

HOUSTON COUNTY COMMISSION DOTHAN, ALABAMA



**Annual Financial & Operations Report
For The Fiscal Year Ended
September 30, 2014**

Prepared By:
William J. Dempsey
Chief Administrative Officer

BOARD OF COMMISSIONERS

MARK S. CULVER
CHAIRMAN

CURTIS HARVEY
COMMISSIONER, DISTRICT 1

DOUG SINQUEFIELD
COMMISSIONER, DISTRICT 2

JACKIE BATTLES
COMMISSIONER, DISTRICT 3

MELINDA MCCLENDON
COMMISSIONER, DISTRICT 4

HOUSTON COUNTY COMMISSION

Annual Financial Report

**Fiscal Year Ended
September 30, 2014**



Chief Administrative Officer
William J. Dempsey

Citizens of Houston County
Houston County Commissioners
Other parties interested in the Financial Status of Houston County

We are pleased to present Houston County's Annual Financial Report for the year ending September 30, 2014. We believe that this report is an excellent base of information for those interested in financial and statistical information for Houston County. The Annual Financial Report is prepared from the county's financial and accounting records and is unaudited. Responsibility for both the accuracy of the data and the completeness of the information presented here rests with the County Finance and Administration Departments. We believe that every effort has been made to insure that the numbers presented here fairly represent the activity and fund balances of the various funds handled by the County.

The State Examiners of Public Accounts audits the county's records on an annual basis. The Audit Report for the period ending September 30, 2013 was an excellent report for Houston County and was an unqualified report that indicated no significant findings against Houston County.

ABOUT HOUSTON COUNTY

Houston County, the youngest county in Alabama, was established February 9, 1903 from portions of Henry, Geneva, and Dale Counties. Located in the southeastern corner of Alabama, Houston County is bordered on the east by the state of Georgia at the Chattahoochee River and on the south by the state of Florida. The County covers 582 square miles. The Little Choctawhatchee River forms the boundary in the northwestern part of the county with Dale County. Houston County lies on the Coastal Plain with an elevation that ranges from 120 feet above sea level in the southeastern corner to about 345 feet above sea level at a point near Webb in the North Central part of the County. The Topography is mainly level to gently sloping but scattered hilly sections are found in the northeastern part of the County. The 2013 census-estimated population is 103,668 people. This is a 16.7% population increase since 2000.

Houston County is primarily agricultural with peanuts, cotton, and corn being the principal crops. Small grains, melons, and vegetables are also abundantly grown while beef cattle, hogs, and dairy cattle are the main livestock enterprises in the County. Rainfall averages 56 inches annually.

The City of Dothan is the largest municipality in Houston County and is one of the largest employers with over 900 employees. Dothan is a regional trade center for the Alabama, Georgia, and Florida Tri State Area. Other municipalities in Houston County are Ashford, Kinsey, Cottonwood, Columbia, Taylor, Rehobeth, Gordon, Cowarts, Avon, Webb, and Madrid. A number of other unincorporated communities also exist within the County such as Wicksburg and Bay Springs.

HOUSTON COUNTY COMMISSION

Page 2 of 3

Annual Financial Report Fiscal Year Ended September 30, 2014



ECONOMIC OUTLOOK: Houston County is a progressive county with outstanding regional hospitals, the largest of which employs more than 2,000 people. The business mix of Manufacturing, Retail, Service, Medical, Agriculture and Agriculture related companies and the good economy in the area help keep unemployment at low levels. Expansion of local businesses and the establishment of new businesses are occurring at a healthy pace. The opening of The Dothan Pavilion, a large shopping complex with many new stores, continues to bring regional shoppers and additional merchants and restaurants into Houston County. The Houston County Distribution Park located in the southern part of the County is home to two major companies and has ample room to add many new businesses. The close proximity of this Distribution Park to Interstate 10 makes it an attractive location. The continued expansion and development of this park will add good jobs for area residents in the years ahead.

SIGNIFICANT OCCURRENCES IN FISCAL YEAR 2013-2014

- The County's one cent sales tax collections increased from \$16,631,069 in 2012/2013 to \$16,980,055 in 2013/2014. This is an increase of 2.0%. Sales tax collections for the county are now at record highs and exceed the 2007/2008 pre-economic slump collection high of \$16,563,808 by 2.5%.
- Commission approval was given for the purchase of garbage cans and garbage trucks equipped with automated can retrieval devices.
- A wage study for employees was completed and implemented beginning with FY 2014/2015.
- The county issued a 2014A Warrant for \$7,855,000 to be used for an energy savings project (ESCO) and road improvement projects (ATRIP).
- Donald Valenza was appointed the new Sheriff of Houston County replacing Andy Hughes who accepted a position with the State of Alabama.
- The county completed the bond rating process with both Standard and Poor's and Moody's rating agencies resulting in a bond rating of AA2 from Moody's and AA- from Standard and Pools.
- During the eight months between December 2013 and August 2014 the county relocated its Revenue, Probate and Administrative offices from the County Administration Building to the Mayer Building in order to make building renovations. The temporary relocation was accomplished with no negative impact to customer service.
- Through HVAC replacement, lighting changes and/or water saving energy projects, almost all county buildings were involved in the energy savings program known as ESCO.

