HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2007



HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Prepared By:
Mike Bush,
Financial Services Director

INTRODUCTORY SECTION

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Table of Contents	i - iii
Letter of Transmittal	iv - viii
GFOA Certificate of Achievement	ix
Organizational Chart	x
List of Principal Officials	xi
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15 and 16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18 and 19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20 and 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	23 - 26
Statement of Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29 and 30
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	31
Notes to Financial Statements	32 - 79

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION (Continued)	
Required Supplementary Information:	
Schedule of Funding Progress	80
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	81 and 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	83 and 84
Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	85 - 88
Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	89
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 1996 Issue	90
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2002 Issue	91
Combining Statement of Assets and Liabilities – Agency Funds	92
Combining Statement of Changes in Assets and Liabilities – Agency Funds	93 - 95
Balance Sheet – Component Unit – Development Authority	96
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Development Authority	97
STATISTICAL SECTION	
Net Assets by Component – Last Five Fiscal Years	98
Changes in Net Assets – Last Five Fiscal Years	99 and 100
Fund Balances, Governmental Funds – Last Five Fiscal Years	101
Changes in Fund Balances, Governmental Funds – Last Five Fiscal Years	102 and 103
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	104
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	105
Principal Property Taxpayers – Current Year and Nine Years Ago	106

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	Page Number
STATISTICAL SECTION (Continued)	
Property Tax Levies and Collections – Last Ten Fiscal Years	107
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	108
Legal Debt Margin Information – Last Ten Fiscal Years	109
Demographic and Economic Statistics – Last Ten Fiscal Years	110
Principal Employers – Current Year and Eight Years Ago	111
Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years	112
Operating Indicators by Function – Last Ten Calendar Years	113
Capital Asset Statistics by Function – Last Ten Fiscal Years	114
COMPLIANCE SECTION	
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*	115 - 117
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance With OMB Circular A-133	118 - 120
Schedule of Expenditures of Federal Awards	121 - 123
Schedule of Findings and Questioned Costs	124 - 129
Schedule of Prior Year Findings	130 and 131
Independent Accountant's Report on Local Assistance Grants	132
State of Georgia Grant Certification Forms	133 - 137

Board of Commissioners

Jason T. Harper, Chairman

Warren E. Holder
District I

Elizabeth "B.J." Mathis
District II

Randy Stamey
District III

Reid A. Bowman, Sr.
District IV

Johnny B. Basler
District V

Rob Magnaghi
County Manager

Shay Mathis
County Clerk

140 Henry Parkway
McDonough, GA 30253
770.288-6000
FAX 770.288-6026
www.co.henry.ga.us

December 14, 2007

To the Honorable Chairman, Distinguished Members of the County Commission
And the Citizens of Henry County:

Ladies and Gentlemen:

We are honored to hereby present Henry County, Georgia's Comprehensive Annual Financial Report. The report is as of and for the year ended June 30, 2007. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Henry County (the "County"). To provide a reasonable basis for making these representations, Henry County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of Henry County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Henry County's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants and Consultants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Our auditors have issued an unqualified opinion on Henry County's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of Henry County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's

internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Henry County was formed in 1821 from Creek Indian Lands. Georgia's 50th county is located in the north central portion of the State of Georgia, approximately 30 miles southeast of the City of Atlanta, and is considered part of the metropolitan Atlanta area. The County currently occupies 322.7 square miles of land and serves a population of more than 170,000. Henry County is empowered to levy a property tax on both real and personal property located within its boundaries.

Henry County is bordered on the north by Dekalb County, on the east by Rockdale and Newton Counties, on the south by Spalding and Butts Counties, and on the west by Clayton County. Four incorporated municipalities are located within Henry County: McDonough, which is the County seat, Stockbridge, Hampton, and Locust Grove.

The governing authority of Henry County is a Board of Commissioners consisting of five members elected by district and a Chairman elected at large. The commissioners serve on a part-time basis and are elected to staggered terms of four years. The commissioners are responsible, among other things, for passing ordinances, adopting the budget, establishing tax rates, appointing committees and hiring both the County's manager and attorney. In 1974, the General Assembly of Georgia created the position of County Administrator for Henry County. This position was changed to County Manager in 1992. The County Manger is responsible for the administration of all of the affairs of the County over which he has jurisdiction, including offering positions of classified employment, as well as appointing heads of various departments.

Henry County provides a full range of services, including law enforcement; corrections; the construction and maintenance of buildings, parks, streets, highways, bridges, storm water drainage facilities, and other associated infrastructure; parks and recreational activities; 911 emergency communications; voter registration and election; court systems; tax assessment and collection; building inspections; geographic information system; planning and zoning; recycling; and general administrative and support activities. The County also provides fire protection and emergency medical services to the incorporated and unincorporated areas within its boundaries with the exception of the City of McDonough.

This report includes all funds of the County, as well as those component units that have been determined to meet the criteria for inclusion in the county's reporting entity. Henry County Water and Sewerage Authority, the Henry County Health Department, the Henry County Library System, and the Henry County Development Authority are all included as an integral part of Henry County's financial statements. Additional information on all four of these legally separate entities can be found in Notes to the Financial Statements.

The annual budget serves as the foundation for Henry County's financial planning and control. All departments and agencies of Henry County are required to submit requests for appropriation to the County Manager in March each year. The County Manger uses these requests as the starting point for developing a proposed budget. The County Manger then presents this proposed budget to the Board of Commissioners for review during the month of May. The Board of Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of Henry County's fiscal year. The appropriated budget is prepared by fund and department. The County Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and the appropriation of additional funds, however, require the special approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. Henry County is strategically located along I-75 with a total of seven interchanges within its borders. With a low cost of living, temperate climate and easy access to Atlanta, Henry County provides all the conveniences of a large city, in a small town atmosphere. State and national economic indicators place Henry County in an enviable position as one of the nation's fastest-growing communities. This continued growth has increased the demand for additional retail and commercial services there by fueling growth in the economic sector. Henry County has a rich variety of retail establishments, from large stores in outlying shopping centers to small mom and pop shops that serve the downtown areas. In fact, the Tanger Factory Outlet in Locust Grove draws more than 2 million shoppers annually.

In addition to the permanent residents and businesses of Henry County, the County host major sporting events each year aiding in the export of our tax burden through our Local and Special Local Option Sales Taxes. Two major National Association of Stock Car Racing (NASCAR) events are held each year at the Atlanta Motor Speedway in Hampton. Currently more than 21 hotel and motel facilities provide over 2,100 guest rooms throughout the County.

Major Initiatives. Henry County continues to be part of the Southern Regional Accessibility Study, and the Multi-Modal Corridor Planning Program, which is striving to alleviate traffic congestion and improve mobility in the area. The recent completion of the County's Comprehensive Transportation Plan in collaboration with the Cities of Hampton, Locust Grove, Stockbridge, and McDonough continues to reduce the impact of rapid growth on the quality of the transportation system in the County. The completion of this plan has put Henry County in a favorable position for securing Federal and State funding.

Henry County's Capital Improvement Program continues to benefit from revenues provided by the Special Purpose Local Option Sales Tax (SPLOST). SPLOST funding helped the County complete the new Fire Station 13, the Phase I extension of East Lake Road from S. R. 42 to Springdale Road, a new Library in Fairview, Event Center at Heritage Park, and football fields at Warren Holder Park. This year's retail growth allowed the County to realize over $30 billion dollars in SPLOST funding.

The Henry County Communications Office opened up Henry County government to the world in Fiscal Year 2006-2007 with the start-up of Charter Cable Channel 14, a government access channel. The County used general funds to renovate the Community Room where the Board of Commissioners meets in preparation for broadcasting the Commission meetings on cable television. A control room was also constructed and the equipment needed to record, edit and produce the Commission meetings and other videos and public service announcements was purchased and installed. The Board of Commissioner meetings began airing in April 2007. This has provided the County with a new avenue of communication with the public, making access to government news and information easier and more convenient for citizens.

Henry County completed the renovation of a vacant retail strip mall to serve as a Government Annex to house our Public Safety Administration, Code Enforcement, and SPLOST. The acquisition and construction budget of $6,500,000 for purchase and renovation allowed the County to save approximately 34% over the cost of replicating the facility under new construction.

Cash Management Policies and Practices. Henry County has a responsibility to carefully account for public funds, to manage County finances wisely, and to plan for the provision of public services. The process is complex because unlike private businesses, Henry County has a broader range of responsibilities. The County is expected to address the community's social issues, protect the citizens' interest, provide public safety, and enforce laws and regulations. The key values of the County's financial management include fiscal integrity, prudence, planning, accountability, honesty, and openness. Specifically, it is the County's intent to maximize the level of public goods and services while minimizing the level of debt. In this effort, Henry County has contracted with Wachovia Bank to provide banking services, and Merrill Lynch to provide investment services. All operating funds of the county are carried in interest-bearing Public Funds Interest Checking Accounts and Public Funds Interest Money Market Accounts, which bear interest at a special rate for non-profit and government entities. The County does not

currently incur financial fees or charges for banking services. In relation to our prudent financial management, Henry County maintains an Aa2 credit rating from Moody's Investor Services. This rating produces significant interest savings and is solid evidence of our financial strength and stability.

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henry County, Georgia for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the second year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the county had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report (CAFR) continues to follow the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). We believe the data presented in this report are accurate in all material respects and conforms to the standards of the GFOA program for the Certificate of Achievement. Accordingly, we are submitting this report to GFOA for evaluation of eligibility for another certificate.

In addition, Henry County also received the GFOA's Award for Outstanding Achievement in Popular Financial Reporting (PAFR). In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, the County had to publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The active involvement and professional support of Mauldin & Jenkins CPAs, LLC, Miller Edwards, Partner, and the auditing staff have been instrumental to the prompt completion of the associated audit of this report. The cooperation of the various elected officials and appointed management has been invaluable. We express our appreciation to all those who contributed to its preparation. Finally, we would like to thank the Board of Commissioners for their leadership and support in conducting the financial affairs of Henry County in a responsible and progressive manner.

Respectfully submitted,





Mike Bush
Financial Services Director

Kelly Belcastro
Financial Compliance Analyst

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henry County

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

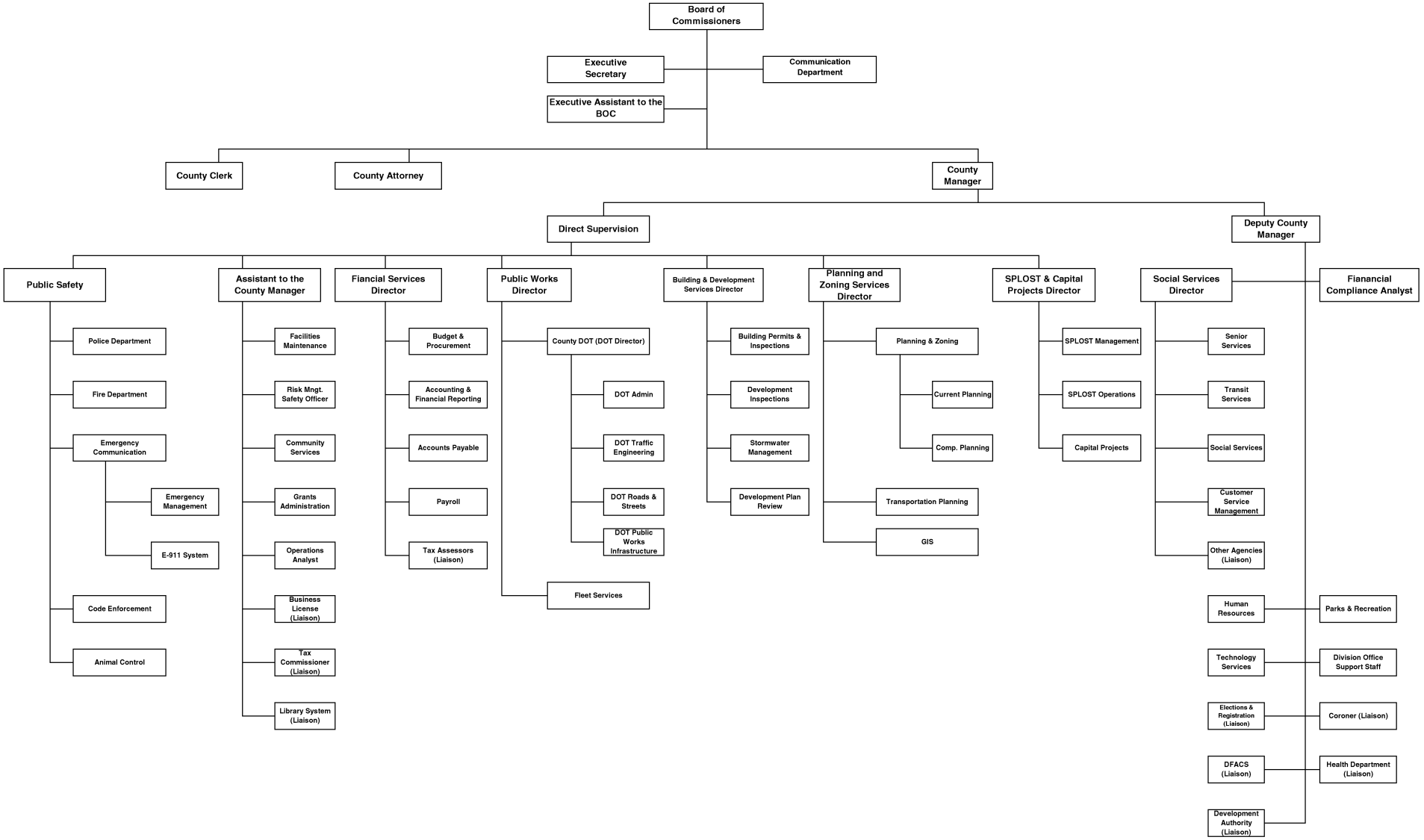


President

Executive Director

HENRY COUNTY, GEORGIA

ORGANIZATIONAL CHART



HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007

Elected Officials

Chairman, At Large	Jason Harper
Vice Chairman, District 2	Elizabeth (B.J.) Mathis
District 1	Warren Holder
District 3	Randy Stamey
District 4	Reid Bowman
District 5	Johnny Basler
Tax Commissioner	Andy Pipkin
Sheriff	William Chaffin
Clerk of Superior Court	Judy Lewis
Superior Court Judge	Arch McGarity
Superior Court Judge	Wade Crumbley
Superior Court Judge	Brian Amero
State Court Judge	Ben Studdard
State Court Judge	James Chafin
State Court Judge	Ernest Blount
Probate Court Judge	Kelley Powell
Magistrate Court Judge	Robert Godwin
District Attorney	Tommy Floyd
Solicitor	Chuck Spahos

Principal Officials

County Manager	Rob Magnaghi
Deputy County Manager	Phyllis Shrader
County Attorney	Patrick Jaugstetter
County Clerk	Shay Mathis
Financial Services Director	Mike Bush
Capital Projects Manager	Roy Clack
Public Works Division Director	Terry McMickle
Financial Compliance Analyst	Kelly Belcastro
Director of Social Services	Angie Bailey
Director of Planning and Zoning	Michael Harris
Risk Management/Assistant to the County Manager	Michael Sabine
Director of the Building and Development Services Division	Jim Luebbering

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Henry County, Georgia
McDonough, Georgia

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 **Henry County, Georgia**, as of and for the year ended June 30, 2007, which collectively comprise Henry County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henry County Department of Public Health or the Henry County Library System, which statements reflect total assets of $1,364,079 and $2,991,489, respectively, as of June 30, 2007, and total revenues of $2,087,938 and $2,909,734, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Henry County Department of Public Health and the Henry County Library System in the component units' columns is based on the reports 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits 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 units, each major fund and the aggregate remaining fund information of Henry County, Georgia as of June 30, 2007, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007 on our consideration of Henry County, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 4 through 13) and the Schedule of Funding Progress (on page 72) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry County, Georgia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Henry County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and is also not a required part of the financial statements of Henry County, Georgia. The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 14, 2007

Management's Discussion and Analysis

As management of Henry County, Georgia, we offer readers of Henry County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements, and the notes to the financial statements.

Financial Highlights

- The assets of Henry County exceeded its liabilities at June 30, 2007, by $530,332,356 (net assets). Of this amount, $93,590,680 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors,
- At June 30, 2007, the County's General Fund reported an unreserved fund balance of $49,509,159, a decrease of $1,372,781, or 2.7 %, from the last fiscal year due mainly to a transfer to the Capital Asset Fund for the construction of roads.
- The 2002 Special Purpose Local Option Sales Tax (SPLOST) generated collections of $30,499,217 during fiscal year 2007.
- Henry County Impact Fee fund closed fiscal year 2007 with a fund balance of $4,750,335, a decrease of $1,166,168, or 19.7%, from the last fiscal year due mainly to the construction of the governmental annex and the construction of the addition to the County jail and the slow down in the housing market.
- During fiscal year 2007, Henry County established an enterprise fund for the Stormwater Utility. During the first year of the new enterprise fund the County had $2,591,018 in operating revenues and $1,358,397 in operating expenses

Overview of the Financial Statements

This Discussion and Analysis are intended to serve as an introduction to Henry County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Henry County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement, for the first time, consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Henry County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. The business-type activity of Henry County includes the Stormwater Fund.

The government-wide financial statements include not only Henry County itself (known as the primary government), but also the Henry County Department of Public Health, the Henry County Development Authority, the Henry County Library System and the Henry County Water and Sewerage Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 - 17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Henry County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government'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.

Henry County maintains governmental funds to account for the following activities: General; Special Revenue (Confiscated Assets Fund, Hotel/Motel Tax Fund, E-911 Fund, Law Library Fund, Court Fund, Technology Fund, and Juvenile Assistance Fund); Capital Projects (Capital Asset Fund, 1996 SPLOST Fund, 2002 SPLOST Fund, Lease Purchase Fund, and Impact Fee Fund); and Debt Service. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2002 SPLOST Capital Projects Fund, the Capital Asset Fund, and Lease Purchase Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Henry County adopts an annual appropriated budget for its general, special revenue, capital projects, and debt service funds. A budgetary comparison statement has been provided for the General Fund.

