

**HOUSTON COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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FINANCIAL SECTION

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

December 14, 2018

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, 2018, 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 \$5,510,361 as of June 30, 2018 and total revenues of \$20,381,918 for the year ended June 30, 2018. 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note IV to the financial statements, the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, for the year ending June 30, 2018. This standard significantly changed the accounting for the County's net OPEB liability and related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 through 11), the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (page 57), the Schedule of Changes in the County's Net Pension Liability and Related Ratios (pages 58 through 59), and the Schedule of County Contributions (pages 60 through 61) 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, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund statements and schedules, the agency funds combining statement of changes in assets and liabilities, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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, , the agency funds combining statement of changes in assets and liabilities, schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Butler, Williams & Hyche, LLP

Macon, Georgia

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Houston County's financial performance provides an overview of the County's financial activities for the fiscal year ending June 30, 2018. 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

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

information, including information about the accounting practices of the County, investments of the County, long-term debt, and the pension plan are some of the items included in the Notes.

The notes to the financial statements can be found on pages 27-56 of this report.

Financial Highlights:

HOUSTON COUNTY'S NET POSITION FISCAL YEARS 2017 AND 2018						
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Assets:						
Current assets	\$ 92,040,249	\$ 104,521,575	\$ 38,155,690	\$ 38,899,815	\$ 130,195,939	\$ 143,421,390
Capital assets	187,329,936	185,059,781	46,434,235	48,199,715	233,764,171	233,259,496
Total assets	<u>\$ 279,370,185</u>	<u>\$ 289,581,356</u>	<u>\$ 84,589,925</u>	<u>\$ 87,099,530</u>	<u>\$ 363,960,110</u>	<u>\$ 376,680,886</u>
Deferred Outflows of Resources:						
Deferred outflows on pensions	\$ 9,848,104	\$ 7,960,714	\$ 999,632	\$ 811,572	\$ 10,847,736	\$ 8,772,286
Deferred outflows on OPEB	-	272,100	-	27,112	-	299,212
Total outflows	<u>\$ 9,848,104</u>	<u>\$ 8,232,814</u>	<u>\$ 999,632</u>	<u>\$ 838,684</u>	<u>\$ 10,847,736</u>	<u>\$ 9,071,498</u>
Liabilities:						
Current liabilities	\$ 6,677,635	\$ 6,284,791	\$ 1,375,833	\$ 1,231,719	\$ 8,053,468	\$ 7,516,510
Long-term liabilities	33,429,789	30,472,816	11,696,475	12,528,998	45,126,264	43,001,814
Total liabilities	<u>\$ 40,107,424</u>	<u>\$ 36,757,607</u>	<u>\$ 13,072,308</u>	<u>\$ 13,760,717</u>	<u>\$ 53,179,732</u>	<u>\$ 50,518,324</u>
Deferred Inflows of Resources:						
Deferred inflows on pensions	\$ -	\$ 4,855,937	\$ -	\$ 483,848	\$ -	\$ 5,339,785
Deferred inflows on OPEB	-	377,223	-	37,587	-	414,810
Total deferred inflows	<u>-</u>	<u>5,233,160</u>	<u>-</u>	<u>521,435</u>	<u>-</u>	<u>5,754,595</u>
Net position:						
Investment in capital assets	\$ 187,329,936	\$ 185,059,781	\$ 46,434,235	\$ 48,199,715	\$ 233,764,171	\$ 233,259,496
Restricted	41,467,138	51,553,631	21,331,711	21,397,404	62,798,849	72,951,035
Unrestricted	20,313,791	19,209,991	4,751,303	4,058,943	25,065,094	23,268,934
Total net position	<u>\$ 249,110,865</u>	<u>\$ 255,823,403</u>	<u>\$ 72,517,249</u>	<u>\$ 73,656,062</u>	<u>\$ 321,628,114</u>	<u>\$ 329,479,465</u>

- Houston County's total assets exceeded total liabilities by \$329.5 million (net position). Total net position for governmental activities was \$255.8 million; total net position for business-type activities was \$73.7 million.
- Total net position is comprised of the following:
 1. Capital assets of \$233.3 million include property and equipment, net of accumulated depreciation related to the purchase or construction of capital assets.
 2. Net assets of \$72.9 million are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws or regulations.
 3. Unrestricted net assets of \$23.3 million represent the portion available to maintain the County's continuing obligations to citizens and creditors.
- As a whole, the County's financial position improved moderately showing a 2.4% increase. Total net position increased by \$7.8 million. Governmental activities experienced a \$6.7 million increase while business-type activities increased by \$1.1 million. Governmental net position increased 2.7% in fiscal year 2018. Net position in the business-type activities increased 1.6%.

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

**HOUSTON COUNTY'S CHANGES IN NET POSITION
FISCAL YEARS 2017 AND 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program revenues:						
Charges for services	\$ 16,273,530	\$ 16,960,111	\$ 14,541,779	\$ 14,402,487	\$ 30,815,309	\$ 31,362,598
Operating grants	1,622,114	2,537,054	-	-	1,622,114	2,537,054
Capital grants	1,590,656	1,601,922	-	-	1,590,656	1,601,922
General revenues:						
Taxes	61,841,370	66,445,114	2,158,899	1,543,444	64,000,269	67,988,558
Other	299,088	618,088	236,552	416,402	535,640	1,034,490
Total revenues	<u>\$ 81,626,758</u>	<u>\$ 88,162,289</u>	<u>\$ 16,937,230</u>	<u>\$ 16,362,333</u>	<u>\$ 98,563,988</u>	<u>\$ 104,524,622</u>
Expenses:						
General government	\$ 10,534,984	\$ 12,048,965	\$ -	\$ -	\$ 10,534,984	\$ 12,048,965
Judicial	11,432,964	11,483,329	-	-	11,432,964	11,483,329
Public safety	32,261,836	32,284,241	-	-	32,261,836	32,284,241
Highways & streets	21,337,415	19,914,593	-	-	21,337,415	19,914,593
Health & welfare	583,698	523,885	-	-	583,698	523,885
Housing & development	2,108,271	1,016,812	-	-	2,108,271	1,016,812
Culture/recreation	880,980	1,038,045	-	-	880,980	1,038,045
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	6,488,756	6,258,793	6,488,756	6,258,793
Landfill	-	-	7,048,737	7,424,469	7,048,737	7,424,469
Total expenses	<u>\$ 79,140,148</u>	<u>\$ 78,309,870</u>	<u>\$ 13,537,493</u>	<u>\$ 13,683,262</u>	<u>\$ 92,677,641</u>	<u>\$ 91,993,132</u>
Increase (decrease) in net position before transfers	\$ 2,486,610	\$ 9,852,419	\$ 3,399,737	\$ 2,679,071	\$ 5,886,347	\$ 12,531,490
Transfers	28,810	15,899	(28,810)	(15,899)	-	-
Indirect cost allocation	549,029	548,378	(559,621)	(548,378)	(10,592)	-
Increase (decrease) in net position	\$ 3,064,449	\$ 10,416,696	\$ 2,811,306	\$ 2,114,794	\$ 5,875,755	\$ 12,531,490
Net Position - beginning	\$ 260,197,642	\$ 249,110,865	\$ 69,705,943	\$ 72,517,249	\$ 329,903,585	\$ 321,628,114
Prior period adjustment	<u>\$ (14,151,226)</u>	<u>\$ (3,704,158)</u>	<u>\$ -</u>	<u>\$ (975,981)</u>	<u>\$ (14,151,226)</u>	<u>\$ (4,680,139)</u>
Net Position - ending	<u>\$ 249,110,865</u>	<u>\$ 255,823,403</u>	<u>\$ 72,517,249</u>	<u>\$ 73,656,062</u>	<u>\$ 321,628,114</u>	<u>\$ 329,479,465</u>

- For fiscal year 2018, Houston County's governmental funds reported combined fund balances totaling \$94.3 million; an increase of \$10.7 million when compared to fiscal year 2017. Of the \$94.3 million, \$51.5 million or 54.7% is restricted due to external limitations on its use. These uses include construction of SPLOST capital projects of \$49.3 million, E911 operations of \$1.2 million, confiscated drug funds for law enforcement purposes of \$127,064, law library surcharge funds for the operation of the County's public law library at \$897,606, and Juvenile Court supervision fees of \$46,060. Less than one percent of fund balance, \$224,031, is considered non-spendable because it has been used for inventory. A total of \$5.2 million or 5.6% of fund balance is committed, meaning there are limitations resulting from its intended use. Of these funds, \$826,596 is committed for local maintenance and improvements, \$3,690,246 for fire services, \$395,240 for jail inmate services, and \$322,248 is committed to judicial projects. A total of \$228,564 is assigned to the County's emergency warning system known as Code Red. The remaining \$37.1 million or 39.3% of fund balance is unassigned.

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

- Governmental activities in fiscal year 2018 experienced an increase of \$6.7 million in net position, while business-type activities increased by \$1.1 million. In total, net position increased by \$7.9 million during the year to \$329.5 million. Revenues for governmental activities increased from \$81.6 to \$88.2 million. Overall revenues in each of the General, E911 and Fire funds increased over 2017 levels; total revenues in the SPLOST fund also increased by \$1.99 million or 8.8%. Although sales tax collections for the past twelve months during FY18 have shown noticeable improvement, the current SPLOST had declined steadily over the previous 57 months since its inception in October 2012. Therefore, SPLOST collections are a collective \$20.9 million or 14.1% under projections as of June 30, 2018, 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 \$698,789 or 12.3% compared to last year's spending. General fund expenditures increased \$3.7 million or 7.3% from \$50.5 million to \$54.1 million, while SPLOST Capital Projects Fund expenditures decreased 42.1% from \$25.4 million to \$14.7 million. Revenues for business-type activities decreased 3.4% from \$16.9 million to \$16.4 million. While Water sales experienced a considerable 9.4% decrease during the year from \$8.15 million to \$7.4 million; Landfill fees increased measurably over last year's levels to \$7 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 \$610,858, combined business activities still experienced a positive overall operating income of \$170,847. Expenditures for governmental activities decreased to \$78.3 from \$79.1 million. Business-type expenses increased less than 1% from \$14.1 million to \$14.2 million.

Fund Financial Information

Major Governmental Funds

General Fund – The central operating fund for Houston County, the General Fund, is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances or other externally imposed requirements. At the end of fiscal year 2018, total assets rose from \$40.8 million to \$42.3 million; while total liabilities likewise increased from \$2.6 million to \$3.3 million.

The General Fund's unassigned fund balance at year-end increased from \$36.4 million to \$37.1 million. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 68.5% of total general fund expenditures, while total fund balance, \$38.4 million, represents 70.9% of the same amount. The General Fund reported a \$648,595 increase in fund balance.

Total revenues and other sources for fiscal year 2018 of \$58.3 million exceeded total expenditures and other uses of \$57.6 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 an increase of 4.2%; revenues from licenses and permits increased by 5.7%; intergovernmental revenues increased by 34.8%, fines and forfeitures increased by 5.8%, investment income by 144%; and miscellaneous revenues increased by 66.7%. Revenues derived from charges for services decreased by less than 1%. Overall, actual revenues increased by 5.7% in FY18 as compared to FY17.

Expenditures for most functional areas were \$362,575 less than budget due to vacancies in positions, staff turnover and savings managed by departments within their operating budgets. However, there were several areas where costs were somewhat higher than originally projected. First, in general government, the MIS budget was increased \$28,200 to cover additional personnel costs and to reflect actual costs incurred for various communications related items; the Human Resources budget was increased \$16,800 to cover an unexpected increase in the annual maintenance costs of software programs; the Public Buildings budget was increased \$99,500 to cover overages on County buildings utilities; and in Other general government actual costs incurred resulted in an \$1,800 budget increase. Second, judicial costs in the Judge of Superior Court budget were increased \$67,962 to cover the cost of the consultant's contract work on the court case management system software project; the Superior Court Clerk's budget was increased \$23,214 to cover the cost of a high-density mobile storage system; the State Court Judge's budget was increased \$128,186 to cover the costs of a new State Court software system; the Magistrate Court's

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

budget was increased \$61,180 to cover the cost of a new audio and video system in the courtroom; the Probate Department budget was increased \$9,800 to cover the initial cost of a new audio system in the courtroom; the Juvenile Court's budget was increased by \$14,200 to cover additional costs incurred for the court's multi-systemic therapy program for juvenile offenders that was reimbursed fully by additional Juvenile Justice Incentive Grant funds received through the Criminal Justice Coordinating Council (CJCC); and the District Attorney's budget was increased \$155,400 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 \$6,900 due to additional personnel costs; the Board of Commissioners and the Sheriff's Department created a new School Resource Officer (SRO) unit establishing that budget at \$322,400, which will be reimbursed 100% by the Board of Education on a quarterly basis, to provide security for various Houston County middle and high schools; and the Emergency Management budget was increased a total of \$11,600 to cover the costs of a dam break analysis required by the Environmental Protection Division (EPD) for the Houston Lake Dam and for repair costs incurred to the County's Code Red outdoor siren system. Fourth, in Public Works activities, the Highways & Streets - State budget was increased \$820,195 to reflect Georgia Department of Transportation (GDOT) resurfacing grants awarded during the year; the Storm Drainage budget was increased \$60,800 to reflect actual costs incurred on repairs to Flournoy Road; and the Traffic Engineering budget was increased \$5,000 to cover the costs incurred for guardrail repair on various roadways. Fifth, in Health and Welfare activities, the Vital Statistics budget was increased \$700 to reflect actual costs during the year. Sixth, in Culture and Recreation activities, the Recreation budget was increased \$18,300 to cover the cost of the development of the Big Indian Creek multi-use trail and also to cover repairs to the dock at the public use boat ramp. Finally, in housing and development activities, the Building Inspection budget was increased \$77,778 to cover the cost of a software upgrade to the permit and inspection processes. Most other departmental expenditures were consistent with fiscal year 2017.

