	<u>\$ 329,903,585</u>	<u>\$ 321,628,114</u>

- Houston County's total assets exceeded total liabilities by \$321.6 million (net position). Total net position for governmental activities was \$249.1 million; total net position for business-type activities was \$72.5 million.
- Total net position is comprised of the following:
 1. Capital assets of \$233.8 million include property and equipment, net of accumulated depreciation related to the purchase or construction of capital assets.
 2. Net assets of \$62.8 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
 3. Unrestricted net assets of \$25.1 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- As a whole, the County's financial position declined moderately showing a 2.5% decrease. Total net position decreased by \$8 million. Governmental activities experienced a \$11.1 million decrease while business-type activities increased by \$2.8 million. Governmental net position decreased 4.3% in fiscal year 2017. Net position in the business-type activities increased 4%.

**HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HOUSTON COUNTY'S CHANGES IN NET POSITION
FISCAL YEARS 2016 AND 2017**

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$ 15,881,515	\$ 16,273,530	\$ 13,491,671	\$ 14,541,779	\$ 29,373,186	\$ 30,815,309
Operating grants	1,409,290	1,622,114	-	-	1,409,290	1,622,114
Capital grants	942,982	1,590,656	-	-	942,982	1,590,656
General revenues:						
Taxes	62,249,260	61,841,370	2,026,746	2,158,899	64,276,006	64,000,269
Other	176,218	299,088	211,020	236,552	387,238	535,640
Total revenues	<u>\$ 80,659,265</u>	<u>\$ 81,626,758</u>	<u>\$ 15,729,437</u>	<u>\$ 16,937,230</u>	<u>\$ 96,388,702</u>	<u>\$ 98,563,988</u>
Expenses:						
General government	\$ 10,532,814	\$ 10,534,984	\$ -	\$ -	\$ 10,532,814	\$ 10,534,984
Judicial	10,322,804	11,432,964	-	-	10,322,804	11,432,964
Public safety	30,260,991	32,261,836	-	-	30,260,991	32,261,836
Highways & streets	23,663,030	21,337,415	-	-	23,663,030	21,337,415
Health & welfare	538,912	583,698	-	-	538,912	583,698
Housing & development	1,182,773	2,108,271	-	-	1,182,773	2,108,271
Culture/recreation	902,064	880,980	-	-	902,064	880,980
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	5,913,055	6,488,756	5,913,055	6,488,756
Landfill	-	-	6,735,158	7,048,737	6,735,158	7,048,737
Total expenses	<u>\$ 77,403,388</u>	<u>\$ 79,140,148</u>	<u>\$ 12,648,213</u>	<u>\$ 13,537,493</u>	<u>\$ 90,051,601</u>	<u>\$ 92,677,641</u>
Increase (decrease) in net position before transfers	3,255,877	2,486,610	3,081,224	3,399,737	6,337,101	5,886,347
Transfers	45,999	28,810	(45,999)	(28,810)	-	-
Indirect cost allocation	<u>559,621</u>	<u>549,029</u>	<u>(559,621)</u>	<u>(559,621)</u>	<u>-</u>	<u>(10,592)</u>
Increase (decrease) in net position	\$ 3,861,497	\$ 3,064,449	\$ 2,475,604	\$ 2,811,306	\$ 6,337,101	\$ 5,875,755
Net Position - beginning	\$ 256,336,145	\$ 260,197,642	\$ 67,230,339	\$ 69,705,943	\$ 323,566,484	\$ 329,903,585
Prior period adjustment	\$ -	\$ (14,190,083)	\$ -	\$ -	\$ -	\$ (14,190,083)
Net Position - ending	<u>\$ 260,197,642</u>	<u>\$ 249,072,008</u>	<u>\$ 69,705,943</u>	<u>\$ 72,517,249</u>	<u>\$ 329,903,585</u>	<u>\$ 321,589,257</u>

- For fiscal year 2017, Houston County's governmental funds reported combined fund balances totaling \$83.6 million; an increase of \$1.65 million when compared to fiscal year 2016. Of the \$83.6 million, \$41.5 million or 49.6% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of \$39.3 million, E911 operations of \$1 million, confiscated drug funds for law enforcement purposes of \$157,222, law library surcharge funds for the operation of the County's public law

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

library at \$942,719, and Juvenile Court supervision fees of \$40,485. Less than one percent of fund balance, \$198,814, is considered non-spendable because it has been used for inventory. A total of \$5.2 million or 6.2% of fund balance is committed, meaning there are limitations resulting from its intended use. Of these funds, \$767,425 is committed for local maintenance and improvements, \$3,519,471 for fire services, \$357,091 for jail inmate services, \$576,297 is committed to judicial projects. A total of \$283,499 is assigned to the County's emergency warning system known as Code Red. The remaining \$36.4 million or 43.6% of fund balance is unassigned.

- Governmental activities in fiscal year 2017 experienced a decrease of \$11.1 million in net position, while business-type activities increased by \$2.8 million. In total, net position decreased by \$8 million during the year to \$321.6 million. Revenues for governmental activities increased from \$80.7 to \$81.6 million. Overall revenues in each of the General, E911 and Fire funds each increased over 2016 levels; total revenues in the SPLOST fund also increased by \$297,018 or 1.3%. Sales tax collections under the current SPLOST have declined steadily over the 57 months since its inception in October 2012. As of June 30, 2017, SPLOST collections are a collective \$17 million or 14.2% 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 increased \$224,688 or 4.1% compared to last year's spending. General fund expenditures decreased \$1.4 million or 2.7% from \$51.9 million to \$50.5 million, and SPLOST Capital Projects Fund expenditures increased 28.2% from \$19.8 million to \$25.4 million. Revenues for business-type activities increased 7.7% from \$15.7 million to \$16.9 million. While Water sales experienced a considerable 15.4% increase during the year from \$7.1 million to \$8.15 million; Landfill fees merely maintained last year's levels at \$6.4 million. Nonetheless, 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 \$885,378, combined business activities still experienced a positive overall operating income of \$444,664. Expenditures for governmental activities increased to \$78.8 from \$77.4 million. Business-type expenses increased 6.7% from \$13.2 million to \$14.1 million.

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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 2017, total assets rose from \$36.5 million to \$40.8 million; while total liabilities likewise increased from \$2.2 million to \$2.6 million.

The General Fund's unassigned fund balance at year-end increased from \$31.7 million to \$36.4 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 72.2% of total general fund expenditures, while total fund balance, \$37.7 million, represents 74.8% of the same amount. The General Fund reported a \$4.4 million increase in fund balance.

Total revenues and other sources for fiscal year 2017 of \$55.3 million exceeded total expenditures and other uses of \$50.9 million. As a whole, County revenue collections were higher than originally estimated due to state mandated increases in various service charges, court fines and fees. While property tax revenue surpassed last year's levels with a modest increase of 1%; revenues from licenses and permits increased by 6.8%; intergovernmental revenues increased by 23%, charges for services increased by 3.7%, investment income by 135%; and miscellaneous revenues increased by 22.1%. Revenues derived from fines and forfeitures decreased by 2.9%. Overall, actual revenues increased by 2% in FY17 as compared to FY16.

Expenditures for most functional areas were \$4.3 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 Commissioner's budget was increased \$600 to cover adjustments to meet minimum salary guidelines as set by Georgia law; the

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Human Resources budget was increased \$11,900 to cover additional personnel costs and an unexpected increase in the annual maintenance costs of software programs. Second, judicial costs in the Judge of Superior Court budget were increased \$48,952 to cover the cost of digitizing deeds; the Probate Department budget was increased \$11,400 due to additional personnel costs; the Public Defender's budget was increased by \$70,834 to cover the cost of an additional indigent defense contract attorney; and the District Attorney's budget was increased \$112,430 because of costs incurred due to increased caseloads.. Third, under public safety activities, the HEAT (Highway Enforcement and Aggressive Traffic) unit's budget was increased by \$12,900 due to additional personnel costs; the Coroner's budget was adjusted \$20,000 to cover an unexpected number of autopsies; and the Sheriff's budget was increased \$304,651 to cover additional personnel costs including a new drug investigator's position. Fourth, in health and welfare activities, the Vital Statistics budget was increased \$800 to reflect actual costs during the year. Fifth, in housing and development activities, the Planning & Zoning budget was increased \$3,000 to cover the cost of additional advertising of public hearings. Most other departmental expenditures were consistent with fiscal year 2016.

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 2017, total assets increased from \$939,177 to \$1,095,016, while total liabilities decreased from \$86,952 to \$83,598. Restricted fund balance increased by \$159,193 during the year from \$852,225 to \$1,011,418. The ending fund balance represents 26.4% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2017 of \$4 million exceeded total expenditures and other uses by \$159,193. Most of the revenue came from 911 fees totaling \$2.72 million. Lease payments increased slightly from \$24,114 to \$25,791, and intergovernmental contributions increased from \$499,444 to \$580,764. 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 the FY15 year. 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. With this plan in place the restricted fund balance has increased over the last two years by a total of 44.4% over FY15 levels. Total E911 expenditures for fiscal year 2017 increased by 2.1% to \$3.84 million, 97.9% of the final amended budget.

Fire Protection Fund - The Fire Protection Fund accounts for the cost of operating and maintaining Houston County's fire protection services. This department consists of a combination of volunteer and full-time firefighters. Financing is provided by levying a special fire tax on property in unincorporated Houston County. At the end of fiscal year 2017, total assets increased 11.7% to \$3,559,925. Total liabilities increased to \$40,454 from \$29,715. The increase in assets is primarily due to the investment of idle cash. Committed fund balance increased \$361,955 to \$3.5 million. The fund balance is earmarked only for fire protection uses and currently represents 209% of the expenditures and transfers for the year.

At \$2.05 million, total fire revenues increased by 6.7% when compared to fiscal year 2016. The fire tax levy for 2016 remained at 1.18 mills. At \$1.69 million, expenditures were up slightly as compared to \$1.63 million last year and represent 79.3% 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. Sales tax collections on the 2001 SPLOST ended in August 2006 and only a handful of the smaller projects remain. 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

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017), have consistently fallen short of projections. Projections for this fifty-seven month period were \$120.1 million, while actual collections were \$103.1 million, or 14.2% short.

At the end of fiscal year 2017, total assets in the SPLOST fund were \$42.1 million, and total liabilities were \$2.75 million. The restricted fund balance decreased \$2.66 million from \$42 million to \$39.3 million. The County has completed most of the projects funded by the 2001 SPLOST taxes. This year, the Feagin Mill Road project was completed and the County is substantially complete 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. 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) were completed during the year. In addition, the Sandefur Road (Lake Joy Road to US41) project has been completed. Several smaller road projects remain in the planning phase. Major projects from the 2012 SPLOST in FY2017 included road work on the Dunbar Road widening project (US41 to Houston Lake Road) and on Lake Joy Road widening (Sandefur to Hwy. 127). Preliminary work has begun on the Church Street widening project, the Elberta Road widening project (N. Houston Road to Hwy. 247), and Moss Oaks Road. The intersection improvement project at Old Hawkinsville Road and SR247 was completed. Other notable acquisitions from the 2012 SPLOST include the final phase of a multi-year upgrade to the County's network/switching infrastructure; camera system upgrades at the Detention Center; ten public safety vehicles and various equipment in the Sheriff's Department; \$6.6 million to upgrade the E-911 center and 800 MHz system; \$1.4 million construction work on the new Perdue fire station; roof replacement on the Water Department warehouse building; two trucks, one motorgrader, one dump trailer, and one vibratory compaction roller in the Roads Department; one truck and the construction of a small engine repair shop for Public Buildings; one SUV for the Tax Assessors Department; \$100,000 for books in the library system; and computer, printer, scanner and copier purchases for various departments.