This statement is found on pages 23 - 26 of this report. The basic governmental fund financial statements can be found on page 18 - 26. Budgetary comparison schedules have also been included in the combining statements for other governmental funds with legally adopted annual budgets.

Proprietary funds. Henry County maintains one enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Stormwater Fund was established for County operations that are financed and operated in a manner similar to private business enterprises. The cost (expenses, including depreciation) of providing the services to the general public is recovered in whole or in part through user charges.

The proprietary fund financial statements provide separate information for the Stormwater Fund, which is a major fund for Henry County.

The basic proprietary fund financial statements can be found on pages 27 - 30 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Henry County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement of fiduciary assets and liabilities can be found on page 31 of this report.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32 -79 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Henry County, assets exceed liabilities by $530,332,356 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (78.0%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Henry County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$ 136,039,945	$ 160,720,471	$ 1,602,962	$ -	$ 137,642,907	$ 160,720,471
Capital assets	470,268,376	397,906,538	394,018	-	470,662,394	397,906,538
Total assets	606,308,321	558,627,009	1,996,980	-	608,305,301	558,627,009
Long-term liabilites outstanding	66,452,602	74,141,239	-	-	66,452,602	74,141,239
Other liabilities	9,055,878	13,638,868	2,464,465	-	11,520,343	13,638,868
Total liabilities	75,508,480	87,780,107	2,464,465	-	77,972,945	87,780,107
Net assets:						
Invested in capital assets, net of related debt	413,046,368	335,733,103	394,018	-	413,440,386	335,733,103
Restricted	23,301,103	42,097,496	-	-	23,301,103	42,097,496
Unrestricted	94,452,370	93,016,303	(861,503)	-	93,590,867	93,016,303
Total net assets	$ 530,799,841	$ 470,846,902	$ (467,485)	$ -	$ 530,332,356	$ 470,846,902

An additional portion of Henry County's net assets (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($93,590,867) or (17.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, the total assets increased by $47,681,312. This was due to current and other assets decreasing by $24,680,596 and capital assets increasing by $72,361,838. The decrease in current and other assets was caused by the amount of construction Henry County is experiencing. The investments line items decreased because we used the money to help construct buildings and roads. This also helps explain why the capital assets jumped up by so much. SPLOST dollars along with lease purchase dollars and investments helped generate a large influx of County assets.

Both long-term liabilities and other liabilities decreased this year with the net decrease being $12,271,627. Henry County made the first of three payments on general obligation bonds, which was a contributing factor to this decrease.

There was a decrease of $18,796,393 in restricted net assets reported in connection with the Henry County's governmental activities. The expenditure of a large portion of SPLOST amounts for the construction of capital projects contributed to the decrease.

The deficit in the total net assets under the business-type activities is due to the start up cost for the Storm Water Utility. Although the utility began operations two years ago, this was the first year the County charged a fee. Henry County's General fund advanced the Stormwater fund money until the user fees were implemented. Over the next few years the Stormwater fund will repay the General Fund in full.

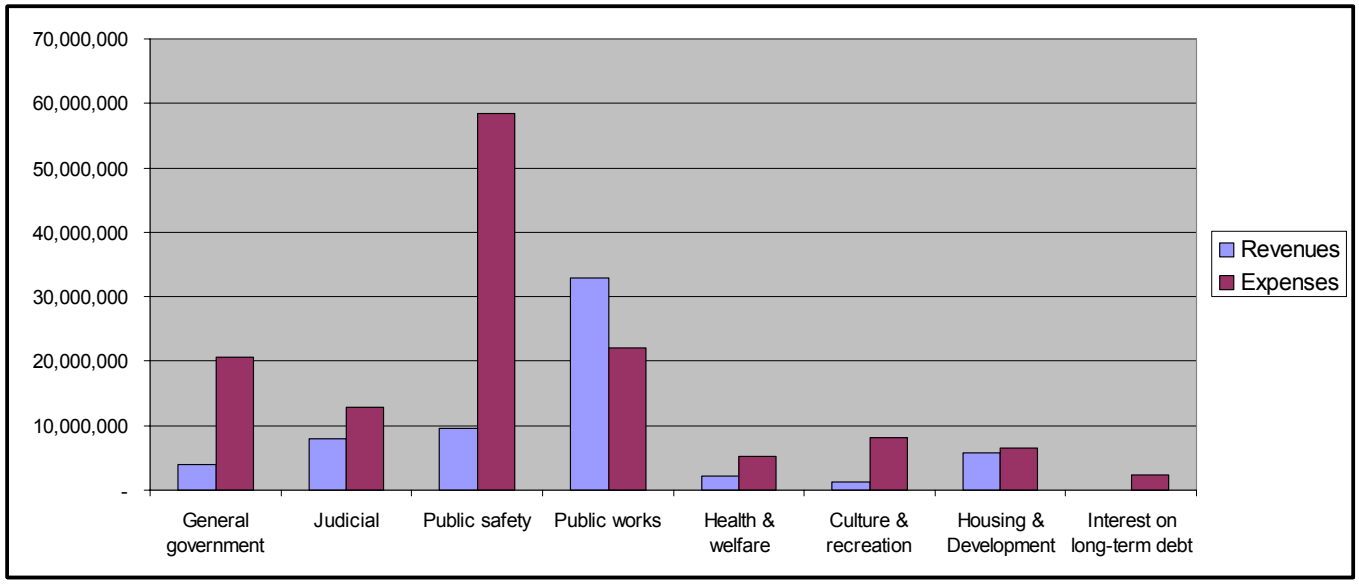
Governmental activities. Governmental activities increased the County's net assets by $59,952,939. Key elements of this increase are as follows:

Henry County's Changes in Net Assets

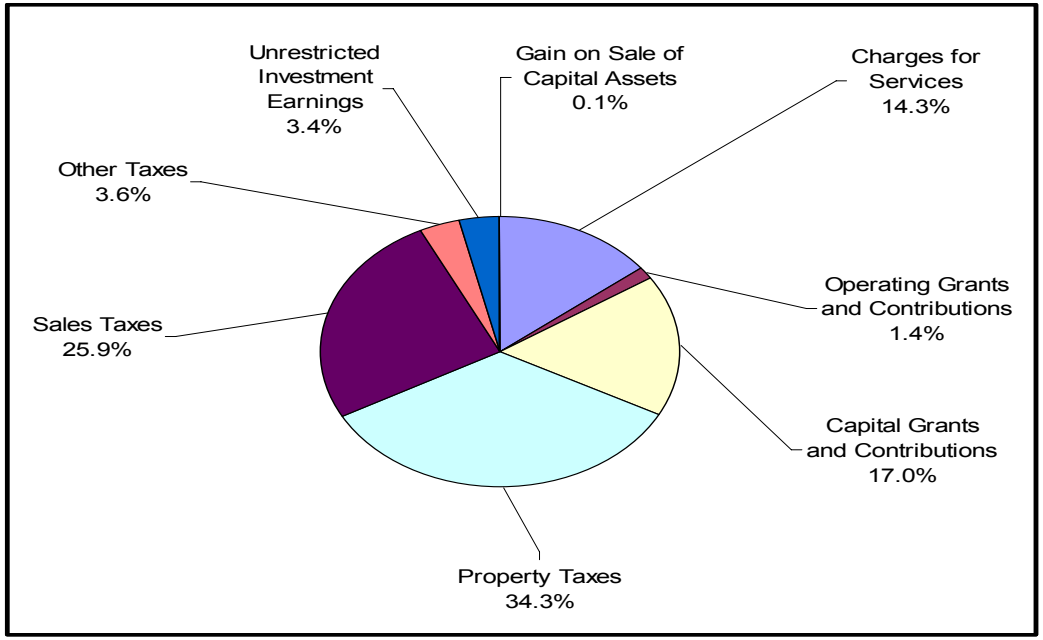
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	$ 27,922,806	$ 31,770,394	$ 2,591,018	$ -	$ 30,513,824	$ 31,770,394
Operating grants and contributions	2,705,767	1,674,623	-	-	2,705,767	1,674,623
Capital grants and contributions	33,028,019	34,793,886	-	-	33,028,019	34,793,886
General revenues:						
Property taxes	66,845,897	61,117,523	-	-	66,845,897	61,117,523
Sales taxes	50,429,593	47,357,776	-	-	50,429,593	47,357,776
Other taxes	7,033,518	6,676,204	-	-	7,033,518	6,676,204
Unrestricted investment earnings	6,593,296	5,309,584	68,815	-	6,662,111	5,309,584
Gain on sale of capital assets	218,233	-	-	-	218,233	-
Total revenues	194,777,129	188,699,990	2,659,833	-	197,436,962	188,699,990
Expenses						
General government	20,696,639	18,730,505	-	-	20,696,639	18,730,505
Judicial	12,923,866	10,022,575	-	-	12,923,866	10,022,575
Public safety	58,373,932	48,961,105	-	-	58,373,932	48,961,105
Public works	22,138,753	20,203,707	-	-	22,138,753	20,203,707
Health and welfare	5,281,437	6,048,439	-	-	5,281,437	6,048,439
Culture and recreation	8,167,060	5,603,773	-	-	8,167,060	5,603,773
Housing and development	6,580,680	6,167,259	-	-	6,580,680	6,167,259
Interest on long-term debt	2,430,744	1,989,341	-	-	2,430,744	1,989,341
Stormwater	-	-	1,358,397	-	1,358,397	-
Total expenses	136,593,111	117,726,704	1,358,397	-	137,951,508	117,726,704
Increase in net assets before transfers	58,184,018	70,973,286	1,301,436	-	59,485,454	70,973,286
Transfers	1,768,921	-	(1,768,921)	-	-	-
Increase in net assets	59,952,939	70,973,286	(467,485)	-	59,485,454	70,973,286
Net assets, beginning of year	470,846,902	399,873,616	-	-	470,846,902	399,873,616
Net assets, end of year	$ 530,799,841	$ 470,846,902	$ (467,485)	$ -	$ 530,332,356	$ 470,846,902

- Property Taxes increased by $5,728,374 (9.3%) during the year. Most of this increase is due to more professionals in the field appraising homes and improvement to homes as well as the addition of new software in calculating the appraisals.
- Sales taxes increased by $3,071,817 (6.5%) during the year. This is mainly due to Henry County being one of the fastest growing counties in the United States. With new people coming to live in Henry County the demand for consumables has increased. Also, with the addition of a new shopping complex and the expansion of another, many people from other counties come to Henry County.
- Unrestricted investment earnings increased by $1,283,712 (24.1%) during the year. Rates were cut near year end, but we were still able to maintain an increase again this year.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Henry County started a new enterprise fund during fiscal year 2007, the Stormwater Fund, which was set up for the purpose of fairly allocating the costs of Stormwater Management to all properties. Specifically the fund will allow for the conservation, management, protection, control, use, and enhancement of stormwater within the County's corporate jurisdiction, and for the planning, acquisition, construction, installation, management, operation, maintenance, regulation, extension, and improvement of the stormwater control systems.

Since this is the first year the Stormwater Fund has generated revenues we do not have comparisons with prior years. The Stormwater Fund realized revenues of $2,659.833 and they had expenditures of $1,358,397.

Financial Analysis of the Government's Funds

As noted earlier, Henry County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Henry County's governmental funds is to provide information on near-term inflows, outflows, and balances of spend able resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $123,480,255, a decrease of $21,255,881 in comparison with the prior year. The majority of the decrease was due to the large amount of capital outlay in the 2002 SPLOST Fund. This is common among SPLOST programs in their fifth year of existence. The other fund that contributed to the decline in fund balance for the governmental funds was the Lease Purchase Fund. The County borrowed a large amount of money for the construction of a jail and spent money borrowed for lighting of several of our County parks. The County did not borrow as much in this fiscal year. The County did however start the construction on several parks and the jail which caused the decrease in fund balance for fiscal year 2007. Approximately 97.2% of this total amount ($120,081,554) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for encumbrances ($1,437,278), for jail construction ($2,105), for drug abuse treatment ($1,251,413), for victim witness programs ($644,805) or for various other restricted purposes ($63,100).

The General Fund is the chief operating fund of Henry County. At the end of the current fiscal year, unreserved fund balance of the General Fund was $49,509,159, while total fund balance reached $50,968,119. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 47.6% of total General Fund expenditures, while total fund balance represents 49.0% of that same amount.

The balance of the County's General Fund decreased by $2,593,639 during the current fiscal year due mainly to a transfer of funds ($10,000,000) to the Capital Asset fund for road construction.

The 2002 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2002 one percent Special Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the 2007 fiscal year, the 2002 SPLOST Capital

Projects Fund had an undesignated fund balance of $18,350,942, a decrease of $14,494,104 from the prior year. The decrease in fund balance was mainly due to an increase in projects being constructed during fiscal year 2007.

In fiscal year 2004, Henry County created the Lease Purchase Fund to track lease purchases separately from any other capital projects fund. Henry County enters into lease purchase agreements for the purchase of land, equipment, vehicles, and buildings through an agreement between the Association of County Commissioners of Georgia and Wachovia Bank. During 2007, Henry County entered into three new lease purchases totaling $7,445,411. One lease was for the purchase and renovation of a new County annex building being used to house the fire and police administration personnel. The second lease was to purchase ten resource officer cars for the Sheriff. The final lease was for vehicles and equipment used by the entire county. The year-end fund balance for the Lease Purchase Fund is $12,803,213.

Henry County's Capital Asset Fund was a major fund during fiscal year 2007. This fund received transfers from other funds of $10,000,000 for road projects and $1,500,000 for the purchase of capital assets needed by various departments. The year-end fund balance for the Capital Asset Fund is $12,803,213.

Proprietary funds. Henry County's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Henry County has only one enterprise fund at this time and it is our Stormwater Fund. This is the first year this fund has been operational and we do not have comparisons to previous years. Unrestricted net assets for the Stormwater Fund at the end of the year are negative due to transfers made to the General fund in 2007. This fund was maintained as a special revenue fund until the County began collecting charges for services. The Stormwater fund borrowed money from the General Fund for the first couple of years. The Stormwater Fund will pay back the money borrowed over the next 5 years.

General Fund Budgetary Highlights

During the year there was a decrease of $1,450,974 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – ($8,161,178);
- Increase in judicial functions – $1,229,058, due mainly to the addition of a new state court judge. The state court clerk and the solicitor's budget went up as well due to the additional judge. The state court and the juvenile court moved into a new judicial center at the beginning of 2007 and there were extra costs to help furnish the new larger building.
- Increase in public safety functions – $3,384,536, due mainly to an increase in vehicles and personnel in the criminal investigation division, the narcotics division, the support services division, and the uniform patrol division of the police department. The fire department is trying to ramp up to three man engines in all fire stations. The County has been adding positions to fill three fire stations each year with enough employees to make three men engines.
- Increase in public works services and related capital assets – $975,207; this was due mainly to increased cost in gas and petroleum products such as asphalt. The County added new personnel to get more work done, and more work caused the use of more materials which cost more this year than in the past.
- Increase in health and welfare – $11,694
- Increase in culture and recreation – $373,130, this increase was caused by the County giving a larger amount of money to the library systems because of the new larger libraries that came online during 2007.

- Increase in housing and development – $736,579, due mainly to the adoption of a transportation plan to help carry Henry County several years into the future in its transportation needs.

The budget increase was to be funded by a combination of increased General Fund revenues and use of fund balance. The reason for the decrease in the general government is funds were held in the unallocated line items until the end of the year and were then allocated among the different activities. An example is all vacancies were held in the General Fund unallocated line items until a person was hired at which time we would move the needed funds from the unallocated line items into the correct accounts. We moved money from the General Fund to all other funds quarterly.

Capital Asset and Debt Administration

Capital assets. Henry County's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to $470,662,394 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Henry County's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 36,443,915	$ 31,268,559	$ -	$ -	$ 36,443,915	$ 31,268,559
Construction in progress	94,205,064	56,815,905	-	-	94,205,064	56,815,905
Buildings and improvements	63,270,793	55,156,222	-	-	63,270,793	55,156,222
Machinery and equipment	18,898,093	17,870,252	394,018	-	19,292,111	17,870,252
Infrastructure	257,450,511	236,795,600	-	-	257,450,511	236,795,600
Total	$ 470,268,376	$ 397,906,538	$ 394,018	$ -	$ 470,662,394	$ 397,906,538

Governmental assets installed during the year totaled $88,659,360. Major projects consisted of the following:

- Acquisition of building used as governmental annex
- Acquisition of land for right of ways
- Upgrading of fleet for entire County
- Addition of completed roads
- Equipment for parks
- Equipment for public safety and public works
- Computer servers, and equipment

The largest portion of the increase came from construction in progress. Henry County's SPLOST program is currently building capital projects, and road projects that are at their peak of construction. The County purchased a building to become the new governmental annex with Impact Fee and general fund money that added to the construction in progress report as well.

Additional information on the County's capital assets can be found in Note 6 of this report.

Long-term debt. At the end of the current fiscal year, Henry County had total bonded debt outstanding of $16,920,000 and this debt is backed by the full faith and credit of the government.

Henry County's Outstanding Debt
General Obligation Bonds

	Governmental Activities		Business-type Activities		Governmental Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	$ 16,920,000	$ 25,000,000	$ -	$ -	$ 16,920,000	$ 25,000,000
Total	$ 16,920,000	$ 25,000,000	$ -	$ -	$ 16,920,000	$ 25,000,000

The $25,000,000 general obligation bond issuance for Henry County's Special Purpose Local Option Sales Tax (SPLOST) program is to be paid back during fiscal years 2007, 2008, and 2009. Current year interest payments were made in July and December in the amount of $902,363. This bond issuance has allowed the County to construct capital buildings and improvements. The bonds will be paid off with proceeds from the monthly collection of SPLOST revenue. Henry County made the 2007 payment in the amount of $8,080,000. Henry County added an enterprise fund which is reported under business-type activities and did not incur any debt and did not have debt in prior years.