HOUSTON COUNTY COMMISSION

Annual Financial Report

Fiscal Year Ended September 30, 2014



Page 3 of 3

ROAD AND BRIDGE MAJOR PROJECTS IN FISCAL YEAR 2013-2014

- The county's maintenance offices were relocated to Crawford Street. This move included the R&B-assisted relocation of a building and the paving of a parking lot.
- Phase 1 of the in-kind work provided to the new Dothan Public Libraries was completed.
- A total of \$1.3 million dollars was spent for roadway and cross drain damage repair due to flooding (12 cross drains were replaced).
- A total of 34.15 miles of roadway was repaved as part of the ATRIP project.
- A total of 68.3 miles of road shoulder work was completed.
- Constructed and paved the parking lot at the town hall in Webb.
- Constructed and paved the parking lot at the Senior Center in Kinsey.
- Built a pad for the Lucy Fire Department's new fire station.
- Built a pad as part of in-kind work provided to the Glass Stream Boat company.
- Built a pad for the new Senior Center in Gordon.

The Government of Houston County Alabama continues to be in sound financial shape. This has been achieved through wise planning by the Houston County Commission and tight cost controls by the management and employees of the county. While most government entities continue to struggle, Houston County, through well-planned economic policies, continues to maintain an excellent bond rating from both Moody's (AA2) and S&P (AA-). The proactive consideration of county revenue and expense is a part of the Commission's overall commitment to assuring that Houston County remains financially secure while providing essential services to our community. The Houston County Commission continues to lay a solid foundation for financial stability and adequate services for all our citizens.

Respectfully Submitted,

Mark Culver

Chairman, Commission

William J. Dempsey

Chief Administrative Officer

Houston County - Alabama

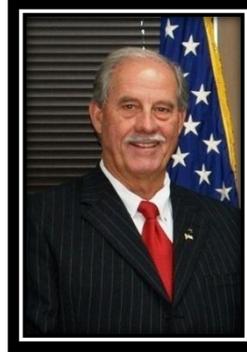
462 North Oates Street - Dothan, AL 36303



Mark Culver
Chairman



Curtis Harvey
District 1



Doug Sinquefield
District 2



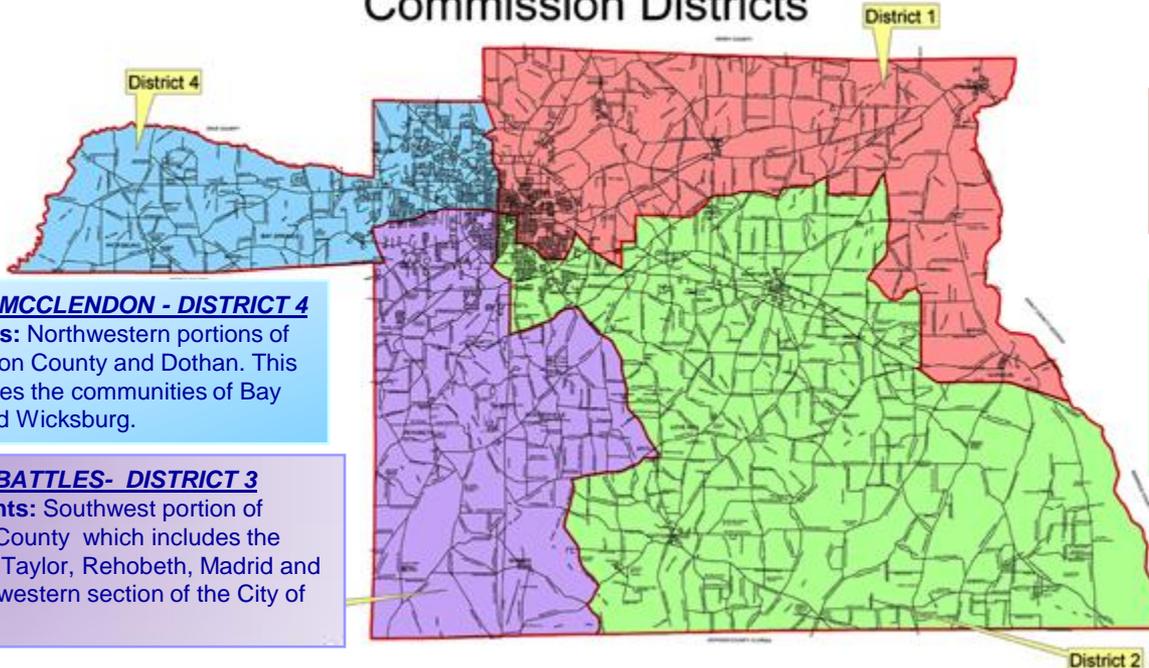
Jackie Battles
District 3



Melinda McClendon
District 4

Represents:
Houston County at Large

Proposed Houston County Commission Districts



MELINDA MCCLENDON - DISTRICT 4

Represents: Northwestern portions of both Houston County and Dothan. This area includes the communities of Bay Springs and Wicksburg.

JACKIE BATTLES- DISTRICT 3

Represents: Southwest portion of Houston County which includes the Towns of Taylor, Rehobeth, Madrid and the southwestern section of the City of Dothan.

CURTIS HARVEY.. – DISTRICT 1

Represents: Towns of Columbia, Gordon, Kinsey, Webb and the northeastern section of Dothan.

DOUG SINQUEFIELD– DISTRICT 2

Represents: Towns of Ashford, Avon, Cowarts and Cottonwood, the southeastern section of the City of Dothan, Dupree, Love Hill, Lucy and Pansey.