At \$22 million, total sales tax revenues in fiscal year 2017 decreased marginally by \$72,563 over last year's collections. Overall, however, total SPLOST revenues increased \$297,018 as compared to 2016 levels. Investment income increased from \$107,054 to \$228,180, and intergovernmental revenues increased from \$239,810 to \$483,265 contributing to the overall increase in total SPLOST revenue for the year. Total SPLOST expenditures for fiscal year 2017 increased \$5.6 million from \$19.8 million to \$25.4 million. Of the \$25.4 million expended, \$6,033,873 was allocated to highway and street projects; \$8,406,324 was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins; \$100,000 was expended on library improvements; \$80,430 was expended on improvements at the Perry-Houston County Airport; \$1,053,324 was expended for property acquisition for Robins AFB encroachment under economic development; \$81,827 was expended for water and storm water systems improvements; and \$331,996 was expended for public safety equipment and facilities improvements. The remainder, \$9,271,495 was expended on small equipment, vehicles and capital equipment for various County 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 2017 increased to \$38.7 million while total liabilities increased to \$2.5 million. Net position increased by 3.9% to \$36.8 million. Total revenues increased substantially by 15.4% from \$7.1 million to \$8.15 million. In fiscal year 2017, water sales increased by 16.9% as compared to the 2016 sales levels. All other revenue sources were comparable to last year. Total expenditures increased 9.2% from \$6.2 million in 2016 to \$6.8 million in 2017. Overall, net operating income increased by 62.5% from \$818,426 to \$1,330,042.

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

HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

and closure/post-closure costs. Total assets were \$45.9 million and total liabilities were \$10.6 million, as compared to \$43.7 million and \$9.8 million, respectively in fiscal year 2016. Net position increased during the fiscal year from \$34.2 million to \$35.7 million. While operating revenues (disposal fees) decreased slightly to \$6.39 million as compared to last year's levels of \$6.43 million; operating expenses in fiscal year 2017 increased by 4.5% from \$6.9 million to \$7.3 million. This has resulted in an increase in the landfill's negative operating income from \$534,589 in fiscal year 2016 to \$885,378 for fiscal year 2017.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2017, investments in capital assets for both governmental and business-type activities by the County decreased from \$241.8 million to \$233.8 million (net of accumulated depreciation). This amount represents a net decrease of \$8 million over last year. Governmental activities capital investment amounts decreased 4.2% to \$187.3 million while business-type activities capital assets increased .28% to \$46.4 million.

Houston County's \$233.8 million investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure and utility systems. Capital assets added in fiscal year 2017 to governmental activities primarily included \$9.8 million in road improvement projects funded under the 2001, 2006 and 2012 SPLOST programs; \$1.47 million in construction of the GSP aviation hangar and the T-hangar at the Perry-Houston County Airport; and \$1.84 million in vehicles, machinery, and equipment. Capital assets added to the business-type activities include \$2.3 million improvements (other than buildings) associated with the landfill and water system, and \$625,470 in equipment upgrades.

At the end of fiscal year 2017, the depreciable capital assets for governmental activities were 33.8% depreciated, compared to 31.1% in fiscal year 2016. 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, 52.8% of the asset values were depreciated for fiscal year 2017 and as compared to 53.1% in fiscal year 2016.

HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2016 AND 2017

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
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	13,161,619	15,473,946	4,994,156	3,721,951	18,155,775	19,195,897
Total non-depreciable assets	<u>\$ 21,522,573</u>	<u>\$ 23,834,900</u>	<u>\$ 10,789,683</u>	<u>\$ 9,517,478</u>	<u>\$ 32,312,256</u>	<u>\$ 33,352,378</u>
Depreciable assets:						
Land (landfill)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	-	-	-	-	-	-
Buildings	73,225,791	71,217,599	-	-	73,225,791	71,217,599
Improvements	868,520	844,580	66,605,433	68,915,276	67,473,953	69,759,856
Machinery and equipment	34,178,712	31,573,896	9,131,250	9,334,725	43,309,962	40,908,621
Infrastructure	144,184,643	143,452,221	-	-	144,184,643	143,452,221
Total depreciable assets	<u>\$ 252,457,666</u>	<u>\$ 247,088,296</u>	<u>\$ 75,736,683</u>	<u>\$ 78,250,001</u>	<u>\$ 328,194,349</u>	<u>\$ 325,338,297</u>
Less accumulated depreciation	\$ 78,502,201	\$ 83,593,260	\$ 40,220,233	\$ 41,333,244	\$ 118,722,434	\$ 124,926,504
Percentage depreciated	31.1%	33.8%	53.1%	52.8%	36.2%	38.4%
Book value	<u>\$ 195,478,038</u>	<u>\$ 187,329,936</u>	<u>\$ 46,306,133</u>	<u>\$ 46,434,235</u>	<u>\$ 241,784,171</u>	<u>\$ 233,764,171</u>

**HOUSTON COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 55 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 \$1.81 million and Other Post Employment Benefits (OPEB) of \$6.1 million. Business-type activities include \$8.7 million in closure/post-closure care of the landfill and \$245,312 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 55 of this report.

**HOUSTON COUNTY'S OUTSTANDING DEBT
FISCAL YEARS 2016 AND 2017**

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Obligation	24,138,905	26,705,447	2,603,319	2,852,611	26,742,224	29,558,058
Net OPEB Obligation	5,196,782	6,090,850	-	-	5,196,782	6,090,850
Landfill closure and post closure care	-	-	8,255,483	8,733,473	8,255,483	8,733,473
Compensated absences	1,830,175	1,809,977	222,107	245,312	2,052,282	2,055,289
Total	\$ 31,165,862	\$ 34,606,274	\$ 11,080,909	\$ 11,831,396	\$ 42,246,771	\$ 46,437,670

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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,586,572	\$ 10,014,078	\$ 14,600,650
Investments	84,270,195	17,989,688	102,259,883
Accounts receivable (net)	717,537	1,005,649	1,723,186
Taxes receivable (net)	454,789	-	454,789
Internal balances	(425,022)	425,022	-
Due from other governments	2,237,364	-	2,237,364
Inventories and prepaid items	198,814	140,764	339,578
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	70,039	70,039
Investments	-	8,510,209	8,510,209
Accrued interest receivable	-	241	241
Capital assets not subject to depreciation	23,834,900	9,517,478	33,352,378
Capital assets (net of accumulated depreciation)	163,495,036	36,916,757	200,411,793
Total assets	<u>279,370,185</u>	<u>84,589,925</u>	<u>363,960,110</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pensions	<u>9,848,104</u>	<u>999,632</u>	<u>10,847,736</u>
LIABILITIES			
Accounts payable	2,990,665	704,027	3,694,692
Accrued wages payable	1,076,702	96,895	1,173,597
Accrued compensated absences	1,176,483	134,921	1,311,404
Due to other governments	1,433,785	131,605	1,565,390
Unearned revenue	-	-	-
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	303,387	303,387
Noncurrent liabilities:			
Net other postemployment benefits	6,090,850	-	6,090,850
Net pension liability	26,705,447	2,852,611	29,558,058
Accrued compensated absences	633,492	110,391	743,883
Accrued closure and post-closure care costs	-	8,733,473	8,733,473
Total liabilities	<u>40,107,424</u>	<u>13,072,308</u>	<u>53,179,732</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Investment in capital assets	187,329,936	46,434,235	233,764,171
Restricted for capital projects	39,315,294	-	39,315,294
Restricted for renewal and extension	-	8,250,450	8,250,450
Restricted for waste collections	-	13,081,261	13,081,261
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,151,844	-	2,151,844
Unrestricted	20,313,791	4,751,303	25,065,094
Total net position	<u>\$ 249,110,865</u>	<u>\$ 72,517,249</u>	<u>\$ 321,628,114</u>

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

Component Units

Development Authority	Health Department	Public Library
\$ 354,024	\$ 1,953,040	\$ 443,606
13,019,253	-	44,394
33,050	3,364,075	2,091
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	548,700
-	493,412	6,993,596
<u>13,406,327</u>	<u>5,810,527</u>	<u>8,032,387</u>
-	2,916,135	235,357
68,121	911,187	-
-	190,524	27,325
8,495	18,738	19,145
-	80,368	-
-	140,055	-
-	-	-
-	-	-
-	-	-
-	10,684,883	967,187
8,412	651,096	-
-	-	-
<u>85,028</u>	<u>12,676,851</u>	<u>1,013,657</u>
-	125,986	94,228
-	493,412	7,542,296
-	-	51,958
-	-	-
-	-	-
-	-	31,049
-	-	-
<u>13,321,299</u>	<u>(4,569,587)</u>	<u>(465,444)</u>
<u>\$ 13,321,299</u>	<u>\$ (4,076,175)</u>	<u>\$ 7,159,859</u>

**HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Program Revenues</u>		
			<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:					
Governmental activities:					
General government	\$ 10,534,984	\$ (5,233,349)	\$ 6,899,777	\$ 516,359	\$ -
Judicial	11,432,964	1,272,300	4,450,596	532,819	-
Public safety	32,261,836	2,531,941	4,542,437	449,502	-
Highways and streets	21,337,415	599,519	10,069	31,643	1,590,656
Health and welfare	583,698	168,391	67,920	-	-
Housing and development	2,108,271	112,169	302,731	91,791	-
Culture and recreation	880,980	-	-	-	-
Total governmental activities	79,140,148	(549,029)	16,273,530	1,622,114	1,590,656
Business-type activities:					
Water	6,488,756	333,703	8,152,501	-	-
Landfill	7,048,737	225,918	6,389,278	-	-
Total business-type activities	13,537,493	559,621	14,541,779	-	-
Total primary government	\$ 92,677,641	\$ 10,592	\$ 30,815,309	\$ 1,622,114	\$ 1,590,656
Component units:					
Development Authority	\$ 1,127,187	\$ -	\$ -	\$ -	\$ -
Health Department	19,217,588	-	2,509,769	16,321,367	-
Public Library	1,675,937	-	99,505	367,295	100,000
Total component units	\$ 22,020,712	\$ -	\$ 2,609,274	\$ 16,688,662	\$ 100,000
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					
Prior period adjustment					
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
\$ 2,114,501	\$	\$ 2,114,501	\$	\$	\$
(7,721,849)		(7,721,849)			
(29,801,838)		(29,801,838)			
(20,304,566)		(20,304,566)			
(684,169)		(684,169)			
(1,825,918)		(1,825,918)			
(880,980)		(880,980)			
<u>(59,104,819)</u>		<u>(59,104,819)</u>			
-	1,330,042	1,330,042			
-	<u>(885,377)</u>	<u>(885,377)</u>			
-	444,665	444,665			
<u>\$ (59,104,819)</u>	<u>\$ 444,665</u>	<u>\$ (58,660,154)</u>			
			(1,127,187)	-	-
			-	(386,452)	-
			-	-	(1,109,137)
			<u>\$ (1,127,187)</u>	<u>\$ (386,452)</u>	<u>\$ (1,109,137)</u>
\$ 36,995,293	\$ -	\$ 36,995,293	\$ -	\$ -	\$ -
21,983,062	-	21,983,062	-	-	-
598,530	-	598,530	-	-	-
258,853	-	258,853	-	-	-
2,005,632	2,158,899	4,164,531	-	-	-
-	121,891	121,891	65,455	-	-
60,591	-	60,591	84,596	-	-
-	-	-	244,007	-	781,200
-	-	-	400,000	-	38,314
27,360	-	27,360	20,153	-	7,638
211,137	114,661	325,798	1,968	5,720	867
<u>62,140,458</u>	<u>2,395,451</u>	<u>64,535,909</u>	<u>816,179</u>	<u>5,720</u>	<u>828,019</u>
28,810	(28,810)	-	-	-	-
<u>62,169,268</u>	<u>2,366,641</u>	<u>64,535,909</u>	<u>816,179</u>	<u>5,720</u>	<u>828,019</u>
3,064,449	2,811,306	5,875,755	(311,008)	(380,732)	(281,118)
260,197,642	69,705,943	329,903,585	13,632,307	(3,695,443)	7,440,977
<u>(14,151,226)</u>	<u>-</u>	<u>(14,151,226)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 249,110,865</u>	<u>\$ 72,517,249</u>	<u>\$ 321,628,114</u>	<u>\$ 13,321,299</u>	<u>\$ (4,076,175)</u>	<u>\$ 7,159,859</u>