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 2018, total assets increased from \$1,095,016 to \$1,253,353, while total liabilities decreased from \$83,598 to \$78,103. Restricted fund balance increased by \$163,832 during the year from \$1,011,418 to \$1,175,250. The ending fund balance represents 30.4% of the expenditures for the year.

Total E911 revenues and other sources for fiscal year 2018 of just over \$4 million exceeded total expenditures and other uses by \$163,832. Most of the revenue came from 911 fees totaling \$2.67 million. Lease payments increased from \$25,791 to \$28,046, and intergovernmental contributions increased from \$580,764 to \$662,088. 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 in FY15. 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 three years by a total of 67.8% over FY15 levels. Total E911 expenditures for fiscal year 2018 increased marginally by less than 1% from \$3.84 million to \$3.87 million, 96.1% 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 2018, total assets increased 4.8% to \$3,732,299. Total liabilities increased to \$42,053 from \$40,454. The increase in assets is primarily due to the investment of idle cash and other investments. Committed fund balance increased \$170,775 to nearly \$3.7 million. The fund balance is earmarked only for fire protection uses and currently represents 149% of the expenditures and transfers for the year.

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

At \$2.64 million, total fire revenues increased by 28.9% when compared to fiscal year 2017. The fire tax levy for 2018 remained at 1.177 mills. At \$2.47 million, expenditures increased as compared to \$1.69 million last year and represent 95.5% 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 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, 2018), have consistently fallen short of projections. Projections for this sixty-nine month period were \$147.9 million, while actual collections were \$127 million, or 14.1% short. In March of 2017, voters passed a \$145 million SPLOST for the construction of roads and related projects, an 800 MHz communication system upgrade, water and sewer improvements, recreation enhancements, vehicles and equipment purchases, facilities construction, property acquisition and municipal debt service. Sales tax collections for this 2018 SPLOST will not begin until October 1, 2018 during the 2019 fiscal year.

At the end of fiscal year 2018, total assets in the SPLOST fund were \$51.4 million, and total liabilities were \$2.1 million. The restricted fund balance increased \$10 million from \$39.3 million to \$49.3 million. The County has completed most of the projects funded by the 2001 SPLOST taxes. This year, the Carl Vinson Parkway project was completed and only one dirt road paving project, Terrell Road, remains. Approximately 80% of the 2006 SPLOST projects have been completed. The Scott Road paving project is underway with design work nearly completed. Design of the Newberry Road paving project is also nearly complete and right-of-way acquisition is underway. Major projects from the 2012 SPLOST in FY2018 included completion of road work on the Dunbar Road widening project (US41 to Houston Lake Road); the Lake Joy Road widening project (Phase 4) is fully designed with right-of-way secured ready for start of construction; and the Lake Joy Road widening project (Phase 5) is in the design and right-of-way acquisition phase. Engineering design work continues 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 Davidson Road and SR247 is nearly complete in the design phase. Other notable acquisitions from the 2012 SPLOST include construction work on a new Sheriff's Training Facility and Firing Range; camera system upgrades and a replacement dishwashing system at the Detention Center; thirteen public safety vehicles and various equipment in the Sheriff's Department; a replacement security system at the Sheriff's Juvenile Division; roof replacements on two fire stations; two trucks, four tractors, and eight mowers in the Roads Department; one truck and light renovations on the Annex building, the State Court building, the HEMA building, the Juvenile Court building and the Sheriff's Office for Public Buildings; one truck for the Tax Assessors Department; \$133,400 for books, media and equipment and \$83,054 for an HVAC replacement at the Perry branch in the library system; and computer, printer, scanner and copier purchases for various departments.

At \$23.9 million, total sales tax revenues in fiscal year 2018 increased by \$1.93 million over last year's collections of \$22 million. Overall total SPLOST revenues increased nearly \$2 million as compared to 2017 levels. Investment income increased from \$228,180 to \$580,626, and miscellaneous revenues increased from \$5,000 to \$67,000 contributing to the overall increase in total SPLOST revenue for the year. Total SPLOST expenditures for fiscal year 2018 decreased \$10.7 million from \$25.4 million to \$14.7 million. Of the \$14,694,621 expended, \$1,448,897 was allocated to highway and street projects; \$9,824,937 was expended in intergovernmental grants or allocated to the cities of Centerville, Perry and Warner Robins; \$216,454 was expended on library improvements; \$4,008 was expended for water and storm water systems improvements; and \$466,891 was expended for public safety equipment and facilities improvements. The remainder, \$2,733,434 was expended on small equipment, vehicles and capital equipment for various County departments.

HOUSTON COUNTY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2018 increased to \$39.5 million from \$38.7 million while total liabilities increased marginally to \$2.54 million from \$2.5 million. Net position increased by less than 1% to \$37.1 million. Total operating revenues decreased by 9.4% from \$8.15 million to \$7.4 million. In fiscal year 2018, water sales decreased by 9.7% as compared to the 2017 sales levels. While revenues from service charges were comparable to last year, revenue from charges for services decreased 38.3% from \$127,612 to \$78,702. Total expenditures decreased 3.1% from \$6.8 million in 2017 to \$6.6 million in 2018. Overall, net operating income decreased by 41.2% from \$1,330,042 to \$781,705.

Landfill Enterprise Fund - This fund is used to account for the sanitary landfill in compliance with state and federal requirements. Fees are established to pay the costs of current operations, capital maintenance replacement and closure/post-closure costs. Total assets were \$47.9 million and total liabilities were \$11.5 million, as compared to \$45.9 million and \$10.6 million, respectively in fiscal year 2017. Net position increased during the fiscal year from \$35.7 million to \$36.5 million. While operating revenues (disposal fees) increased by 9.8% to \$7 million as compared to last year's levels of \$6.39 million; operating expenses in fiscal year 2018 likewise increased by 4.8% from \$7.3 million to \$7.6 million. This has resulted in a decrease in the landfill's negative operating income from \$885,378 in fiscal year 2017 to \$610,858 for fiscal year 2018.

Capital Assets and Debt Administration

Capital Assets – In fiscal year 2018, investments in capital assets for both governmental and business-type activities by the County decreased slightly from \$233.8 million to \$233.3 million (net of accumulated depreciation). This amount represents a net decrease of only \$504,676 over last year. Governmental activities capital investment amounts decreased 1.2% to \$185.1 million while business-type activities capital assets increased 3.8% to \$48.2 million.

Houston County's \$233.3 million investment in capital assets includes land, buildings, machinery, equipment, vehicles, infrastructure and utility systems. Capital assets added in fiscal year 2018 to governmental activities primarily included \$3 million in road improvement projects funded under the 2001, 2006 and 2012 SPLOST programs; \$2.7 million in construction of a new fire station on the Hwy. 247 Spur and the new Sheriff's Department storage facility adjacent to the Sheriff's Department; \$340,217 in land purchases for future sites of the new Lake Joy Road and the Bonaire Fire Stations; \$6.7 million to upgrade the 800MHz E-911 system; and \$1.7 million in vehicles, machinery, and equipment. Capital assets added to the business-type activities include \$1 million in improvements (other than buildings) associated with water system including a waterline relocation on Dunbar Road, a Cal-Flo addition to the Woodard Road water treatment plant, a waterline relocation and upgrade on US41 (Osigian Drive to White Road), a water system improvement project to serve the new Publix location in Bonaire, and \$1.7 million in vehicles and equipment upgrades for both the landfill and water system.

At the end of fiscal year 2018, the depreciable capital assets for governmental activities were 34.7% depreciated, compared to 33.8% in fiscal year 2017. 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, 52.6% of the asset values were depreciated for fiscal year 2018 and as compared to 52.8% in fiscal year 2017.

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

**HOUSTON COUNTY'S CAPITAL ASSETS AT YEAR-END
FISCAL YEARS 2017 AND 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Non-depreciable assets:						
Land	\$ 8,360,954	\$ 8,701,171	\$ 5,795,527	\$ 5,795,527	\$ 14,156,481	\$ 14,496,698
Construction in progress	15,473,946	9,086,006	3,721,951	4,378,471	19,195,897	13,464,477
Total non-depreciable assets	<u>\$ 23,834,900</u>	<u>\$ 17,787,177</u>	<u>\$ 9,517,478</u>	<u>\$ 10,173,998</u>	<u>\$ 33,352,378</u>	<u>\$ 27,961,175</u>
Depreciable assets:						
Buildings	\$ 71,217,599	\$ 72,447,610	\$ -	\$ -	\$ 71,217,599	\$ 72,447,610
Improvements	844,580	844,580	68,915,276	69,932,341	69,759,856	70,776,921
Machinery and equipment	31,573,896	39,219,895	9,334,725	10,360,505	40,908,621	49,580,400
Infrastructure	143,452,221	143,452,221	-	-	143,452,221	143,452,221
Total depreciable assets	<u>\$ 247,088,296</u>	<u>\$ 255,964,306</u>	<u>\$ 78,250,001</u>	<u>\$ 80,292,846</u>	<u>\$ 325,338,297</u>	<u>\$ 336,257,152</u>
Less accumulated depreciation	\$ 83,593,260	\$ 88,691,702	\$ 41,333,244	\$ 42,267,129	\$ 124,926,504	\$ 130,958,831
Percentage depreciated	33.8%	34.7%	52.8%	52.6%	38.4%	38.9%
Book value	<u>\$ 187,329,936</u>	<u>\$ 185,059,781</u>	<u>\$ 46,434,235</u>	<u>\$ 48,199,715</u>	<u>\$ 233,764,171</u>	<u>\$ 233,259,496</u>

Additional information about capital assets is included in the Notes to the Financial Statements on pages 27 to 56 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 \$1.92 million and Other Post Employment Benefits (OPEB) of \$9.96 million. Business-type activities include \$9.3 million in closure/post-closure care of the landfill and \$233,954 in compensated absences. Additional information about long-term debt is included in the Notes to the Financial Statements on pages 27 to 56 of this report.

**HOUSTON COUNTY'S OUTSTANDING DEBT
FISCAL YEARS 2017 AND 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Net Pension Obligation	\$ 26,705,447	\$ 19,840,181	\$ 2,852,611	\$ 2,168,553	\$ 29,558,058	\$ 22,008,734
Net OPEB Obligation	6,090,850	9,960,214	-	992,443	6,090,850	\$ 10,952,657
Landfill closure and post closure care	-	-	8,733,473	9,262,723	8,733,473	\$ 9,262,723
Compensated absences	1,809,977	1,921,203	245,312	233,954	2,055,289	\$ 2,155,157
Total	<u>\$ 34,606,274</u>	<u>\$ 31,721,598</u>	<u>\$ 11,831,396</u>	<u>\$ 12,657,673</u>	<u>\$ 46,437,670</u>	<u>\$ 44,379,271</u>

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,750,245	\$ 10,838,846	\$ 15,589,091
Investments	95,052,710	18,172,403	113,225,113
Accounts receivable (net)	735,792	1,326,725	2,062,517
Taxes receivable (net)	754,886	-	754,886
Internal balances	230,255	(230,255)	-
Due from other governments	2,773,656	16,099	2,789,755
Inventories and prepaid items	224,031	141,644	365,675
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	58,210	58,210
Investments	-	8,575,919	8,575,919
Accrued interest receivable	-	224	224
Capital assets not subject to depreciation	17,787,177	10,173,998	27,961,175
Capital assets (net of accumulated depreciation)	167,272,604	38,025,717	205,298,321
Total assets	<u>289,581,356</u>	<u>87,099,530</u>	<u>376,680,886</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	7,960,714	811,572	8,772,286
Related to OPEB	272,100	27,112	299,212
	<u>8,232,814</u>	<u>838,684</u>	<u>9,071,498</u>
LIABILITIES			
Accounts payable	2,429,747	571,700	3,001,447
Accrued wages payable	1,102,202	90,930	1,193,132
Accrued compensated absences	1,248,782	128,675	1,377,457
Due to other governments	1,504,060	140,019	1,644,079
Unearned revenue	-	-	-
Liabilities payable from restricted assets:			
Accrued bond interest and call premiums	-	4,998	4,998
Customer deposits	-	295,397	295,397
Noncurrent liabilities:			
Net other postemployment benefits	9,960,214	992,443	10,952,657
Net pension liability	19,840,181	2,168,553	22,008,734
Accrued compensated absences	672,421	105,279	777,700
Accrued closure and post-closure care costs	-	9,262,723	9,262,723
Total liabilities	<u>36,757,607</u>	<u>13,760,717</u>	<u>50,518,324</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	4,855,937	483,848	5,339,785
Related to OPEB	377,223	37,587	414,810
	<u>5,233,160</u>	<u>521,435</u>	<u>5,754,595</u>
NET POSITION			
Investment in capital assets	185,059,781	48,199,715	233,259,496
Restricted for capital projects	49,307,651	-	49,307,651
Restricted for renewal and extension	-	8,316,143	8,316,143
Restricted for waste collections	-	13,081,261	13,081,261
Restricted for permanent fund	-	-	-
Restricted for other purposes	2,245,980	-	2,245,980
Unrestricted	19,209,991	4,058,943	23,268,934
Total net position	<u>\$ 255,823,403</u>	<u>\$ 73,656,062</u>	<u>\$ 329,479,465</u>