Houston County Commission

County Officials

County Commission

Mark S. Culver.....	Chairman	Melinda McClendon.....	Comm, District 4
James C.(Curtis) Harvey, Jr.	Commissioner, District 1	William J. Dempsey.....	Chief Administrative Officer
Doug Sinuefield.....	Commissioner, District 2	Gary C. Sherrer.....	Attorney
Jackie Battles.....	Commissioner, District 3		

Elected Officials

Robert Byrd.....	Coroner
Patrick Davenport.....	Judge of Probate
Starla Moss	Revenue Commissioner
Donald Valenza.....	Sheriff

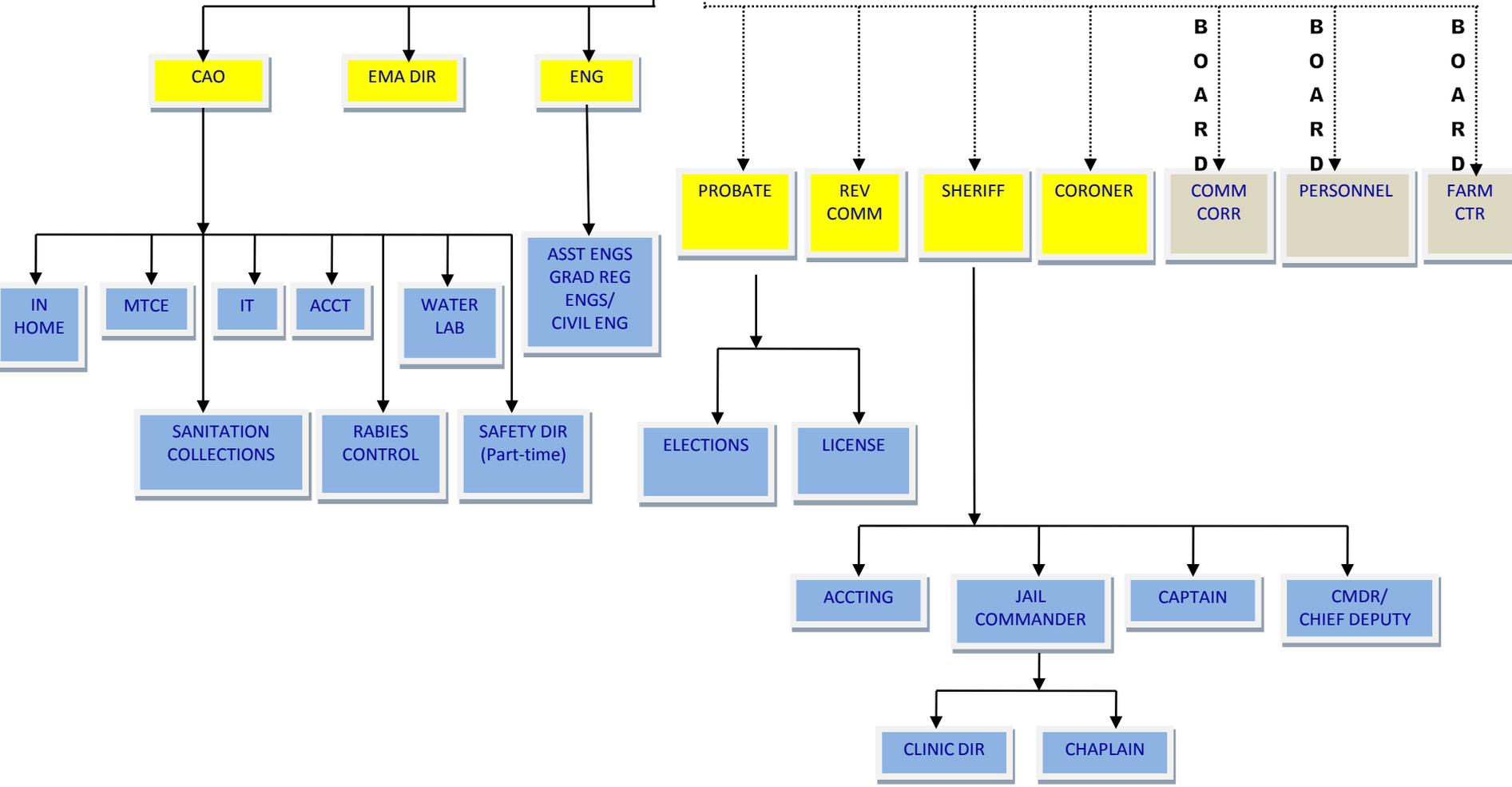
Department Heads

Nancy Bristow.....	Accounting	Mickey Segó.....	Farm Center
Tony Weber.....	Community Corrections	David Evans.....	Water Lab/Rabies Control
Danny Cumbie.....	Information Technology	Sharon Knight.....	Sanitation Collections
Steve Carlisle.....	Emergency Management Agency	Kelly Crowell.....	Safety
Barkley Kirkland.....	Engineer	Sherry Douglas.....	In-Home Service
Sean Curtis.....	Maintenance	Keith Reed.....	Jail
Sheri Thompson.....	Personnel		

HOUSTON COUNTY COMMISSION FINANCIAL ORGANIZATIONAL CHART



BUDGET PURPOSES ONLY



Combined Statement of Revenues, Expenditures and Changes in all Funds
All Governmental Fund Types, Expendable Trust and Agency Funds
For the Period
October 1, 2013 thru September 30, 2014
Houston County Commission, Dothan, Alabama
(UNAUDITED) COUNTY BUDGETED FUNDS ONLY