Henry County maintains an "Aa2" issuer rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current limitation for Henry County is $568,111,934 which is significantly in excess of the Henry County's outstanding general obligation debt.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Henry County is currently 4.4%, which is the same as the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2007, is 4.7%.
- In Fiscal Year 2001 monthly Local Option Sales Tax collections grew at a rate of 10.92% over 2000. In fiscal year 2002, LOST collections grew by 9.12% over 2001 collections. In Fiscal Year 2003 monthly collections increased by 7.47% over 2002. In Fiscal Year 2004 monthly collections increased by 11.42% over 2003. In Fiscal Year 2005 monthly collections increased by 9.52% over 2004. In Fiscal Year 2006 monthly collections increased by 14.00% over 2005. In Fiscal Year 2007 monthly collections increased by 6.11% over 2006.
- The current 2002 SPLOST will sunset on March 31, 2008 and the new 2007 SPLOST will start on April 1, 2007. The new SPLOST will be a six year program with an estimated collection of $300,000,000. We will continue to spend this money building capital projects such as an addition to the county jail, new fire stations, new libraries, other government buildings, park land, and road projects consisting of paving dirt roads, building new roads, working on bridges, and other related road construction.
- Henry County is feeling the effect of the housing market by seeing a decline in impact fees generated by new building permits, and by the slow down in the planning department. However, Henry County's LOST and SPLOST have continued to grow faster than a year ago, and we do not see this changing. We have added several new mall sites in the County with JC Penny's , Kohl's, and other large anchor stores coming to the County. With the addition of these stores and others, the impact of the slow down in the housing market will have little effect on Henry County.
- Henry County has been using in-house departments to help with current projects because it is cheaper and more efficient. With the slowdown in construction, we are now able to get prices that are more competitive and are able to do more work in the same amount of time with little or no effect on cost of getting the work done.

Requests for Information

This financial report is designed to provide a general overview of Henry County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Henry County, 140 Henry Parkway, McDonough, Georgia 30253.

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
Cash and cash equivalents	$ 66,087,114	$ 1,466,879	$ 67,553,993	$ 1,281,342	$ 28,237	$ 1,814,279	$ 1,125,107
Investments	24,272,010	-	24,272,010	-	280,000	27,042	-
Receivables, net of allowances for uncollectibles	9,110,777	136,083	9,246,860	-	-	-	6,761,703
Due from other governments	8,923,159	-	8,923,159	63,546	-	-	-
Due from primary government	-	-	-	-	147,332	-	101,696
Due from component units	21,820	-	21,820	-	-	-	-
Inventory	238,915	-	238,915	-	-	-	767,474
Prepaid items	1,678,936	-	1,678,936	-	-	-	64,140
Restricted assets:							
Cash and cash equivalents	23,533,384	-	23,533,384	-	-	-	15,442,229
Investments	-	-	-	-	-	-	52,238,930
Accrued interest	-	-	-	-	-	-	101,040
Deferred charges	115,438	-	115,438	-	-	-	3,784,253
Capital assets, non-depreciable	130,648,979	-	130,648,979	-	-	10,251	102,643,750
Capital assets, depreciable (net of accumulated depreciation)	339,619,397	394,018	340,013,415	19,191	-	1,139,917	342,809,028
Other non-current assets	2,058,392	-	2,058,392	-	-	-	1,879,574
Total assets	$ 606,308,321	$ 1,996,980	$ 608,305,301	$ 1,364,079	$ 455,569	$ 2,991,489	$ 527,718,924

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
LIABILITIES							
Accounts payable	$ 7,458,742	$ 14,352	$ 7,473,094	$ 1,025	$ 9,772	$ 73,389	$ 5,960,882
Accrued liabilities	3,678,788	38,595	3,717,383	-	-	-	910,161
Due to other governments	87,276	-	87,276	48,743	-	-	-
Internal balances	(2,411,518)	2,411,518	-	-	-	-	-
Due to component units	147,332	-	147,332	-	-	-	-
Due to primary government	-	-	-	-	21,820	-	-
Unearned revenue	85,258	-	85,258	-	-	-	-
Payable from restricted assets:							
Customer deposits payable	-	-	-	-	-	-	731,700
Revenue bonds payable	-	-	-	-	-	-	4,285,000
Accrued interest payable	-	-	-	-	-	-	3,205,071
Non-current liabilities:							
Due within one year	18,209,610	-	18,209,610	-	-	30,622	4,135,078
Due in more than one year	48,252,992	-	48,252,992	147,686	-	37,426	247,397,782
Total liabilities	75,508,480	2,464,465	77,972,945	197,454	31,592	141,437	266,625,674
NET ASSETS							
Invested in capital assets, net of related debt	413,046,368	394,018	413,440,386	19,191	-	1,150,169	198,056,873
Restricted for:							
Jail construction	2,105	-	2,105	-	-	-	-
Drug abuse treatment	1,251,413	-	1,251,413	-	-	-	-
Juvenile assistance	7,134	-	7,134	-	-	-	-
Fire safety	55,966	-	55,966	-	-	-	-
Victim witness program	644,805	-	644,805	-	-	-	-
Wireless communications	-	-	-	-	-	-	-
Capital projects	21,339,680	-	21,339,680	-	-	920,288	-
Other purposes	-	-	-	41,940	-	-	56,159,313
Unrestricted	94,452,370	(861,503)	93,590,867	1,105,494	423,977	779,595	6,877,064
Total net assets	$ 530,799,841	$ (467,485)	$ 530,332,356	$ 1,166,625	$ 423,977	$ 2,850,052	$ 261,093,250

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Health Department	Component Units: Development Authority	Component Units: Library System	Component Units: Water & Sewerage Authority
Primary government:											
Governmental activities:											
General government	$ 20,696,639	$ 4,039,879	$ 145	$ -	$ (16,656,615)	$ -	$ (16,656,615)	$ -	$ -	$ -	$ -
Judicial	12,923,866	7,729,204	287,264	-	(4,907,398)	-	(4,907,398)	-	-	-	-
Public safety	58,373,932	8,396,688	289,074	867,822	(48,820,348)	-	(48,820,348)	-	-	-	-
Public works	22,138,753	767,938	573,240	31,660,197	10,862,622	-	10,862,622	-	-	-	-
Health and welfare	5,281,437	635,940	1,513,878	-	(3,131,619)	-	(3,131,619)	-	-	-	-
Culture and recreation	8,167,060	645,336	37,711	500,000	(6,984,013)	-	(6,984,013)	-	-	-	-
Housing and development	6,580,680	5,707,821	4,455	-	(868,404)	-	(868,404)	-	-	-	-
Interest on long-term debt	2,430,744	-	-	-	(2,430,744)	-	(2,430,744)	-	-	-	-
Total governmental activities	136,593,111	27,922,806	2,705,767	33,028,019	(72,936,519)	-	(72,936,519)	-	-	-	-
Business-type activities:											
Stormwater	1,358,397	2,591,018	-	-	-	1,232,621	1,232,621	-	-	-	-
Total business-type activities	1,358,397	2,591,018	-	-	-	1,232,621	1,232,621	-	-	-	-
Total primary government	$ 137,951,508	$ 30,513,824	$ 2,705,767	$ 33,028,019	(72,936,519)	1,232,621	(71,703,898)	-	-	-	-
Component units:											
Health Department	$ 2,268,930	$ 880,581	$ 1,136,472	$ -	-	-	-	(251,877)	-	-	-
Development Authority	353,581	4,994	357,249	-	-	-	-	-	8,662	-	-
Library System	2,190,117	96,759	2,697,788	-	-	-	-	-	-	604,430	-
Water & Sewerage Authority	51,510,657	36,913,329	-	30,512,090	-	-	-	-	-	-	15,914,762
Total component units	$ 56,323,285	$ 37,895,663	$ 4,191,509	$ 30,512,090	-	-	-	(251,877)	8,662	604,430	15,914,762
General revenues:											
Property taxes					66,845,897	-	66,845,897	-	-	-	11,456,251
Sales taxes					50,429,593	-	50,429,593	-	-	-	-
Franchise taxes					937,203	-	937,203	-	-	-	-
Insurance premium taxes					4,376,832	-	4,376,832	-	-	-	-
Other taxes					1,719,483	-	1,719,483	-	-	-	1,553,062
Unrestricted investment earnings					6,593,296	68,815	6,662,111	70,885	15,698	38,537	3,349,937
Gain on sale of capital assets					218,233	-	218,233	-	-	76,650	12,517
Transfers					1,768,921	(1,768,921)	-	-	-	-	-
Total general revenues and transfers					132,889,458	(1,700,106)	131,189,352	70,885	15,698	115,187	16,371,767
Change in net assets					59,952,939	(467,485)	59,485,454	(180,992)	24,360	719,617	32,286,529
Net assets, beginning of year					470,846,902	-	470,846,902	1,347,617	399,617	2,130,435	228,806,721
Net assets, end of year					$ 530,799,841	$ (467,485)	$ 530,332,356	$ 1,166,625	$ 423,977	$ 2,850,052	$ 261,093,250

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

ASSETS	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 15,193,806	$ 11,668,648	$ 9,121,450	$ -	$ 30,103,210	$ 66,087,114
Investments	17,203,310	-	6,440,053	-	628,647	24,272,010
Receivables, net of allowances for uncollectibles	6,617,720	1,886,665	713	-	605,679	9,110,777
Due from other governments	4,009,694	4,890,903	-	-	22,562	8,923,159
Due from other funds	13,469,526	1,532,726	1,351,227	221,738	129,376	16,704,593
Due from component unit	21,820	-	-	-	-	21,820
Inventory	238,915	-	-	-	-	238,915
Prepaid items	1,565,936	-	-	-	113,000	1,678,936
Restricted cash	-	3,141,194	3,584,763	16,807,427	-	23,533,384
Total assets	$ 58,320,727	$ 23,120,136	$ 20,498,206	$ 17,029,165	$ 31,602,474	$ 150,570,708
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,417,367	$ 4,403,719	$ 794,968	$ 262,923	$ 579,765	$ 7,458,742
Accrued liabilities	3,061,885	41,007	-	-	74,345	3,177,237
Due to other governments	87,276	-	-	-	-	87,276
Due to other funds	711,957	324,468	6,900,025	3,878,279	2,478,346	14,293,075
Due to component units	147,332	-	-	-	-	147,332
Unearned revenue	1,926,791	-	-	-	-	1,926,791
Total liabilities	$ 7,352,608	$ 4,769,194	$ 7,694,993	$ 4,141,202	$ 3,132,456	$ 27,090,453

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

LIABILITIES AND FUND BALANCES (Continued)	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Reserved for:						
Encumbrances	$ 1,402,994	$ -	$ -	$ -	$ 34,284	$ 1,437,278
Jail construction	-	-	-	-	2,105	2,105
Drug abuse treatment	-	-	-	-	1,251,413	1,251,413
Juvenile assistance	-	-	-	-	7,134	7,134
Fire safety	55,966	-	-	-	-	55,966
Victim witness program	-	-	-	-	644,805	644,805
Unreserved, reported in:						
General fund, undesignated	49,509,159	-	-	-	-	49,509,159
Special revenue funds, undesignated	-	-	-	-	5,366,870	5,366,870
Debt service fund, undesignated	-	-	-	-	13,424,334	13,424,334
Capital projects funds, undesignated	-	18,350,942	12,803,213	12,887,963	7,739,073	51,781,191
Total fund balances	50,968,119	18,350,942	12,803,213	12,887,963	28,470,018	123,480,255
Total liabilities and fund balances	$ 58,320,727	$ 23,120,136	$ 20,498,206	$ 17,029,165	$ 31,602,474	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						470,268,376
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						1,841,533
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(66,848,715)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.						2,058,392
Net assets of governmental activities						$ 530,799,841

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 93,138,242	$ 30,499,217	$ -	$ -	$ 265,723	$ 123,903,182
Licenses and permits	3,292,253	-	-	-	2,604,520	5,896,773
Intergovernmental	3,066,883	4,693,138	-	-	-	7,760,021
Charges for services	11,283,314	-	-	-	3,023,014	14,306,328
Fines and forfeitures	4,788,697	-	-	-	2,068,857	6,857,554
Investment income	2,502,585	1,199,755	241,303	1,224,184	1,425,469	6,593,296
Contributions	70,310	-	10,000	-	-	80,310
Miscellaneous	1,454,557	514,410	21,826	-	585,843	2,576,636
Total revenues	119,596,841	36,906,520	273,129	1,224,184	9,973,426	167,974,100
Expenditures:						
Current:						
General government	14,677,682	-	-	-	300,000	14,977,682
Judicial	11,138,743	-	-	-	757,625	11,896,368
Public safety	49,695,003	-	-	-	2,163,391	51,858,394
Public works	11,660,781	-	-	-	-	11,660,781
Health and welfare	5,243,091	-	-	-	-	5,243,091
Culture and recreation	5,438,759	-	-	-	-	5,438,759
Housing and development	6,241,444	-	-	-	130,902	6,372,346
Capital outlay	-	43,569,844	7,831,615	18,262,074	3,538,012	73,201,545
Debt service:						
Principal retirement	-	-	-	-	15,319,413	15,319,413
Interest and fiscal charges	-	-	-	-	2,891,292	2,891,292
Total expenditures	104,095,503	43,569,844	7,831,615	18,262,074	25,100,635	198,859,671
Excess (deficiency) of revenues over (under) expenditures	$ 15,501,338	$ (6,663,324)	$ (7,558,486)	$ (17,037,890)	$ (15,127,209)	$ (30,885,571)

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Capital leases	$ -	$ -	$ -	$ 7,445,411	$ -	$ 7,445,411
Transfers in	941,543	1,012,535	14,825,000	-	20,401,966	37,181,044
Transfers out	(19,289,167)	(8,843,315)	(809,384)	(700,109)	(5,628,670)	(35,270,645)
Proceeds from sale of capital assets	252,647	-	-	-	21,233	273,880
Total other financing sources (uses)	(18,094,977)	(7,830,780)	14,015,616	6,745,302	14,794,529	9,629,690
Net change in fund balances	(2,593,639)	(14,494,104)	6,457,130	(10,292,588)	(332,680)	(21,255,881)
Fund balances, beginning of year	53,561,758	32,845,046	6,346,083	23,180,551	28,802,698	144,736,136
Fund balances, end of year	$ 50,968,119	$ 18,350,942	$ 12,803,213	$ 12,887,963	$ 28,470,018	$ 123,480,255

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (21,255,881)
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 reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	46,679,993
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	25,681,845
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	405,826
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,463,332
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(22,176)
	$ 59,952,939

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 63,888,874	$ 67,284,323	$ 66,440,071	$ (844,252)
Sales tax	19,014,572	19,930,394	19,930,376	(18)
Other taxes	6,710,643	6,768,143	6,767,795	(348)
Licenses and permits	5,401,120	3,292,320	3,292,253	(67)
Intergovernmental	1,441,275	2,979,039	3,066,883	87,844
Charges for services	9,832,184	11,308,476	11,283,314	(25,162)
Fines and forfeitures	3,370,922	4,808,458	4,788,697	(19,761)
Investment income	2,910,000	2,504,507	2,502,585	(1,922)
Contributions	-	70,311	70,310	(1)
Miscellaneous	517,879	1,288,533	1,454,557	166,024
Total revenues	113,087,469	120,234,504	119,596,841	(637,663)
Expenditures:				
General government:				
Director of administration and finance	146,525	122,806	121,916	890
Board of commissioners	1,394,851	2,114,755	2,170,657	(55,902)
County manager	416,679	433,249	443,447	(10,198)
Support services	74,863	66,215	64,687	1,528
County attorney	450,928	427,230	424,848	2,382
Tax commissioner	1,620,077	1,680,886	1,687,913	(7,027)
Finance	972,176	1,057,740	1,050,145	7,595
Information systems	1,507,441	1,809,060	1,844,096	(35,036)
Human resources	526,371	524,445	523,072	1,373
Risk management	1,112,093	1,154,070	1,180,523	(26,453)
Purchasing	495,757	494,584	493,116	1,468
Tax assessor	1,721,748	1,669,615	1,667,913	1,702
Elections	751,794	879,832	879,699	133
Public buildings	1,735,305	2,129,033	2,125,650	3,383
Other - unclassified	9,798,090	-	-	-
Total general government	22,724,698	14,563,520	14,677,682	(114,162)

(Continued)

HENRY COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 313,232	$ 424,233	$ 421,058	$ 3,175
Clerk of superior court	1,637,123	1,525,743	1,540,620	(14,877)
Court reporter	195,096	302,762	298,855	3,907
Jury/bailiff	237,750	200,750	200,224	526
District attorney	918,293	986,450	984,676	1,774
Public defender	883,568	592,521	589,234	3,287
Juvenile court	1,333,152	1,608,876	1,606,875	2,001
State court	1,064,071	1,654,749	1,653,639	1,110
State court solicitor	1,189,317	1,485,187	1,482,799	2,388
Clerk of state court	790,613	938,122	935,974	2,148
Magistrate court	709,665	757,482	758,992	(1,510)
Probate court	644,111	668,174	665,797	2,377
Total judicial	9,915,991	11,145,049	11,138,743	6,306
Public safety:				
Director of public safety	167,759	134,891	134,497	394
Police	2,131,646	1,941,240	1,949,092	(7,852)
Criminal investigation division	1,725,545	1,867,877	1,873,204	(5,327)
Narcotics	663,824	854,157	853,803	354
Support service	767,448	930,416	925,811	4,605
Uniform patrol division	8,798,423	9,270,651	9,268,227	2,424
Fire	16,836,173	18,378,916	18,406,359	(27,443)
E911 / Emergency Management	-	880,417	880,410	7
Sheriff	6,042,606	6,524,401	6,566,410	(42,009)
Jail	7,398,460	7,175,036	7,183,703	(8,667)
Early release	400,292	383,458	384,830	(1,372)
Coroner	128,344	114,167	112,535	1,632
Code enforcement	471,563	464,244	461,827	2,417
Animal control	699,236	695,984	694,295	1,689
Total public safety	46,231,319	49,615,855	49,695,003	(79,148)

(Continued)