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

Component Units

Development Authority	Health Department	Public Library
\$ 400,042	\$ 2,536,900	\$ 484,190
13,020,438	-	44,755
3,289	2,508,003	6,470
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	548,700
-	465,458	6,787,913
<u>13,423,769</u>	<u>5,510,361</u>	<u>7,872,028</u>
-	4,004,085	137,132
-	-	38,193
-	<u>4,004,085</u>	<u>175,325</u>
72,667	893,169	3,644
-	207,801	27,951
8,822	14,500	18,833
-	80,368	-
-	154,459	-
-	-	-
-	-	-
-	8,651,272	-
-	9,762,150	833,923
9,421	633,002	-
-	-	1,056,416
<u>90,910</u>	<u>20,396,721</u>	<u>1,940,767</u>
-	771,995	94,221
-	-	150,283
-	<u>771,995</u>	<u>244,504</u>
-	465,458	7,336,613
-	-	83,242
-	-	-
-	-	-
-	-	31,283
-	-	-
<u>13,332,859</u>	<u>(12,119,728)</u>	<u>(1,589,056)</u>
<u>\$ 13,332,859</u>	<u>\$ (11,654,270)</u>	<u>\$ 5,862,082</u>

HOUSTON COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<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	\$ 12,048,965	\$ (5,354,256)	\$ 7,378,268	\$ 742,533	\$ -
Judicial	11,483,329	1,314,876	4,548,439	657,304	-
Public safety	32,284,241	2,597,232	4,649,776	893,039	-
Highways and streets	19,914,593	608,248	7,737	103,043	1,601,922
Health and welfare	523,885	171,323	49,544	-	-
Housing and development	1,016,812	114,199	326,347	141,135	-
Culture and recreation	1,038,045	-	-	-	-
Total governmental activities	78,309,870	(548,378)	16,960,111	2,537,054	1,601,922
Business-type activities:					
Water	6,258,793	349,179	7,389,677	-	-
Landfill	7,424,469	199,199	7,012,810	-	-
Total business-type activities	13,683,262	548,378	14,402,487	-	-
Total primary government	\$ 91,993,132	\$ -	\$ 31,362,598	\$ 2,537,054	\$ 1,601,922
Component units:					
Development Authority	\$ 383,035	\$ -	\$ -	\$ -	\$ -
Health Department	19,659,814	-	3,030,933	17,339,702	-
Public Library	1,658,466	-	100,955	403,975	174,927
Total component units	\$ 21,701,315	\$ -	\$ 3,131,888	\$ 17,743,677	\$ 174,927
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
\$ 1,426,092	\$ -	\$ 1,426,092	\$ -	\$ -	\$ -
(7,592,462)	-	(7,592,462)	-	-	-
(29,338,658)	-	(29,338,658)	-	-	-
(18,810,139)	-	(18,810,139)	-	-	-
(645,664)	-	(645,664)	-	-	-
(663,529)	-	(663,529)	-	-	-
(1,038,045)	-	(1,038,045)	-	-	-
<u>(56,662,405)</u>	<u>-</u>	<u>(56,662,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	781,705	781,705			
-	(610,858)	(610,858)			
-	170,847	170,847			
<u>\$ (56,662,405)</u>	<u>\$ 170,847</u>	<u>\$ (56,491,558)</u>			
			(383,035)	-	-
			-	710,821	-
			-	-	(978,609)
			<u>\$ (383,035)</u>	<u>\$ 710,821</u>	<u>\$ (978,609)</u>
\$ 39,059,643	\$ -	\$ 39,059,643	\$ -	\$ -	\$ -
23,913,754	-	23,913,754	-	-	-
631,460	-	631,460	-	-	-
263,129	-	263,129	-	-	-
2,577,128	1,543,444	4,120,572	-	-	-
-	52,275	52,275	-	-	-
62,647	-	62,647	80,897	-	-
-	-	-	248,800	-	792,901
-	-	-	52,850	-	38,686
41,488	-	41,488	9,983	-	5,670
<u>513,953</u>	<u>364,127</u>	<u>878,080</u>	<u>2,066</u>	<u>11,283</u>	<u>1,107</u>
67,063,202	1,959,846	69,023,048	394,596	11,283	838,364
15,899	(15,899)	-	-	-	-
<u>67,079,101</u>	<u>1,943,947</u>	<u>69,023,048</u>	<u>394,596</u>	<u>11,283</u>	<u>838,364</u>
10,416,696	2,114,794	12,531,490	11,561	722,104	(140,245)
249,110,865	72,517,249	321,628,114	13,321,298	(4,076,175)	7,159,859
<u>(3,704,158)</u>	<u>(975,981)</u>	<u>(4,680,139)</u>	<u>-</u>	<u>(8,300,199)</u>	<u>(1,157,532)</u>
<u>\$ 255,823,403</u>	<u>\$ 73,656,062</u>	<u>\$ 329,479,465</u>	<u>\$ 13,332,859</u>	<u>\$ (11,654,270)</u>	<u>\$ 5,862,082</u>

HOUSTON COUNTY, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General	SPLOST Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,471,865	\$ -	\$ 1,058,231	\$ 3,530,096
Investments	37,553,595	49,417,971	4,216,499	91,188,065
Taxes receivable (net)	754,886	-	-	754,886
Accounts receivable (net)	222,931	-	512,861	735,792
Due from other funds	232,282	-	958,330	1,190,612
Due from other governments	815,729	1,957,927	-	2,773,656
Inventories	224,031	-	-	224,031
Total assets	\$ 42,275,319	\$ 51,375,898	\$ 6,745,921	\$ 100,397,138
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts and contracts payable	\$ 730,586	\$ 564,354	\$ 34,968	\$ 1,329,908
Accrued wages and payroll taxes payable	998,903	-	103,299	1,102,202
Due to other funds	1,560,357	-	-	1,560,357
Due to other governments	167	1,503,893	-	1,504,060
Total liabilities	3,290,013	2,068,247	138,267	5,496,527
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenue	601,824	-	-	601,824
Total deferred inflows of resources	601,824	-	-	601,824
Fund balances:				
Nonspendable:				
Inventories	224,031	-	-	224,031
Restricted for:				
SPLOST Capital Projects	-	49,307,651	-	49,307,651
E 911 fund	-	-	1,175,250	1,175,250
Drug fund	-	-	127,064	127,064
Law library fund	-	-	897,606	897,606
Juvenile Court	46,060	-	-	46,060
Committed to:				
Local maintenance and improvements	826,596	-	-	826,596
Judicial	-	-	322,248	322,248
Public safety	-	-	4,085,486	4,085,486
Assigned to:				
Code red construction	228,564	-	-	228,564
Unassigned	37,058,231	-	-	37,058,231
Total fund balances	38,383,482	49,307,651	6,607,654	94,298,787
Total liabilities, deferred inflow of resources and fund balances	\$ 42,275,319	\$ 51,375,898	\$ 6,745,921	\$ 100,397,138

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, 2018

Total fund balances for governmental funds. \$ 94,298,787

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. 185,059,781

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. 601,824

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of future period; therefore, are not reported in the funds. 8,232,814

An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the risk management have been allocated to the governmental activities on the statement of net position. 4,584,955

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. (31,721,598)

Net other postemployment benefits (OPEB)	\$ 9,960,214
Pensions	19,840,181
Compensated absences	1,921,203
Total long-term liabilities	<u>\$ 31,721,598</u>

Deferred inflows of resources related to pensions and OPEBs are not reported in the Governmental Funds Balance Sheet. (5,233,160)

Total net position of governmental activities. \$ 255,823,403

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, 2018**

	<u>General</u>	<u>SPLOST Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 45,081,387	\$ 23,913,754	\$ 2,577,127	\$ 71,572,268
Licenses and permits	463,618	-	-	463,618
Intergovernmental	3,309,557	125,598	670,653	4,105,808
Charges for services	5,435,788	-	2,857,870	8,293,658
Fines and forfeitures	2,794,855	-	223,596	3,018,451
Investment income	506,816	580,626	51,132	1,138,574
Contributions and donations	-	67,000	-	67,000
Miscellaneous	132,283	-	28,046	160,329
Total revenues	<u>57,724,304</u>	<u>24,686,978</u>	<u>6,408,424</u>	<u>88,819,706</u>
EXPENDITURES				
Current:				
General government	10,177,816	240,266	-	10,418,082
Judicial	10,655,181	8,673	185,472	10,849,326
Public safety	24,365,730	213,656	5,825,218	30,404,604
Highways and streets	6,644,470	250,543	-	6,895,013
Health and welfare	459,717	-	-	459,717
Culture and recreation	821,591	216,454	-	1,038,045
Housing and development	638,125	-	-	638,125
Economic development	361,316	-	-	361,316
Capital outlay:				
General government	-	146,694	-	146,694
Judicial	-	5,931	-	5,931
Public safety	-	2,112,852	376,974	2,489,826
Highways and streets	-	1,674,615	-	1,674,615
Intergovernmental	-	9,824,937	-	9,824,937
Total expenditures	<u>54,123,946</u>	<u>14,694,621</u>	<u>6,387,664</u>	<u>75,206,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,600,358</u>	<u>9,992,357</u>	<u>20,760</u>	<u>13,613,475</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	389,320	-	671,208	1,060,528
Transfers out	(3,521,616)	-	(648,532)	(4,170,148)
Proceeds from sale of capital assets	180,533	-	-	180,533
Total other financing sources (uses)	<u>(2,951,763)</u>	<u>-</u>	<u>22,676</u>	<u>(2,929,087)</u>
Net change in fund balance	648,595	9,992,357	43,436	10,684,388
Fund balances at beginning of year	<u>37,734,887</u>	<u>39,315,294</u>	<u>6,564,218</u>	<u>83,614,399</u>
Fund balances at end of year	<u>\$ 38,383,482</u>	<u>\$ 49,307,651</u>	<u>\$ 6,607,654</u>	<u>\$ 94,298,787</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, 2018

Net change in fund balance - total governmental funds \$ 10,684,388

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		5,067,519
Total depreciation		(5,828,125)

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. (1,509,550)

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 @ 6/30/17	416,192	
Property Taxes: Deferred @ 6/30/18	601,824	185,632

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:

Total OPEB liability and changes in related deferred inflows/outflows of resources	(270,329)	
Net Pension liability and changes in related deferred inflows/outflows of resources	121,939	
Compensated absences	(111,227)	(259,617)