Governmental Funds

Revenues	General	Special Revenue	Debt Service	Capital Projects	Total
Taxes	11,841,898	10,314,052			22,155,950
Licenses and Permits	252,390	77,344			329,734
Intergovernmental	1,527,441	5,387,774			6,915,215
Charges for Services	5,499,979	447,646			5,947,625
Fine and Forfeits	10,632				10,632
Miscellaneous	727,492	587,781			1,315,273
Total Revenues	19,859,832	16,814,597	0	0	36,674,429
	=====	=====	=====	=====	=====
Expenditures					
General Government	6,997,673	645,517			7,643,190
Public Safety	12,380,334	768,307			13,148,641
Highways and Roads	0	8,271,784			8,271,784
Sanitation	1,987,183				1,987,183
Health	728,742				728,742
Welfare	487,457				487,457
Culture and Recreation	576,359				576,359
Education	729,250				729,250
Debt Service		53,304	3,264,774		3,318,078
Total Expenditures	23,886,998	9,738,912	3,264,774	0	36,890,684
	=====	=====	=====	=====	=====
Excess of Revenues Over (Under) Expenditures	(4,027,166)	7,075,686	(3,264,774)	0	(216,254)
	=====	=====	=====	=====	=====
Other Financing Sources					
Operating Transfers In	11,405,902	4,457,856	2,055,574		17,919,332
Proceeds – GFA D	55,495	549,148			604,643
Bond Proceeds	0				0
Discounts on Bonds	0				0
Debt Issuance Cost	0				0
Operating Transfers Out	(5,085,624)	(11,492,542)			(16,578,166)
Total Other Financing	6,375,773	(6,485,538)	2,055,574	0	1,945,809
	=====	=====	=====	=====	=====
Revenues Less Expenditures +/- Other Financing Sources	2,348,607	590,148	(1,209,199)	0	1,729,556

Combined Statement of Revenues, Expenditures and Changes in all Funds
 All Governmental Fund Types, Expendable Trust and Agency Funds
 For the Period
 October 1, 2013 thru September 30, 2014
 Houston County Commission, Dothan, Alabama
 (UNAUDITED) COUNTY BUDGETED FUNDS ONLY

Governmental Funds

	General	Special Revenue	Debt Service	Capital Projects	Total
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Fund Balance Summary

Funds					
Beginning Fund Balances	5,847,546	890,286	1,209,199	0	7,947,031
Residual Equity Revenues and Other Financing Sources over (Under) Expenditures	2,348,607	590,148	(1,209,199)	0	1,729,556
Ending Fund Balances	8,196,153	1,480,434	0	0	9,676,587
Assets					
Beginning Fixed Assets					84,751,847
Net Change in Fixed Assets					65,210
Ending Fixed Assets					84,817,057
 Total Funds and Assets September 30, 2014	8,196,153	1,480,434	0	0	94,493,644

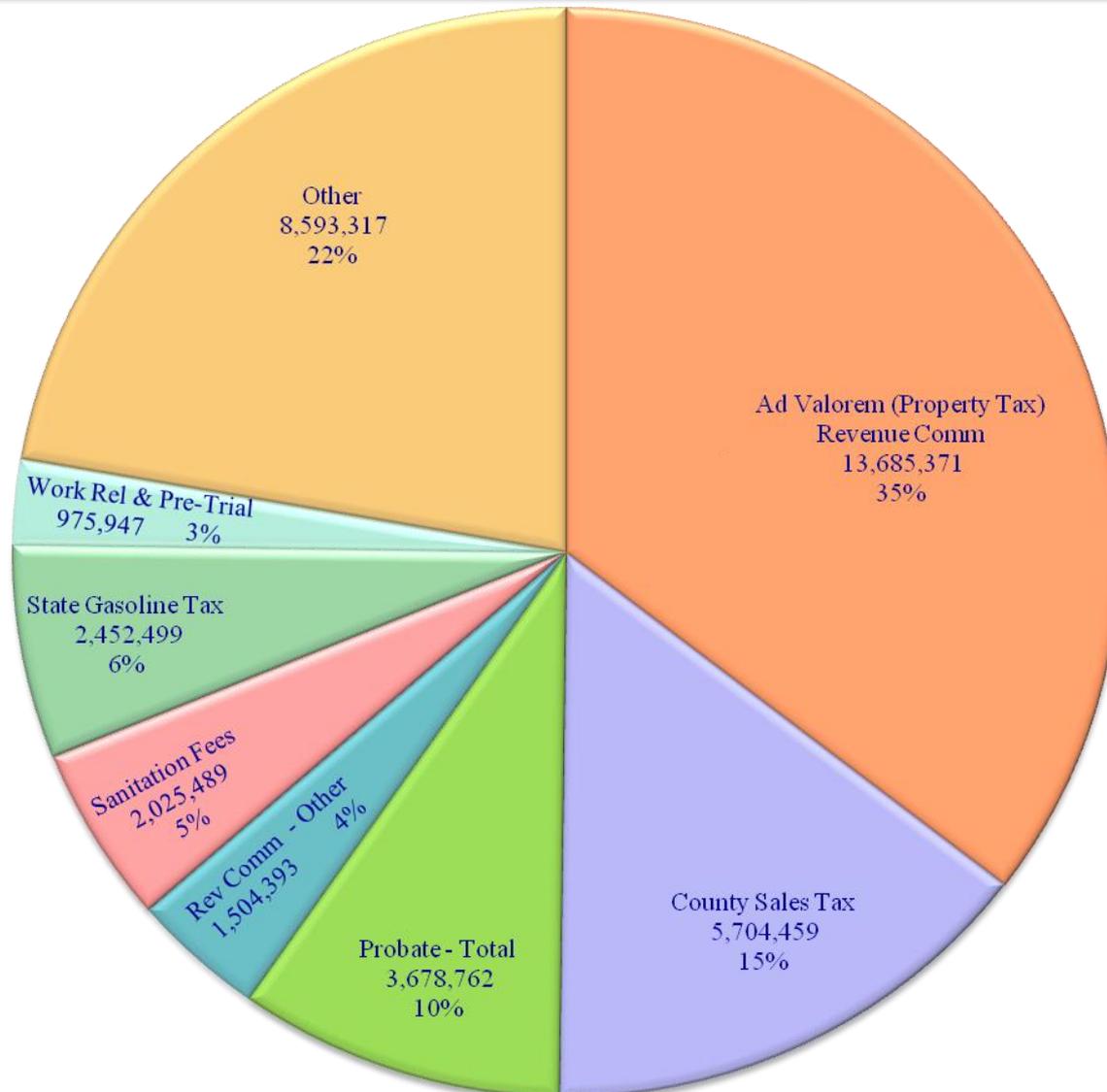
Fund Balances
as of
September 30, 2014
(COUNTY BUDGETED FUNDS ONLY)