HENRY COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
Director of public works	$ 118,310	$ 123,914	$ 123,760	$ 154
DOT	3,338,290	3,691,163	3,707,723	(16,560)
Construction & roads	368,000	541,712	541,693	19
Scraping and hauling	5,602,652	6,110,891	6,134,007	(23,116)
Waste management	23,995	16,895	17,856	(961)
Maintenance shop	1,173,681	1,115,560	1,135,742	(20,182)
Total public works	10,624,928	11,600,135	11,660,781	(60,646)
Health and welfare:				
General health	988,579	922,450	922,028	422
Department of family and children services	277,212	285,479	285,053	426
Family connection	109,887	127,391	126,885	506
Transit system	1,071,225	1,263,453	1,259,895	3,558
Senior services	2,790,834	2,616,751	2,615,326	1,425
	-	33,907	33,904	3
Total health and welfare	5,237,737	5,249,431	5,243,091	6,340
Culture and recreation:				
Recreation	3,659,246	3,697,376	3,703,759	(6,383)
Libraries	1,400,000	1,735,000	1,735,000	-
Total culture and recreation	5,059,246	5,432,376	5,438,759	(6,383)
Housing and development:				
Director of human and community services	120,385	150,123	149,773	350
Conservation	194,401	219,595	216,232	3,363
Conservation - NRCS	45,756	21,299	20,115	1,184
Building department	2,820,890	2,763,911	2,782,346	(18,435)
Planning and zoning	1,005,777	1,035,345	1,029,804	5,541

(Continued)

HENRY COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Housing and development: (continued)				
GIS mapping	$ 400,731	$ 406,864	$ 405,658	$ 1,206
Development plan review	484,341	470,015	467,501	2,514
Transportation development	75,687	817,395	815,766	1,629
Economic development authority	354,249	354,249	354,249	-
Total housing and development	5,502,217	6,238,796	6,241,444	(2,648)
Total expenditures	105,296,136	103,845,162	104,095,503	(250,341)
Excess of revenues over expenditures	7,791,333	16,389,342	15,501,338	(888,004)
Other financing sources (uses):				
Transfers in	281,350	930,119	941,543	11,424
Transfers out	(9,172,683)	(21,882,953)	(19,289,167)	2,593,786
Proceeds from sale of capital assets	100,000	252,647	252,647	-
Total other financing sources (uses)	(8,791,333)	(20,700,187)	(18,094,977)	2,605,210
Net change in fund balances	(1,000,000)	(4,310,845)	(2,593,639)	1,717,206
Fund balances, beginning of year	53,561,758	53,561,758	53,561,758	-
Fund balances, end of year	$ 52,561,758	$ 49,250,913	$ 50,968,119	$ 1,717,206

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Major Enterprise Fund Stormwater Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 1,466,879
Accounts receivable, net of allowances	136,083
Due from other funds	5,303
Total current assets	1,608,265
NONCURRENT ASSETS	
Capital assets, depreciable, net of accumulated depreciation	394,018
Total noncurrent assets	394,018
Total assets	$ 2,002,283
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 14,352
Accrued liabilities	38,595
Due to other funds	2,416,821
Total current liabilities	2,469,768
Total liabilities	2,469,768
NET ASSETS	
Invested in capital assets, net of related debt	394,018
Unrestricted	(861,503)
Total net assets	$ (467,485)

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Major Enterprise Fund Stormwater Fund
Operating revenues:	
Charges for services:	
Stormwater sales	$ 2,591,018
Total operating revenues	2,591,018
Operating expenses:	
Salaries and benefits	983,749
Purchased/contracted services	232,177
Supplies and materials	86,208
Depreciation	56,263
Total operating expenses	1,358,397
Operating income	1,232,621
Nonoperating revenues:	
Investment income	68,815
Total nonoperating revenues	68,815
Income before contributions and transfers	1,301,436
Capital contributions	141,478
Transfers out	(1,910,399)
Change in net assets	(467,485)
Net assets, beginning of year	-
Net assets, end of year	$ (467,485)

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2007

	Major Enterprise Fund Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,454,935
Receipts from interfund services provided	2,416,821
Payments to suppliers and service providers	(309,336)
Payments to employees	(945,154)
Net cash provided by operating activities	3,617,266
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(1,910,399)
Net cash used in noncapital financing activities	(1,910,399)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(308,803)
Net cash used in capital and related financing activities	(308,803)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	68,815
Net cash provided by investing activities	68,815
Net increase in cash and cash equivalents	1,466,879
Cash and cash equivalents:	
Beginning of year	-
End of year	$ 1,466,879

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2007

	Major Enterprise Fund Stormwater Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,232,621
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	56,263
Increase in accounts receivable	(136,083)
Increase in due from other funds	(5,303)
Increase in accounts payable	14,352
Increase in accrued liabilities	38,595
Increase in due to other funds	2,416,821
Net cash provided by operating activities	$ 3,617,266
Noncash investing, capital, and financing activities:	
Transfer of capital assets from other funds	$ 141,478
Total noncash investing, capital and financing activities	$ 141,478

The accompanying notes are an integral part of these financial statements.

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2007

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 5,143,958
Taxes receivable	6,862,621
Total assets	$ 12,006,579
LIABILITIES	
Due to component unit	$ 101,696
Due to others	11,904,883
Total liabilities	$ 12,006,579

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS

GUIDE TO NOTES

Page

Note 1: Summary of Significant Accounting Policies 32

Note 2: Reconciliation of Government-wide Financial Statements and Fund Financial Statements 43

Note 3: Legal Compliance - Budgets 47

Note 4: Deposits and Investments 50

Note 5: Receivables 53

Note 6: Capital Assets 54

Note 7: Long-term Debt and Capital Leases 59

Note 8: Operating Leases 65

Note 9: Interfund Receivables, Payables, and Transfers 66

Note 10: Defined Benefit Pension Plans 68

Note 11: Deferred Compensation Plan 73

Note 12: Other Postemployment Benefits 74

Note 13: Hotel/Motel Tax 74

Note 14: Risk Management 75

Note 15: Landfill Postclosure Care 76

Note 16: Commitments and Contingencies 77

Note 17: Joint Venture 78

Note 18: Changes in Reservations 79

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Henry County, Georgia (the "County") was created by legislative act in 1821 and operates under a Board of Commissioners/County Manager form of government, providing the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the County and its discretely presented component units, the Henry County Department of Public Health, the Henry County Development Authority, the Henry County Library System, and the Henry County Water and Sewerage Authority, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting polices are described below:

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the County's reporting entity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units

Henry County Department of Public Health

The Henry County Department of Public Health is governed by a seven-member board, of which four members are appointed by the governing authority of the County. The County approves the required local match portion of the budget requested by the Health Department which is administered by the appointed Board of the Health Department. The Henry County Department of Public Health is presented as a governmental fund type component unit.

The Henry County Department of Public Health's financial statements have been presented separately and can be obtained by writing to the Henry County Department of Public Health, 135 Henry Parkway, McDonough, Georgia 30253.

Henry County Development Authority

The Henry County Development Authority is governed by a five-member board, of which four members are appointed by the governing authority of the County. The County approves the annual operating budget for the Henry County Development Authority. The Henry County Development Authority is presented as a governmental fund type component unit.

Separate financial statements are not prepared for the Henry County Development Authority. Therefore, fund financial statements have been included in the Combining and Individual Fund Statements and Schedules.

Henry County Library System

The Henry County Library System is governed by a nine-member board, of which six members are appointed by the governing authority of the County. The County approves the annual funding portion of the budget requested by the Library System which is administered by the appointed Library Board. In addition, the County provides a substantial majority of funding for the operations of the Library System, therefore, the Library is considered to be fiscally dependent on the County. The Henry County Library System is presented as a governmental fund type component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

Henry County Library System (Continued)

The Henry County Library System's financial statements have been presented separately and can be obtained by writing to the Henry County Library System, 1001 Florence McGarity Parkway, McDonough, Georgia 30252.

Henry County Water and Sewerage Authority

The Henry County Water and Sewerage Authority (the "Water and Sewerage Authority") was created under the Acts of the General Assembly of the State of Georgia on March 28, 1961, to provide water and related services throughout Henry County, Georgia. The Authority is governed by a Board of Commissioners which is appointed by Henry County. The County is obligated for the debt of the Authority, and therefore, a financial burden exists. The Henry County Water and Sewerage Authority is presented as a proprietary fund type component unit.

Separate financial statements for the Henry County Water and Sewerage Authority may be obtained by writing to the Henry County Water and Sewerage Authority, 1695 Highway 20 West, McDonough, Georgia 30253.

Blended Component Unit

The **Henry County Governmental Finance Corporation** ("the Finance Corporation") is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings through capital lease arrangements. Because capital lease arrangements between a primary government and its blended component unit are not to be reported as capital leases in the financial reporting entity's financial statements, the debt and assets of the Finance Corporation are reported as a form of the County's debt and assets. All debt service activity of the Finance Corporation will be reported as debt service activity of the County.

Separate financial statements are not prepared for the Henry County Finance Corporation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 ***2002 SPLOST Fund*** is used to account for the revenue and expenditures relating to the 2002 one percent Special Purpose Local Option Sales Tax.

The ***Capital Assets Fund*** accounts for the financial resources to be used to purchase or construct major capital facilities other than those accounted for in specific funds.

The ***Lease Purchase Fund*** is a capital projects fund and accounts for the revenues and expenditures relating to the proceeds from capital leases.

The County reports the following major proprietary funds:

The ***Stormwater Fund*** is used to account for the activities involved in the maintenance of surface water runoff and costs of addressing the environmental issues resulting from runoff.

Additionally, the County reports the following fund types:

The ***Agency Funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Agency funds account for Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, Sheriff, State Court, and Juvenile Court.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 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 a participant's shares sold and redeemed based on $1.00 per share.

The County's investments and the investments of its component units are stated at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which is fair value.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Restricted Assets

Certain proceeds of the primary government's general obligation bonds and capital leases, as well as certain resources set aside for their repayment, and certain proceeds of the Water and Sewerage Authority (component unit) revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is restricted by applicable bond covenants.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Water and Sewerage Authority is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings and improvements	40
Machinery and equipment	3-10
Roads	40

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $66,848,715 difference are as follows:

Capital leases payable	$	(42,866,616)
General obligation bonds payable		(16,920,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		115,438
Plus: Issuance premium (to be amortized against interest expense)		(576,586)
Compensated absences		(4,656,966)
Claims and judgments payable		(50,000)
Landfill postclosure costs		(1,392,434)
Accrued interest		(501,551)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(66,848,715)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 reported as depreciation expense." The details of this $46,679,993 difference are as follows:

Capital outlay	$ 62,780,390
Depreciation expense	(16,100,397)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 46,679,993

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this $25,681,845 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	$	25,878,970
In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(197,125)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets of governmental activities*	$	25,681,845

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $8,463,332 difference are as follows:

Debt incurred:		
Capital lease financing	$	(7,445,411)
Claims and judgments payable		(50,000)
Principal repayments:		
Capital leases		7,239,413
Bonds payable		8,080,000
Claims and judgments payable		635,869
Landfill postclosure costs		3,461
Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities*	$	8,463,332

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $22,176 difference are as follows:

Compensated absences	$	(1,169,087)
Amortization of issuance costs		(76,959)
Amortization of premium on general obligation bonds		384,392
Accrued interest		153,115
Net pension obligation		686,363
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	(22,176)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, the County Manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

2. Public hearings are conducted at the County Administration Building to obtain taxpayer comments.

3. Prior to July 1, the budget is legally enacted through passage of an ordinance.

4. Any transfers of budgeted amounts and any revisions that alter the total expenditures of any department or fund must be approved by the Commissioners. The legal level of budgetary control is the department level.

5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were legally adopted for the General Fund, Special Revenue Funds, and Debt Service Fund. Project length budgets were adopted for all Capital Projects Funds.

   The supplementary budgetary appropriations made were not material.

6. All annual appropriations lapse at the end of each year.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures over Appropriations

For the year ended June 30, 2007, expenditures exceeded budget in the General Fund, as follows:

Fund or Department	Excess
General Fund:	
Board of commissioners	$ 55,902
County manager	10,198
Tax commissioner	7,027
Information systems	35,036
Risk management	26,453
Clerk of superior court	14,877
Magistrate court	1,510
Police	7,852
Criminal investigation division	5,327
Fire	27,443
Sheriff	42,009
Jail	8,667
Early release	1,372
DOT	16,560
Scraping and hauling	23,116
Waste management	961
Maintenance shop	20,182
Recreation	6,383
Building department	18,435
Technology Fund	153,972

These overexpenditures were funded through the use of fund balance in the respective funds.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2007 are summarized as follows:

Balances per statement of net assets:	
Cash - Primary government	$ 67,553,993
Cash - Health Department	1,281,342
Cash - Development Authority	28,237
Cash - Library System	1,814,279
Cash - Water & Sewerage Authority	1,125,107
Investments - Primary government	24,272,010
Investments - Development Authority	280,000
Investments - Library System	27,042
Restricted assets:	
Cash - Primary government	23,533,384
Cash - Water & Sewerage Authority	15,442,229
Investments - Water & Sewerage Authority	52,238,930
Balances per statement of fiduciary net assets:	
Cash - Agency funds	5,143,958
	$ 192,740,511

Cash deposited with financial institutions	$ 116,831,174
Cash deposited with Georgia Fund 1	58,347,774
Federal National Mortgage Association Coupon	10,900,502
Federal Home Loan Bank Agency Coupons	6,410,949
Corporate Bonds	250,112
	$ 192,740,511

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County's policy is to invest only in the following: U.S. government and agency debt obligations; U.S. government instrumentality debt obligations; high grade corporate debt with ratings at or above A3 by Moody's or A- by Standard & Poor's; mortgage-backed securities with ratings at or above AA3 by Moody's or AA by Standard & Poor's; and bank certificates of deposit. As of June 30, 2007, the investments in the Georgia Fund 1 were rated AAAm by Standard & Poor's and the investment in the Corporate Bond, Federal National Mortgage Association Coupons, and Federal Home Loan Bank Agency Coupons were rated AAA by Standard & Poor's.

At June 30, 2007, the County had the following investment:

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	15 day weighted average	$ 12,742,863
Federal National Mortgage Association Coupon	September 26, 2007	5,449,693
Federal National Mortgage Association Coupon	December 26, 2007	5,450,809
Certificates of Deposit	7.89 months	628,645
		$ 24,272,010
Component units:		
Georgia Fund 1	15 day weighted average	$ 45,604,911
Certificates of Deposit	17.25 month weighted average	280,000
Corporate Bond	December 13, 2043	250,112
Federal Home Loan Bank Agency Coupon	September 10, 2010	6,410,949
		$ 52,545,972

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the duration of any investment to a maximum of five years.

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and 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, 2007, the County's deposits held at one financial institution were not properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia in the amount of $442,334. All of the Development Authority, Health Department Library System, and Water and Sewerage Authority's bank balances were properly insured and collateralized as defined by GASB pronouncements.

Custodial credit risk – investments. For an investment, this 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. The County has no specific investment policy in regards to custodial credit risk for investments.

NOTE 5. RECEIVABLES

Receivables at June 30, 2007 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	2002 SPLOST Fund	Capital Asset Fund	Stormwater Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables:						
Taxes	$ 2,771,843	$ -	$ -	$ -	$ 18,247	$ 2,790,090
Accounts	6,025,115	-	-	143,245	582,231	6,750,591
Other	388,230	1,886,665	713	-	5,201	2,280,809
Gross receivables	9,185,188	1,886,665	713	143,245	605,679	11,821,490
Less allowance for uncollectibles	2,567,468	-	-	7,162	-	2,574,630
Net total receivables	$ 6,617,720	$ 1,886,665	$ 713	$ 136,083	$ 605,679	$ 9,246,860

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2007 of $6,761,703, which is net of an allowance for uncollectibles of $74,804.

Property taxes attached as an enforceable lien on property as of November 16, 2006. Property taxes were levied on August 11, 2006, billed on September 15, 2006, and payable on or before November 15, 2006. The County bills and collects its own property taxes. Property taxes levied for 2006 are recorded as receivables, net of estimated uncollectibles.