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. 2,076,449

Change in net position of governmental activities \$ 10,416,696

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
REVENUES				
Taxes	\$ 44,489,078	\$ 44,562,656	\$ 45,081,387	\$ 518,731
Licenses and permits	401,750	401,750	463,618	61,868
Intergovernmental	2,212,460	2,776,618	3,309,557	532,939
Charges for services	5,273,717	5,273,717	5,435,788	162,071
Fines and forfeitures	2,569,450	2,569,450	2,794,855	225,405
Investment income	140,000	140,000	506,816	366,816
Miscellaneous	37,300	37,300	132,283	94,983
Total revenues	<u>55,123,755</u>	<u>55,761,491</u>	<u>57,724,304</u>	<u>1,962,813</u>
EXPENDITURES				
Current:				
General government:				
County commissioners	690,122	675,722	658,559	(17,163)
Board of elections	429,093	345,293	333,415	(11,878)
Accounting	328,137	328,137	325,568	(2,569)
Purchasing	368,019	368,019	361,066	(6,953)
Legal services	226,222	206,222	201,135	(5,087)
Management of information systems	898,413	926,613	926,612	(1)
Human resources	375,666	392,466	385,974	(6,492)
Tax commissioner	1,583,528	1,547,528	1,536,003	(11,525)
Tax assessor	1,758,101	1,688,101	1,676,671	(11,430)
Board of equalization	9,759	9,759	7,838	(1,921)
Public buildings	3,024,933	3,124,433	3,080,908	(43,525)
Other general government	<u>704,358</u>	<u>706,158</u>	<u>684,067</u>	<u>(22,091)</u>
Total general government	<u>10,396,351</u>	<u>10,318,451</u>	<u>10,177,816</u>	<u>(140,635)</u>
Judicial:				
Judge of superior court	1,129,671	1,197,633	1,181,816	(15,817)
Clerk of superior court	1,111,515	1,134,729	1,126,095	(8,634)
District attorney	899,394	1,054,794	1,034,454	(20,340)
Domestic violence assistance	182,936	182,936	180,098	(2,838)
Victim advocates	318,481	252,844	242,617	(10,227)
Judge of state court	532,505	660,691	639,206	(21,485)
Clerk of state court	423,898	415,898	410,391	(5,507)
Solicitor of state court	770,821	770,821	764,926	(5,895)
Magistrate court	1,138,052	1,199,232	1,193,338	(5,894)
Probate court	606,507	616,307	613,110	(3,197)
Juvenile court	917,004	931,204	928,750	(2,454)
Juvenile court enhancement	152,582	152,582	152,351	(231)
Public defender	<u>2,211,021</u>	<u>2,196,021</u>	<u>2,188,029</u>	<u>(7,992)</u>
Total judicial	<u>10,394,387</u>	<u>10,765,692</u>	<u>10,655,181</u>	<u>(110,511)</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued):				
Current (Continued):				
Public safety:				
Sheriff	9,802,102	9,583,797	9,579,217	(4,580)
Sheriff GOHS HEAT	237,914	244,814	243,461	(1,353)
Sheriff school resource officers	-	322,400	322,154	(246)
Juvenile involvement and control	1,141,466	1,093,066	1,089,114	(3,952)
Jail	12,532,461	12,446,361	12,440,837	(5,524)
Coroner	115,405	115,405	111,887	(3,518)
Animal control	242,128	187,128	160,262	(26,866)
Emergency management agency	371,079	373,679	363,863	(9,816)
HEMA	46,200	55,200	54,935	(265)
Total public safety	<u>24,488,755</u>	<u>24,421,850</u>	<u>24,365,730</u>	<u>(56,120)</u>
Public works:				
Administration	677,122	677,122	671,747	(5,375)
Highways and streets - county	4,341,822	4,124,522	4,102,796	(21,726)
Highways and streets - state	600,000	1,420,195	1,420,160	(35)
Storm drainage	341,931	402,731	401,284	(1,447)
Traffic engineering	44,500	49,500	48,483	(1,017)
Total public works	<u>6,005,375</u>	<u>6,674,070</u>	<u>6,644,470</u>	<u>(29,600)</u>
Health and welfare:				
Health and vital statistics	337,675	338,375	333,827	(4,548)
Mental health	65,000	65,000	65,000	-
Mosquito control	4,000	4,000	2,890	(1,110)
Drug abuse commission	10,000	-	-	-
DFACS	50,000	50,000	50,000	-
Welfare	8,000	8,000	8,000	-
Total health and welfare	<u>474,675</u>	<u>465,375</u>	<u>459,717</u>	<u>(5,658)</u>
Culture and recreation:				
Recreation	11,750	30,050	29,891	(159)
Library	791,700	791,700	791,700	-
Total culture and recreation	<u>803,450</u>	<u>821,750</u>	<u>821,591</u>	<u>(159)</u>
Housing and development:				
County agent	103,591	103,591	96,277	(7,314)
Georgia forestry commission	12,155	12,155	12,155	-
Building inspection	441,809	519,587	518,845	(742)
Planning and zoning	13,100	13,100	10,848	(2,252)
Total housing and development	<u>570,655</u>	<u>648,433</u>	<u>638,125</u>	<u>(10,308)</u>
Economic development:				
Economic development	287,800	287,800	278,266	(9,534)
21st Century partnership	75,000	38,500	38,450	(50)
Perry-Houston County airport	44,600	44,600	44,600	-
Total economic development	<u>407,400</u>	<u>370,900</u>	<u>361,316</u>	<u>(9,584)</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
EXPENDITURES (Continued):				
Current (Continued):				
Total expenditures	53,541,048	54,486,521	54,123,946	(362,575)
Excess (deficiency) of revenues over (under) expenditures	1,582,707	1,274,970	3,600,358	2,325,388
OTHER FINANCING SOURCES (USES):				
Transfers in	212,590	381,147	389,320	8,173
Transfers out	(396,097)	(3,521,616)	(3,521,616)	-
Proceeds from sale of capital assets	30,000	30,000	180,533	150,533
Total other financing sources (uses)	(153,507)	(3,110,469)	(2,951,763)	158,706
Net change in fund balance	\$ 1,429,200	\$ (1,835,499)	648,595	\$ 2,484,094
Fund balance at beginning of year			37,734,887	
Fund balance at end of year			\$ 38,383,482	

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

**HOUSTON COUNTY, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS	Water	Landfill	Total	Governmental Activities-Internal Service Fund
Current assets:				
Cash and cash equivalents	\$ 4,524,068	\$ 6,314,778	\$ 10,838,846	\$ 1,220,149
Investments	-	18,172,403	18,172,403	3,864,645
Accounts receivable (net)	881,105	445,620	1,326,725	-
Due from other funds	12,077	-	12,077	600,000
Due from other governments	-	16,099	16,099	-
Inventories	141,644	-	141,644	-
Total current assets	5,558,894	24,948,900	30,507,794	5,684,794
Long-term assets:				
Restricted assets:				
Cash with fiscal agents	4,998	-	4,998	-
Debt service cash account	27,175	-	27,175	-
Renewal and extension account:				
Investments	8,315,919	-	8,315,919	-
Accrued interest receivable	224	-	224	-
Customer deposits:				
Cash	26,037	-	26,037	-
Investments	220,000	40,000	260,000	-
Total restricted assets	8,594,353	40,000	8,634,353	-
Capital assets not subject to depreciation	2,982,087	7,191,911	10,173,998	-
Capital assets (net of accumulated depreciation)	22,315,292	15,710,425	38,025,717	-
Total long-term assets	33,891,732	22,942,336	56,834,068	-
Total assets	39,450,626	47,891,236	87,341,862	5,684,794
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	510,762	300,810	811,572	-
Related to OPEB	17,093	10,019	27,112	-
	527,855	310,829	838,684	-
LIABILITIES				
Current liabilities:				
Accounts and contracts payable	151,664	420,036	571,700	1,099,839
Accrued wages and payroll taxes payable	55,765	35,165	90,930	-
Accrued compensated absences	69,169	59,506	128,675	-
Due to other funds	-	242,332	242,332	-
Due to other governments	-	140,019	140,019	-
Total current liabilities	276,598	897,058	1,173,656	1,099,839
Long-term liabilities:				
Payable from restricted assets:				
Accrued revenue bond interest and call premium	4,998	-	4,998	-
Customer deposits	247,897	47,500	295,397	-
Net pension liability	1,329,882	838,671	2,168,553	-
Net other postemployment benefits	625,687	366,756	992,443	-
Accrued compensated absences	56,592	48,687	105,279	-
Accrued closure / post-closure costs	-	9,262,723	9,262,723	-
Total liabilities	2,541,654	11,461,395	14,003,049	1,099,839
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	305,043	178,805	483,848	-
Related to OPEB	23,697	13,890	37,587	-
	328,740	192,695	521,435	-
NET POSITION				
Investment in capital assets	25,297,379	22,902,336	48,199,715	-
Restricted for renewal and extension	8,316,143	-	8,316,143	-
Restricted for waste collections	-	13,081,261	13,081,261	-
Unrestricted	3,494,565	564,378	4,058,943	4,584,955
Total net position	37,108,087	36,547,975	73,656,062	4,584,955
Total liabilities and net position	\$ 39,978,481	\$ 48,202,065	\$ 88,180,546	\$ 5,684,794

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, 2018

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues:				
Metered sales	\$ 6,776,398	\$ -	\$ 6,776,398	\$ -
Collection and disposal fees	-	6,520,586	6,520,586	-
Service charges	534,577	449,940	984,517	-
Intergovernmental	-	42,284	42,284	-
Charges for services	78,702	-	78,702	9,622,249
Total operating revenues	<u>7,389,677</u>	<u>7,012,810</u>	<u>14,402,487</u>	<u>9,622,249</u>
Operating expenses:				
Personal services	2,391,071	1,568,788	3,959,859	-
Purchased / contracted services	1,086,841	4,694,858	5,781,699	10,732,199
Supplies	80,561	763,523	844,084	-
Materials	1,153,174	-	1,153,174	-
Heat, light and power	888,157	-	888,157	-
Depreciation	1,008,168	596,499	1,604,667	-
Total operating expenses	<u>6,607,972</u>	<u>7,623,668</u>	<u>14,231,640</u>	<u>10,732,199</u>
Operating income (loss)	<u>781,705</u>	<u>(610,858)</u>	<u>170,847</u>	<u>(1,109,950)</u>
Nonoperating revenues (expenses):				
Interest revenue	97,419	266,708	364,127	60,880
Insurance premium tax	-	1,543,444	1,543,444	-
Gain on sale of capital assets	1,975	50,300	52,275	-
Total nonoperating revenues	<u>99,394</u>	<u>1,860,452</u>	<u>1,959,846</u>	<u>60,880</u>
Income before transfers	881,099	1,249,594	2,130,693	(1,049,070)
Transfers In	-	-	-	3,125,519
Transfers Out	-	(15,899)	(15,899)	-
Changes in net position	881,099	1,233,695	2,114,794	2,076,449
Net position - beginning	36,842,297	35,674,952	72,517,249	2,508,506
Prior period adjustment	(615,309)	(360,672)	(975,981)	-
Net position - ending	<u>\$ 37,108,087</u>	<u>\$ 36,547,975</u>	<u>\$ 73,656,062</u>	<u>\$ 4,584,955</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, 2018**

	<u>Water</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Cash received from customers	\$ 7,211,647	\$ 6,853,664	\$ 14,065,311	\$ -
Cash received from other funds for services provided	(12,077)	499,880	487,803	9,022,249
Cash payments to suppliers for goods and services	(3,267,124)	(4,995,533)	(8,262,657)	(10,690,600)
Cash payments to other funds for services provided	(74,858)	242,332	167,474	(204,623)
Cash payments to employees for services	(2,395,392)	(1,567,003)	(3,962,395)	-
Net cash provided by operating activities	<u>1,462,196</u>	<u>1,033,340</u>	<u>2,495,536</u>	<u>(1,872,974)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	-	3,125,519
Transfers to other funds	-	(15,899)	(15,899)	-
Net Cash (required for) noncapital financing activities	<u>-</u>	<u>(15,899)</u>	<u>(15,899)</u>	<u>3,125,519</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,049,975)	(2,320,171)	(3,370,146)	-
Increase/(decrease) in escrow deposits	(9,490)	1,500	(7,990)	-
Proceeds from sales of capital assets	1,975	50,300	52,275	-
Insurance premium tax	-	1,543,444	1,543,444	-
Net cash flows (required for) capital and related financing activities	<u>(1,057,490)</u>	<u>(724,927)</u>	<u>(1,782,417)</u>	<u>-</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	-	(188,715)	(188,715)	(883,680)
Purchase of investments	(65,693)	6,000	(59,693)	-
Interest received on investments	97,419	266,708	364,127	60,880
Net cash provided by (required for) investing activities	<u>31,726</u>	<u>83,993</u>	<u>115,719</u>	<u>(822,800)</u>
Net increase (decrease) in cash and cash equivalents	<u>436,432</u>	<u>376,507</u>	<u>812,939</u>	<u>429,745</u>
Cash and cash equivalents at beginning of year	<u>4,145,846</u>	<u>5,938,271</u>	<u>10,084,117</u>	<u>790,404</u>
Cash and cash equivalents at end of year	<u>\$ 4,582,278</u>	<u>\$ 6,314,778</u>	<u>\$ 10,897,056</u>	<u>\$ 1,220,149</u>
Reconciliation of operating income to net cash provided from operating activities:				
Operating income	\$ 781,705	\$ (610,858)	\$ 170,847	\$ (1,109,950)
Adjustments to reconcile operating income to net cash provided from operating activities:				
Depreciation and amortization	1,008,168	596,499	1,604,667	-
(Increase) decrease in receivables	(178,030)	(159,146)	(337,176)	-
(Increase) decrease in inventories	(880)	-	(880)	-
(Increase) decrease in deferred outflows or resources	101,470	59,478	160,948	-
Increase (decrease) in deferred inflows of resources	328,740	192,695	521,435	-
Increase (decrease) in accounts payable	(57,511)	(74,816)	(132,327)	(163,024)
Increase (decrease) in other liabilities	(434,531)	278,862	(155,669)	-
(Increase) decrease in due from other funds	(12,077)	499,880	487,803	(600,000)
(Increase) decrease in due to other funds	(74,858)	242,332	167,474	-
(Increase) decrease in due to other governments	-	8,414	8,414	-
Net cash provided from operating activities	<u>\$ 1,462,196</u>	<u>\$ 1,033,340</u>	<u>\$ 2,495,536</u>	<u>\$ (1,872,974)</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, 2018

	Agency Funds
<u>ASSETS</u>	
Cash and cash equivalents	\$ 4,145,583
Total assets	\$ 4,145,583
 <u>LIABILITIES</u>	
Due to other taxing units	\$ 984,647
Due to State	1,038,991
Funds held in escrow	91,252
Other	2,030,693
Total liabilities	\$ 4,145,583

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

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 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, 2018

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, 2018

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, 2018

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, 2018

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 2018 was set on July 30, 2018.