Fund	Description	Balance	
001.....	General Fund.....	6,618,433	
003.....	Contingent Fund.....	4,155	
006.....	Special Assessment Fund.....	534,401	
010.....	Farm Center Fund.....	0	
015.....	Sanitation Fund.....	938,787	
020.....	EMA Fund.....	0	
021.....	APCO Rep Fund.....	96,442	
030.....	Revenue Commission Operation Fund.....	3,933	
	TOTAL GENERAL FUNDS		<u>8,196,151</u>
111.....	Gasoline Fund (7 Cent).....	0	
112.....	Public Buildings, Roads and Bridges.....	465,584	
113.....	Public Highway & Traffic Fund.....	13,627	
115.....	AL Mineral Severance Tax.....	12,588	
117.....	RRR Fund (4 Cent).....	101,260	
118.....	Secondary Roads Fund (2 Cent).....	0	
119.....	Special Gas Tax Fund (5 Cent).....	39,430	
	TOTAL R&B FUNDS		<u>632,489</u>
116.....	Capital Improvements Fund.....	465,525	
120.....	Tax Reappraisal Fund.....	24,983	
125.....	Walden Gas Tax.....	99,642	
136.....	Motor Vehicle Special Training.....	11,974	
309.....	04 G/O Ref Warr (Bond).....	0	
310.....	08 G/O Ref Warr (Bond).....	0	
187.....	Work Release/Pre-Trial.....	245,823	
	TOTAL ALL COUNTY FUNDS		<u>9,676,587</u>

FY 2013-2014 Actual Revenue Sources (County Budgeted Funds Only)

\$38,620,237

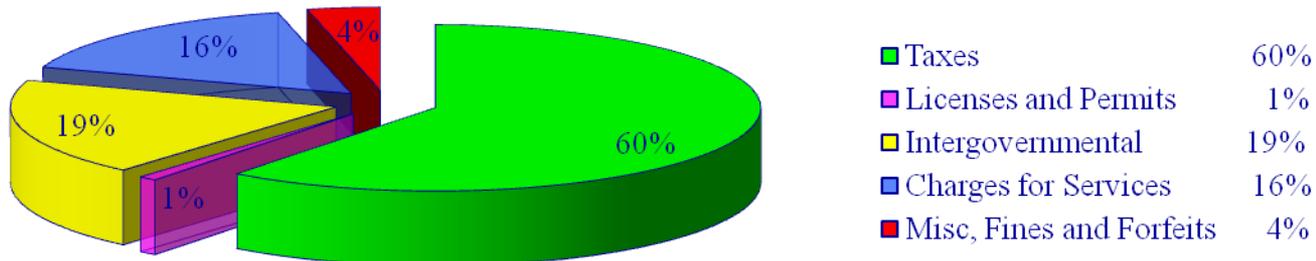
Includes Sale of Fixed Assets - \$604,643 and 2014A (ATRIP) Funds \$1,341,166