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the primary government for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 31,268,559	$ 233,546	$ -	$ 4,941,810	$ 36,443,915
Construction in progress	56,815,905	57,743,834	(17,084)	(20,337,591)	94,205,064
Total	88,084,464	57,977,380	(17,084)	(15,395,781)	130,648,979
Capital assets, being depreciated:					
Buildings and improvements	68,888,171	5,491	-	10,042,843	78,936,505
Machinery and equipment	43,650,041	4,571,011	(852,719)	1,563,655	48,931,988
Infrastructure	367,111,389	26,105,478	-	3,609,271	396,826,138
Total	479,649,601	30,681,980	(852,719)	15,215,769	524,694,631
Less accumulated depreciation for:					
Buildings and improvements	(13,731,949)	(1,933,763)	-	-	(15,665,712)
Machinery and equipment	(25,779,789)	(5,106,796)	814,156	38,534	(30,033,895)
Infrastructure	(130,315,789)	(9,059,838)	-	-	(139,375,627)
Total	(169,827,527)	(16,100,397)	814,156	38,534	(185,075,234)
Total capital assets, being depreciated, net	309,822,074	14,581,583	(38,563)	15,254,303	339,619,397
Governmental activities capital assets, net	$ 397,906,538	$ 72,558,963	$ (55,647)	$ (141,478)	$ 470,268,376

NOTE 6. CAPITAL ASSETS (Continued)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	$ -	$ 308,803	$ -	$ 180,013	$ 488,816
Total	-	308,803	-	180,013	488,816
Less accumulated depreciation for:					
Machinery and equipment	-	(56,263)	-	(38,535)	(94,798)
Total	-	(56,263)	-	(38,535)	(94,798)
Business-type activities capital assets, net	$ -	$ 252,540	$ -	$ 141,478	$ 394,018

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 2,363,622
Judicial	186,555
Public safety	2,891,991
Public works	9,728,504
Health and welfare	142,515
Culture and recreation	682,093
Housing and development	105,117
Total depreciation expense - governmental activities	$ 16,100,397
Business-type activities:	
Stormwater	$ 56,263
Total depreciation expense - business-type activities	$ 56,263

B. Discretely Presented Component Unit – Health Department

Capital asset activity for the Health Department for the year ended June 30, 2007, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 126,853	$ 14,668	$ (21,869)	$ 119,652
Less accumulated depreciation for:				
Machinery and equipment	(116,793)	(5,537)	21,869	(100,461)
Total capital assets, net	$ 10,060	$ 9,131	$ -	$ 19,191

NOTE 6. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Library System

Capital asset activity for the Library System for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 75,127	$ -	$ (64,876)	$ 10,251
Capital assets, being depreciated:				
Buildings and improvements	167,840	-	(82,445)	85,395
Equipment	7,950	-	-	7,950
Books and materials	2,742,889	284,385	(7,932)	3,019,342
Total	2,918,679	284,385	(90,377)	3,112,687
Less accumulated depreciation for:				
Buildings and improvements	(148,799)	(3,879)	73,970	(78,708)
Equipment	(7,950)		-	(7,950)
Books and materials	(1,773,004)	(121,040)	7,932	(1,886,112)
Total	(1,929,753)	(124,919)	81,902	(1,972,770)
Total capital assets, being depreciated, net	988,926	159,466	(8,475)	1,139,917
Total capital assets, net	$ 1,064,053	$ 159,466	$ (73,351)	$ 1,150,168

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Discretely Presented Component Unit – Water & Sewerage Authority

Capital asset activity for the Water & Sewerage Authority for the year ended June 30, 2007 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 30,398,035	$ -	$ -	$ 45,795	$ 30,443,830
Construction in progress	109,239,833	42,765,062	-	(79,804,975)	72,199,920
Total	139,637,868	42,765,062	-	(79,759,180)	102,643,750
Capital assets, being depreciated:					
Buildings	6,986,138	56,981	-	-	7,043,119
Improvements other than buildings	362,108,073	16,607,716	-	79,759,180	458,474,969
Machinery and equipment	5,762,893	654,341	(106,279)	-	6,310,955
Vehicles	2,997,284	417,828	(97,376)	-	3,317,736
Total	377,854,388	17,736,866	(203,655)	79,759,180	475,146,779
Less accumulated depreciation for:					
Buildings	(1,939,546)	(405,708)	-	-	(2,345,254)
Improvements other than buildings	(105,019,768)	(17,129,403)	-	-	(122,149,171)
Machinery and equipment	(4,606,670)	(501,471)	104,474	-	(5,003,667)
Vehicles	(2,708,944)	(228,091)	97,376	-	(2,839,659)
Total	(114,274,928)	(18,264,673)	201,850	-	(132,337,751)
Total capital assets, being depreciated, net	263,579,460	(527,807)	(1,805)	79,759,180	342,809,028
Total capital assets, net	$ 403,217,328	$ 42,237,255	$ (1,805)	$ -	$ 445,452,778

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

Revenue Bonds:

The Water and Sewerage Authority (component unit) issues bonds where the Authority pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2007, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	2.00%-5.00%	2011	$ 2,925,000
Water and Sewerage Authority	5.00%	2012	7,340,000
Water and Sewerage Authority	3.75%-6.15%	2020	12,725,000
Water and Sewerage Authority	4.90%-6.00%	2020	11,360,000
Water and Sewerage Authority	4.24%	2026	33,505,000
Water and Sewerage Authority	2.00%-5.38%	2030	45,900,000
Water and Sewerage Authority	3.00%-5.25%	2030	50,205,000
			163,960,000
	Plus unamortized premiums		7,377,724
	Less unamortized discounts		(186,696)
	Less unamortized deferred charges - refunding		(7,683,419)
			$ 163,467,609

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Revenue Bonds: (Continued)

The Water and Sewerage Authority's revenue bond debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	$ 4,285,000	$ 7,921,047
2009	4,525,000	7,973,590
2010	4,730,000	7,775,799
2011	4,960,000	7,563,448
2012	5,000,000	7,329,263
2013-2017	28,455,000	32,635,188
2018-2022	35,270,000	17,472,062
2023-2027	44,165,000	12,474,613
2028-2030	32,570,000	3,421,715
Total	$ 163,960,000	$ 104,566,725

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

General Obligation Bonds:

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds at June 30, 2007, consisted of the following:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various construction projects within the County	2.50%-5.00%	4 years	2008	$ 25,000,000	$ 16,920,000
			Plus unamortized premium		576,586
					$ 17,496,586

The general obligation bond debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	$ 8,325,000	$ 575,444
2009	8,595,000	191,188
Total	$ 16,920,000	$ 766,632

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Other Long-Term Debt:

The Water and Sewerage Authority (component unit) has incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. Included with these notes is a construction line of credit agreement for $24,500,000, of which $23,242,035 had been drawn as of June 30, 2007. These notes are as follows at June 30, 2007:

Interest Rate	Term	Due Date	Amount
3.70%	20 years	2021	$ 12,054,126
3.49%	20 years	2022	17,043,817
3.00%	20 years	2026	39,412,703
3.00%	20 years	2027	23,242,035
			$ 91,752,681

The Water and Sewerage Authority's other long-term debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	$ 3,006,754	$ 2,178,054
2009	3,107,402	2,077,406
2010	3,211,447	1,973,361
2011	3,319,004	1,865,804
2012	3,430,195	1,754,613
2013-2017	18,954,872	6,969,168
2018-2022	21,316,377	3,574,475
2023-2026	12,164,595	908,185
Total	$ 68,510,646	$ 21,301,066

The above debt service requirements to maturity table does not include provision for the construction line of credit agreement for $24,500,000, of which $23,242,035 has been drawn as of June 30, 2007. This note payable is in the draw down phase as of June 30, 2007, and repayment will be determined when construction is complete and all draws have been made.

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Capital Leases:

The County has entered into lease agreements as lessee for financing the acquisition and construction of various buildings and equipment. The lease agreements qualify as capital leases for accounting purposes and have been recorded at the present values of the future minimum lease payments as of the date of their inception.

The following is an analysis of assets leased under capital leases as of June 30, 2007:

Land	$	2,302,901
Buildings and improvements		15,246,010
Equipment		21,915,160
	$	39,464,071

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2007:

Fiscal year ending June 30,		
2008	$	8,807,910
2009		6,629,884
2010		5,790,520
2011		5,617,184
2012		5,255,368
2013-2017		16,163,828
2018-2021		3,488,398
Total minimum lease payments		51,753,092
Less amount representing interest		8,886,476
Present value of future minimum lease payments	$	42,866,616

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Prior Year Defeasance of Debt:

The Water and Sewerage Authority has defeased certain outstanding revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On June 30, 2007, the outstanding amount of bonds considered defeased is $79,165,000.

Changes in Long-Term Liabilities:

The following is a summary of long-term debt activity of the primary government for the year ended June 30, 2007:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease obligations	$ 42,660,618	$ 7,445,411	$ 7,239,413	$ 42,866,616	$ 7,015,668
General obligation bonds	25,000,000	-	8,080,000	16,920,000	8,325,000
Plus unamortized premium	960,978	-	384,392	576,586	-
General obligation bonds, net	25,960,978	-	8,464,392	17,496,586	8,325,000
Landfill postclosure costs	1,395,895	53,008	56,469	1,392,434	43,942
Claims and judgments payable	635,869	50,000	635,869	50,000	25,000
Compensated absences	3,487,879	4,344,331	3,175,244	4,656,966	2,800,000
	$ 74,141,239	$ 11,892,750	$ 19,571,387	$ 66,462,602	$ 18,209,610

For governmental activities, landfill postclosure costs, claims and judgments, and compensated absences are generally liquidated by the General Fund.

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Changes in Long-Term Liabilities: (Continued)

The following is a summary of long-term debt activity of the Water and Sewerage Authority for the year ended June 30, 2007:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 166,980,000	$ 33,505,000	$ 36,525,000	$ 163,960,000	$ 4,285,000
Plus unamortized premiums	7,757,804	-	380,080	7,377,724	-
Less unamortized discounts	(201,534)	-	(14,838)	(186,696)	-
Less unamortized deferred charges	(6,798,471)	(1,386,234)	(501,286)	(7,683,419)	-
Revenue bonds, net	167,737,799	32,118,766	36,388,956	163,467,609	4,285,000
Notes payable	70,540,487	22,715,045	1,502,851	91,752,681	3,006,754
Compensated absences	481,010	506,311	411,974	575,347	432,573
Other noncurrent liabilities	22,223	-	-	22,223	-
	$ 238,781,519	$ 55,340,122	$ 38,303,781	$ 255,817,860	$ 7,724,327

NOTE 8. OPERATING LEASES

The Henry County Library System (component unit) is committed under various leases for rental of photo copiers and the Locust Grove Library Facility. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2007, amounted to $10,910. The lease of the Locust Grove Library Facility is an annual lease which matures on July 31, 2008 and will renew automatically unless either party terminates in writing before April 30 of each year. Management intends to continue the lease of this facility. Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30, 2007	$ 21,494

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007 is as follows:

Due to/from other funds:

	Payable Fund						
Receivable Fund	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Stormwater Enterprise Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ 219,764	$ 6,605,330	$ 1,751,294	$ 2,416,821	$ 2,476,317	$ 13,469,526
2002 SPLOST Fund	705,058	-	73,161	752,538	-	1,969	1,532,726
Capital Assets Fund	1,392	-	-	1,349,775	-	60	1,351,227
Lease Purchase Fund	204	-	221,534	-	-	-	221,738
Stormwater Enterprise Fund	5,303	-	-	-	-	-	5,303
Nonmajor governmental funds	-	104,704	-	24,672	-	-	129,376
Total	$ 711,957	$ 324,468	$ 6,900,025	$ 3,878,279	$ 2,416,821	$ 2,478,346	$ 16,709,896

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfers Out						
Transfers In	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Stormwater Enterprise Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ -	$ -	$ -	$ -	$ 941,543	$ 941,543
2002 SPLOST Fund	-	-	-	700,109	-	312,426	1,012,535
Capital Assets Fund	10,825,000	-	-	-	-	4,000,000	14,825,000
Nonmajor governmental funds	8,464,167	8,843,315	809,384	-	1,910,399	374,701	20,401,966
Total	$ 19,289,167	$ 8,843,315	$ 809,384	$ 700,109	$ 1,910,399	$ 5,628,670	$ 37,181,044

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. DEFINED BENEFIT PENSION PLANS

Primary Government

Plan Description

On July 1, 2003, the County began sponsoring the Association County Commissioners of Georgia Henry County Defined Benefit Plan (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association 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. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants are required to contribute 6% of their compensation to the plan.

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension asset for the pension plan for the current year is as follows:

	2007	2006
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 3,581,503	$ 3,597,200
Interest on Net Pension Obligation	(139,764)	(98,725)
Amortization of Net Pension Obligation	147,446	104,147
Annual Pension Cost	$ 3,589,185	$ 3,602,622

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2007	$ 3,589,185
Actual Contributions to Plan for Fiscal Year 2007	4,275,548
Increase (Decrease) in Net Pension Obligation	(686,363)
Net Pension Obligation (Asset) as of June 30, 2006	(1,372,029)
Net Pension Obligation (Asset) as of June 30, 2007	$ (2,058,392)

Basis of Valuation	
Current Valuation Date	January 1, 2007
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	5.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period	30

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
7/1/06	$ 3,589,185	$ 4,275,548	119 %	$ (2,058,392)
7/1/05	3,602,622	4,003,149	111	(1,372,029)
7/1/04	2,846,259	2,899,096	102	(971,502)
7/1/03	1,756,780	2,675,445	152	(918,665)

Library System – Component Unit

The Henry County Library System participates in the Teachers Retirement System of Georgia (TRS) retirement plan. Substantially all librarians and clerical personnel employed by regional and county libraries are covered by TRS, which is a cost-sharing multiple employer defined benefit pension plan. TRS provides service retirement, disability retirement and survivors' benefits for its members in accordance with state statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts. Employees of the Library who are covered by TRS are required by state statute to contribute 5% of their gross earnings to TRS. The Library makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with state statute and as advised by their independent actuary.

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water and Sewerage Authority – Component Unit

Plan Description

On January 1, 2004, the Authority began sponsoring the Association County Commissioners of Georgia Restated Pension Plan for Henry County Water and Sewerage Authority (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association 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 Authority 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. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The Authority 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 intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants are required to contribute a percentage of their compensation to the plan. The required contribution at June 30, 2007, was 5%.

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water and Sewerage Authority – Component Unit (Continued)

Annual Pension Cost

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2007 are as follows:

	2007	2006
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 748,609	$ 559,585
Interest on Net Pension Obligation	(101,464)	(65,980)
Amortization of Net Pension Obligation	107,036	69,605
Annual Pension Cost	$ 754,181	$ 563,210

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2007	$ 754,181
Actual Contributions to Plan for Fiscal Year 2007	1,336,859
Increase (Decrease) in Net Pension Obligation	(582,678)
Net Pension Obligation (Asset) as of June 30, 2006	(1,296,896)
Net Pension Obligation (Asset) as of June 30, 2007	$ (1,879,574)

Basis of Valuation	
Current Valuation Date	January 1, 2007
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	5.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percentage (closed)
Remaining Amortization Period	10

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water and Sewerage Authority – Component Unit (Continued)

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
7/1/07	$ 754,181	$ 1,336,859	177 %	$ (1,879,574)
7/1/06	563,210	995,869	177	(1,296,896)
7/1/05	533,622	838,318	157	(864,237)
7/1/04	246,517	806,058	327	(559,541)

NOTE 11. DEFERRED COMPENSATION PLAN

The County offers the ACCG 457 Deferred Compensation Program created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participation to defer a portion of their salaries until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. In accordance with GASB Statement No. 32 “Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,” no assets or liabilities of the County’s Deferred Compensation Plan are included in the County’s financial statements.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS

The County provides postretirement health care benefits, as per the requirements of a resolution, for certain retirees and their dependents. The provisions and obligations to contribute are established and may be amended by the Henry County Board of Commissioners. Employees must complete 10 consecutive years of service, and the sum of the total years of service plus retiree's age must equal 75 or more. The County pays 80% of the premium and the employee must pay the remaining 20%. The County finances the plan on a pay-as-you-go basis. As of June 30, 2007, there were 42 retired employees receiving health care benefits. For the year ended June 30, 2007, the County paid $249,591 for these benefits, which was net of $55,493 of retiree contributions.

NOTE 13. HOTEL/MOTEL TAX

The County has levied a 5% hotel/motel tax. Of this percentage, 2% plus 15.71% of the remaining 3% is given to the Henry County Chamber of Commerce to be used for the promotion of tourism. For the fiscal year ended June 30, 2007, the County collected $265,723 of hotel/motel taxes. Of this amount, $130,902, or 49.3%, was given to the Chamber. The remaining funds of $134,821, or 50.7%, are kept by the County and used for other activities promoting tourism.

NOTE 14. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) Property and Liability Insurance Fund, and is a member of the Group Self Insurance Workers' Compensation Fund (GSIWCF) for its workers' compensation risks. Both IRMA and GSIWCF exist by authority of the Official Code of Georgia (OCGA), and both participate in risk sharing arrangements among Georgia county governments. The memberships allow the County to share liability, crime, workers' compensation, motor vehicle and property damage risks.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool'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 protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost 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.

NOTE 14. RISK MANAGEMENT (CONTINUED)

Chapter 85 of Title 36 and Chapter 9 of Title 34 of the OCGA authorize Georgia counties to form interlocal management agencies. GIRMA and GSIWCF act as risk management agencies to function as unincorporated nonprofit instrumentalities of its member counties. GIRMA and GSIWCF establish and administer one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property and workers' compensation losses occurring in the operation of member governments.

The County retains no amount of loss (no deductible) on its workers' compensation claims, and retains the first $25,000 (in the form of a deductible) of each risk of loss for all other property and liability losses. The County files all claims with GIRMA and GSIWCF, respectively, and these instrumentalities bill the County for any risk of loss up to the deductible amounts.

The basis for estimating the liabilities for unpaid claims is an incurred, but not reported calculation as established by an actuary. The County is not aware of any claims for which the County is liable for the deductible amount which were outstanding and unpaid as of June 30, 2007. No provisions have been made in the financial statements for the year ended June 30, 2007, for any estimate of potential unpaid claims.

The County pays an annual premium to IRMA and GSIWCF for the above referenced to coverages, and IRMA and GSIWCF are self-sustaining through member premiums. There have been no significant reductions of insurance coverages, and settlement amounts have not exceeded coverages for the current year or the three prior years.

NOTE 15. LANDFILL POSTCLOSURE CARE

Effective June 30, 1993, the Henry County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2007, the County has a remaining 19 years of monitoring. Engineering studies estimate postclosure costs of approximately $1,392,434 over the 19 year period. These costs are based on what it would cost to perform all postclosure care in 1993, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet, at June 30, 2007, the County has contractual commitments on uncompleted contracts of approximately $12,499,863.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of $9,513,994

Litigation:

The County is involved in several pending lawsuits. The nature of the lawsuits varies considerably. Management and the County's legal counsel have determined an aggregate liability, which is reasonably possible to arise from the proceedings to range in amounts from $160,000 to $310,000. A total of $50,000 of this amount is believed by management and legal counsel to be probable and is recorded as claims and judgments payable on the government-wide statement of net assets, of which $25,000 has been settled, but not yet paid by the County as of June 30, 2007. The County will continue to assert its position in a defense against these claims.

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contract with the Hospital Authority of Henry County:

The County has entered into a contract with the Hospital Authority of Henry County (the "Hospital Authority") which obligates the County to make certain payments to the Hospital Authority in consideration of the Hospital Authority's agreement to provide hospital care to the County's indigent sick. Pursuant to an executed contract between the County and the Hospital Authority, the County is obligated to make payments, if necessary, in amounts sufficient to enable the Hospital Authority to provide for payment of the principal and interest on the Series 1992B Revenue Certificates and the Series 1997 Revenue Certificates as the same become due and payable at maturity or by proceedings for mandatory redemption, but within the current seven (7) millage limitation specified in the Georgia Hospital Authorities Law. Such payments, if deemed necessary, are to be paid to the Hospital Authority at least ten (10) days prior to each January 1 and July 1 of each year. At June 30, 2007, the total amount outstanding under these revenue certificates amounted to $54,492,538.