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,566,204	\$ -	\$ 1,229,964	\$ 3,796,168
Investments	36,854,147	40,206,972	4,228,111	81,289,230
Taxes receivable (net)	454,789	-	-	454,789
Accounts receivable (net)	196,424	-	521,113	717,537
Due from other funds	272,018	-	614,931	886,949
Due from other governments	231,046	1,860,959	145,359	2,237,364
Inventories	198,814	-	-	198,814
Total assets	\$ 40,773,442	\$ 42,067,931	\$ 6,739,478	\$ 89,580,851
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts and contracts payable	\$ 570,701	\$ 1,319,046	\$ 42,678	\$ 1,932,425
Accrued wages and payroll taxes payable	980,337	-	96,365	1,076,702
Due to other funds	1,071,131	-	36,217	1,107,348
Due to other governments	194	1,433,591	-	1,433,785
Total liabilities	2,622,363	2,752,637	175,260	5,550,260
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenue	416,192	-	-	416,192
Total deferred inflows of resources	416,192	-	-	416,192
Fund balances:				
Nonspendable:				
Inventories	198,814	-	-	198,814
Restricted for:				
SPLOST Capital Projects	-	39,315,294	-	39,315,294
E 911 fund	-	-	1,011,418	1,011,418
Drug fund	-	-	157,222	157,222
Law library fund	-	-	942,719	942,719
Juvenile Court	40,485	-	-	40,485
Committed to:				
Local maintenance and improvements	767,425	-	-	767,425
Judicial	-	-	576,297	576,297
Public safety	-	-	3,876,562	3,876,562
Assigned to:				
Code red construction	283,499	-	-	283,499
Unassigned	36,444,664	-	-	36,444,664
Total fund balances	37,734,887	39,315,294	6,564,218	83,614,399
Total liabilities, deferred inflow of resources and fund balances	\$ 40,773,442	\$ 42,067,931	\$ 6,739,478	\$ 89,580,851

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, 2017

Total fund balances for governmental funds. \$ 83,614,399

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. 187,329,936

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. 416,192

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. 9,848,104

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. 2,508,506

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. (34,606,272)

Net other postemployment benefits (OPEB)	\$ 6,090,850
Pensions	26,705,447
Compensated absences	<u>1,809,975</u>
Total long-term liabilities	<u>\$ 34,606,272</u>

Total net position of governmental activities. \$ 249,110,865

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

**HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>SPLOST Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 43,283,563	\$ 21,983,062	\$ 2,005,632	\$ 67,272,257
Licenses and permits	438,571	-	-	438,571
Intergovernmental	2,454,428	483,265	606,885	3,544,578
Charges for services	5,481,844	-	2,885,292	8,367,136
Fines and forfeitures	2,641,592	-	210,386	2,851,978
Investment income	207,467	228,180	21,458	457,105
Miscellaneous	79,360	5,000	25,791	110,151
Total revenues	<u>54,586,825</u>	<u>22,699,507</u>	<u>5,755,444</u>	<u>83,041,776</u>
EXPENDITURES				
Current:				
General government	9,916,530	115,455	-	10,031,985
Judicial	9,661,834	13,189	250,598	9,925,621
Public safety	23,550,127	201,687	5,429,330	29,181,144
Highways and streets	4,927,140	2,438,282	-	7,365,422
Health and welfare	467,182	-	-	467,182
Culture and recreation	780,980	100,000	-	880,980
Housing and development	544,229	-	-	544,229
Economic development	610,411	1,133,754	-	1,744,165
Capital outlay:				
General government	-	226,803	-	226,803
Judicial	-	5,656	-	5,656
Public safety	-	8,408,318	8,947	8,417,265
Highways and streets	-	2,195,799	-	2,195,799
Intergovernmental	-	10,520,325	-	10,520,325
Total expenditures	<u>50,458,433</u>	<u>25,359,268</u>	<u>5,688,875</u>	<u>81,506,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,128,392</u>	<u>(2,659,761)</u>	<u>66,569</u>	<u>1,535,200</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	630,415	-	671,208	1,301,623
Transfers out	(409,643)	-	(863,170)	(1,272,813)
Proceeds from sale of capital assets	87,330	-	-	87,330
Total other financing sources (uses)	<u>308,102</u>	<u>-</u>	<u>(191,962)</u>	<u>116,140</u>
Net change in fund balance	4,436,494	(2,659,761)	(125,393)	1,651,340
Fund balances at beginning of year	<u>33,298,393</u>	<u>41,975,055</u>	<u>6,689,611</u>	<u>81,963,059</u>
Fund balances at end of year	<u>\$ 37,734,887</u>	<u>\$ 39,315,294</u>	<u>\$ 6,564,218</u>	<u>\$ 83,614,399</u>

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

HOUSTON COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balance - total governmental funds \$ 1,651,340

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		11,689,284
Total depreciation		(5,652,390)

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.		(33,770)
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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 @ 6/30/16	1,011,693	
Property Taxes: Deferred @ 6/30/17	<u>416,192</u>	(595,501)

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	(894,068)	
Pensions	(967,805)	
Compensated absences	<u>20,200</u>	(1,841,673)

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.		<u>(2,152,841)</u>
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Change in net position of governmental activities		<u>\$ 3,064,449</u>
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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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over
				(Under)
REVENUES				
Taxes	\$ 43,682,860	\$ 43,682,860	\$ 43,283,563	\$ (399,297)
Licenses and permits	391,250	391,250	438,571	47,321
Intergovernmental	2,026,701	2,026,701	2,454,428	427,727
Charges for services	5,324,843	5,324,843	5,481,844	157,001
Fines and forfeitures	2,554,750	2,554,750	2,641,592	86,842
Investment income	45,000	45,000	207,467	162,467
Miscellaneous	37,300	37,300	79,360	42,060
Total revenues	<u>54,062,704</u>	<u>54,062,704</u>	<u>54,586,825</u>	<u>524,121</u>
EXPENDITURES				
Current:				
General government:				
County commissioners	667,316	667,916	631,597	(36,319)
Board of elections	454,137	454,137	429,456	(24,681)
Accounting	317,751	317,751	313,283	(4,468)
Purchasing	349,612	349,612	346,431	(3,181)
Legal services	201,582	201,582	181,500	(20,082)
Management of information systems	969,461	969,461	945,141	(24,320)
Human resources	350,072	361,972	360,846	(1,126)
Tax commissioner	1,508,281	1,508,281	1,432,326	(75,955)
Tax assessor	1,727,518	1,727,518	1,669,238	(58,280)
Board of equalization	9,959	9,959	7,236	(2,723)
Public buildings	2,981,569	2,981,569	2,944,390	(37,179)
Other general government	<u>1,855,737</u>	<u>1,671,873</u>	<u>655,086</u>	<u>(1,016,787)</u>
Total general government	<u>11,392,995</u>	<u>11,221,631</u>	<u>9,916,530</u>	<u>(1,305,101)</u>
Judicial:				
Judge of superior court	1,005,218	1,054,170	1,019,621	(34,549)
Clerk of superior court	1,082,175	1,082,175	1,077,245	(4,930)
District attorney	866,107	978,537	957,408	(21,129)
Domestic violence assistance	180,684	180,684	170,674	(10,010)
Victim advocates	249,250	249,250	208,219	(41,031)
Judge of state court	529,943	529,943	525,607	(4,336)
Clerk of state court	398,498	398,498	379,447	(19,051)
Solicitor of state court	720,710	720,710	695,967	(24,743)
Magistrate court	1,083,960	1,083,960	1,073,124	(10,836)
Probate court	597,746	609,146	601,318	(7,828)
Juvenile court	892,357	892,357	794,766	(97,591)
Juvenile court enhancement	150,880	150,880	144,738	(6,142)
Public defender	<u>2,026,531</u>	<u>2,097,365</u>	<u>2,013,700</u>	<u>(83,665)</u>
Total judicial	<u>9,784,059</u>	<u>10,027,675</u>	<u>9,661,834</u>	<u>(365,841)</u>

(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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	9,661,371	9,966,022	9,732,015	(234,007)
Sheriff GOHS HEAT	195,620	208,520	207,045	(1,475)
Juvenile involvement and control	1,097,156	1,097,156	1,026,507	(70,649)
Jail	12,814,979	12,754,979	11,907,611	(847,368)
Coroner	102,735	122,735	119,821	(2,914)
Animal control	268,787	268,787	180,717	(88,070)
Emergency management agency	403,703	403,703	336,795	(66,908)
HEMA	46,200	46,200	39,616	(6,584)
Total public safety	<u>24,590,551</u>	<u>24,868,102</u>	<u>23,550,127</u>	<u>(1,317,975)</u>
Public works:				
Administration	725,220	725,220	658,784	(66,436)
Highways and streets - county	4,218,046	4,218,046	3,836,077	(381,969)
Highways and streets - state	600,000	600,000	196,407	(403,593)
Storm drainage	319,005	319,005	206,692	(112,313)
Traffic engineering	49,500	49,500	29,180	(20,320)
Total public works	<u>5,911,771</u>	<u>5,911,771</u>	<u>4,927,140</u>	<u>(984,631)</u>
Health and welfare:				
Health and vital statistics	340,175	340,975	334,513	(6,462)
Mental health	65,000	65,000	65,000	-
Mosquito control	5,000	5,000	2,869	(2,131)
Drug abuse commission	10,000	10,000	10,000	-
DFACS	50,000	50,000	50,000	-
Welfare	10,000	10,000	4,800	(5,200)
Total health and welfare	<u>480,175</u>	<u>480,975</u>	<u>467,182</u>	<u>(13,793)</u>
Culture and recreation:				
Recreation	11,750	11,750	980	(10,770)
Library	780,000	780,000	780,000	-
Total culture and recreation	<u>791,750</u>	<u>791,750</u>	<u>780,980</u>	<u>(10,770)</u>
Housing and development:				
County agent	101,866	101,866	95,851	(6,015)
Georgia forestry commission	12,155	12,155	12,155	-
Building inspection	429,656	429,656	422,693	(6,963)
Planning and zoning	11,300	14,300	13,530	(770)
Total housing and development	<u>554,977</u>	<u>557,977</u>	<u>544,229</u>	<u>(13,748)</u>
Economic development:				
Economic development	278,500	278,500	275,723	(2,777)
21st Century partnership	75,000	75,000	36,236	(38,764)
Perry-Houston County airport	544,600	544,600	298,452	(246,148)
Total economic development	<u>898,100</u>	<u>898,100</u>	<u>610,411</u>	<u>(287,689)</u>