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, 2018

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, 2018

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, 2018, 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 62). 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, 2018

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, 2018

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 two items that qualifies for reporting in this category: deferred outflows related to pensions and deferred outflows relating to OPEB reported in the government-wide statement of net position and the proprietary funds statement of net position.

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 three items that qualify for reporting in this category. They are the deferred inflows related to pensions and the deferred inflows related to OPEB in the government wide statement of net position and the proprietary funds statement of net position and the unavailable tax revenue reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting.

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

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

B. Encumbrances.

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments.

Primary Government.

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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

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, 2018, 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, 2018, 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	\$ 13,723,837	\$ 13,723,837		
Georgia Fund I	<u>108,077,195</u>	<u>108,077,195</u>	AAAf	42 day WAM
Total Primary Government	<u>\$ 121,801,032</u>	<u>\$ 121,801,032</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.

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, 2018, 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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III. DETAILED NOTES ON ALL FUNDS

At June 30, 2018, the Authority's bank balance was \$417,624. As of June 30, 2018, 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. As of June 30, 2018, there are two remaining lots to be sold in the Advanced Technology Park.

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 previous 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 in 2016 to prepare the land it sat on for development.

The cost of investments in real estate as of June 30, 2018 is as follows:

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

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, 2018, the carrying amount of the Health Department's cash accounts was \$2,536,900 and the bank balances were \$2,845,119. 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 \$2,345,119 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, 2018, all deposits of the Library were fully collateralized in accordance with state statutes.

Custodial Credit Risk - Investments

As of June 30, 2018, the Library was not exposed to custodial credit risk for its investments.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

Credit Risk – Investments

As of June 30, 2018, the Library’s only investments were certificates of deposit.

At June 30, 2018, the Library had the following investments:

<u>Investment</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Certificate of deposit	February 19, 2019	\$ 8,209
Certificate of deposit	February 20, 2019	7,518
Certificate of deposit	February 18, 2019	<u>29,028</u>
		<u>\$ 44,755</u>

Interest Rate Risk

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

B. Interfund Receivables and Payables.

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 232,282	\$ 1,560,357
Water	12,077	-
Solid waste	-	242,332
Internal service	600,000	-
Non-major governmental funds	<u>958,330</u>	<u>-</u>
Total	<u>\$ 1,802,689</u>	<u>\$ 1,802,689</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>Internal Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	
General fund	\$ -	\$ 600,000	\$ 958,330	\$ 2,028	\$ 1,560,358
Solid waster fund	<u>232,282</u>	<u>-</u>	<u>-</u>	<u>10,049</u>	<u>242,331</u>
	<u>\$ 232,282</u>	<u>\$ 600,000</u>	<u>\$ 958,330</u>	<u>\$ 12,077</u>	<u>\$ 1,802,689</u>

Interfund balances at June 30, 2018 represent reimbursable expenses and temporary loans. The County expects to repay all interfund balances within one year.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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III. DETAILED NOTES ON ALL FUNDS

C. Transfers In and Out.

Transfers are as follows:

<u>Fund:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 389,320	\$ 3,521,616
Nonmajor Governmental		
E-911	671,208	-
Law Library	-	91,228
District Attorney	-	164,601
Jail Inmate	-	57,194
Drug	-	60,398
Fire	-	275,111
Internal Service	3,125,519	-
Solid Waste	-	15,899
	<u>\$ 4,186,047</u>	<u>\$ 4,186,047</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>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Internal Service Fund</u>	
General Fund	\$ -	\$ 396,097	\$ 3,125,519	\$ 3,521,616
Nonmajor Governmental	373,421	275,111	-	648,532
Solid Waste	15,899	-	-	15,899
Total	<u>\$ 389,320</u>	<u>\$ 671,208</u>	<u>\$ 3,125,519</u>	<u>\$ 4,186,047</u>

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HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

D. Capital activities are as follows:

	Balance			Balance			Accumulated Depreciation	Book Value
	June 30, 2017	Increases	Decreases	June 30, 2018	June 30, 2018	June 30, 2018		
Governmental activities								
Nondepreciable assets:								
Land	\$ 8,360,954	\$ 340,217	\$ -	\$ 8,701,171	\$ -	\$ 8,701,171		
Construction in progress	15,473,946	2,991,009	9,378,949	9,086,006	-	9,086,006		
Total nondepreciable assets:	<u>23,834,900</u>	<u>3,331,226</u>	<u>9,378,949</u>	<u>17,787,177</u>	<u>-</u>	<u>17,787,177</u>		
Depreciable assets:								
Buildings	71,217,599	2,700,559	1,470,548	72,447,610	22,804,754	49,642,856		
Improvements other than buildings	844,580	-	-	844,580	840,019	4,561		
Machinery & equipment	31,573,896	8,414,684	768,685	39,219,895	24,744,719	14,475,176		
Infrastructure	143,452,221	-	-	143,452,221	40,302,210	103,150,011		
Total depreciable assets:	<u>247,088,296</u>	<u>11,115,243</u>	<u>2,239,233</u>	<u>255,964,306</u>	<u>88,691,702</u>	<u>167,272,604</u>		
Total capital assets	<u>\$ 270,923,196</u>	<u>\$ 14,446,469</u>	<u>\$ 11,618,182</u>	<u>\$ 273,751,483</u>	<u>\$ 88,691,702</u>	<u>\$ 185,059,781</u>		
Accumulated depreciation:								
Buildings	\$ 21,344,693	\$ 1,518,883	\$ 58,822	\$ 22,804,754				
Improvements	838,308	1,711	-	840,019				
Machinery & equipment	23,977,073	1,438,507	670,861	24,744,719				
Infrastructure	37,433,186	2,869,024	-	40,302,210				
Total accumulated depreciation:	<u>\$ 83,593,260</u>	<u>\$ 5,828,125</u>	<u>\$ 729,683</u>	<u>\$ 88,691,702</u>				
	Balance			Balance			Accumulated Depreciation	Book Value
	June 30, 2017	Increases	Decreases	June 30, 2018	June 30, 2018	June 30, 2018		
Business-type activities								
Nondepreciable assets:								
Land	\$ 5,795,527	\$ -	\$ -	\$ 5,795,527	\$ -	\$ 5,795,527		
Construction in progress	3,721,951	1,673,923	1,017,403	4,378,471	-	4,378,471		
Total nondepreciable assets:	<u>9,517,478</u>	<u>1,673,923</u>	<u>1,017,403</u>	<u>10,173,998</u>	<u>-</u>	<u>10,173,998</u>		
Depreciable assets:								
Improvements other than buildings	68,915,276	1,017,065	-	69,932,341	35,095,360	34,836,981		
Machinery & equipment	9,334,725	1,696,563	670,783	10,360,505	7,171,769	3,188,736		
Total depreciable assets:	<u>78,250,001</u>	<u>2,713,628</u>	<u>670,783</u>	<u>80,292,846</u>	<u>42,267,129</u>	<u>38,025,717</u>		
Total capital assets	<u>\$ 87,767,479</u>	<u>\$ 4,387,551</u>	<u>\$ 1,688,186</u>	<u>\$ 90,466,844</u>	<u>\$ 42,267,129</u>	<u>\$ 48,199,715</u>		
Accumulated depreciation:								
Improvements other than buildings	\$ 33,831,215	\$ 1,264,145	\$ -	\$ 35,095,360				
Machinery & equipment	7,502,029	340,523	670,783	7,171,769				
Total accumulated depreciation	<u>\$ 41,333,244</u>	<u>\$ 1,604,668</u>	<u>\$ 670,783</u>	<u>\$ 42,267,129</u>				

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

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

Governmental Activities:	
General Government	\$ 428,664
Judicial	615,598
Public safety	1,586,476
Public works	3,105,932
Health and welfare	27,282
Housing and development	<u>64,173</u>
Total depreciation expense - governmental activities	<u><u>\$ 5,828,125</u></u>
Business-type activities:	
Water	\$ 1,008,169
Solid waste	<u>596,498</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,604,667</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, 2018 is as follows:

Governmental activities	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Depreciable assets:				
Office and Medical				
Equipment	\$ 2,237,397	\$ 136,037	\$ -	\$ 2,373,434
Total capital assets	<u>2,237,397</u>	<u>136,037</u>	<u>-</u>	<u>2,373,434</u>
Accumulated depreciation:				
Office and Medical				
Equipment	<u>1,743,985</u>	<u>163,991</u>	<u>-</u>	<u>1,907,976</u>
Total accumulated depreciation	<u>1,743,985</u>	<u>163,991</u>	<u>-</u>	<u>1,907,976</u>
Capital assets, net	<u><u>\$ 493,412</u></u>	<u><u>\$ (27,954)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 465,458</u></u>

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

Governmental activities:	
Health	\$163,991

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 is as follows:

<u>Governmental activities</u>	<u>Balance June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</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	8,959,576	83,054	-	9,042,630
Equipment	32,354	-	14,500	17,854
Library collections	<u>2,478,955</u>	<u>162,181</u>	<u>54,167</u>	<u>2,586,969</u>
Total	<u>11,470,885</u>	<u>245,235</u>	<u>68,667</u>	<u>11,647,453</u>
Accumulated depreciation:				
Buildings and improvements	2,619,325	321,172	-	2,940,497
Equipment	22,164	2,391	14,500	10,055
Library collections	<u>1,835,800</u>	<u>127,355</u>	<u>54,167</u>	<u>1,908,988</u>
Total accumulated depreciation	<u>4,477,289</u>	<u>450,918</u>	<u>68,667</u>	<u>4,859,540</u>
Total depreciable assets, net	<u>6,993,596</u>	<u>(205,683)</u>	<u>-</u>	<u>6,787,913</u>
Capital assets, net	<u>\$ 7,542,296</u>	<u>\$ (205,683)</u>	<u>\$ -</u>	<u>\$ 7,336,613</u>

All depreciation expense was charged to the public services function during the year ended June 30, 2018.

E. Long-term Debt.

Development Authority Component Unit:

Notes Payable

As of June 30, 2018, the Authority had no outstanding notes payable.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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III. DETAILED NOTES ON ALL FUNDS

F. Changes in Long-term Debt.

During the year ended June 30, 2018, the following changes occurred in the long-term liabilities:

Governmental funds:

<u>Long-term liability</u>	<u>Balance June 30, 2017</u>	<u>Prior Period Adjustment</u>	<u>Restated Balance 06/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 26,705,447	\$ -	\$ 26,705,447	\$ -	\$ 6,865,266	\$ 19,840,181	\$ -
Net OPEB Obligation	6,090,850	3,704,158	9,795,008	542,429	377,223	9,960,214	-
Compensated absences	1,809,977	-	1,809,977	1,336,116	1,224,890	1,921,203	1,248,782
Total	<u>\$ 34,606,274</u>	<u>\$ 3,704,158</u>	<u>\$ 38,310,432</u>	<u>\$ 1,878,545</u>	<u>\$ 8,467,379</u>	<u>\$ 31,721,598</u>	<u>\$ 1,248,782</u>

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

<u>Long-term liability</u>	<u>Balance June 30, 2017</u>	<u>Prior Period Adjustment</u>	<u>Restated Balance 06/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts due within one year</u>
Net Pension Obligation	\$ 2,852,611	\$ -	\$ 2,852,611	\$ -	\$ 684,058	\$ 2,168,553	\$ -
Net OPEB Obligation	-	975,981	975,981	54,049	37,587	992,443	-
Compensated absences	245,312	-	245,312	121,912	133,270	233,954	128,675
Accrued closure and post-closure care costs	8,733,473	-	8,733,473	529,250	-	9,262,723	-
Total	<u>\$ 11,831,396</u>	<u>\$ 975,981</u>	<u>\$ 12,807,377</u>	<u>\$ 705,211</u>	<u>\$ 854,915</u>	<u>\$ 12,657,673</u>	<u>\$ 128,675</u>

Business-type funds:

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, 2018 is as follows:

Business-type fund:

<u>Long-term Obligation</u>	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2018</u>	<u>Amounts Due within One Year</u>
Compensated absences	\$ 16,908	\$ 13,373	\$ 12,038	\$ 18,243	\$ 8,822
Totals	<u>\$ 16,908</u>	<u>\$ 13,373</u>	<u>\$ 12,038</u>	<u>\$ 18,243</u>	<u>\$ 8,822</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018 is as follows:

Governmental Funds:				Balance	Amounts
<u>Long-term liability</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>due within</u>
	<u>June 30, 2017</u>			<u>June 30, 2018</u>	<u>one year</u>
Net Pension Liability	\$ 10,684,883	\$ -	\$ 922,733	\$ 9,762,150	\$ -
Net OPEB Liability	9,421,762	-	770,490	8,651,272	-
Compensated absences	669,834	510,230	532,562	647,502	14,500
Total	<u>\$ 20,776,479</u>	<u>\$ 510,230</u>	<u>\$ 2,225,785</u>	<u>\$ 19,060,924</u>	<u>\$ 14,500</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, 2018 is as follows:

Governmental Funds:				Balance	Amounts
<u>Long-term liability</u>	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>due within</u>
	<u>June 30, 2017</u>			<u>June 30, 2018</u>	<u>one year</u>
Governmental Activities:					
Net Pension Liability	\$ 967,187	\$ -	\$ 133,264	\$ 833,923	\$ -
Other Post-Employment Benefits	-	1,196,738	140,322	1,056,416	-
Compensated absences	19,145	41,845	42,157	18,833	18,833
Total	<u>\$ 986,332</u>	<u>\$ 1,238,583</u>	<u>\$ 315,743</u>	<u>\$ 1,909,172</u>	<u>\$ 18,833</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 \$7,429,968 as of June 30, 2018, which is based on 13.4 percent usage (filled) of the solid waste landfill. It is estimated that an additional \$59,866,297 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 (2228). The estimated liability for C & D landfill closure and post-closure care costs has a balance of \$1,832,755 as of June 30, 2018, which is based on 54.8 percent usage (filled) of the C & D landfill. It is estimated that an additional \$3,160,569 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 (2031).