NOTE 17. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the 10 county Atlanta region, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. During its year ended June 30, 2007, the County paid $173,950 in such dues. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional development commission. Separate financial statements may be obtained from:

Atlanta Regional Commission
40 Courtland Street, N.E.
Atlanta, Georgia 30303

NOTE 18. CHANGES IN RESERVATIONS

The changes in reserved fund balances for the year ended June 30, 2007 are as follows:

	General Fund	E-911 Fund	Court Fund	Technology Fund	Stormwater Fund	Impact Fees Fund	Total
Reserved for:							
Encumbrances	$ (1,207,708)	$ 30,095	$ -	$ (9,005)	$ (64,170)	$ (413,087)	$ (1,663,875)
Jail construction	-	-	(1,287,301)	-	-	-	(1,287,301)
Drug abuse treatment	-	-	183,377	-	-	-	183,377
Juvenile assistance	-	-	339	-	-	-	339
Fire safety	(1,534)	-	-	-	-	-	(1,534)
Victim witness program	-	-	286,696	-	-	-	286,696
Wireless communications	-	(1,497,529)	-	-	-	-	(1,497,529)
	$ (1,209,242)	$ (1,467,434)	$ (816,889)	$ (9,005)	$ (64,170)	$ (413,087)	$ (3,979,827)

REQUIRED SUPPLEMENTARY INFORMATION

HENRY COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Primary Government

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2006	$ 38,394,776	$ 62,966,661	$ 24,571,885	61.0 %	$ 51,571,769	47.6 %
12/31/2005	29,088,536	54,129,925	25,041,389	53.7	44,353,973	56.5
12/31/2004	22,979,420	44,188,335	21,208,915	52.0	39,078,908	54.3
12/31/2003	2,434,190	-	(2,434,190)	100.0	37,732,099	(6.5)

Water and Sewerage Authority – Component Unit

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2006	$ 4,571,740	$ 8,229,064	$ 3,657,324	55.6 %	$ 7,867,202	46.5 %
12/31/2005	2,813,334	7,655,401	4,842,067	36.7	7,173,951	67.5
12/31/2004	1,590,442	6,258,410	4,667,968	25.4	6,216,734	75.1

The first valuation for this Plan begins with the January 1, 2004 valuation

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Confiscated Assets Fund – This fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Hotel/Motel Tax Fund – This fund is used to account for funds collected from the hotel/motel tax and disbursed to other agencies.

E-911 Fund – This fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Law Library Fund – This fund is used to account for the resources received from the various courts of Henry County and disbursements for the support of a centralized law library.

Court Fund – This fund is used to account for revenues received from the various courts in the County which are reserved for specific uses.

Technology Fund – This fund is used to account for fees collected by the State Court which are to be used to provide for the technological needs of the court.

Juvenile Assistance Fund – This fund is used to account for fees collected by the Juvenile Court which are to be used for mediation costs and other ancillary services on behalf of juveniles under the court's supervision.

Stormwater Fund – This fund is used to account for the activities involved in the setup of a program to be used in the maintenance of surface water runoff and costs of addressing the environmental issues resulting from the runoff.

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Debt Service Fund – This fund is used to account for the accumulation of resources for payment of the County's long-term debt.

Capital Projects Funds

1996 SPLOST Fund – This fund is used to account for the revenues and expenditures relating to the 1996 one percent Special Purpose Local Option Sales Tax.

Impact Fees Fund – This fund is used to account for capital projects activity funded by developmental impact fees.

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	Special Revenue					
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**
Cash and cash equivalents	$ 1,383,611	$ -	$ 4,657,378	$ 236,722	$ 1,966,479	$ 120,104
Investments	515,072	-	-	113,575	-	-
Accounts receivable	3,476	18,247	433,431	-	-	-
Due from other governments	-	-	-	-	22,562	-
Due from other funds	-	-	24,672	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	$ 1,902,159	$ 18,247	$ 5,115,481	$ 350,297	$ 1,989,041	$ 120,104
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 85,551	$ 6,821	$ 49,012	$ -	$ 905	$ -
Accrued liabilities	-	-	68,456	-	5,889	-
Due to other funds	77,716	11,426	1,862,405	-	410,914	-
Total liabilities	163,267	18,247	1,979,873	-	417,708	-
FUND BALANCES						
Reserved for encumbrances	-	-	34,284	-	-	-
Reserved for jail construction	-	-	-	-	2,105	-
Reserved for drug abuse treatment	-	-	-	-	1,251,413	-
Reserved for juvenile assistance	-	-	-	-	7,134	-
Reserved for victim witness program	-	-	-	-	644,805	-
Unreserved	1,738,892	-	3,101,324	350,297	(334,124)	120,104
Total fund balances	1,738,892	-	3,135,608	350,297	1,571,333	120,104
Total liabilities and fund balances	$ 1,902,159	$ 18,247	$ 5,115,481	$ 350,297	$ 1,989,041	$ 120,104

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

ASSETS	Special Revenue: Juvenile Assistance Fund	Special Revenue: Stormwater Fund	Debt Service Fund	Capital Projects: 1996 SPLOST Fund	Capital Projects: Impact Fees Fund	Total
Cash and cash equivalents	$ 242,287	$ -	$ 13,424,334	$ 3,323,685	$ 4,748,610	$ 30,103,210
Investments	-	-	-	-	-	628,647
Accounts receivable	148,800	-	-	-	1,725	605,679
Due from other governments	-	-	-	-	-	22,562
Due from other funds	-	-	-	104,704	-	129,376
Prepaid items	-	-	113,000	-	-	113,000
Total assets	$ 391,087	$ -	$ 13,537,334	$ 3,428,389	$ 4,750,335	$ 31,602,474
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 437,476	$ -	$ 579,765
Accrued liabilities	-	-	-	-	-	74,345
Due to other funds	710	-	113,000	2,175	-	2,478,346
Total liabilities	710	-	113,000	439,651	-	3,132,456
FUND BALANCES						
Reserved for encumbrances	-	-	-	-	-	34,284
Reserved for jail construction	-	-	-	-	-	2,105
Reserved for drug abuse treatment	-	-	-	-	-	1,251,413
Reserved for juvenile assistance	-	-	-	-	-	7,134
Reserved for victim witness program	-	-	-	-	-	644,805
Unreserved	390,377	-	13,424,334	2,988,738	4,750,335	26,530,277
Total fund balances	390,377	-	13,424,334	2,988,738	4,750,335	28,470,018
Total liabilities and fund balances	$ 391,087	$ -	$ 13,537,334	$ 3,428,389	$ 4,750,335	$ 31,602,474

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue					
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund
Revenues						
Taxes	$ -	$ 265,723	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	2,940,762	-	-	-
Fines and forfeitures	778,851	-	-	137,115	1,001,575	151,316
Investment income	80,482	-	166,090	4,824	151,635	7,812
Miscellaneous	6,229	-	-	-	-	-
Total revenues	865,562	265,723	3,106,852	141,939	1,153,210	159,128
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	190,494	174,781	321,284
Public safety	228,888	-	1,934,503	-	-	-
Housing and development	-	130,902	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	228,888	130,902	1,934,503	190,494	174,781	321,284
Excess (deficiency) of revenues over (under) expenditures	636,674	134,821	1,172,349	(48,555)	978,429	(162,156)
Other financing sources (uses)						
Transfers in	-	-	-	-	40,000	-
Transfers out	-	(134,821)	-	-	(2,017,110)	-
Proceeds from sale of capital assets	21,233	-	-	-	-	-
Total other financing sources (uses)	21,233	(134,821)	-	-	(1,977,110)	-
Net change in fund balances	657,907	-	1,172,349	(48,555)	(998,681)	(162,156)
Fund balances (deficit), beginning of year	1,080,985	-	1,963,259	398,852	2,570,014	282,260
Fund balances, end of year	$ 1,738,892	$ -	$ 3,135,608	$ 350,297	$ 1,571,333	$ 120,104

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue			Capital Projects		
	Juvenile Assistance Fund	Stormwater Fund	Debt Service Fund	1996 SPLOST Fund	Impact Fees Fund	Total
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 265,723
Licenses and permits	-	-	-	-	2,604,520	2,604,520
Charges for services	82,202	-	-	-	50	3,023,014
Fines and forfeitures	-	-	-	-	-	2,068,857
Investment income	5,689	-	428,643	245,590	334,704	1,425,469
Miscellaneous	-	-	-	579,614	-	585,843
Total revenues	87,891	-	428,643	825,204	2,939,274	9,973,426
Expenditures						
Current:						
General government	-	-	300,000	-	-	300,000
Judicial	71,066	-	-	-	-	757,625
Public safety	-	-	-	-	-	2,163,391
Housing and development	-	-	-	-	-	130,902
Capital outlay	-	-	-	2,799,925	738,087	3,538,012
Debt service:						
Principal	-	-	15,319,413	-	-	15,319,413
Interest	-	-	2,891,292	-	-	2,891,292
Total expenditures	71,066	-	18,510,705	2,799,925	738,087	25,100,635
Excess (deficiency) of revenues over (under) expenditures	16,825	-	(18,082,062)	(1,974,721)	2,201,187	(15,127,209)
Other financing sources (uses)						
Transfers in	-	1,910,399	18,342,183	-	109,384	20,401,966
Transfers out	-	-	-	-	(3,476,739)	(5,628,670)
Proceeds from sale of capital assets	-	-	-	-	-	21,233
Total other financing sources (uses)	-	1,910,399	18,342,183	-	(3,367,355)	14,794,529
Net change in fund balances	16,825	1,910,399	260,121	(1,974,721)	(1,166,168)	(332,680)
Fund balances (deficit), beginning of year	373,552	(1,910,399)	13,164,213	4,963,459	5,916,503	28,802,698
Fund balances, end of year	$ 390,377	$ -	$ 13,424,334	$ 2,988,738	$ 4,750,335	$ 28,470,018

HENRY COUNTY, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Confiscated Assets Fund			Hotel/Motel Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 265,723	$ 265,723	$ -
Charges for services	-	-	-	-	-	-
Fines and forfeitures	695,927	778,851	82,924	-	-	-
Investment income	65,413	80,482	15,069	-	-	-
Miscellaneous	6,229	6,229	-	-	-	-
Total revenues	767,569	865,562	97,993	265,723	265,723	-
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
Public safety	788,802	228,888	559,914	-	-	-
Public works	-	-	-	-	-	-
Housing and development	-	-	-	142,328	130,902	11,426
Total expenditures	788,802	228,888	559,914	142,328	130,902	11,426
Excess (deficiency) of revenues over (under) expenditures	(21,233)	636,674	657,907	123,395	134,821	11,426
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(123,395)	(134,821)	(11,426)
Proceeds from sale of capital assets	21,233	21,233	-	-	-	-
Total other financing sources (uses)	21,233	21,233	-	(123,395)	(134,821)	(11,426)
Net change in fund balances	-	657,907	657,907	-	-	-
Fund balances (deficit), beginning of year	1,080,985	1,080,985	-	-	-	-
Fund balances (deficit), end of year	$ 1,080,985	$ 1,738,892	$ 657,907	$ -	$ -	$ -

(Continued)

HENRY COUNTY, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	E-911 Fund			Law Library Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	2,940,763	2,940,762	(1)	-	-	-
Fines and forfeitures	-	-	-	154,643	137,115	(17,528)
Investment income	166,090	166,090	-	4,859	4,824	(35)
Miscellaneous	-	-	-	-	-	-
Total revenues	3,106,853	3,106,852	(1)	159,502	141,939	(17,563)
Expenditures						
Current:						
Judicial	-	-	-	190,495	190,494	1
Public safety	3,286,637	1,934,503	1,352,134	-	-	-
Public works	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	3,286,637	1,934,503	1,352,134	190,495	190,494	1
Excess (deficiency) of revenues over (under) expenditures	(179,784)	1,172,349	1,352,133	(30,993)	(48,555)	(17,562)
Other financing sources (uses)						
Transfers in	1,918,785	-	(1,918,785)	-	-	-
Transfers out	(1,739,001)	-	1,739,001	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	179,784	-	(179,784)	-	-	-
Net change in fund balances	-	1,172,349	1,172,349	(30,993)	(48,555)	(17,562)
Fund balances (deficit), beginning of year	1,963,259	1,963,259	-	398,852	398,852	-
Fund balances (deficit), end of year	$ 1,963,259	$ 3,135,608	$ 1,172,349	$ 367,859	$ 350,297	$ (17,562)

(Continued)

HENRY COUNTY, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Court Fund			Technology Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-
Fines and forfeitures	1,001,579	1,001,575	(4)	159,500	151,316	(8,184)
Investment income	151,636	151,635	(1)	7,812	7,812	-
Miscellaneous	-	-	-	-	-	-
Total revenues	1,153,215	1,153,210	(5)	167,312	159,128	(8,184)
Expenditures						
Current:						
Judicial	185,854	174,781	11,073	167,312	321,284	(153,972)
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	185,854	174,781	11,073	167,312	321,284	(153,972)
Excess (deficiency) of revenues over (under) expenditures	967,361	978,429	11,068	-	(162,156)	(162,156)
Other financing sources (uses)						
Transfers in	40,000	40,000	-	-	-	-
Transfers out	(2,017,111)	(2,017,110)	1	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(1,977,111)	(1,977,110)	1	-	-	-
Net change in fund balances	(1,009,750)	(998,681)	11,069	-	(162,156)	(162,156)
Fund balances (deficit), beginning of year	2,570,014	2,570,014	-	282,260	282,260	-
Fund balances (deficit), end of year	$ 1,560,264	$ 1,571,333	$ 11,069	$ 282,260	$ 120,104	$ (162,156)

(Continued)

HENRY COUNTY, GEORGIA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Juvenile Assistance Fund			Stormwater Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	106,514	82,202	(24,312)	2,464,783	-	(2,464,783)
Fines and forfeitures	-	-	-	-	-	-
Investment income	5,689	5,689	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	112,203	87,891	(24,312)	2,464,783	-	(2,464,783)
Expenditures						
Current:						
Judicial	112,203	71,066	41,137	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	2,533,598	-	2,533,598
Housing and development	-	-	-	-	-	-
Total expenditures	112,203	71,066	41,137	2,533,598	-	2,533,598
Excess (deficiency) of revenues over (under) expenditures	-	16,825	16,825	(68,815)	-	68,815
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	1,910,399	1,910,399
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,910,399	1,910,399
Net change in fund balances	-	16,825	16,825	(68,815)	1,910,399	1,979,214
Fund balances (deficit), beginning of year	373,552	373,552	-	(1,910,399)	(1,910,399)	-
Fund balances (deficit), end of year	$ 373,552	$ 390,377	$ 16,825	$ (1,979,214)	$ -	$ 1,979,214

HENRY COUNTY, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 428,643	$ 428,643	$ -
Total revenues	428,643	428,643	-
Expenditures			
Current:			
General government	300,000	300,000	-
Debt service:			
Principal	15,579,253	15,319,413	259,840
Interest and fiscal charges	2,891,575	2,891,292	283
Total expenditures	18,770,828	18,510,705	260,123
Deficiency of revenues under expenditures	(18,342,185)	(18,082,062)	260,123
Other financing sources			
Transfers in	18,342,185	18,342,183	(2)
Total other financing sources	18,342,185	18,342,183	(2)
Net change in fund balances	-	260,121	260,121
Fund balance, beginning of year	13,164,213	13,164,213	-
Fund balance, end of year	$ 13,164,213	$ 13,424,334	$ 260,121

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Building Projects:					
Libraries	$ 3,000,000	$ 3,000,000	$ 2,860,713	$ -	$ 2,860,713
Recreation	8,000,000	12,100,000	12,077,137	39,550	12,116,687
Courthouse expansion/renovation	4,500,000	8,100,000	8,073,176	-	8,073,176
Courthouse parking	1,850,000	3,600,000	3,376,090	16,100	3,392,190
Senior citizens center	3,780,000	4,678,259	4,721,896	-	4,721,896
Developmentally disabled training center	500,000	529,528	529,528	-	529,528
Jail pod	2,650,000	3,825,000	3,824,798	-	3,824,798
Two fire stations	700,000	1,220,011	1,210,271	-	1,210,271
Performing arts center	1,000,000	1,000,000	1,000,000	-	1,000,000
Program management	-	715,000	711,134	-	711,134
	25,980,000	38,767,798	38,384,743	55,650	38,440,393
Road Improvements:					
Right-of-way acquisition - Hampton / Locust Grove road	1,000,000	554,068	546,537	-	546,537
Resurfacing	2,172,000	3,500,000	2,635,307	1,510,251	4,145,558
Cities/Fairview projects	2,500,000	2,325,000	2,312,708	-	2,312,708
Dirt road paving	6,168,600	12,050,000	11,071,287	78,574	11,149,861
Major construction projects	22,179,400	21,550,000	18,438,781	1,155,450	19,594,231
Program management	-	1,150,000	1,031,885	-	1,031,885
	34,020,000	41,129,068	36,036,505	2,744,275	38,780,780
Contingency	-	300,000	62,283	-	62,283
Total	$ 60,000,000	$ 80,196,866	$ 74,483,531	$ 2,799,925	$ 77,283,456

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	$ 2,200,000	$ -	$ -	$ -	$ -
Stockbridge tag office and land acquisition	400,000	190,000	187,889	-	187,889
Court annex/judicial annex building	7,300,000	13,000,000	10,874,223	3,127,928	14,002,151
Community center(s) for family and youth activities	5,000,000	-	-	-	-
Library facilities	5,700,000	7,997,059	4,243,226	1,933,587	6,176,813
Animal shelter	1,000,000	1,185,600	1,158,617	3,948	1,162,565
Fire stations	2,200,000	2,969,000	3,121,329	72,402	3,193,731
Park and recreational facilities	12,000,000	12,475,000	5,155,850	3,729,906	8,885,756
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	18,532,137	29,965,576	48,497,713
City of Hampton	3,011,785	3,011,785	2,477,477	534,307	3,011,784
City of Locust Grove	1,822,417	1,822,417	1,499,111	323,307	1,822,418
City of McDonough	6,637,436	6,637,436	5,459,920	1,177,517	6,637,437
City of Stockbridge	7,711,703	7,711,703	6,343,605	1,368,098	7,711,703
Program management	-	4,000,000	2,525,459	833,268	3,358,727
	$ 140,000,000	$ 140,000,000	$ 61,578,843	$ 43,069,844	$ 104,648,687