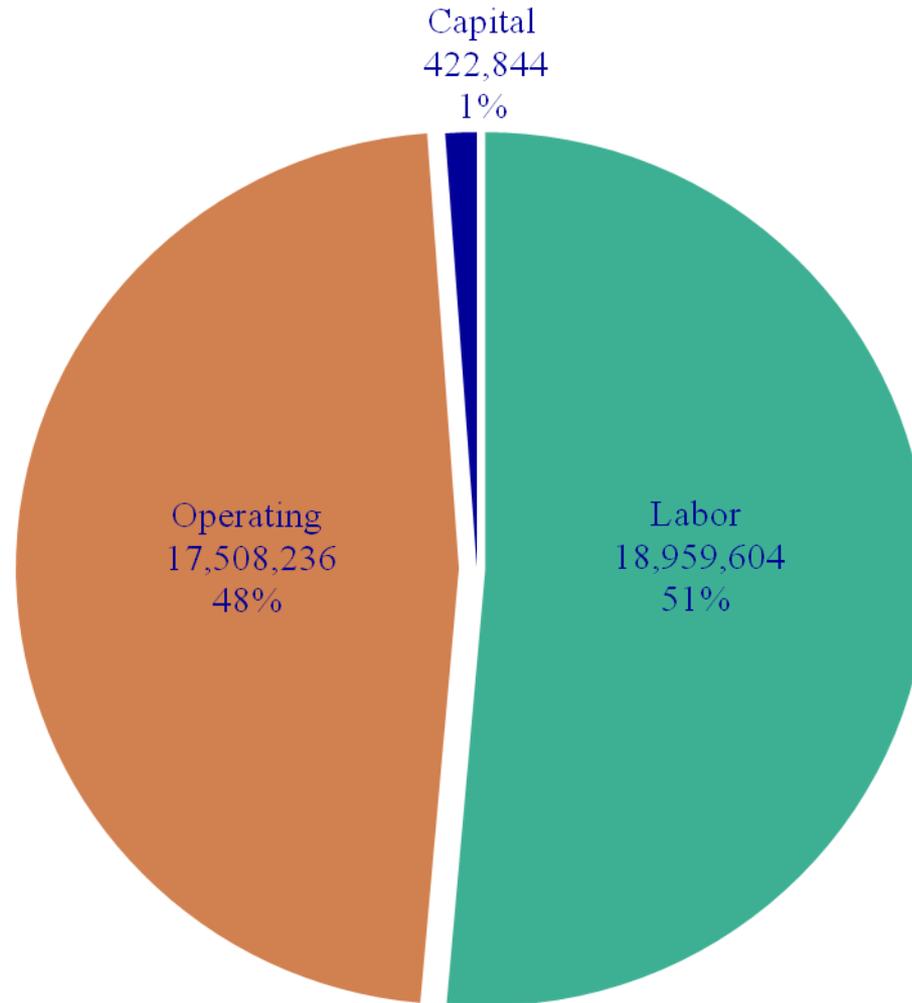
Total Revenues

(COUNTY BUDGETED FUNDS ONLY)

	<u>All Funds</u>	<u>FIDUCIARY FUNDS</u>		<u>Total County Funds</u>
		<u>Less Trust & Agency</u>	<u>Less Special Funds</u>	
Taxes	22,155,950			22,155,950
Licenses and Permits	329,734			329,734
Intergovernmental	7,918,215	1,003,000		6,915,215
Charges for Services	6,992,972	1,039,011	6,336	5,947,625
Fines and Forfeits	10,632			10,632
Miscellaneous	1,903,371	226,163	361,935	1,315,273
	-----	-----	-----	-----
Sub-Total Revenues	39,310,874	2,268,174	368,271	36,674,429
Proceeds – Gen Fixed Assets	604,643			604,643
Proceeds – Other Sources	1,341,166			1,341,166
	=====	=====	=====	=====
Total Revenues	41,256,683	2,268,174	368,271	38,620,237



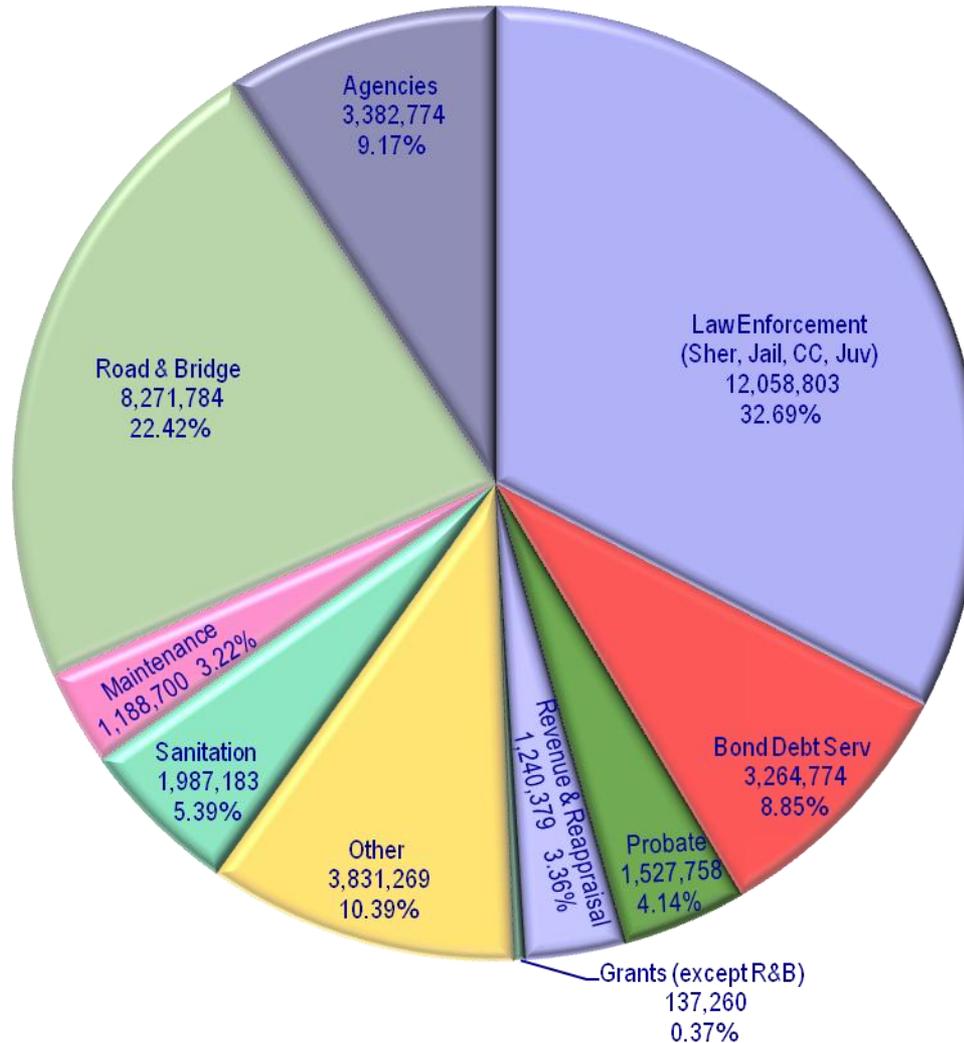
Spending Breakdown – FY 2014 (\$36,890,684)
Labor / Operating / Capital
(COUNTY BUDGETED FUNDS ONLY)