(Continued)

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

**HOUSTON COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
EXPENDITURES (Continued):				
Current (Continued):				
Total expenditures	54,404,378	54,757,981	50,458,433	(4,299,548)
Excess (deficiency) of revenues over (under) expenditures	(341,674)	(695,277)	4,128,392	4,823,669
OTHER FINANCING SOURCES (USES):				
Transfers in	221,317	574,920	630,415	55,495
Transfers out	(409,643)	(409,643)	(409,643)	-
Proceeds from sale of capital assets	30,000	30,000	87,330	57,330
Total other financing sources (uses)	(158,326)	195,277	308,102	112,825
Net change in fund balance	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	4,436,494	<u>\$ 4,936,494</u>
Fund balance at beginning of year			33,298,393	
Fund balance at end of year			<u>\$ 37,734,887</u>	

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

**HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017**

ASSETS	Water	Landfill	Total	Governmental Activities-Internal Service Fund
Current assets:				
Cash and cash equivalents	\$ 4,075,807	\$ 5,938,271	\$ 10,014,078	\$ 790,404
Investments	-	17,989,688	17,989,688	2,980,965
Accounts receivable (net)	703,075	302,574	1,005,649	-
Due from other funds	-	499,880	499,880	-
Inventories	140,764	-	140,764	-
Total current assets	<u>4,919,646</u>	<u>24,730,413</u>	<u>29,650,059</u>	<u>3,771,369</u>
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,170	-	27,170	-
Renewal and extension account:				
Investments	8,250,209	-	8,250,209	-
Accrued interest receivable	241	-	241	-
Customer deposits:				
Cash	37,871	-	37,871	-
Investments	220,000	40,000	260,000	-
Total restricted assets	<u>8,540,489</u>	<u>40,000</u>	<u>8,580,489</u>	<u>-</u>
Capital assets not subject to depreciation	3,412,701	6,104,777	9,517,478	-
Capital assets (net of accumulated depreciation)	21,842,871	15,073,886	36,916,757	-
Total long-term assets	<u>33,796,061</u>	<u>21,218,663</u>	<u>55,014,724</u>	<u>-</u>
Total assets	<u>38,715,707</u>	<u>45,949,076</u>	<u>84,664,783</u>	<u>3,771,369</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	<u>629,325</u>	<u>370,307</u>	<u>999,632</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	209,175	494,852	704,027	1,058,240
Accrued wages and payroll taxes payable	60,985	35,910	96,895	-
Accrued compensated absences	73,801	61,120	134,921	-
Due to other funds	74,858	-	74,858	204,623
Due to other governments	-	131,605	131,605	-
Total current liabilities	<u>418,819</u>	<u>723,487</u>	<u>1,142,306</u>	<u>1,262,863</u>
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	257,387	46,000	303,387	-
Net pension liability	1,761,148	1,091,463	2,852,611	-
Accrued compensated absences	60,383	50,008	110,391	-
Accrued closure / post-closure costs	-	8,733,473	8,733,473	-
Total liabilities	<u>2,502,735</u>	<u>10,644,431</u>	<u>13,147,166</u>	<u>1,262,863</u>
NET POSITION				
Investment in capital assets	25,255,572	21,178,663	46,434,235	-
Restricted for renewal and extension	8,250,450	-	8,250,450	-
Restricted for waste collections	-	13,081,261	13,081,261	-
Unrestricted	3,336,275	1,415,028	4,751,303	2,508,506
Total net position	<u>36,842,297</u>	<u>35,674,952</u>	<u>72,517,249</u>	<u>2,508,506</u>
Total liabilities and net position	<u>\$ 39,345,032</u>	<u>\$ 46,319,383</u>	<u>\$ 85,664,415</u>	<u>\$ 3,771,369</u>

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

HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues:				
Metered sales	\$ 7,505,064	\$ -	\$ 7,505,064	\$ -
Collection and disposal fees	-	6,087,090	6,087,090	-
Service charges	519,825	302,188	822,013	-
Charges for services	<u>127,612</u>	<u>-</u>	<u>127,612</u>	<u>8,351,808</u>
Total operating revenues	<u>8,152,501</u>	<u>6,389,278</u>	<u>14,541,779</u>	<u>8,351,808</u>
Operating expenses:				
Personal services	2,524,406	1,583,840	4,108,246	-
Purchased / contracted services	1,170,757	4,390,742	5,561,499	10,525,418
Supplies	86,549	757,711	844,260	-
Materials	1,158,594	-	1,158,594	-
Heat, light and power	914,510	-	914,510	-
Depreciation	<u>967,643</u>	<u>542,362</u>	<u>1,510,005</u>	<u>-</u>
Total operating expenses	<u>6,822,459</u>	<u>7,274,655</u>	<u>14,097,114</u>	<u>10,525,418</u>
Operating income (loss)	<u>1,330,042</u>	<u>(885,377)</u>	<u>444,665</u>	<u>(2,173,610)</u>
Nonoperating revenues (expenses):				
Interest revenue	19,550	95,111	114,661	20,769
Insurance premium tax	-	2,158,899	2,158,899	-
Gain on sale of capital assets	<u>17,900</u>	<u>103,991</u>	<u>121,891</u>	<u>-</u>
Total nonoperating revenues	<u>37,450</u>	<u>2,358,001</u>	<u>2,395,451</u>	<u>20,769</u>
Income before transfers	1,367,492	1,472,624	2,840,116	(2,152,841)
Transfer Out	<u>-</u>	<u>(28,810)</u>	<u>(28,810)</u>	<u>-</u>
Changes in net position	1,367,492	1,443,814	2,811,306	(2,152,841)
Net position - beginning	<u>35,474,805</u>	<u>34,231,138</u>	<u>69,705,943</u>	<u>4,661,347</u>
Net position - ending	<u>\$ 36,842,297</u>	<u>\$ 35,674,952</u>	<u>\$ 72,517,249</u>	<u>\$ 2,508,506</u>

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, 2017**

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 8,422,193	\$ 6,562,109	\$ 14,984,302	\$ -
Cash received from other funds for services provided	8,794	(222,805)	(214,011)	8,351,808
Cash payments to suppliers for goods and services	(3,388,980)	(4,388,302)	(7,777,282)	(10,378,000)
Cash payments to other funds for services provided	74,810	(8,794)	66,016	204,623
Cash payments to employees for services	<u>(2,444,496)</u>	<u>(1,530,244)</u>	<u>(3,974,740)</u>	<u>-</u>
Net cash provided by operating activities	<u>2,672,321</u>	<u>411,964</u>	<u>3,084,285</u>	<u>(1,821,569)</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	<u>-</u>	<u>(28,810)</u>	<u>(28,810)</u>	<u>-</u>
Net Cash (required for) noncapital financing activities	<u>-</u>	<u>(28,810)</u>	<u>(28,810)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(814,053)	(824,045)	(1,638,098)	-
Increase/(decrease) in escrow deposits	(10,415)	6,000	(4,415)	-
Proceeds from sales of capital assets	17,900	103,991	121,891	-
Insurance premium tax	<u>-</u>	<u>2,158,899</u>	<u>2,158,899</u>	<u>-</u>
Net cash flows (required for) capital and related financing activities	<u>(806,568)</u>	<u>1,444,845</u>	<u>638,277</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(1,574,335)	(1,574,335)	392,917
Purchase of investments	3,354	-	3,354	-
Interest received on investments	<u>19,550</u>	<u>95,111</u>	<u>114,661</u>	<u>20,769</u>
Net cash provided by (required for) investing activities	<u>22,904</u>	<u>(1,479,224)</u>	<u>(1,456,320)</u>	<u>413,686</u>
Net increase (decrease) in cash and cash equivalents	<u>1,888,657</u>	<u>348,775</u>	<u>2,237,432</u>	<u>(1,407,883)</u>
Cash and cash equivalents at beginning of year	<u>2,257,189</u>	<u>5,589,496</u>	<u>7,846,685</u>	<u>2,198,287</u>
Cash and cash equivalents at end of year	<u>\$ 4,145,846</u>	<u>\$ 5,938,271</u>	<u>\$ 10,084,117</u>	<u>\$ 790,404</u>
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	\$ 1,330,042	\$ (885,377)	\$ 444,665	\$ (2,173,610)
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	967,643	542,362	1,510,005	-
(Increase) decrease in receivables	269,692	172,831	442,523	-
(Increase) decrease in inventories	(16,016)	-	(16,016)	-
(Increase) decrease in deferred outflows or resources	(97,766)	(57,521)	(155,287)	-
Increase (decrease) in accounts payable	(42,554)	282,602	240,048	147,418
Increase (decrease) in other liabilities	177,676	589,107	766,783	-
(Increase) decrease in due from other funds	8,794	(222,805)	(214,011)	204,623
(Increase) decrease in due to other funds	74,810	(8,794)	66,016	-
(Increase) decrease in due to other governments	<u>-</u>	<u>(441)</u>	<u>(441)</u>	<u>-</u>
Net cash provided from operating activities	<u>\$ 2,672,321</u>	<u>\$ 411,964</u>	<u>\$ 3,084,285</u>	<u>\$ (1,821,569)</u>

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, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,322,500
Total assets	<u>\$ 4,322,500</u>
 <u>LIABILITIES</u>	
Due to other taxing units	\$ 1,021,166
Due to State	1,138,357
Funds held in escrow	90,342
Other	<u>2,072,635</u>
Total liabilities	<u>\$ 4,322,500</u>

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

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 2017 was set on July 18, 2017.

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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 60). 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 date 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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, 2017, the County’s reporting entity had the following investments:

<u>Type of Investment</u> <u>Primary Government</u>	<u>Fair Value</u>	<u>Investment Maturity</u> <u>Less than 1 yr</u>	<u>Rating</u>	<u>Weighted Average</u> <u>Maturity (WAM)</u>
Certificate of Deposits	\$ 13,801,762	\$ 13,801,762		
Georgia Fund I	96,968,330	96,968,330	AAAf	42 day WAM
Total Primary Government	<u>\$ 110,770,092</u>	<u>\$ 110,770,092</u>		

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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, 2017, the Authority’s bank balance was \$401,728. As of June 30, 2017, 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, 2017 is as follows:

<u>Location</u>	<u>Cost</u>
Advanced technology park	\$ 80,212
Houston County industrial park addition	<u>12,702,330</u>
Total	<u><u>\$ 12,782,542</u></u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the carrying amount of the Health Department’s cash accounts was \$1,953,040 and the bank balances were \$2,107,008. 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 \$1,607,008 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, 2017, all deposits of the Library were fully collateralized in accordance with state statutes.