The estimated combined total current cost of the landfill closure and post-closure care (\$9,262,723) 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, 2018. 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, 2018

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, 2018, the following employees were covered by the benefit terms:

Retirees, beneficiaries and disables receiving benefits	181
Terminated plan participants entitled to but not yet receiving benefits	121
Active employees participating in the Plan	<u>454</u>
Total membership	<u><u>756</u></u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$5,264,988 for the year ended June 30, 2018.

Net Pension Liability:

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	4.5%-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, 2018

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 6/30/17	\$ 110,616,461	\$ 81,058,402	\$ 29,558,059
Changes for the year:			
Service cost	2,063,245	-	2,063,245
Interest	7,856,576	-	7,856,576
Liability Experience (Gain)/Loss	668,042	-	668,042
Assumption Change	257,955		257,955
Contributions-employer	-	5,264,988	(5,264,988)
Contributions-employee	-	865,394	(865,394)
Net investment income	-	12,842,617	(12,842,617)
Benefit payments, including refunds of employee contributions	(4,499,776)	(4,499,776)	-
Administrative expense	-	(91,682)	91,682
Other changes	-	(486,174)	486,174
Net changes	6,346,042	13,895,367	(7,549,325)
Balances at 6/30/18	\$ 116,962,503	\$ 94,953,769	\$ 22,008,734

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	\$ 38,143,782	\$ 22,008,734	\$ 8,655,053

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, 2018

IV. OTHER INFORMATION

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

For the year ended June 30, 2018, the County recognized pension expense of \$5,264,988. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,391,401	\$ (5,339,786)
Changes in assumptions	2,181,659	-
Net difference between projected and actual earnings on pension plan investments	4,199,226	-
	<u>\$ 8,772,286</u>	<u>\$ (5,339,786)</u>

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:	
2019	\$ 1,666,504
2020	1,666,504
2021	615,891
2022	(600,580)
2023	84,181
	<u>\$ 3,432,500</u>

Other Plans:

In addition to the retirement plan above, various County employees are covered under the following plans: Employees' Retirement System (ERS), Georgia Firefighters' Pension Fund, Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Judges of the Probate Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

B. Other Post-Employment Benefits

Postemployment Benefits Other Than Pensions (OPEB):

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan and additions to or deductions from the County's OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the County OPEB Plan. For this purpose, the County recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-bearing investment contract that have a maturity at the time of purchase of one year or less, which are reported at cost.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

IV. OTHER INFORMATION

Plan Description:

The County's OPEB Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan does not issue separate financial statements. The 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 \$320 per month for PPO health, \$280 per month for POS Health and \$20 per month for dental for retiree-only coverage and \$390 per month for PPO health, \$380 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, 2017. The post-retirement plan does not issue stand-alone financial reports.

Employees Covered by Benefit Terms:

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	28
Inactive Members Entitled to but not yet Receiving benefits	0
Active Employees	<u>642</u>
Total	<u>670</u>

Total OPEB Liability:

The County's total OPEB liability of \$10,952,657 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

IV. OTHER INFORMATION

Actuarial Assumptions:

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-6.00%
Municipal bond index rate	
Prior measurement date	3.01%
Measurement date	3.56%
Health care cost trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Mortality rates	RP-2000 Combined Mortality Scale project with Scale AA to 2017

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2017 valuation were based on the pension valuation prepared by GEBCorp as of 1/1/2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Discount Rate:

Since the County funds this OPEB Plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.56%, based on The Bond Buyer obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in Total OPEB Liability (TOL):

Total OPEB Liability as of June 30, 2017	\$ 10,770,989
<i>Changes for the year:</i>	
Service Cost at the end of the year	738,687
Interest on TOL and Cash Flows	313,229
Change in benefit terms	-
Difference between expected and actual experience	350,447
Changes of assumptions	(485,839)
Benefit payments	(734,856)
<i>Net Changes</i>	<u>181,668</u>
Total OPEB Liability as of June 30, 2018	<u>\$ 10,952,657</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

IV. OTHER INFORMATION

Sensitivity of the Total OPEB Liability to changes in the discount rate:

The following present the TOL of the County, as well as what the County's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.56) or 1-percentage point higher (4.56) than the current discount rate:

	1% Decrease (-2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 11,850,677	\$ 10,952,657	\$ 10,121,296

Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the County as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 9,816,878	\$ 10,952,657	\$ 12,278,857

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2018 the County recognized OPEB expense of \$1,032,122. At June 30, 2018 the County reported deferred outflows of resources and deferred inflows of resource related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 299,212	\$ -
Changes of assumptions	-	(414,810)
	\$ 299,212	\$ (414,810)

The above amounts reported as deferred outflows of resource and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (19,794)
2019	(19,794)
2020	(19,794)
2021	(19,794)
2022	(19,794)
Thereafter	(16,628)
Total	\$ (115,598)

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018</u>	<u>Year Ended June 30, 2017</u>
Unpaid claims, beginning of fiscal year	\$ 1,058,240	\$ 910,821
Incurred claims	9,564,720	9,894,582
Claim payments	<u>9,523,121</u>	<u>9,747,163</u>
Unpaid claims, end of fiscal year	<u>\$ 1,099,839</u>	<u>\$ 1,058,240</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

IV. OTHER INFORMATION

F. Economic Dependency - Health Department Component Unit.

The Health Department is economically dependent on the state of Georgia. During fiscal year 2018, the Health Department received \$10,641,664 (52 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 \$572,700,000 of revenue bonds for local businesses through June 30, 2018.

H. Subsequent Events.

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through December 14, 2018, the date the financial statements were available to be issued.

I. Prior Period Adjustments and Restatements.

The net position of the governmental activities, business-type activities, Water Fund, and Solid Waste Fund were restated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions" during fiscal year 2018. GASB 75 requires governments providing defined postemployment benefit plans to recognize their long-term obligation for OPEB benefits as a liability.

The effect of these restatements to beginning net position is as follows:

	Governmental Activities	Business-Type Activities
Beginning net position, July 1, 2017, as previously reported	\$ 249,110,865	\$ 72,517,249
Change in accounting principle due to GASB 75	<u>(3,704,158)</u>	<u>(975,981)</u>
Beginning net position, July 1, 2017, restated	<u>\$ 245,406,707</u>	<u>\$ 71,541,268</u>
	Water Fund	Solid Waste Fund
Beginning net position, July 1, 2017, as previously reported	\$ 36,842,297	\$ 35,674,952
Change in accounting principle due to GASB 75	<u>(615,309)</u>	<u>(360,672)</u>
Beginning net position, July 1, 2017, restated	<u>\$ 36,226,988</u>	<u>\$ 35,314,280</u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

IV. OTHER INFORMATION

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:

<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 2018. 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.

HOUSTON COUNTY, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

IV. OTHER INFORMATION

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	\$ 26,093	\$ 312,787
Frito Lay Personal Property (2014)	Attract a new baked chip line and distribution facility - \$123 million new investment	10	\$ 98,833	\$ 319,801
Frito Lay Personal Property (2009)	Attract new investment and jobs; Competitive project	15	\$ 246,275	\$ 185,817
Frito Lay Personal Property (2007)	Attract new investment of \$230,000 and Addl. jobs; Competitive project	15	\$ 338,790	\$ 195,514
Graphic Packaging Real Property (2012)	Competitive project; To retain 224 jobs; Create 52 new jobs; Added \$35M investment	15	\$ 14,737	\$ 10,772
Graphic Packaging Personal Property (2012)	Competitive project; To retain 224 jobs; Create new jobs; Added \$15M investment	15	\$ 72,110	\$ 108,164
Guardian Centers Real Property (2013)	Attract new investment of \$50M and jobs	15	\$ 89,569	\$ 118,457
Baxalta Real Property (2015)	Attract new company; Investment of \$7.7M; 53 jobs	10	\$ 7,316	\$ 17,078
Baxalta Personal Property (2015)	Attract new company, Investment of \$7.7M; 53 jobs	10	\$ 1,503	\$ 6,011
Sandler Nonwoven Corp. (2016)	Attract new company, Investment of \$90M; 142 jobs	15	\$ 9,248	\$ 36,999

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	2018
Total OPEB liability	
Service cost	\$ 738,687
Interest	313,229
Changes of benefit terms	-
Differences between expected and actual experience	350,447
Changes of assumptions	(485,839)
Benefit payments	(734,856)
Net change in total OPEB liability	181,668
Total OPEB liability-beginning	10,770,989
Total OPEB liability-ending (a)	\$ 10,952,657
Covered-employee payroll	\$ 27,230,839
County's net pension liability as a percentage of covered-employee payroll	40.22%

Notes to Schedule:

Valuation date:	June 30, 2017
Methods and assumptions used to determine contribution rates:	
Discount rate per annum	3.56%
Actuarial cost method	Entry Age
Asset valuation method	Market value
Benefits valued	Medical and drug benefits for retirees under age 65

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

HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 2,063,245	\$ 2,000,606
Interest	8,019,693	7,589,392
Changes of benefit terms	-	-
Differences between expected and actual experience	668,042	663,998
Changes of assumptions	257,955	3,439,495
Benefit payments, including refunds of employee contributions	<u>(4,662,893)</u>	<u>(4,268,921)</u>
Net change in total pension liability	6,346,042	9,424,570
Total pension liability-beginning	<u>110,616,461</u>	<u>101,191,891</u>
Total pension liability-ending (a)	<u>\$ 116,962,503</u>	<u>\$ 110,616,461</u>
Plan fiduciary net position		
Contributions-employer	\$ 5,264,988	\$ 5,017,195
Contributions-employee	932,002	870,363
Net investment income	12,842,617	5,359,369
Benefit payments, including refunds of employee contributions	(4,401,884)	(4,121,568)
Administrative expense	(91,682)	(96,827)
Employee contribution refunds	(164,500)	-
Other	<u>(486,172)</u>	<u>(419,797)</u>
Net change in plan fiduciary net position	13,895,369	6,608,735
Plan fiduciary net position-beginning	<u>81,058,402</u>	<u>74,449,667</u>
Plan fiduciary net position-ending (b)	<u>\$ 94,953,771</u>	<u>\$ 81,058,402</u>
County's net pension liability-ending (a) - (b)	<u>\$ 22,008,732</u>	<u>\$ 29,558,059</u>
Plan fiduciary net position as a percentage of the total pension liability	81.18%	73.28%
Covered-employee payroll	\$ 20,418,300	\$ 20,705,541
County's net pension liability as a percentage of covered-employee payroll	107.79%	142.75%

Notes to Schedule:

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

<u>2016</u>	<u>2015</u>
\$ 1,957,294	\$ 1,912,479
6,645,437	6,295,938
-	-
2,400,090	-
3,469,412	-
<u>(3,772,344)</u>	<u>(3,324,505)</u>
10,699,889	4,883,912
90,492,002	85,608,090
<u>\$ 101,191,891</u>	<u>\$ 90,492,002</u>

\$ 4,614,522	\$ 4,467,670
854,578	752,585
590,357	4,839,939
(3,772,344)	(3,324,505)
(99,515)	(87,612)
-	-
<u>(374,392)</u>	<u>(356,559)</u>
1,813,206	6,291,518
72,636,461	66,344,943
<u>\$ 74,449,667</u>	<u>\$ 72,636,461</u>

<u>\$ 26,742,224</u>	<u>\$ 17,855,541</u>
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73.57%	80.27%
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\$ 20,998,445	\$ 20,537,403
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127.35%	86.94%
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HOUSTON COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COUNTY CONTRIBUTIONS
JUNE 30, 2018