Spending Breakdown – FY 2014

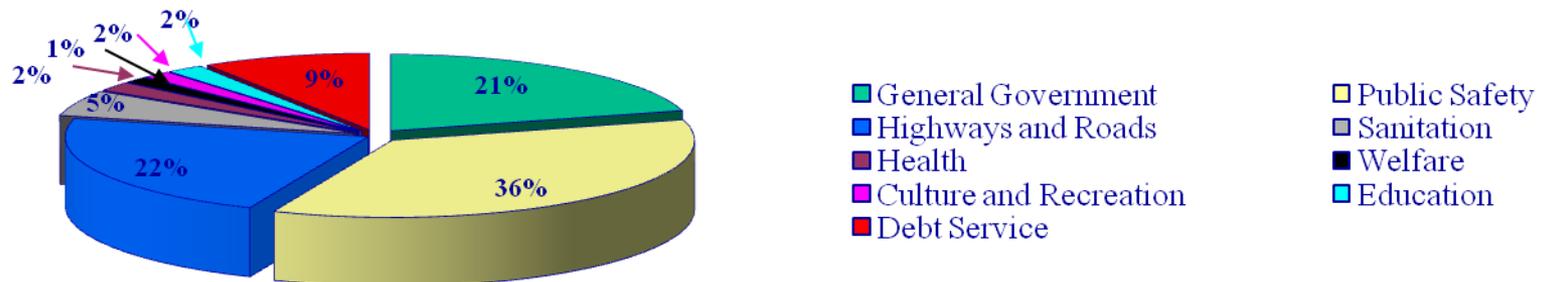
\$36,890,684

(County Budgeted Funds Only)



Total Expenditures (County Budgeted Funds Only)

	<u>All Funds</u>	<u>Less FD 007</u> <u>2014A Bond</u>	<u>FIDUCIARY FUNDS</u>		<u>Total County</u> <u>Funds</u>
			<u>Less Trust</u> <u>& Agency</u>	<u>Less Special</u> <u>Funds</u>	
General Government	13,042,359	3,233,704	2,142,401	23,064	7,643,190
Public Safety	13,500,260			351,619	13,148,641
Highways and Roads	9,300,515	1,028,732			8,271,784
Sanitation	1,987,183				1,987,183
Health	728,742				728,742
Welfare	672,332		184,875		487,457
Culture and Recreation	576,359				576,359
Education	729,250				729,250
Debt Service	3,318,078				3,318,078
	-----	-----	-----	-----	-----
FY 2014 Expenditures	43,855,078	4,262,436	2,327,276	374,683	36,890,684
	=====	=====	=====	=====	=====



General Long Term Debt

(Principal Only – As of 9/30/14)

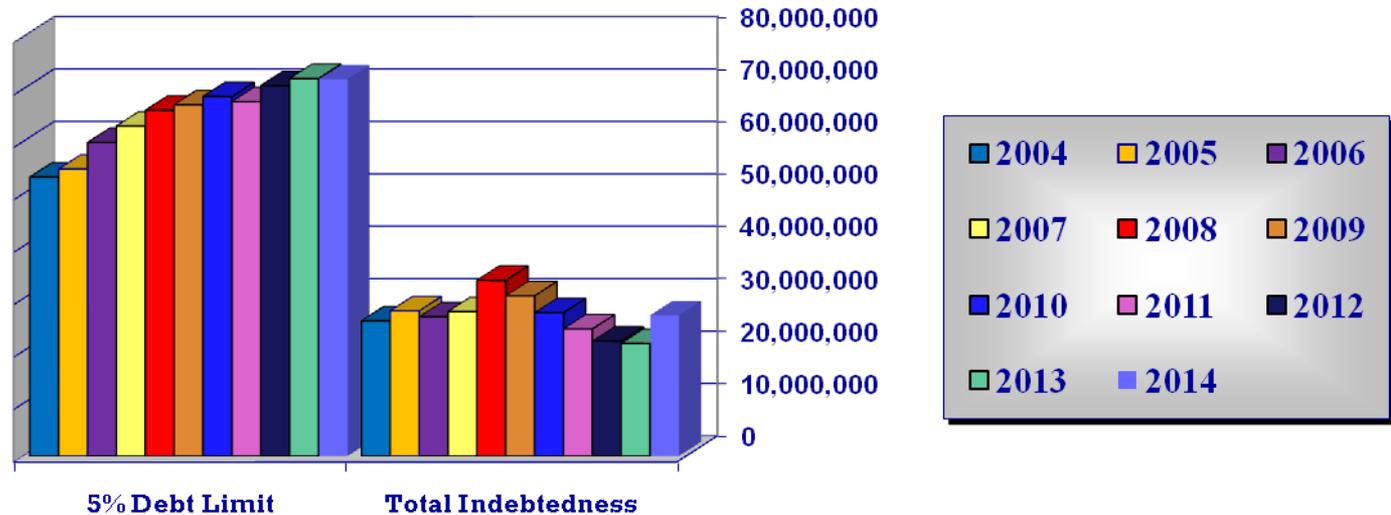
	<u>FY</u> <u>2012</u>	<u>FY</u> <u>2013</u>	<u>FY</u> <u>2014</u>
Lease Debt	0	1,128,946	1,326,310
Bond 2004	15,180,000	3,695,000	1,895,000
Bond 2008	6,755,000	6,155,000	5,535,000
Bond 2013A	0	10,500,000	10,245,000
Bond 2014A	0	0	7,855,000
	_____	_____	_____
Totals	21,935,000	21,478,946	26,856,310