Custodial Credit Risk - Investments

As of June 30, 2017, the Library was not exposed to custodial credit risk for its investments.

Credit Risk – Investments

As of June 30, 2017, the Library’s only investments were certificates of deposit.

At June 30, 2017, the Library had the following investments:

Investment	Maturity Date	Fair Value
Certificate of deposit	February 18, 2018	\$ 8,142
Certificate of deposit	February 19, 2018	7,458
Certificate of deposit	February 18, 2018	28,794
		\$ 44,394

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

B. Interfund Receivables and Payables.

Individual fund interfund receivable and payable balances at June 30, 2017, are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 272,018	\$ 1,071,131
Water	-	74,858
Solid waste	499,880	-
Internal service	-	204,623
Non-major governmental funds	614,931	36,217
Total	<u>\$ 1,386,829</u>	<u>\$ 1,386,829</u>

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.

<u>Due From:</u>	<u>Due to:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Solid Waste</u>	
General fund	\$ -	\$ 614,931	\$ 456,200	\$ 1,071,131
Non-major gov. funds	36,217	-	-	36,217
Water fund	31,178	-	43,680	74,858
Internal service fund	204,623	-	-	204,623
	<u>\$ 272,018</u>	<u>\$ 614,931</u>	<u>\$ 499,880</u>	<u>\$ 1,386,829</u>

Interfund balances at June 30, 2017 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

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HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 630,415	\$ 409,643
Nonmajor Governmental		
E-911	671,208	-
Law Library	-	48,951
District Attorney	-	276,556
Jail Inmate	-	69,536
Drug	-	206,562
Fire	-	261,565
Solid Waste	-	28,810
	<u>\$ 1,301,623</u>	<u>\$ 1,301,623</u>

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:

<u>Transfer out:</u>	<u>Transfer in:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ 409,643	\$ 409,643
Nonmajor Governmental	601,605	261,565	863,170
Solid Waste	<u>28,810</u>	<u>-</u>	<u>28,810</u>
Total	<u>\$ 630,415</u>	<u>\$ 671,208</u>	<u>\$ 1,301,623</u>

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HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

Governmental activities	Balance		Restated		Balance		Accumulated	Book
	June 30, 2016	Restatement	June 30, 2016	Increases	Decreases	June 30, 2017	Depreciation	Value
							June 30, 2017	June 30, 2017
Nondepreciable assets:								
Land	\$ 8,360,954	\$ -	\$ 8,360,954	\$ -	\$ -	\$ 8,360,954	\$ -	\$ 8,360,954
Construction in progress	13,161,619	(6,069,137)	7,092,482	9,852,012	1,470,548	15,473,946	-	15,473,946
Total nondepreciable assets:	21,522,573	(6,069,137)	15,453,436	9,852,012	1,470,548	23,834,900	-	23,834,900
Depreciable assets:								
Buildings	73,225,791	(3,478,740)	69,747,051	1,470,548	-	71,217,599	21,344,693	49,872,906
Improvements other than buildings	868,520	(23,940)	844,580	-	-	844,580	838,308	6,272
Machinery & equipment	34,178,712	(3,846,987)	30,331,725	1,837,272	595,101	31,573,896	23,977,073	7,596,823
Infrastructure	144,184,643	(732,422)	143,452,221	-	-	143,452,221	37,433,186	106,019,035
Total depreciable assets:	252,457,666	(8,082,089)	244,375,577	3,307,820	595,101	247,088,296	83,593,260	163,495,036
Total capital assets	\$ 273,980,239	\$ (14,151,226)	\$ 259,829,013	\$ 13,159,832	\$ 2,065,649	\$ 270,923,196	\$ 83,593,260	\$ 187,329,936
Accumulated depreciation:								
Buildings	\$ 19,874,575	\$ -	\$ 19,874,575	\$ 1,470,118	\$ -	\$ 21,344,693		
Improvements	836,597	-	836,597	1,711	-	838,308		
Machinery & equipment	23,226,438	-	23,226,438	1,311,966	561,331	23,977,073		
Infrastructure	34,564,591	-	34,564,591	2,868,595	-	37,433,186		
Total accumulated depreciation:	\$ 78,502,201	\$ -	\$ 78,502,201	\$ 5,652,390	\$ 561,331	\$ 83,593,260		
Business-type activities								
	Balance		Balance	Increases	Decreases	Balance	Accumulated	Book
	June 30, 2016		June 30, 2017			June 30, 2017	Depreciation	Value
							June 30, 2017	June 30, 2017
Nondepreciable assets:								
Land	\$ 5,795,527	\$ -	\$ 5,795,527	\$ -	\$ -	\$ 5,795,527	\$ -	\$ 5,795,527
Construction in progress	4,994,156	1,037,638	3,721,951	2,309,843	3,721,951	3,721,951	-	3,721,951
Total nondepreciable assets:	10,789,683	1,037,638	9,517,478	2,309,843	3,721,951	9,517,478	-	9,517,478
Depreciable assets:								
Improvements other than buildings	66,605,433	2,309,843	68,915,276	-	-	68,915,276	33,831,215	35,084,061
Machinery & equipment	9,131,250	625,470	9,334,725	421,995	9,334,725	9,334,725	7,502,029	1,832,696
Total depreciable assets:	75,736,683	2,935,313	78,250,001	421,995	9,334,725	78,250,001	41,333,244	36,916,757
Total capital assets	\$ 86,526,366	\$ 3,972,951	\$ 87,767,479	\$ 2,731,838	\$ 87,767,479	\$ 87,767,479	\$ 41,333,244	\$ 46,434,235
Accumulated depreciation:								
Improvements other than buildings	\$ 32,591,206	\$ 1,240,009	\$ 33,831,215	\$ -	\$ -	\$ 33,831,215		
Machinery & equipment	7,629,026	269,998	7,502,029	396,995	7,502,029	7,502,029		
Total accumulated depreciation	\$ 40,220,232	\$ 1,510,007	\$ 41,333,244	\$ 396,995	\$ 7,502,029	\$ 41,333,244		

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	\$ 406,690
Judicial	609,377
Public safety	1,550,776
Public works	3,039,550
Health and welfare	40,647
Housing and development	<u>5,350</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,652,390</u></u>
Business-type activities:	
Water	\$ 967,644
Solid waste	<u>542,363</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,510,007</u></u>

Houston County Health Department Component Unit.

A summary of capital asset activity for the Houston County Health Department for the year ended June 30, 2017 is as follows:

Governmental activities	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Depreciable assets:				
Office and Medical				
Equipment	\$ 2,070,116	\$ 167,281	\$ -	\$ 2,237,397
Total capital assets	<u>2,070,116</u>	<u>167,281</u>	<u>-</u>	<u>2,237,397</u>
Accumulated depreciation:				
Office and Medical				
Equipment	1,568,497	175,488	-	1,743,985
Total accumulated depreciation	<u>1,568,497</u>	<u>175,488</u>	<u>-</u>	<u>1,743,985</u>
Capital assets, net	<u><u>\$ 501,619</u></u>	<u><u>\$ (8,207)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 493,412</u></u>

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

Governmental activities:	
Health	\$175,488

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 is as follows:

<u>Governmental activities</u>	<u>Balance June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Nondepreciable assets:				
Land	\$ 548,700	\$ -	\$ -	\$ 548,700
Construction in Progress	-	-	-	-
Total	<u>548,700</u>	<u>-</u>	<u>-</u>	<u>548,700</u>
Depreciable assets:				
Buildings and improvements	8,950,441	9,135	-	8,959,576
Equipment	26,294	6,060	-	32,354
Library collections	2,406,447	177,156	104,648	2,478,955
Total	<u>11,383,182</u>	<u>192,351</u>	<u>104,648</u>	<u>11,470,885</u>
Accumulated depreciation:				
Buildings and improvements	2,306,459	312,866	-	2,619,325
Equipment	20,985	1,179	-	22,164
Library collections	1,816,194	124,254	104,648	1,835,800
Total accumulated depreciation	<u>4,143,638</u>	<u>438,299</u>	<u>104,648</u>	<u>4,477,289</u>
Total depreciable assets, net	<u>7,239,544</u>	<u>(245,948)</u>	<u>-</u>	<u>6,993,596</u>
Capital assets, net	<u>\$ 7,788,244</u>	<u>\$ (245,948)</u>	<u>\$ -</u>	<u>\$ 7,542,296</u>

All depreciation expense was charged to the public services function during the year ended June 30, 2017.

E. Long-term Debt.

Development Authority Component Unit:

Notes Payable

As of June 30, 2017, the Authority had no outstanding notes payable.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2017, the following changes occurred in the long-term liabilities:

Governmental funds:

<u>Long-term liability</u>	<u>Restated Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 24,138,905	\$ 2,566,542	\$ -	\$ 26,705,447	\$ -
Net OPEB Obligation	5,196,782	894,068	-	6,090,850	-
Compensated absences	1,830,175	1,278,483	1,298,681	1,809,977	1,176,485
Total	<u>\$ 31,165,862</u>	<u>\$ 4,739,093</u>	<u>\$ 1,298,681</u>	<u>\$ 34,606,274</u>	<u>\$ 1,176,485</u>

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

Business-type funds:

<u>Long-term liability</u>	<u>Restated Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 2,603,319	\$ 249,292	\$ -	\$ 2,852,611	\$ -
Compensated absences	222,107	137,843	114,638	245,312	134,921
Accrued closure and post-closure care costs	8,255,483	477,990	-	8,733,473	-
Total	<u>\$ 11,080,909</u>	<u>\$ 865,125</u>	<u>\$ 114,638</u>	<u>\$ 11,831,396</u>	<u>\$ 134,921</u>

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, 2017 is as follows:

Business-type fund:

<u>Long-term liability</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Compensated absences	\$ 18,972	\$ 11,505	\$ 13,569	\$ 16,908	\$ 8,495
Total	<u>\$ 18,972</u>	<u>\$ 11,505</u>	<u>\$ 13,569</u>	<u>\$ 16,908</u>	<u>\$ 8,495</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 is as follows:

Governmental funds:

<u>Long-term liability</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Net Pension Liability	\$ 8,696,002	\$ 1,988,881	\$ -	\$ 10,684,883	\$ -
Compensated absences	602,586	508,202	440,954	669,834	18,738
Total	<u>\$ 9,298,588</u>	<u>\$ 2,497,083</u>	<u>\$ 440,954</u>	<u>\$ 11,354,717</u>	<u>\$ 18,738</u>

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, 2017 is as follows:

Governmental funds:

<u>Long-term liability</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts due within one year</u>
Net Pension Liability	\$ 737,755	\$ 229,432	\$ -	\$ 967,187	\$ -
Compensated absences	19,198	41,098	41,151	19,145	19,145
Total	<u>\$ 756,953</u>	<u>\$ 270,530</u>	<u>\$ 41,151</u>	<u>\$ 986,332</u>	<u>\$ 19,145</u>

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 \$7,167,531 as of June 30, 2017, which is based on 13.1 percent usage (filled) of the solid waste landfill. It is estimated that an additional \$58,938,819 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 \$1,565,942 as of June 30, 2017, which is based on 52.7 percent usage (filled) of the C & D landfill. It is estimated that an additional \$3,427,382 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 (\$8,733,473) 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, 2017. 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the following employees were covered by the benefit terms:

Retirees, beneficiaries and disables receiving benefits	167
Terminated plan participants entitled to but not yet receiving benefits	115
Active employees participating in the Plan	465
Total membership	747

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$5,017,195 for the year ended June 30, 2017.