AGENCY FUNDS

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Sheriff – This fund is used to account for the collection of fines and bond forfeitures and the subsequent remittance to the applicable parties.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law: **Clerk of Superior Court, Probate Court, Magistrate Court, State Court, and Juvenile Court.**

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	State Court	Juvenile Court	Total
Cash and cash equivalents	$ 848,062	$ 3,046,259	$ 97,139	$ 70,164	$ 946,177	$ 126,176	$ 9,981	$ 5,143,958
Taxes receivable	6,862,621	-	-	-	-	-	-	6,862,621
Total assets	$ 7,710,683	$ 3,046,259	$ 97,139	$ 70,164	$ 946,177	$ 126,176	$ 9,981	$ 12,006,579
LIABILITIES								
Due to component unit	$ 66,491	$ 35,205	$ -	$ -	$ -	$ -	$ -	$ 101,696
Due to others	7,644,192	3,011,054	97,139	70,164	946,177	126,176	9,981	11,904,883
Total liabilities	$ 7,710,683	$ 3,046,259	$ 97,139	$ 70,164	$ 946,177	$ 126,176	$ 9,981	$ 12,006,579

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 1,094,942	$ 158,543,462	$ 158,790,342	$ 848,062
Taxes receivable	5,252,814	6,862,621	5,252,814	6,862,621
	$ 6,347,756	$ 165,406,083	$ 164,043,156	$ 7,710,683
LIABILITIES				
Due to component unit	$ 80,182	$ 12,421,155	$ 12,434,846	$ 66,491
Due to others	6,267,574	152,984,928	151,608,310	7,644,192
	$ 6,347,756	$ 165,406,083	$ 164,043,156	$ 7,710,683
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 4,709,202	$ 18,095,547	$ 19,758,490	$ 3,046,259
LIABILITIES				
Due to component unit	$ 38,139	$ 419,300	$ 422,234	$ 35,205
Due to others	4,671,063	17,676,247	19,336,256	3,011,054
	$ 4,709,202	$ 18,095,547	$ 19,758,490	$ 3,046,259

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 135,131	$ 131,592	$ 169,584	$ 97,139
LIABILITIES				
Due to others	$ 135,131	$ 131,592	$ 169,584	$ 97,139
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 73,900	$ 1,008,877	$ 1,012,613	$ 70,164
LIABILITIES				
Due to others	$ 73,900	$ 1,008,877	$ 1,012,613	$ 70,164
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 777,692	$ 2,296,502	$ 2,128,017	$ 946,177
LIABILITIES				
Due to others	$ 777,692	$ 2,296,502	$ 2,128,017	$ 946,177

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 250,697	$ 3,190,122	$ 3,314,643	$ 126,176
LIABILITIES				
Due to others	$ 250,697	$ 3,190,122	$ 3,314,643	$ 126,176
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 9,275	$ 50,431	$ 49,725	$ 9,981
LIABILITIES				
Due to others	$ 9,275	$ 50,431	$ 49,725	$ 9,981
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 7,050,839	$ 183,316,533	$ 185,223,414	$ 5,143,958
Taxes receivable	5,252,814	6,862,621	5,252,814	6,862,621
	$ 12,303,653	$ 190,179,154	$ 190,476,228	$ 12,006,579
LIABILITIES				
Due to component unit	$ 118,321	$ 12,840,455	$ 12,857,080	$ 101,696
Due to others	12,185,332	177,338,699	177,619,148	11,904,883
	$ 12,303,653	$ 190,179,154	$ 190,476,228	$ 12,006,579

COMPONENT UNIT – DEVELOPMENT AUTHORITY

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
JUNE 30, 2007

ASSETS		
Cash and cash equivalents	$	28,237
Investments		280,000
Due from primary government		147,332
Total assets	$	455,569
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	9,772
Due to primary government		21,820
Total liabilities		31,592
FUND BALANCE		
Unreserved, undesignated		423,977
Total fund balance		423,977
Total liabilities and fund balance	$	455,569

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Revenues		
Charges for services	$	4,994
Investment income		15,698
Contributions		357,249
Total revenues		377,941
Expenditures		
Housing and development		353,581
Total expenditures		353,581
Net change in fund balance		24,360
Fund balance, beginning of year		399,617
Fund balance, end of year	$	423,977

STATISTICAL SECTION

This part of Henry County's comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents ..... **Page**

Financial Trends ..... **98 - 103**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity ..... **104 - 107**

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity ..... **108 and 109**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information ..... **110 and 111**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information ..... **112 - 114**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented GASB Statement 34 for the year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.

HENRY COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	$ 82,826,472	$ 112,296,985	$ 138,929,538	$ 335,733,103 (1)	$ 413,046,368
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	94,452,370
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,799,841
Business-type activities:					
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 394,018
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	(861,503)
Total governmental activities net assets	$ -	$ -	$ -	$ -	$ (467,485) (2)
Governmental activities:					
Invested in capital assets, net of related debt	$ 82,826,472	$ 112,296,985	$ 138,929,538	$ 335,733,103	$ 413,440,386
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	93,590,867
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,332,356

(1) During fiscal year 2006, the County retroactively reported its major general infrastructure assets.
(2) During fiscal year 2007, the Stormwater enterprise fund was created.

HENRY COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	$ 11,375,134	$ 17,626,726	$ 24,672,480	$ 18,730,505	$ 20,696,639
Judicial	7,573,299	8,222,833	8,878,787	10,022,575	12,923,866
Public safety	37,779,229	40,953,308	44,308,693	48,961,105	58,373,932
Public works	6,643,292	16,317,875 (1)	13,988,486	20,203,707	22,138,753
Health and welfare	4,132,763	4,488,944	3,421,976	6,048,439	5,281,437
Culture and recreation	2,999,099	4,093,934	1,128,114	5,603,773	8,167,060
Housing and development	4,224,962	4,444,972	5,061,740	6,167,259	6,580,680
Interest on long-term debt	1,139,695	1,240,359	2,102,788	1,989,341	2,430,744
Total governmental activities expenses	75,867,473	97,388,951	103,563,064	117,726,704	136,593,111
Business-type activities:					
Stormwater	-	-	-	-	1,358,397 (5)
Total business-type activities expenses	-	-	-	-	1,358,397
Total primary government expenses	$ 75,867,473	$ 97,388,951	$ 103,563,064	$ 117,726,704	$ 137,951,508
Program revenues					
Governmental activities:					
Charges for services:					
Impact fee collection	$ -	$ 3,015,990 (2)	$ 4,081,910	$ 4,467,672	$ 2,604,520
Other housing and development	3,117,566	3,082,735	4,450,290	4,899,970	3,103,301
General government	4,744,064	5,648,613	5,240,899	4,810,001	4,039,879
Judicial	4,804,619	4,488,902	5,615,159	8,073,377	7,729,204
Public safety	5,120,202	5,838,803	6,033,506	7,526,674	8,396,688
Other activities	917,604	1,706,743	1,957,372	1,992,700	2,049,214
Operating grants and contributions	2,390,469	1,916,507	1,567,095	1,674,623	2,705,767
Capital grants and contributions	17,367,894	25,747,449	26,300,804	34,793,886	33,028,019
Total governmental activities program revenues	38,462,418	51,445,742	55,247,035	68,238,903	63,656,592
Business-type activities:					
Charges for services:					
Stormwater	-	-	-	-	2,591,018 (5)
Total business-type activities program revenues	-	-	-	-	2,591,018
Total primary government program revenues	$ 38,462,418	$ 51,445,742	$ 55,247,035	$ 68,238,903	$ 66,247,610

(Continued)

HENRY COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (expense)/revenue					
Governmental activities	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (72,936,519)
Business-type activities	-	-	-	-	1,232,621
Total primary government net expense	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (71,703,898)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	$ 45,815,388	$ 51,712,735	$ 55,550,417	$ 61,117,523	$ 66,845,897
Sales taxes	17,506,364 (3)	36,427,415	40,023,574	47,357,776	50,429,593
Other taxes	5,561,510	5,877,251	6,191,217	6,676,204	7,033,518
Unrestricted investment earnings	788,508	740,368	2,553,397	5,309,584 (4)	6,593,296
Gain on sale of capital assets	117,208	-	142,935	-	218,233
Transfers	-	-	-	-	1,768,921
Total governmental activities	69,788,978	94,757,769	104,461,540	120,461,087	132,889,458
Business-type activities:					
Unrestricted investment earnings	-	-	-	-	68,815
Transfers	-	-	-	-	(1,768,921)
Total business-type activities	-	-	-	-	(1,700,106)
Total primary government	$ 69,788,978	$ 94,757,769	$ 104,461,540	$ 120,461,087	$ 131,189,352
Change in Net Assets					
Governmental activities	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,952,939
Business-type activities	-	-	-	-	(467,485)
Total primary government	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,485,454

(1) The increase from the prior period was due to the initiation of a resurfacing plan for all county roads in 2004.
(2) The County began assessing developmental impact fees in 2004.
(3) The 1996 Special Purpose Local Option Sales Tax collections ended during fiscal year 2003 before collections began for the 2002 Special Purpose Local Option Sales Tax.
(4) The increase from the prior period was due to a new investment policy adopted by the County.
(5) During fiscal year 2007, the Stormwater enterprise fund was created.

HENRY COUNTY, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	$ 551,674	$ 78,968 (1)	$ 71,972 (1)	$ 2,679,818	$ 1,458,960
Unreserved	34,592,536	35,666,924	47,410,900	50,881,940	49,509,159
Total general fund	$ 35,144,210	$ 35,745,892	$ 47,482,872	$ 53,561,758	$ 50,968,119
All Other Governmental Funds					
Reserved	$ 1,689,745	$ 2,270,425	$ 3,009,881	$ 4,710,327	$ 1,939,741
Unreserved, reported in:					
Special revenue funds	2,183,381	1,808,182	1,663,902	461,283	5,366,870
Debt service funds	(22,316)	1,016,842	4,604,604	13,164,213	13,424,334
Capital projects funds	24,473,990	66,204,167	75,249,364	72,838,555	51,781,191
Total all other governmental funds	$ 28,324,800	$ 71,299,616	$ 84,527,751	$ 91,174,378	$ 72,512,136

(1) The decrease from the prior period is due to the elimination of the use of encumbrance rollovers for fiscal years 2004 and 2005.

HENRY COUNTY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	$ 68,162,227	$ 93,995,042	$ 101,862,453	$ 115,057,252	$ 123,903,182
Licenses and permits	3,487,686	6,637,098	8,619,666	9,574,255	5,896,773
Intergovernmental	2,739,892	1,968,513	2,392,949	2,380,601	7,760,021 (9)
Charges for services	9,268,287	11,264,392	12,078,590	14,401,322	14,306,328
Fines and forfeitures	4,864,637	4,522,777	4,371,063	6,392,111	6,857,554
Administrative fees	-	704,317	1,208,416	-	-
Investment income	788,508	740,368	2,553,397 (1)	5,309,584 (7)	6,593,296
Contributions	605,826 (2)	3,116	65,282	42,416	80,310
Miscellaneous	1,193,941	766,220	1,101,401	1,468,558	2,576,636
Total revenues	$ 91,111,004	$ 120,601,843	$ 134,253,217	$ 154,626,099	$ 167,974,100
Expenditures					
General government	$ 11,993,289	$ 17,500,723 (3)	$ 11,999,369	$ 13,720,886	$ 14,977,682
Judicial	11,025,454	8,714,807	8,856,778	10,495,996	11,896,368
Public safety	37,602,144	40,365,640	43,644,604	47,593,118	51,858,394
Public works	12,414,170	19,261,897 (3)	10,362,525	11,453,630	11,660,781
Health and welfare	4,157,154	4,489,973	3,370,665	4,689,034	5,243,091
Culture and recreation	4,261,838	9,329,504 (3)	3,274,071	11,675,909	5,438,759
Housing and development	4,333,582	4,452,068	5,115,945	6,107,587	6,372,346
Capital outlay	- (4)	- (4)	31,765,378	49,655,242	73,201,545
Debt service:					
Principal retirement	3,324,482	3,621,556	5,596,608	9,449,016	15,319,413
Interest and fiscal charges	1,170,915	1,085,453	2,110,371	2,350,501	2,891,292
Issuance costs	-	365,555	-	-	-
Total expenditures	90,283,028	109,187,176	126,096,314	167,190,919	198,859,671
Excess (deficiency) of revenues over expenditures	827,976	11,414,667	8,156,903	(12,564,820)	(30,885,571)

(Continued)

HENRY COUNTY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2006
Other Financing Sources (Uses)					
Capital leases	$ 221,524	$ 5,180,000	$ 16,567,359 (5)	$ 21,302,823 (8)	$ 7,445,411
Issuance of bonds	-	25,000,000 (6)	-	-	-
Premium on bonds	-	1,825,860	-	-	-
Transfers in	6,602,212	27,044,617	14,716,078	21,917,990	37,181,044
Transfers out	(6,602,212)	(27,044,617)	(14,716,078)	(21,917,990)	(35,270,645)
Proceeds from sale of capital assets	225,869	155,971	240,853	3,987,510	273,880
Total other financing sources (uses)	447,393	32,161,831	16,808,212	25,290,333	9,629,690
Net change in fund balances	$ 1,275,369	$ 43,576,498	$ 24,965,115	$ 12,725,513	$ (21,255,881)
Debt service as a percentage of noncapital expenditures	5.6%	5.4%	7.5%	10.4%	13.4%

(1) The increase from the prior period is due to the increase in interest rates.
(2) In 2003, the Henry County Department of Health and Welfare Services made a $500,000 contribution to the County.
(3) The increase from the prior period is due to an increase in capital projects. Capital outlay was included within the functional expenditure categories.
(4) Prior to 2005, all capital outlay was included within the functional expenditure categories.
(5) The County entered into seven new lease purchase agreements during the fiscal year.
(6) The County issued $25 million in general obligation bonds in 2004.
(7) The increase from the prior period is due to the County's new investment policy.
(8) The County entered into five new lease purchase agreements during the fiscal year.
(9) The County received approximately $4.7 million in reimbursement from the Georgia Department of Transportation for the paving of two roads.

HENRY COUNTY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other (1)					
1998	$ 1,391,764,212	$ 635,108,536	$ 115,476,245	$ 10,766,219	$ 264,953,074	$ 1,888,162,138	14.24	$ 4,720,405,345	40%
1999	1,535,489,090	772,290,255	242,737,326	13,371,450	357,474,870	2,206,413,251	12.72	5,516,033,128	40%
2000	1,777,059,429	839,879,371	252,353,550	15,403,946	461,075,670	2,423,620,626	12.56	6,059,051,565	40%
2001	2,096,632,290	1,005,287,357	300,432,618	10,698,507	559,638,979	2,853,411,793	12.51	7,133,529,483	40%
2002	2,476,793,288	1,259,409,347	347,111,730	14,977,146	665,724,101	3,432,567,410	11.81	8,581,418,525	40%
2003	2,788,093,657	1,355,253,002	381,641,030	13,923,808	703,336,212	3,835,575,285	11.69	9,588,938,213	40%
2004	3,176,393,257	1,514,744,199	406,978,890	12,301,259	777,838,655	4,332,578,950	11.74	10,831,447,375	40%
2005	3,549,801,966	1,620,263,499	423,649,350	11,087,769	890,036,158	4,714,766,426	12.04	11,786,916,065	40%
2006	4,030,385,731	1,711,614,189	426,951,430	15,233,252	1,060,592,258	5,123,592,344	11.24	12,808,980,860	40%
2007	4,500,677,025	1,848,100,687	474,676,980	13,876,885	1,156,212,229	5,681,119,348	11.20	14,202,798,370	40%

Source: Henry County Tax Commissioner

(1) Includes Heavy Equipment, Mobile Homes, and Timber.

HENRY COUNTY, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)

	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Henry County rates										
Maintenance & Operations										
Unincorporated	14.24	12.72	12.56	12.51	11.81	11.69	11.74	12.04	11.24	11.20
Insurance Reduction (1)	(1.00)	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	5.00	4.50	4.00	3.50	3.00	2.84	2.77	2.71	2.56	2.51
Stockbridge	-	-	-	-	-	-	-	-	-	-
Hampton	-	-	-	-	-	-	-	-	-	-
Locust Grove	-	-	-	-	-	-	-	-	-	-
LOST Reduction	(3.92)	(3.30)	(3.40)	(3.10)	(3.02)	(3.01)	(2.89)	(2.82)	(2.89)	(2.93)
Fire Protection	1.97	1.87	2.13	1.88	2.50	2.56	2.39	2.02	1.18	1.21
Water Authority	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Hospital Authority	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Board of Education										
Maintenance & Operations	17.50	17.50	17.50	17.15	17.15	17.65	18.90	18.90	19.40	20.00
Debt Service	4.00	4.00	4.00	3.06	3.06	3.06	3.06	3.06	3.06	3.06
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated	36.04	36.04	36.04	34.75	34.75	35.20	36.45	36.45	34.06	34.58
Total Municipalities (3)										
McDonough	40.07	38.67	37.00	34.56	33.44	33.33	35.02	35.33	37.03	37.48
Stockbridge	37.04	36.04	36.04	34.75	34.75	35.04	36.45	36.45	36.95	37.47
Hampton	37.04	36.04	35.15	32.97	32.97	33.38	34.67	34.67	35.65	36.23
Locust Grove	37.04	36.04	35.21	33.10	33.10	33.47	34.80	34.80	35.67	35.69

Source: Henry County Tax Commissioner
(1) Insurance reduction is applied only to unincorporated rates.
(2) Fire protection included in City of McDonough rate.
(3) Beginning in 2000, all cities except Stockbridge received a reduction for police services.
(4) Beginning in 2006, the Cities of McDonough and Hampton receive a rollback for Planning and Development.