HOUSTON COUNTY COMMISSION
LONG TERM DEBT PAYMENT SCHEDULE *(INCLUDING INTEREST)*
AS OF 9/30/14

FISCAL YEAR	04/08/13A/14A Bonds	LEASES	FISCAL YEAR TOTAL DEBT PYMT
2014-2015	\$ 3,506,844.39	\$ 720,116.64	\$ 4,226,961.03
2015-2016	\$ 3,419,388.76	\$ 486,142.55	\$ 3,905,531.31
2016-2017	\$ 3,405,113.76	\$ 135,877.87	\$ 3,540,991.63
2017-2018	\$ 3,406,388.76		\$ 3,406,388.76
2018-2019	\$ 2,884,063.76		\$ 2,884,063.76
2019-2020	\$ 1,756,937.51		\$ 1,756,937.51
2020-2021	\$ 1,051,561.26		\$ 1,051,561.26
2021-2022	\$ 1,057,866.26		\$ 1,057,866.26
2022-2023	\$ 1,052,038.76		\$ 1,052,038.76
2023-2024	\$ 1,054,183.76		\$ 1,054,183.76
2024-2025	\$ 1,054,713.76		\$ 1,054,713.76
2025-2026	\$ 1,058,933.76		\$ 1,058,933.76
2026-2027	\$ 1,055,796.26		\$ 1,055,796.26
2027-2028	\$ 1,056,263.76		\$ 1,056,263.76
2028-2029	\$ 704,807.50		\$ 704,807.50
2029-2030	\$ 706,695.00		\$ 706,695.00
2030-2031	\$ 707,060.00		\$ 707,060.00
2031-2032	\$ 706,150.00		\$ 706,150.00
2032-2033	\$ 703,925.00		\$ 703,925.00
2033-2034	\$ 710,345.00		\$ 710,345.00
	\$ 31,059,077.02	\$ 1,342,137.06	\$ 32,401,214.08

Debt Level Comparisons

<i>As of Oct 1,</i>	<i>Net Assessed Property Value</i>	<i>5% Debt Limit</i>	<i>Total Indebtedness</i>	<i>% of Legal Debt Limit</i>
2005	1,095,282,720	54,764,136	27,711,832	50.60%
2006	1,196,817,160	59,840,858	26,588,446	44.43%
2007	1,259,170,220	62,958,511	27,555,914	43.77%
2008	1,319,232,060	65,961,603	33,532,284	50.84%
2009	1,340,537,060	67,026,853	30,568,745	45.61%
2010	1,372,039,540	68,601,977	27,344,697	39.86%
2011	1,352,381,798	67,619,090	24,257,045	35.87%
2012	1,413,577,120	70,678,856	21,935,000	31.03%
2013	1,440,597,400	72,029,870	21,478,946	29.82%
2014	1,438,355,280	71,917,764	26,856,310	37.34%



Houston County Commission

Fixed Assets

FY 2013/2014

<i>Account Number</i>	<i>Fixed Assets</i>	<i>Balance 10/1/12</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance 9/30/13</i>
800-17100	Land	3,914,452.06	0	0	3,914,452.06
800-17200	Buildings & Other Land Improvements	38,776,883.53	0	0	38,776,883.53
800-17410	Construction Equipment	5,070,498.87	0	109,066.00	4,961,432.87
800-17420	Office Equipment & Furniture	388,221.29	49,291.30	0	437,512.59
800-17430	Motor Vehicles	7,430,500.22	321,259.40	133,824.81	7,617,934.81
800-17431	Mtr Veh-Maj Overhauls & Improv	1,310,834.00	12,800.00	801,897.00	521,737.00
800-17440	Data Processing Equipment	390,012.55	0	16,056.20	373,956.35
800-17460	Communications Equipment	415,837.32	0	0	415,837.32
800-17490	Other Equipment & Furniture	2,544,871.87	21,096.00	32,945.00	2,533,022.87
800-17631	Capital Lease – Construction Equip	0	202,172.00	0	202,172.00
800-17634	Capital Lease - Motor Vehicles	1,323,399.00	552,380	0	1,875,779
800-17800	Roads	7,126,166.39	0	0	7,126,166.39
800-17801	Roads / Const in Progress	928,228.56	0	0	928,228.56
800-17805	Bridges	15,131,941.67	0	0	15,131,941.67
		<u>84,751,847.33</u>	<u>1,158,998.70</u>	<u>1,093,789.01</u>	<u>84,817,057.02</u>