Net Pension Liability:

The County's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

Actuarial assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.5%-5.5%, normalized rates, per year adjusted for age
Investment rate of return	7.25%

Mortality rates were based on the RP 2000 projected with Scale AA to 2017.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100%</u>	

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 6/30/16	\$ 101,191,891	\$ 74,449,667	\$ 26,742,224
Changes for the year:			
Service cost	2,000,606	-	2,000,606
Interest	7,435,094	-	7,435,094
Liability Experience (Gain)/Loss	663,998	-	663,998
Assumption Change	3,439,495		3,439,495
Contributions-employer	-	5,017,195	(5,017,195)
Contributions-employee	-	863,418	(863,418)
Net investment income	-	5,359,369	(5,359,369)
Benefit payments, including refunds of employee contributions	(4,114,623)	(4,114,623)	-
Administrative expense	-	(96,827)	96,827
Other changes	-	(419,797)	419,797
Net changes	9,424,570	6,608,735	2,815,835
Balances at 6/30/17	\$ 110,616,461	\$ 81,058,402	\$ 29,558,059

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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	\$ 45,092,617	\$ 29,558,059	\$ 16,716,646

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

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

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

For the year ended June 30, 2017, the County recognized pension expense of \$6,079,005. At June 30, 2017, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,149,576
Changes in assumptions	5,159,421
Net difference between projected and actual earnings on pension plan investments	3,538,740
	\$ 10,847,737

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:	
2018	\$ 2,833,087
2019	2,833,087
2020	2,833,087
2021	1,782,472
2022	566,004
	\$10,847,737

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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	207,871
Adjustment to Annual Required Contribution	(198,582)
Annual OPEB Cost (Expense)	894,068
Employer contributions for Fiscal Year 2013	-
Increase (decrease) in Net OPEB Obligation	894,068
Net OPEB Obligation at beginning of Fiscal Year	5,196,782
Net OPEB Obligation at end of Fiscal Year	\$ 6,090,850

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%

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a] / c)
7/1/2009	\$ -	\$ 7,048,734	\$ 7,048,734	0.0%	\$ 25,164,078	28.01%
7/1/2011	\$ -	\$ 7,274,471	\$ 7,274,471	0.0%	\$ 25,632,239	28.38%
7/1/2013	\$ -	\$ 9,035,221	\$ 9,035,221	0.0%	\$ 26,876,739	33.62%
7/1/2015	\$ -	\$ 8,340,841	\$ 8,340,841	0.0%	\$ 25,791,368	32.34%

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
6/30/2016	\$ 894,068	\$ -	0.00%	\$6,090,850

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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:

<u>Claims Activity</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>
Unpaid claims, beginning of fiscal year	\$ 910,821	\$ 899,231
Incurred claims	9,894,582	8,364,406
Claim payments	<u>9,747,163</u>	<u>8,352,816</u>
Unpaid claims, end of fiscal year	<u>\$ 1,058,240</u>	<u>\$ 910,821</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

F. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2017, the Health Department received \$8,503,802 (45 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, 2017.

H. Subsequent Events.

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 20, 2017, the date the financial statements were available to be issued.

I. Prior Period Adjustments and Restatements.

Governmental Activities.

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

	Governmental Activities
Beginning balances of net assets at	
June 30, 2017, as previously reported:	\$ 260,197,642
Prior period adjustment to correct capital assets	(14,151,226)
Beginning balances of net assets at	
June 30, 2017, as restated:	\$ 246,046,416

The net assets of Governmental Activities have been decreased by \$14,151,226 to adjust capital assets for the overstatement of capital assets in prior years.

J. Tax Abatements.

The Development Authority of Houston County is authorized (under statute Pursuant to O.C.G.A. 36-80-16.1(e)) to enter into property tax abatement agreements for the purpose of attracting or retaining businesses that create new jobs and new capital investment. Eligible businesses typically must create a minimum of 25 new jobs or invest at least \$20 million in new capital. Tax savings or abatements only apply toward the actual new investment, and no abatements are offered against existing investment on the tax base. Projects must be competitive in order to qualify. The Development Authority of Houston County Board determines the amount of economic assistance offered based on various minimum thresholds of full time jobs and the amount of new capital investment. Projects that create more jobs and investment qualify for a higher percentage of tax savings. The incentive guide adopted by Authority's Board is as follows:

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. OTHER INFORMATION

<u>Minimum Jobs</u>	<u>Minimum Investment</u>	<u>Tax Schedule</u>	<u>Targeted Tax Savings</u>
25	\$20 million	5 years	55%
50	\$30 million	10 years	60%
100	\$75 million	15 years	65%

Abatements are determined based on a straight line depreciation of the actual investment. For example, if the company invests \$30 million in real property and qualifies for a 10 year schedule, then 1/10th of the investment is taxed at full millage in year 1, 2/10ths in year 2 and so on.

Cost of the Abatements for fiscal year 2017. Since the projects that qualify for abatements are competitive, there is no lost tax revenue. If the economic assistance were not offered, the business would not create new jobs and investment in Houston County i.e. the project would choose to locate in another community.

For the purpose of GASB 77 reporting, the value of tax abatements on new capital investment follows:

<u>Business</u>	<u>Purpose</u>	<u>Term</u>	<u>New Tax Revenue</u>	<u>Amount Abated</u>
Frito Lay Real Property (2014)	Attract a new baked chip line and distribution facility - \$123 million new investment	15	\$ 9,788	\$ 174,657
Frito Lay Personal Property (2014)	Attract a new baked chip line and distribution facility - \$123 million new investment	10	\$ 34,256	\$ 993,438
Frito Lay Personal Property (2009)	Attract new investment and jobs; Competitive project	15	\$ 239,806	\$ 237,408
Frito Lay Personal Property (2007)	Attract new investment and jobs; Competitive project	15	\$ 334,749	\$ 241,006
Graphic Packaging Real Property (2012)	Competitive project; To retain 224 jobs; Create new jobs; Added \$35M investment	15	\$ 12,999	\$ 12,548
Graphic Packaging Personal Property (2012)	Competitive project; To retain 224 jobs; Create new jobs; Added \$15M investment	15	\$ 67,565	\$ 130,862
Guardian Centers Real Property (2013)	Attract new investment and jobs	15	\$ 12,999	\$ 12,548
Baxalta Real Property (2015)	Attract new company; Investment of \$7.7M; 80 jobs	10	\$ 4,883	\$ 19,547
Baxalta Personal Property (2015)	Attract new company, Investment of \$7.7M; 80 jobs	10	\$ 797	\$ 6,369
Sandler Nonwoven Corp. (2016)	Attract new company, Investment of \$90M; 142 jobs	15	\$ 2,290	\$ 20,617

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST RETIREMENT BENEFITS
JUNE 30, 2017

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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service cost	\$ 2,000,606	\$ 1,957,294	\$ 1,912,479
Interest	7,589,392	6,645,437	6,295,938
Changes of benefit terms	-	-	-
Differences between expected and actual experience	663,998	2,400,090	-
Changes of assumptions	3,439,495	3,469,412	-
Benefit payments, including refunds of employee contributions	<u>(4,268,921)</u>	<u>(3,772,344)</u>	<u>(3,324,505)</u>
Net change in total pension liability	9,424,570	10,699,889	4,883,912
Total pension liability-beginning	<u>101,191,891</u>	<u>90,492,002</u>	<u>85,608,090</u>
Total pension liability-ending (a)	<u>\$ 110,616,461</u>	<u>\$ 101,191,891</u>	<u>\$ 90,492,002</u>
Plan fiduciary net position			
Contributions-employer	\$ 5,017,195	\$ 4,614,522	\$ 4,467,670
Contributions-employee	870,363	854,578	752,585
Net investment income	5,359,369	590,357	4,839,939
Benefit payments, including refunds of employee contributions	(4,121,568)	(3,772,344)	(3,324,505)
Administrative expense	(96,827)	(99,515)	(87,612)
Other	<u>(419,797)</u>	<u>(374,392)</u>	<u>(356,559)</u>
Net change in plan fiduciary net position	6,608,735	1,813,206	6,291,518
Plan fiduciary net position-beginning	<u>74,449,667</u>	<u>72,636,461</u>	<u>66,344,943</u>
Plan fiduciary net position-ending (b)	<u>\$ 81,058,402</u>	<u>\$ 74,449,667</u>	<u>\$ 72,636,461</u>
County's net pension liability-ending (a) - (b)	<u>\$ 29,558,059</u>	<u>\$ 26,742,224</u>	<u>\$ 17,855,541</u>
Plan fiduciary net position as a percentage of the total pension liability	73.28%	73.57%	80.27%
Covered-employee payroll	\$ 20,705,541	\$ 20,998,445	\$ 20,537,403
County's net pension liability as a percentage of covered-employee payroll	142.75%	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, 2017

	2017	2016	2015	2014
Actuarially determined contribution	\$ 5,017,195	\$ 4,452,080	\$ 4,162,155	\$ 4,578,727
Contributions in relation to the actuarially determined contribution	<u>5,753,800</u>	<u>4,614,522</u>	<u>4,467,670</u>	<u>4,787,535</u>
Contribution deficiency (excess)	<u>\$ (736,605)</u>	<u>\$ (162,442)</u>	<u>\$ (305,515)</u>	<u>\$ (208,808)</u>
 Covered-employee payroll	 \$ 20,705,541	 \$ 20,998,445	 \$ 20,537,403	 \$ 20,429,617
 Contributions as a percentage of covered-employee payroll	 24.23%	 21.20%	 20.27%	 22.41%

Notes to Schedule:

Valuation date:	January 1, 2017
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	4.75%
Salary increases	3.5%-6.0%, normalized rates, adjusted for age
Investment rate of return	7.25%
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.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,325,358	\$ 4,040,508	\$ 4,091,477	\$ 3,956,587	\$ 2,682,193
<u>4,643,419</u>	<u>4,358,540</u>	<u>4,509,084</u>	<u>3,649,123</u>	<u>3,363,466</u>
<u>\$ (318,061)</u>	<u>\$ (318,032)</u>	<u>\$ (417,607)</u>	<u>\$ 307,464</u>	<u>\$ (681,273)</u>
\$ 20,949,625	\$ 19,783,644	\$ 19,948,266	\$ 20,216,506	\$ 18,069,615
20.65%	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, 2017**