	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,226,628	\$ 5,017,195	\$ 4,452,080	\$ 4,162,155
Contributions in relation to the actuarially determined contribution	<u>5,264,988</u>	<u>5,753,800</u>	<u>4,614,522</u>	<u>4,467,670</u>
Contribution deficiency (excess)	<u>\$ (38,360)</u>	<u>\$ (736,605)</u>	<u>\$ (162,442)</u>	<u>\$ (305,515)</u>
 Covered-employee payroll	 \$ 20,418,300	 \$ 20,705,541	 \$ 20,998,445	 \$ 20,537,403
 Contributions as a percentage of covered- employee payroll	 25.60%	 24.23%	 21.20%	 20.27%

Notes to Schedule:

Valuation date:	January 1, 2018
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 to 2017

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,578,727	\$ 4,325,358	\$ 4,040,508	\$ 4,091,477	\$ 3,956,587	\$ 2,682,193
<u>4,787,535</u>	<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>\$ (208,808)</u>	<u>\$ (318,061)</u>	<u>\$ (318,032)</u>	<u>\$ (417,607)</u>	<u>\$ 307,464</u>	<u>\$ (681,273)</u>
\$ 20,429,617	\$ 20,949,625	\$ 19,783,644	\$ 19,948,266	\$ 20,216,506	\$ 18,069,615
22.41%	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, 2018**

	Special Revenue						Total Nonmajor Governmental Funds
	E 911	Fire Protection	Drug	Jail Inmate	Law Library	District Attorney	
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	\$ 30,798	\$ 139,914	\$ 354,193	\$ 211,078	\$ 322,248	\$ 1,058,231
Investments	-	3,524,710	-	-	691,789	-	4,216,499
Accounts receivable	471,814	-	-	41,047	-	-	512,861
Due from other funds	781,539	176,791	-	-	-	-	958,330
Total assets	<u>\$ 1,253,353</u>	<u>\$ 3,732,299</u>	<u>\$ 139,914</u>	<u>\$ 395,240</u>	<u>\$ 902,867</u>	<u>\$ 322,248</u>	<u>\$ 6,745,921</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Accounts payable	\$ 7,516	\$ 9,341	\$ 12,850	\$ -	\$ 5,261	\$ -	\$ 34,968
Accrued wages and payroll taxes payable	70,587	32,712	-	-	-	-	103,299
Total liabilities	<u>78,103</u>	<u>42,053</u>	<u>12,850</u>	<u>-</u>	<u>5,261</u>	<u>-</u>	<u>138,267</u>
<u>FUND BALANCES</u>							
Restricted	1,175,250	-	127,064	-	897,606	-	2,199,920
Committed to:							
Judicial	-	-	-	-	-	322,248	322,248
Public safety	-	3,690,246	-	395,240	-	-	4,085,486
Total fund balances	<u>1,175,250</u>	<u>3,690,246</u>	<u>127,064</u>	<u>395,240</u>	<u>897,606</u>	<u>322,248</u>	<u>6,607,654</u>
Total liabilities and fund balances	<u>\$ 1,253,353</u>	<u>\$ 3,732,299</u>	<u>\$ 139,914</u>	<u>\$ 395,240</u>	<u>\$ 902,867</u>	<u>\$ 322,248</u>	<u>\$ 6,745,921</u>

**HOUSTON COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	<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	\$ -	\$ 2,577,127	\$ -	\$ -	\$ -	\$ -	\$ 2,577,127
Intergovernmental	662,088	8,565	-	-	-	-	670,653
Charges for services	2,672,026	11,534	-	174,310	-	-	2,857,870
Fines and forfeitures	-	-	88,961	-	111,408	23,227	223,596
Investment income	-	43,629	-	-	7,503	-	51,132
Miscellaneous	28,046	-	-	-	-	-	28,046
Total revenues	<u>3,362,160</u>	<u>2,640,855</u>	<u>88,961</u>	<u>174,310</u>	<u>118,911</u>	<u>23,227</u>	<u>6,408,424</u>
<u>EXPENDITURES</u>							
Current:							
Judicial	-	-	-	-	72,797	112,675	185,472
Public safety	3,869,536	2,194,969	58,720	78,967	-	-	6,202,192
Total expenditures	<u>3,869,536</u>	<u>2,194,969</u>	<u>58,720</u>	<u>78,967</u>	<u>72,797</u>	<u>112,675</u>	<u>6,387,664</u>
Excess (deficiency) of revenues over (under) expenditures	(507,376)	445,886	30,241	95,343	46,114	(89,448)	20,760
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	671,208	-	-	-	-	-	671,208
Transfers out	-	(275,111)	(60,399)	(57,194)	(91,227)	(164,601)	(648,532)
Total other financing sources (uses)	<u>671,208</u>	<u>(275,111)</u>	<u>(60,399)</u>	<u>(57,194)</u>	<u>(91,227)</u>	<u>(164,601)</u>	<u>22,676</u>
Net change in fund balances	163,832	170,775	(30,158)	38,149	(45,113)	(254,049)	43,436
Fund balance - beginning	<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>
Fund balance - ending	<u>\$ 1,175,250</u>	<u>\$ 3,690,246</u>	<u>\$ 127,064</u>	<u>\$ 395,240</u>	<u>\$ 897,606</u>	<u>\$ 322,248</u>	<u>\$ 6,607,654</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, 2018**

	E 911			
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Actual	(Under)
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	662,084	662,084	662,088	4
Charges for services	2,670,000	2,670,000	2,672,026	2,026
Investment Income	-	-	-	-
Miscellaneous	<u>27,375</u>	<u>27,375</u>	<u>28,046</u>	<u>671</u>
Total revenues	<u>3,359,459</u>	<u>3,359,459</u>	<u>3,362,160</u>	<u>2,701</u>
<u>EXPENDITURES</u>				
Personal services	3,125,636	3,125,636	3,108,586	(17,050)
Purchased / contracted services	785,266	756,335	637,866	(118,469)
Supplies	114,279	112,210	92,204	(20,006)
Capital outlay	<u>-</u>	<u>31,000</u>	<u>30,880</u>	<u>(120)</u>
Total expenditures	<u>4,025,181</u>	<u>4,025,181</u>	<u>3,869,536</u>	<u>(155,645)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(665,722)</u>	<u>(665,722)</u>	<u>(507,376)</u>	<u>158,346</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	671,208	671,208	671,208	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>671,208</u>	<u>671,208</u>	<u>671,208</u>	<u>-</u>
Net change in fund balance	<u>\$ 5,486</u>	<u>\$ 5,486</u>	163,832	<u>\$ 158,346</u>
Fund balance at beginning of year			<u>1,011,418</u>	
Fund balance at end of year			<u>\$ 1,175,250</u>	

Fire Protection

Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
Original	Final		
\$ 2,460,161	\$ 2,460,161	\$ 2,577,127	\$ 116,966
-	-	8,565	8,565
-	-	11,534	11,534
7,500	7,500	43,629	36,129
-	-	-	-
<u>2,467,661</u>	<u>2,467,661</u>	<u>2,640,855</u>	<u>173,194</u>
1,576,669	1,405,869	1,309,465	(96,404)
287,580	340,980	323,335	(17,645)
108,640	219,940	216,075	(3,865)
-	344,408	346,094	1,686
<u>1,972,889</u>	<u>2,311,197</u>	<u>2,194,969</u>	<u>(116,228)</u>
<u>494,772</u>	<u>156,464</u>	<u>445,886</u>	<u>289,422</u>
-	-	-	-
<u>(275,111)</u>	<u>(275,111)</u>	<u>(275,111)</u>	<u>-</u>
<u>(275,111)</u>	<u>(275,111)</u>	<u>(275,111)</u>	<u>-</u>
<u>\$ 219,661</u>	<u>\$ (118,647)</u>	170,775	<u>\$ 289,422</u>
		<u>3,519,471</u>	
		<u>\$ 3,690,246</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, 2018

	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	88,961	(156,039)
Investment income	5,000	-	(5,000)
Total revenues	250,000	88,961	(161,039)
<u>EXPENDITURES</u>			
Current:			
Judicial	-	-	-
Public safety	250,000	58,720	(191,280)
Total expenditures	250,000	58,720	(191,280)
Excess (deficiency) of revenues over (under) expenditures	-	30,241	30,241
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in (out)	-	(60,399)	(60,399)
Net change in fund balances	\$ -	(30,158)	\$ (30,158)
Fund balance - beginning		157,222	
Fund balance - ending		\$ 127,064	

Jail Inmate Fund		
Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
\$ 195,000	\$ 174,310	\$ (20,690)
-	-	-
5,000	-	(5,000)
<u>200,000</u>	<u>174,310</u>	<u>(25,690)</u>
-	-	-
200,000	78,967	(121,033)
<u>200,000</u>	<u>78,967</u>	<u>(121,033)</u>
-	95,343	95,343
-	(57,194)	(57,194)
<u>\$ -</u>	<u>38,149</u>	<u>\$ 38,149</u>
	<u>357,091</u>	
	<u>\$ 395,240</u>	

Law Library		
Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
\$ -	\$ -	\$ -
120,000	111,408	(8,592)
5,000	7,503	2,503
<u>125,000</u>	<u>118,911</u>	<u>(6,089)</u>
125,000	72,797	(52,203)
-	-	-
<u>125,000</u>	<u>72,797</u>	<u>(52,203)</u>
-	46,114	46,114
-	(91,227)	(91,227)
<u>\$ -</u>	<u>(45,113)</u>	<u>\$ (45,113)</u>
	<u>942,719</u>	
	<u>\$ 897,606</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, 2018

	District Attorney			Variance with Final Budget Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	75,000	75,000	23,227	(51,773)
Investment income	-	-	-	-
Total revenues	75,000	75,000	23,227	(51,773)
<u>EXPENDITURES</u>				
Current:				
Judicial	75,000	112,675	112,675	-
Public safety	-	-	-	-
Total expenditures	75,000	112,675	112,675	-
Excess (deficiency) of revenues over (under) expenditures	-	(37,675)	(89,448)	(51,773)
<u>OTHER FINANCING (USES)</u>				
Transfers (out)	-	-	(164,601)	(164,601)
Net change in fund balances	\$ -	\$ (37,675)	(254,049)	\$ (216,374)
Fund balance - beginning			576,297	
Fund balance - ending			\$ 322,248	

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, 2018

	<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	-	417,148	417,148
Electricity	4,179	32,425	36,604
Repairs and maintenance	<u>50,756</u>	<u>1,083,143</u>	<u>1,133,899</u>
Total expenditures	<u>54,935</u>	<u>1,532,716</u>	<u>1,587,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,935)</u>	<u>260,099</u>	<u>205,164</u>
Net change in fund balance	(54,935)	260,099	205,164
Fund balance at beginning of year	<u>260,099</u>		
Fund balance at end of year	<u>\$ 205,164</u>		

**HOUSTON COUNTY, GEORGIA
 JUVENILE COURT SUPERVISION FEES
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2018**

	Actual
REVENUES	
Charges for services	\$ 12,362
Total revenues	12,362
EXPENDITURES	
Judicial	6,787
Total expenditures	6,787
Excess (deficiency) of revenues over (under) expenditures	5,575
Net change in fund balance	5,575
Fund balance at beginning of year	40,485
Fund balance at end of year	\$ 46,060