	Special Revenue						Total Nonmajor Governmental Funds
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ 35,460	\$ 161,188	\$ 304,104	\$ 116,866	\$ 612,346	\$ 1,229,964
Investments	-	3,391,233	-	-	836,878	-	4,228,111
Accounts receivable	468,126	-	-	52,987	-	-	521,113
Due from other funds	481,699	133,232	-	-	-	-	614,931
Due from other governments	145,191	-	-	-	-	168	145,359
Total assets	<u>\$ 1,095,016</u>	<u>\$ 3,559,925</u>	<u>\$ 161,188</u>	<u>\$ 357,091</u>	<u>\$ 953,744</u>	<u>\$ 612,514</u>	<u>\$ 6,739,478</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Accounts payable	\$ 15,801	\$ 11,886	\$ 3,966	\$ -	\$ 11,025	\$ -	\$ 42,678
Accrued wages and payroll taxes payable	67,797	28,568	-	-	-	-	96,365
Due to other funds	-	-	-	-	-	36,217	36,217
Total liabilities	<u>83,598</u>	<u>40,454</u>	<u>3,966</u>	<u>-</u>	<u>11,025</u>	<u>36,217</u>	<u>175,260</u>
<u>FUND BALANCES</u>							
Restricted	1,011,418	-	157,222	-	942,719	-	2,111,359
Committed to:							
Judicial	-	-	-	-	-	576,297	576,297
Public safety	-	3,519,471	-	357,091	-	-	3,876,562
Total fund balances	<u>1,011,418</u>	<u>3,519,471</u>	<u>157,222</u>	<u>357,091</u>	<u>942,719</u>	<u>576,297</u>	<u>6,564,218</u>
Total liabilities and fund balances	<u>\$ 1,095,016</u>	<u>\$ 3,559,925</u>	<u>\$ 161,188</u>	<u>\$ 357,091</u>	<u>\$ 953,744</u>	<u>\$ 612,514</u>	<u>\$ 6,739,478</u>

HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Special Revenue</u>						Total Nonmajor Governmental Funds
	<u>E 911</u>	<u>Fire Protection</u>	<u>Drug</u>	<u>Jail Inmate</u>	<u>Law Library</u>	<u>District Attorney</u>	
<u>REVENUES</u>							
Taxes	\$ -	\$ 2,005,632	\$ -	\$ -	\$ -	\$ -	\$ 2,005,632
Intergovernmental	580,764	26,121	-	-	-	-	606,885
Charges for services	2,718,120	-	-	167,172	-	-	2,885,292
Fines and forfeitures	-	-	69,486	-	114,870	26,030	210,386
Investment income	-	17,786	332	-	3,340	-	21,458
Miscellaneous	25,791	-	-	-	-	-	25,791
Total revenues	<u>3,324,675</u>	<u>2,049,539</u>	<u>69,818</u>	<u>167,172</u>	<u>118,210</u>	<u>26,030</u>	<u>5,755,444</u>
<u>EXPENDITURES</u>							
Current:							
Judicial	-	-	-	-	84,720	165,878	250,598
Public safety	3,836,690	1,426,019	81,840	93,728	-	-	5,438,277
Total expenditures	<u>3,836,690</u>	<u>1,426,019</u>	<u>81,840</u>	<u>93,728</u>	<u>84,720</u>	<u>165,878</u>	<u>5,688,875</u>
Excess (deficiency) of revenues over (under) expenditures	(512,015)	623,520	(12,022)	73,444	33,490	(139,848)	66,569
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	671,208	-	-	-	-	-	671,208
Transfers out	-	(261,565)	(206,562)	(69,536)	(48,951)	(276,556)	(863,170)
Total other financing sources (uses)	<u>671,208</u>	<u>(261,565)</u>	<u>(206,562)</u>	<u>(69,536)</u>	<u>(48,951)</u>	<u>(276,556)</u>	<u>(191,962)</u>
Net change in fund balances	159,193	361,955	(218,584)	3,908	(15,461)	(416,404)	(125,393)
Fund balance - beginning	<u>852,225</u>	<u>3,157,516</u>	<u>375,806</u>	<u>353,183</u>	<u>958,180</u>	<u>992,701</u>	<u>6,689,611</u>
Fund balance - ending	<u>\$ 1,011,418</u>	<u>\$ 3,519,471</u>	<u>\$ 157,222</u>	<u>\$ 357,091</u>	<u>\$ 942,719</u>	<u>\$ 576,297</u>	<u>\$ 6,564,218</u>

**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, 2017**

	E 911			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Actual	(Under)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	580,760	580,760	580,764	4
Charges for services	2,640,000	2,640,000	2,718,120	78,120
Investment Income	-	-	-	-
Miscellaneous	25,800	25,800	25,791	(9)
Total revenues	3,246,560	3,246,560	3,324,675	78,115
<u>EXPENDITURES</u>				
Personal services	2,861,355	2,900,455	2,894,982	(5,473)
Purchased / contracted services	931,446	893,961	832,098	(61,863)
Supplies	120,257	118,642	109,610	(9,032)
Capital outlay	-	-	-	-
Total expenditures	3,913,058	3,913,058	3,836,690	(76,368)
Excess (deficiency) of revenues over (under) expenditures	(666,498)	(666,498)	(512,015)	154,483
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	-	671,208	671,208
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	671,208	671,208
Net change in fund balance	\$ (666,498)	\$ (666,498)	159,193	\$ 825,691
Fund balance at beginning of year			852,225	
Fund balance at end of year			\$ 1,011,418	

Fire Protection

Budgeted Amounts			Variance with Final Budget Over (Under)
Original	Final	Actual	
\$ 2,124,484	\$ 2,124,484	\$ 2,005,632	\$ (118,852)
-	-	26,121	26,121
-	-	-	-
2,500	2,500	17,786	15,286
-	-	-	-
<u>2,126,984</u>	<u>2,126,984</u>	<u>2,049,539</u>	<u>(77,445)</u>
1,114,598	1,114,598	1,021,474	(93,124)
594,481	615,481	285,687	(329,794)
156,340	126,340	109,911	(16,429)
-	9,000	8,947	(53)
<u>1,865,419</u>	<u>1,865,419</u>	<u>1,426,019</u>	<u>(439,400)</u>
<u>261,565</u>	<u>261,565</u>	<u>623,520</u>	<u>361,955</u>
-	-	-	-
<u>(261,565)</u>	<u>(261,565)</u>	<u>(261,565)</u>	<u>-</u>
<u>(261,565)</u>	<u>(261,565)</u>	<u>(261,565)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	361,955	<u>\$ 361,955</u>
		<u>3,157,516</u>	
		<u>\$ 3,519,471</u>	

**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, 2017**

	Drug Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<u>REVENUES</u>			
Charges for services	\$ -	\$ -	\$ -
Fines and forfeitures	245,000	69,486	(175,514)
Investment income	5,000	332	(4,668)
Total revenues	250,000	69,818	(180,182)
<u>EXPENDITURES</u>			
Current:			
Judicial	-	-	-
Public safety	250,000	81,840	(168,160)
Total expenditures	250,000	81,840	(168,160)
Excess (deficiency) of revenues over (under) expenditures	-	(12,022)	(12,022)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in (out)	-	(206,562)	(206,562)
Net change in fund balances	\$ -	(218,584)	\$ (218,584)
Fund balance - beginning		375,806	
Fund balance - ending		\$ 157,222	

Jail Inmate Fund

Law Library

Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
\$ 195,000	\$ 167,172	\$ (27,828)
-	-	-
5,000	-	(5,000)
<u>200,000</u>	<u>167,172</u>	<u>(32,828)</u>
-	-	-
200,000	93,728	(106,272)
<u>200,000</u>	<u>93,728</u>	<u>(106,272)</u>
-	73,444	73,444
-	(69,536)	(69,536)
<u>\$ -</u>	<u>3,908</u>	<u>\$ 3,908</u>
	<u>353,183</u>	
	<u>\$ 357,091</u>	

Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
\$ -	\$ -	\$ -
120,000	114,870	(5,130)
5,000	3,340	(1,660)
<u>125,000</u>	<u>118,210</u>	<u>(6,790)</u>
125,000	84,720	(40,280)
-	-	-
<u>125,000</u>	<u>84,720</u>	<u>(40,280)</u>
-	33,490	33,490
-	(48,951)	(48,951)
<u>\$ -</u>	<u>(15,461)</u>	<u>\$ (15,461)</u>
	<u>958,180</u>	
	<u>\$ 942,719</u>	

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, 2017

	District Attorney			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	75,000	165,878	26,030	(139,848)
Investment income	-	-	-	-
Total revenues	75,000	165,878	26,030	(139,848)
<u>EXPENDITURES</u>				
Current:				
Judicial	75,000	165,878	165,878	-
Public safety	-	-	-	-
Total expenditures	75,000	165,878	165,878	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(139,848)	(139,848)
<u>OTHER FINANCING (USES)</u>				
Transfers (out)	-	-	(276,556)	(276,556)
Net change in fund balances	\$ -	\$ -	(416,404)	\$ (416,404)
Fund balance - beginning			992,701	
Fund balance - ending			\$ 576,297	

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, 2017

	<u>Current Year</u>	<u>Cumulative Prior Years</u>	<u>Total</u>
REVENUES			
Taxes	\$ -	\$ 1,778,336	\$ 1,778,336
Intergovernmental	-	14,479	14,479
Total revenues	<u>-</u>	<u>1,792,815</u>	<u>1,792,815</u>
EXPENDITURES			
Professional	35,000	382,148	417,148
Electricity	4,290	28,135	32,425
Repairs and maintenance	326	1,082,817	1,083,143
Total expenditures	<u>39,616</u>	<u>1,493,100</u>	<u>1,532,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,616)</u>	<u>299,715</u>	<u>260,099</u>
Net change in fund balance	(39,616)	299,715	260,099
Fund balance at beginning of year	<u>299,715</u>		
Fund balance at end of year	<u>\$ 260,099</u>		

**HOUSTON COUNTY, GEORGIA
 JUVENILE COURT SUPERVISION FEES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2017**

	Actual
REVENUES	
Charges for services	\$ 15,351
Total revenues	15,351
EXPENDITURES	
Judicial	\$ 8,046
Total expenditures	8,046
Excess (deficiency) of revenues over (under) expenditures	7,305
Net change in fund balance	7,305
Fund balance at beginning of year	33,180
Fund balance at end of year	\$ 40,485