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, 2018

<u>Sheriff</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Assets:</u>				
Cash	\$ 423,148	\$ 1,378,188	\$ 984,657	\$ 816,679
Total assets	<u>\$ 423,148</u>	<u>\$ 1,378,188</u>	<u>\$ 984,657</u>	<u>\$ 816,679</u>
<u>Liabilities:</u>				
Other	\$ 423,148	\$ 1,378,188	\$ 984,657	\$ 816,679
Total liabilities	<u>\$ 423,148</u>	<u>\$ 1,378,188</u>	<u>\$ 984,657</u>	<u>\$ 816,679</u>
<u>Jail</u>				
<u>Assets:</u>				
Cash	\$ 88,610	\$ 954,308	\$ 953,185	\$ 89,733
Total assets	<u>\$ 88,610</u>	<u>\$ 954,308</u>	<u>\$ 953,185</u>	<u>\$ 89,733</u>
<u>Liabilities:</u>				
Funds held in escrow	\$ 88,610	\$ 954,308	\$ 953,185	\$ 89,733
Total liabilities	<u>\$ 88,610</u>	<u>\$ 954,308</u>	<u>\$ 953,185</u>	<u>\$ 89,733</u>
<u>Tax Commissioner</u>				
<u>Assets:</u>				
Cash	\$ 2,519,881	\$ 119,812,581	\$ 120,026,119	\$ 2,306,343
Total assets	<u>\$ 2,519,881</u>	<u>\$ 119,812,581</u>	<u>\$ 120,026,119</u>	<u>\$ 2,306,343</u>
<u>Liabilities:</u>				
Due to other funds:				
Houston County General Fund	\$ -	\$ 45,877,523	\$ 45,877,523	\$ -
Due to Houston County Board of Education	804,376	53,941,842	53,992,662	753,556
Due to State	1,138,357	16,836,598	16,935,964	1,038,991
Due to City of Perry	39,843	529,300	526,999	42,144
Due to City of Warner Robins	156,051	1,895,998	1,885,370	166,679
Due to City of Centerville	20,896	268,790	267,418	22,268
Other	360,358	462,530	540,183	282,705
Total liabilities	<u>\$ 2,519,881</u>	<u>\$ 119,812,581</u>	<u>\$ 120,026,119</u>	<u>\$ 2,306,343</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Clerk of Superior Court</u>	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Assets:</u>				
Cash	\$ 1,026,122	\$ 5,754,920	\$ 5,939,815	\$ 841,227
Total assets	<u>\$ 1,026,122</u>	<u>\$ 5,754,920</u>	<u>\$ 5,939,815</u>	<u>\$ 841,227</u>
<u>Liabilities:</u>				
Other	\$ 1,026,122	\$ 5,754,920	\$ 5,939,815	\$ 841,227
Total liabilities	<u>\$ 1,026,122</u>	<u>\$ 5,754,920</u>	<u>\$ 5,939,815</u>	<u>\$ 841,227</u>
<u>District Attorney</u>				
<u>Assets:</u>				
Cash	\$ 559	\$ 27,438	\$ 27,779	\$ 218
Total assets	<u>\$ 559</u>	<u>\$ 27,438</u>	<u>\$ 27,779</u>	<u>\$ 218</u>
<u>Liabilities:</u>				
Garnishments, restitution & other	\$ 559	\$ 27,438	\$ 27,779	\$ 218
Total liabilities	<u>\$ 559</u>	<u>\$ 27,438</u>	<u>\$ 27,779</u>	<u>\$ 218</u>
<u>State Court</u>				
<u>Assets:</u>				
Cash	\$ 175,378	\$ 4,848,964	\$ 4,990,847	\$ 33,495
Total assets	<u>\$ 175,378</u>	<u>\$ 4,848,964</u>	<u>\$ 4,990,847</u>	<u>\$ 33,495</u>
<u>Liabilities:</u>				
Other	\$ 175,378	\$ 4,848,964	\$ 4,990,847	\$ 33,495
Total liabilities	<u>\$ 175,378</u>	<u>\$ 4,848,964</u>	<u>\$ 4,990,847</u>	<u>\$ 33,495</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Probate Court</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Assets:</u>				
Cash	\$ 83,383	\$ 833,183	\$ 864,980	\$ 51,586
Total assets	<u>\$ 83,383</u>	<u>\$ 833,183</u>	<u>\$ 864,980</u>	<u>\$ 51,586</u>
<u>Liabilities:</u>				
Funds held in escrow	\$ 1,732	\$ 52,803	\$ 53,016	\$ 1,519
Other	81,651	780,380	811,964	50,067
Total liabilities	<u>\$ 83,383</u>	<u>\$ 833,183</u>	<u>\$ 864,980</u>	<u>\$ 51,586</u>
<u>Magistrate Court</u>				
<u>Assets:</u>				
Cash	\$ 235	\$ 1,418,722	\$ 1,418,617	\$ 340
Total assets	<u>\$ 235</u>	<u>\$ 1,418,722</u>	<u>\$ 1,418,617</u>	<u>\$ 340</u>
<u>Liabilities:</u>				
Other	\$ 235	\$ 1,418,722	\$ 1,418,617	\$ 340
Total liabilities	<u>\$ 235</u>	<u>\$ 1,418,722</u>	<u>\$ 1,418,617</u>	<u>\$ 340</u>
<u>Juvenile Court</u>				
<u>Assets:</u>				
Cash	\$ 5,184	\$ 30,947	\$ 30,169	\$ 5,962
Total assets	<u>\$ 5,184</u>	<u>\$ 30,947</u>	<u>\$ 30,169</u>	<u>\$ 5,962</u>
<u>Liabilities:</u>				
Restitution payable & other	\$ 5,184	\$ 30,947	\$ 30,169	\$ 5,962
Total liabilities	<u>\$ 5,184</u>	<u>\$ 30,947</u>	<u>\$ 30,169</u>	<u>\$ 5,962</u>

HOUSTON COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Total - All Agency Funds</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Assets:</u>				
Cash	\$ 4,322,500	\$ 135,059,251	\$ 135,236,168	\$ 4,145,583
Total assets	<u>\$ 4,322,500</u>	<u>\$ 135,059,251</u>	<u>\$ 135,236,168</u>	<u>\$ 4,145,583</u>
<u>Liabilities:</u>				
Due to other taxing units	\$ 1,021,166	\$ 102,513,453	\$ 102,549,972	\$ 984,647
Due to State	1,138,357	16,836,598	16,935,964	1,038,991
Funds held in escrow	90,342	1,007,111	1,006,201	91,252
Other	2,072,635	14,702,089	14,744,031	2,030,693
Total liabilities	<u>\$ 4,322,500</u>	<u>\$ 135,059,251</u>	<u>\$ 135,236,168</u>	<u>\$ 4,145,583</u>

SPECIAL REPORTS SECTION

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

December 14, 2018

**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, 2018, and the related notes to the financial statements, which collectively comprise Houston County, Georgia's basic financial statements, and have issued our report thereon dated December 14, 2018. 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

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

December 14, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Houston County, Georgia's (the "County's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Butler, Williams & Ayche, LLP

Macon, Georgia

**HOUSTON COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed-Through Georgia Emergency Management Agency: Disaster Grants-Public Assistance	97.036	4338-DR-GA	\$ 454,077
Total of CFDA 97.036			<u>454,077</u>
Passed-Through Georgia Emergency Management Agency: Emergency Management Performance Grants	97.042	GA-2016-006-01	16,753
Total of CFDA 97.042			<u>16,753</u>
Passed-Through Georgia Emergency Management Agency: Homeland Security Grant Program	97.067	SHO-16-074E02	3,357
Total of CFDA 97.067			<u>3,357</u>
Total U.S. Department of Homeland Security			<u><u>474,187</u></u>
<u>U.S. Department of Justice</u>			
Passed-Through Criminal Justice Coordinating Council: Crime Victim Assistance	16.575	C16-8-001	165,423
Total of CFDA 16.575			165,423
Passed-Through Criminal Justice Coordinating Council: Drug Court Discretionary Grant Program	16.585	245D-AT-212277	71,194
Total of CFDA 16.585			<u>71,194</u>
Passed-Through Criminal Justice Coordinating Council: Violence Against Women Formula Grants	16.588	W16-8-037	37,668
Total of CFDA 16.588			<u>37,668</u>
Total U.S. Department of Justice			<u><u>274,285</u></u>
<u>U.S. Department of Transportation</u>			
Passed-Through Office of Highway Safety State and Community Highway Safety	20.600	GA-2018-402-PT-017	106,477
Total of CFDA 20.600			<u>106,477</u>
Total U.S. Department of Transportation			<u><u>106,477</u></u>
Total Expenditures of Federal Awards			<u><u>\$ 854,949</u></u>

HOUSTON COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Houston County, Georgia, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. De Minimis Indirect Cost Rate

The County chose not to use the ten percent de minimis cost rate for the year ended June 30, 2018.

Note 3. Non-cash Awards

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

Note 4. Insurance

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

Note 5. Loans and Loan Guarantees

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

Note 6. Measurement Focus

The determination of when award is expended is based on when the activity related to the award occurred.

Note 7. Method of Major Program Selection

The risk based approach was used in the selection of federal program to be tested as major programs. The County did qualify as high-risk auditee for the fiscal year ended June 30, 2018 due to first year requiring a Single Audit.

**HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: - Unmodified

Internal control over financial reporting:

Material weakness identified? - _____ Yes X No

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

Noncompliance material to financial statements noted? - _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? - _____ Yes X No

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

Type of auditor's report issued on compliance for major programs: - Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? - _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Department of Homeland Security Disaster Grants-Public Assistance Presidentially Declared Disasters

Dollar threshold used to distinguish between type A and type B programs: - \$750,000

Auditee qualified as a low-risk auditee - _____ Yes X No

HOUSTON COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS AND RESPONSES

Current Year Audit Findings:

None reported.

Prior Year Audit Findings:

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**HOUSTON COUNTY, GEORGIA
SCHEDULE OF PROJECTS UNDERTAKEN
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 18,198,295	\$ 231,203	\$ -	\$ 231,203	\$ 18,429,498
City of Centerville	-	-	9,544,138	13,113	-	13,113	9,557,251
City of Perry	-	1,350,000	4,497,828	-	-	-	4,497,828
City of Warner Robins	-	12,113,750	29,827,734	285,568	-	285,568	30,113,302
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>\$ 79,370,685</u>	<u>\$ 529,884</u>	<u>\$ -</u>	<u>\$ 529,884</u>	<u>\$ 79,900,569</u>
2006 Referendum:							
Roads, Streets, and Bridges	\$ 100,675,000	\$ 93,160,000	\$ 27,348,268	\$ 601,454	\$ -	\$ 601,454	\$ 27,949,722
City of Centerville	-	500,000	6,140,433	36,078	-	36,078	6,176,511
City of Perry	-	1,500,000	3,054,775	-	-	-	3,054,775
City of Warner Robins	-	5,515,000	6,476,278	132,155	-	132,155	6,608,433
Department of Transportation	-	-	28,957,803	229,359	-	229,359	29,187,162
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>\$ 114,847,435</u>	<u>\$ 999,046</u>	<u>\$ -</u>	<u>\$ 999,046</u>	<u>\$ 115,846,481</u>
2012 Referendum:							
Roads, Streets, and Bridges	\$ -	\$ 25,332,000	\$ -	\$ -	\$ -	\$ -	\$ -
City of Centerville	-	-	26,685	19,622	-	19,622	46,307
City of Perry	-	-	41,200	64,284	-	64,284	105,484
City of Warner Robins	-	-	553,913	129,497	-	129,497	683,410
Department of Transportation	-	-	440,160	16,889	-	16,889	457,049
Public Safety Facilities & Equipment	-	9,000,000	653,507	253,235	-	253,235	906,742
Water & Storm Water Systems Improvement	-	6,550,000	542,949	4,008	-	4,008	546,957
Economic Development:							
Property Acquisition-RAFB Encroachment	-	7,000,000	5,573,415	-	-	-	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	2,425,503	369,991	-	369,991	2,795,494
Public Safety Facilities & Equipment	-	13,665,000	1,948,981	213,656	-	213,656	2,162,637
General Capital Obligations	-	9,482,000	13,212,396	2,733,436	-	2,733,436	15,945,832
Airport Facility Improvements	-	400,000	399,325	-	-	-	399,325
Library Improvements	-	-	160,000	174,927	41,527	216,454	334,927
City of Centerville	-	5,050,000	3,397,077	779,588	-	779,588	4,176,665
City of Perry	-	9,800,000	6,514,944	1,511,349	-	1,511,349	8,026,293
City of Warner Robins	-	44,421,000	29,544,035	6,853,682	-	6,853,682	36,397,717
	<u>\$ -</u>	<u>\$ 155,000,000</u>	<u>\$ 82,906,560</u>	<u>\$ 13,124,164</u>	<u>\$ 41,527</u>	<u>\$ 13,165,691</u>	<u>\$ 96,030,724</u>
Total SPLOST referendums	<u>\$ 182,460,000</u>	<u>\$ 370,000,000</u>	<u>\$ 277,124,680</u>	<u>\$ 14,653,094</u>	<u>\$ 41,527</u>	<u>\$ 14,694,621</u>	<u>\$ 291,777,774</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, 2018

Line No.		O.C.G.A. Reference:	
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>		\$ 267.30
	<u>Sprint</u>		\$ 17,764.05
	<u>AT&T</u>		\$ 11,054.23
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)	\$ 7,285.91
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)	\$ 159,969.56
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)	\$ 2,035,504.99
5b	Employee benefits	46-5-134(f)(1)(C)	\$ 1,073,082.34
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	\$ 18,315.84
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)	\$ 31,137.03
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)	\$ 30,880.00

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

For the Year Ended
 June 30, 2018

Line No.		O.C.G.A. Reference:	
9c	Maintenance costs	46-5-134(f)(1)(G)	\$ 242,194.47
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)	\$ 340.00
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	_____
11b	Purchase costs	46-5-134(f)(1)(I)	_____
11c	Maintenance costs	46-5-134(f)(1)(I)	_____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$ 36,500.00
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	_____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	_____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	_____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ 147,515.00
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)	\$ 2,200.00
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, 2018

Line
 No.

O.C.G.A.
 Reference:

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

<u>Utilities</u>	\$	<u>49,293.66</u>
<u>Gasoline</u>	\$	<u>4,392.24</u>
<u>Food</u>	\$	<u>95.24</u>
<u>Waste Disposal</u>	\$	<u>1,745.88</u>
_____		_____
_____		_____
_____		_____
_____		_____
18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	\$	<u><u>3,869,537.74</u></u>

Certification of Local Government Officials

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

Signature of Chief Elected Official Tommy Stalnaker Date 12-14-18

Print Name of Chief Elected Official Tommy Stalnaker

Title of Chief Elected Official Chairman

Signature of Chief Financial Officer Sandra K Stalnaker Date 12/14/18

Print Name of Chief Financial Officer Sandra K. Stalnaker