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, 2017

Sheriff	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Assets:</u>				
Cash	\$ 467,493	\$ 958,344	\$ 1,002,689	\$ 423,148
Total assets	<u>\$ 467,493</u>	<u>\$ 958,344</u>	<u>\$ 1,002,689</u>	<u>\$ 423,148</u>
<u>Liabilities:</u>				
Other	\$ 467,493	\$ 958,344	\$ 1,002,689	\$ 423,148
Total liabilities	<u>\$ 467,493</u>	<u>\$ 958,344</u>	<u>\$ 1,002,689</u>	<u>\$ 423,148</u>
<u>Jail</u>				
<u>Assets:</u>				
Cash	\$ 90,070	\$ 865,871	\$ 867,331	\$ 88,610
Total assets	<u>\$ 90,070</u>	<u>\$ 865,871</u>	<u>\$ 867,331</u>	<u>\$ 88,610</u>
<u>Liabilities:</u>				
Funds held in escrow	\$ 90,070	865,871	867,331	\$ 88,610
Total liabilities	<u>\$ 90,070</u>	<u>\$ 865,871</u>	<u>\$ 867,331</u>	<u>\$ 88,610</u>
<u>Tax Commissioner</u>				
<u>Assets:</u>				
Cash	\$ 2,435,143	\$ 119,475,827	\$ 119,391,089	\$ 2,519,881
Total assets	<u>\$ 2,435,143</u>	<u>\$ 119,475,827</u>	<u>\$ 119,391,089</u>	<u>\$ 2,519,881</u>
<u>Liabilities:</u>				
Due to other funds:				
Houston County General Fund	\$ -	\$ 44,527,298	\$ 44,527,298	\$ -
Due to Houston County Board of Education	695,147	53,801,019	53,691,790	804,376
Due to State	1,310,603	17,882,465	18,054,711	1,138,357
Due to City of Perry	40,202	514,000	514,359	39,843
Due to City of Warner Robins	157,101	1,826,148	1,827,198	156,051
Due to City of Centerville	21,101	260,728	260,933	20,896
Other	210,989	664,169	514,800	360,358
Total liabilities	<u>\$ 2,435,143</u>	<u>\$ 119,475,827</u>	<u>\$ 119,391,089</u>	<u>\$ 2,519,881</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Clerk of Superior Court</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Assets:</u>				
Cash	\$ 804,559	\$ 5,897,727	\$ 5,676,164	\$ 1,026,122
Total assets	<u>\$ 804,559</u>	<u>\$ 5,897,727</u>	<u>\$ 5,676,164</u>	<u>\$ 1,026,122</u>
<u>Liabilities:</u>				
Other	\$ 804,559	\$ 5,897,727	\$ 5,676,164	\$ 1,026,122
Total liabilities	<u>\$ 804,559</u>	<u>\$ 5,897,727</u>	<u>\$ 5,676,164</u>	<u>\$ 1,026,122</u>
<u>District Attorney</u>				
<u>Assets:</u>				
Cash	\$ 148	\$ 14,290	\$ 13,879	\$ 559
Total assets	<u>\$ 148</u>	<u>\$ 14,290</u>	<u>\$ 13,879</u>	<u>\$ 559</u>
<u>Liabilities:</u>				
Garnishments, restitution & other	\$ 148	\$ 14,290	\$ 13,879	\$ 559
Total liabilities	<u>\$ 148</u>	<u>\$ 14,290</u>	<u>\$ 13,879</u>	<u>\$ 559</u>
<u>State Court</u>				
<u>Assets:</u>				
Cash	\$ 161,532	\$ 5,513,862	\$ 5,500,016	\$ 175,378
Total assets	<u>\$ 161,532</u>	<u>\$ 5,513,862</u>	<u>\$ 5,500,016</u>	<u>\$ 175,378</u>
<u>Liabilities:</u>				
Other	\$ 161,532	\$ 5,513,862	\$ 5,500,016	\$ 175,378
Total liabilities	<u>\$ 161,532</u>	<u>\$ 5,513,862</u>	<u>\$ 5,500,016</u>	<u>\$ 175,378</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Probate Court</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<u>Assets:</u>				
Cash	\$ 149,975	\$ 815,085	\$ 881,677	\$ 83,383
Total assets	<u>\$ 149,975</u>	<u>\$ 815,085</u>	<u>\$ 881,677</u>	<u>\$ 83,383</u>
<u>Liabilities:</u>				
Funds held in escrow	\$ 7,494	\$ 22,520	\$ 28,282	\$ 1,732
Other	142,481	792,565	853,395	81,651
Total liabilities	<u>\$ 149,975</u>	<u>\$ 815,085</u>	<u>\$ 881,677</u>	<u>\$ 83,383</u>
<u>Magistrate Court</u>				
<u>Assets:</u>				
Cash	\$ 129	\$ 1,529,229	\$ 1,529,123	\$ 235
Total assets	<u>\$ 129</u>	<u>\$ 1,529,229</u>	<u>\$ 1,529,123</u>	<u>\$ 235</u>
<u>Liabilities:</u>				
Other	\$ 129	\$ 1,529,229	\$ 1,529,123	\$ 235
Total liabilities	<u>\$ 129</u>	<u>\$ 1,529,229</u>	<u>\$ 1,529,123</u>	<u>\$ 235</u>
<u>Juvenile Court</u>				
<u>Assets:</u>				
Cash	\$ 6,371	\$ 30,287	\$ 31,474	\$ 5,184
Total assets	<u>\$ 6,371</u>	<u>\$ 30,287</u>	<u>\$ 31,474</u>	<u>\$ 5,184</u>
<u>Liabilities:</u>				
Restitution payable & other	\$ 6,371	\$ 30,287	\$ 31,474	\$ 5,184
Total liabilities	<u>\$ 6,371</u>	<u>\$ 30,287</u>	<u>\$ 31,474</u>	<u>\$ 5,184</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Total - All Agency Funds</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<u>Assets:</u>				
Cash	\$ 4,115,420	\$ 135,100,522	\$ 134,893,442	\$ 4,322,500
Total assets	<u>\$ 4,115,420</u>	<u>\$ 135,100,522</u>	<u>\$ 134,893,442</u>	<u>\$ 4,322,500</u>
<u>Liabilities:</u>				
Due to other taxing units	\$ 913,551	\$ 100,929,193	\$ 100,821,578	\$ 1,021,166
Due to State	1,310,603	17,882,465	18,054,711	1,138,357
Funds held in escrow	97,564	888,391	895,613	90,342
Other	<u>1,793,702</u>	<u>15,400,473</u>	<u>15,121,540</u>	<u>2,072,635</u>
Total liabilities	<u>\$ 4,115,420</u>	<u>\$ 135,100,522</u>	<u>\$ 134,893,442</u>	<u>\$ 4,322,500</u>

SPECIAL REPORTS SECTION

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

December 20, 2017

**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, 2017, 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 20, 2017. 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*.

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 & Stycher, LLP

Macon, GA

**HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

None reported

**HOUSTON COUNTY, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

None reported

**HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2017**

Project	(a)		Expenditures				
	Previously Reported Original Estimated Cost	Original Estimated Cost	A	B	C	B + C	A + B
			Prior Years	Current Year	From Other Revenue Sources	Total Current Expenditures	Total Expenditures From SPLOST
2001 Referendum:							
Roads, Streets, and Bridges	\$ 69,285,000	\$ 55,821,250	\$ 17,832,762	\$ 365,533	\$ -	\$ 365,533	\$ 18,198,295
City of Centerville	-	-	9,341,452	202,686	-	202,686	9,544,138
City of Perry	-	1,350,000	4,497,828	-	-	-	4,497,828
City of Warner Robins	-	12,113,750	28,826,145	1,001,589	-	1,001,589	29,827,734
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
	<u>\$ 81,785,000</u>	<u>\$ 85,000,000</u>	<u>\$ 77,800,877</u>	<u>\$ 1,569,808</u>	<u>\$ -</u>	<u>\$ 1,569,808</u>	<u>\$ 79,370,685</u>
2006 Referendum:							
Roads, Streets, and Bridges	\$ 100,675,000	\$ 93,160,000	\$ 26,681,269	\$ 666,999	\$ -	\$ 666,999	\$ 27,348,268
City of Centerville	-	500,000	5,995,396	145,037	-	145,037	6,140,433
City of Perry	-	1,500,000	2,780,775	274,000	-	274,000	3,054,775
City of Warner Robins	-	5,515,000	6,151,260	325,018	-	325,018	6,476,278
Department of Transportation	-	-	27,320,616	1,637,187	-	1,637,187	28,957,803
Library Improvements	-	5,225,000	7,221,088	-	-	-	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
	<u>\$ 100,675,000</u>	<u>\$ 130,000,000</u>	<u>\$ 111,799,194</u>	<u>\$ 3,048,241</u>	<u>\$ -</u>	<u>\$ 3,048,241</u>	<u>\$ 114,847,435</u>
2012 Referendum:							
Roads, Streets, and Bridges	\$ -	\$ 25,332,000	\$ -	\$ -	\$ -	\$ -	\$ -
City of Centerville	-	-	-	26,685	-	26,685	26,685
City of Perry	-	-	-	41,200	-	41,200	41,200
City of Warner Robins	-	-	456,128	97,785	-	97,785	553,913
Department of Transportation	-	-	147,009	293,151	-	293,151	440,160
Public Safety Facilities & Equipment	-	9,000,000	523,198	130,309	-	130,309	653,507
Water & Storm Water Systems Improvement	-	6,550,000	461,122	81,827	-	81,827	542,949
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	4,520,091	1,053,324	-	1,053,324	5,573,415
Land Acquisition & Infrastructure - Improvements	-	19,000,000	17,472,470	-	-	-	17,472,470
Unincorporated County Projects							
Roads, Streets, & Bridges	-	5,300,000	1,468,500	957,003	-	957,003	2,425,503
Public Safety Facilities & Equipment	-	13,665,000	1,747,294	201,687	-	201,687	1,948,981
General Capital Obligations	-	9,482,000	3,940,901	9,271,495	-	9,271,495	13,212,396
Airport Facility Improvements	-	400,000	318,895	80,430	-	80,430	399,325
Library Improvements	-	-	60,000	100,000	-	100,000	160,000
City of Centerville	-	5,050,000	2,680,429	716,648	-	716,648	3,397,077
City of Perry	-	9,800,000	5,125,614	1,389,330	-	1,389,330	6,514,944
City of Warner Robins	-	44,421,000	23,243,689	6,300,346	-	6,300,346	29,544,035
	<u>\$ -</u>	<u>\$ 155,000,000</u>	<u>\$ 62,165,340</u>	<u>\$ 20,741,220</u>	<u>\$ -</u>	<u>\$ 20,741,220</u>	<u>\$ 82,906,560</u>
Total SPLOST referendums	<u>\$ 182,460,000</u>	<u>\$ 370,000,000</u>	<u>\$ 251,765,411</u>	<u>\$ 25,359,269</u>	<u>\$ -</u>	<u>\$ 25,359,269</u>	<u>\$ 277,124,680</u>

(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, 2017

<u>Line No.</u>		<u>O.C.G.A. Reference:</u>	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund		
2	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	<u>Southern Linc</u>		\$ 551.70
	<u>Sprint</u>		\$ 18,482.55
	<u>AT&T</u>		\$ 32,028.03
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)	\$ 18,196.52
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)	\$ 158,535.26
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)	\$ 1,961,938.70
5b	Employee benefits	46-5-134(f)(1)(C)	\$ 933,042.93
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	\$ 17,577.90
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)	\$ 33,376.81
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, 2017

Line No.		O.C.G.A. Reference:	
9c	Maintenance costs	46-5-134(f)(1)(G)	\$ 423,538.96
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)	\$ 62.22
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)	\$ 140,676.00
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, 2017

Line
 No.

O.C.G.A.
 Reference:

17 Other expenditures not included in Lines 2 through 16 above.
 Identify by object and purpose.

Utilities	\$ 55,629.99
Gasoline	\$ 2,100.30
Food	\$ 306.52
Waste Disposal	\$ 1,745.88

18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above) \$ 3,836,690.27

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 12-20-17

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K. Stalnaker Date 12/20/17

Print Name of Chief Financial Officer Sandra K. Stalnaker