HENRY COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007 Taxable Assessed Value	2007 Rank	2007 Percentage of Total Taxable Assessed Value	1998 Taxable Assessed Value	1998 Rank	1998 Percentage of Total Taxable Assessed Value
Cardinal Health 103, Inc.	$ 31,432,409	1	0.55 %	$ -		- %
BellSouth Telecomm	24,957,567	2	0.44	-		-
Georgia Power Company	23,895,038	3	0.42	-		-
The Home Depot	22,095,437	4	0.39	-		-
Atlanta Motor Speedway	20,315,970	5	0.36	-		-
Kens Foods, Inc.	19,931,537	6	0.35	-		-
Inland Western McDonough	18,864,440	7	0.33	-		-
Prologis-MacQuarie US LLC	14,674,040	8	0.26	-		-
Henry County Land Holdings LLC	13,922,520	9	0.25	-		-
Istar Financial, Inc.	13,587,200	10	0.24	-		-
Snapper Power Equipment	-		-	13,125,468	1	0.70
Sage Capital Corporation	-		-	3,109,454	2	0.16
Sable Chase of McDonough LP	-		-	3,000,000	3	0.16
Dowling Textile MFG Co.	-		-	2,051,922	4	0.11
Walt Stephens Associates LLC	-		-	2,009,140	5	0.11
Liberty Developers LLC	-		-	1,318,464	6	0.07
Mojoco Holdings LLC	-		-	1,033,800	7	0.05
BHCA of Stockbridge, Inc.	-		-	1,095,037	8	0.06
Atlanta I-75 LP	-		-	900,800	9	0.05
Stinchcomb, J.R.	-		-	600,000	10	0.03
Totals	$ 203,676,158		3.59 %	$ 28,244,085		1.50 %

Source: Henry County Tax Commissioner

HENRY COUNTY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	$ 62,216,323	$ 60,080,948	96.6 %	$ 1,237,533	$ 61,318,481	98.6 %
1999	70,525,103	67,615,840	95.9	2,135,375	69,751,215	98.9
2000	77,137,807	73,643,707	95.5	2,432,163	76,075,870	98.6
2001	86,886,817	85,614,862	98.5	2,831,301	88,446,163	101.8
2002	103,739,072	98,638,535	95.1	4,167,615	102,806,150	99.1
2003	114,849,885	110,386,263	96.1	5,631,895	116,018,158	101.0
2004	127,299,079	124,071,710	97.5	5,890,088	129,961,798	102.1
2005	149,456,772	139,171,748	93.1	5,222,567	144,394,315	96.6
2006	167,000,428	163,055,967	97.6	3,270,634	166,326,601	99.6
2007	189,356,554	183,717,413	97.0	4,286,214	188,003,627	99.3

Source: Henry County Tax Commissioner

HENRY COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt			Other Governmental Activities Debt				
	General Obligation Bonds (1)	Percentage of Actual Property Value (2)	Per Capita (3)	Certificates of Participation	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
1998	$ -	- %	$ -	$ 3,535,000	$ 4,634,783	$ 8,169,783	0.33 %	$ 78.10
1999	-	-	-	-	10,067,196	10,067,196	0.35	89.08
2000	-	-	-	-	21,243,984	21,243,984	0.65	174.58
2001	-	-	-	-	28,025,601	28,025,601	0.78	214.75
2002	-	-	-	-	21,380,574	21,380,574	0.57	152.57
2003	-	-	-	-	18,277,616	18,277,616	0.46	121.72
2004	25,000,000	0.23	157	-	19,836,060	44,836,060	1.05	282.10
2005	25,000,000	0.21	148.63	-	30,806,811	55,806,811	1.24	331.78
2006	25,000,000	0.20	141.55	-	42,660,618	67,660,618	1.42	383.10
2007	16,920,000	0.12	91.24	-	42,866,616	59,786,616	1.19	322.40

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) The County issued $25 million of general obligation bonds in 2004.
(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
(3) See the Schedule of Demographic and Economic Statistics for personal income and population data.

HENRY COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	$ 188,816,214	$ 220,641,325	$ 242,362,063	$ 285,341,179	$ 343,256,741	$ 383,557,529	$ 433,257,895	$ 471,476,643	$ 512,359,234	$ 568,111,935
Total net debt applicable to limit	-	-	-	-	-	25,000,000	25,000,000	25,000,000	25,000,000	16,920,000
Legal debt margin	$ 188,816,214	$ 220,641,325	$ 242,362,063	$ 285,341,179	$ 343,256,741	$ 358,557,529	$ 408,257,895	$ 446,476,643	$ 487,359,234	$ 551,191,935
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	6.52%	5.77%	5.30%	4.88%	2.98%

Legal Debt margin Calculation for Fiscal Year 2007

Assessed value	$ 5,681,119,348
Debt limit (10% of assessed value)	568,111,935
Debt applicable to limit:	
General obligation bonds	16,920,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	16,920,000
Legal debt margin	$ 551,191,935

NOTE: Under state finance law, the County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

HENRY COUNTY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (3)	School Enrollment (4)	Unemployment Rate (2)
1998	104,603	$ 2,500,116	23,901	31.9	18,707	2.3 %
1999	113,011	2,848,718	25,207	31.9	20,265	1.9
2000	121,686	3,284,729	26,993	33.4	21,708	2.7
2001	130,505	3,615,520	27,704	33.4	23,627	2.9
2002	140,137	3,777,793	26,958	33.4	25,479	3.9
2003	150,165	3,974,626	26,468	33.4	27,744	4.3
2004	158,939	4,276,616	26,907	33.4	29,912	4.0
2005	168,204	4,512,290	26,826	33.4	32,413	5.1
2006	176,614	4,760,466	26,950	33.4	37,350	4.4
2007	185,445	5,022,292	27,082	33.4	38,969	4.4

(1) Source: Bureau of Economic Analysis: Regional Economic Accounts
(2) Source: U. S. Bureau of Labor Statistics
(3) Source: U. S. Bureau of the Census, Census 1990 and 2000
(4) Source: Henry County Board of Education

NOTE: 2006 and 2007 population, per capita, and personal income are estimates based on past regional trends.
NOTE: School enrollment is based on beginning of school year.

HENRY COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND EIGHT YEARS AGO

	2007			1999		
Taxpayer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Henry County Board of Education	5,000	1	5.57 %	2,400	1	3.91 %
Henry Medical Center	1,500	2	1.67	850	3	1.38
Henry County Board of Commissioners	1,466	3	1.63	830	4	1.35
Wal-Mart	1,175	4	1.31	550	5	0.90
Federal Aviation Administration	725	5	0.81	-		-
SunTrust Service Corporation	536	6	0.60	-		-
Georgia Power Company	505	7	0.56	-		-
Toys "Я" Us	454	8	0.51	-		-
Snapper, Inc.	445	9	0.50	1,000	2	1.63
Southern States, Inc.	275	10	0.31	-		-
Ford Motor Company	-		-	350	6	0.57
Dowling Textile Mfg. Co.	-		-	300	7	0.49
Smead Manufacturing, Inc.	-		-	280	8	0.46
Pep Boys	-		-	270	9	0.44
NEC Technologies	-		-	250	10	0.41
Totals	12,081		13.46 %	7,080		11.53 %

(1) Source: Henry County Development Authority
(2) Source: U.S. Bureau of Labor Statistics
(3) Source: Henry County and Henry County Water and Sewerage Authority Water and Sewerage Revenue Bonds Series 1999

NOTE: Snapper, Inc. downsized substantially in 1999.
NOTE: 1998 information is not available.

HENRY COUNTY, GEORGIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30,									
Function	**1998 (3)**	**1999 (3)**	**2000 (3)**	**2001 (3)**	**2002 (3)**	**2003 (3)**	**2004 (3)**	**2005 (3)**	**2006 (4)**	**2007 (5)**
General Government	279	278	337	377	431	451	481	585	605	598
Public Safety										
Police & Sheriff										
Officers	128	134	137	148	147	157	183	183	211	219
Civilians	45	33	36	51	38	39	38	37	59	59
Corrections	87	93	94	119	112	143 (1)	155	164	117	122
Fire										
Firefighters	165	185	208	216	219	229	231	257	257	267
Civilians	4	5	8	7	9	9	9	8	8	12
Highways and streets										
Engineering	14	16	16	20	26	25	21	19	22	21
Maintenance	59	54	69	75	73	76	93 (2)	80	80	83
Culture and recreation	38	46	46	65	71	72	79	85	36	44
Total	819	844	951	1,078	1,126	1,201	1,290	1,418	1,395	1,425

(1) The addition of a jail pod and the restoration of the old jail required additional corrections employees in 2003.
(2) The County added a third patching crew to the road maintenance department in 2004.
(3) Source: Henry County Human Resources Department.
(4) Source: Department of Community Affairs March 2006 Annual Survey of Government Employment.
(5) Source: Department of Community Affairs March 2007 Annual Survey of Government Employment.

HENRY COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Physical arrest	2,501	2,399	2,760	3,472	4,215	3,739	3,984	3,959	5,394	6,482
Parking violations	132	12	21	20	36	60	51	35	51	19
Traffic violations	20,714	17,750	19,961	27,746	35,565	24,184	21,981	36,662	52,921	67,728
Fire										
Calls answered	8,574	8,870	9,404	10,833	11,387	12,007	13,263	14,704	17,059	18,065
Inspections	600	1,219	925	1,746	1,261	3,001	4,739	4,163	4,070	3,827
Highways and streets										
Street resurfacing	n/a	n/a	n/a	n/a	n/a	n/a	55	25	45	30
Culture and recreation										
Athletic field permits issued	21,016	12,592	13,167	13,211	12,690	21,020	15,464	5,155	19,191	48,896
Community center admissions	36,160	29,101	57,978	63,761	37,807	65,092	34,331	11,444	30,631	45,198

NOTE: Indicators are not available for the general government function.
NOTE: Departments maintain statistical information on a calendar-year basis.

Sources: Various County departments.

HENRY COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Police										
Stations	2	2	2	2	2	2	2	2	4	4
Patrol Units	N/A	N/A	N/A	N/A	130	158	195	232	232	288
Patrol Zones	11	11	11	11	11	11	11	11	20	20
Fire Stations	9	10	11	11	12	12	12	12	12	13
Public Works										
Streets (miles)	1,168	1,194	1,206	1,211	1,221	1,244	1,281	1,318	1,363	1,403
Traffic Signals	8	8	11	13	14	15	15	15	23	23
Culture and Recreation										
Park Acreage	294.9	294.9	294.9	756.9	(1) 756.9	756.9	836.9	836.9	1,162.9	1,162.9
Playgrounds	12	12	12	18	18	18	18	18	22	22
Baseball/Softball Diamonds	43	43	43	66	66	66	66	66	66	66
Soccer/Football Fields	4	4	4	16	16	16	17	17	18	18
Community Centers	2	2	2	3	3	3	3	3	4	4

NOTE: Indicators are not available for the general government, judicial, health and welfare, and housing and development functions.

(1) The increase from the prior period was due to the purchase of Heritage Park, Hidden Valley Park, J.P. Moseley Park, and Mt. Carmel Park.

Source: Various County departments.

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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 Commissioners
of Henry County, Georgia
McDonough, Georgia

We have audited 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 Henry County, Georgia as of and for the year ended June 30, 2007, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 14, 2007. We did not audit the financial statements of the Henry County Department of Public Health or the Henry County Library System. Those financial statements were audited by other auditors whose reports have been furnished to us. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Henry County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Henry County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry County, Georgia's financial statements are free of 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-4.

We also noted certain additional matters that we reported to the management of Henry County, Georgia in a separate letter dated December 14, 2007.

Henry County, Georgia's response to the audit findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Henry County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and Board of Commissioners of Henry County, Georgia and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 14, 2007

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
of Henry County, Georgia
McDonough, Georgia

Compliance

We have audited the compliance of Henry County, Georgia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Henry County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Henry County, Georgia's management. Our responsibility is to express an opinion on Henry County, Georgia's compliance based on our audit.

Henry County, Georgia's basic financial statements include the operations of the Henry County Water and Sewerage Authority, which received $20,393,988 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2007. This schedule has been included in the separately issued statements of the Henry County Water and Sewerage Authority.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Henry County, Georgia'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. Our audit does not provide a legal determination of Henry County, Georgia's compliance with those requirements.

In our opinion, Henry County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Henry County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Henry County, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Henry County, Georgia's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Henry County, Georgia's response to the audit findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Henry County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and Board of Commissioners of Henry County, Georgia and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 14, 2007

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Health and Human Services			
Pass Through Program - Georgia Department of Human Resources			
Community Care Services Program - Title III, Part B	93.044	AG00711.1	$ 70,519
Community Care Services Program - Title III, Part C	93.045	AG00711.1	139,399
Nutrition Services Incentive Program	93.053	AG00711.1	61,417
Total Special Programs for the Aging, Title III Funds			271,335
Community Care Services Program - Title III, Part E	93.052	AG00711.1	24,405
Temporary Assistance for Needy Families	93.558	427-67-14251	10,080
Community Services Block Grant	93.569	427-93-06060872	9,638
Community Services Block Grant	93.569	427-93-07070783	58,424
			68,062
Social Services Block Grant	93.667	427-06-54232	43,000
Social Services Block Grant	93.667	427-06-54233	75,000
Social Services Block Grant	93.667	427-54-54028	35,000
Social Services Block Grant	93.667	AG00711.1	59,129
			212,129
Pass Through Program - Georgia Children and Youth Coordinating Council			
Family Restoration Program	93.235	06A-12-0013	85,000
Total U.S. Department of Health and Human Services			671,011
U.S. Department of Justice			
Bulletproof Vest Program	16.607	2005-BO-BX-050-28259	197
Bulletproof Vest Program	16.607	2006-BO-BX-061-34373	995
			1,192
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-0923	12,411

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Justice (Continued)			
Pass Through Program - Department of Juvenile Justice			
Purchase of Services for Juvenile Offenders	16.523	03B-ST-0003	$ 2,954
Purchase of Services for Juvenile Offenders	16.523	04B-ST-0001	8,338
			11,292
Life Skills to Work Program	16.548	04P-12-0003	46,856
Pass Through Program - Department of Juvenile Justice (Continued)			
Girls Gender Program	16.540	04J-12-0404-0020	9,921
Girls Gender Program	16.540	05J-12-0504-0022	15,135
			25,056
Total U.S. Department of Justice			96,807
U.S. Department of Homeland Security			
Pass Through Program - Georgia Emergency Management Agency			
Office of Domestic Preparedness Equipment Program	97.004	2003-MU-T3-0010	12,076
Office of Domestic Preparedness Equipment Program	97.004	2004-GE-T4-0012	10,573
Office of Domestic Preparedness Equipment Program	97.004	2004-GE-T4-0012	546,144
Office of Domestic Preparedness Equipment Program	97.004	2004-GE-T4-0012	114,681
Homeland Security Grant	97.067	2005-GE-T5-0052	111,352
Homeland Security Grant	97.067	2005-GE-T5-0052	11,150
			805,976
Assistance to Firefighters Program	97.044	EMW-2004-FG-06940	8,856
Pre-Disaster Mitigation Grant	97.017	17-PDMC03014151	13,602
Citizen Corps Grant	97.053	2006-GE-T6-0066	5,195
Total U.S. Department of Homeland Security			833,629

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Agriculture			
Soil Conservation Services Grant	10.902	60-4310-1-63	$ 4,455
Total U.S. Department of Agriculture			4,455
U.S. Department of Transportation			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2006-075-163AL	37,983
State and Community Highway Safety	20.600	2007-075-00567	92,216
			130,199
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-57-46107	48,800
Pass Through Program- Georgia Department of Transportation			
Formula Grants for Other Than Urbanized Areas	20.509	MTG00-0130-00-039	112,456
Formula Grants for Other Than Urbanized Areas	20.509	MTG00-0130-00-069	167,635
			280,091
Capital Improvement Assistance			
	20.500	GA-18-9024	168,000
Total U.S. Department of Transportation			627,090
U.S. Department of Education			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services	84.126	427-57-46030	11,332
Total U.S. Department of Education			11,332
Total Expenditures of Federal Awards			$ 2,244,324

Note: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Noncompliance material to financial statements noted?	__X__ yes ____ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes __X__ no
Reportable conditions identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes __X__ no
Identification of major program:	

CFDA Number	Name of Federal Program or Cluster
97.004,97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	__X__ yes ____ no

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2007-1. Revenues Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: Internal controls did not detect a misstatement in the reporting of the County's taxes receivable and related deferred revenue.

Context/Cause: During our testing of revenues and receivables, audit adjustments were required to correct various account balances. These adjustments were due to the exclusion of receivables that should have been recorded at year-end, as well as the inclusion of improper receivables.

Effect: Audit adjustments to increase due from other governments in the amount of $264,022, decrease revenue in the amount of 606,348, and decrease cash in the amount of $870,370 was required to be reported in the General Fund. An audit adjustment to decrease cash in the amount of 12,000, increase receivables in the amount of 11,510, and decrease revenues in the amount of $1,490 was required to be reported in the Stormwater Enterprise Fund. Additionally, adjustments to decrease cash in the amount of 41,545, decrease deferred revenue in the amount of $82,924, and increase revenue in the amount of $41,379 was required to be reported in the nonmajor governmental funds.

Recommendation: We recommend the County carefully review the year end closing entries in order to ensure the related journal entries are accurate. Additionally, the County should be sure all receivables are properly recorded at year-end.

Auditee Response: We concur. The Finance Department will carefully review all year-end closing entries to determine all revenues and receivables are properly recorded at year-end.

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS (Continued)

2007-2. Expenditures Cycle

Criteria: Procedures should be in place to ensure all payables and expenditures are properly recorded, in a timely manner as part of the year-end closing procedures.

Condition: The County did not reverse a prior year payable, as was proper. Additionally, the expenditures in one fund were not properly recorded on the general ledger.

Context/Cause: During our audit, several audit adjustments were required to correct year-end balances.

Effect: An audit adjustment to decrease due to other governments and expenditures in the amount of $1,022,665 was required to be reported in the 2002 SPLOST Fund. Additionally, an adjustment to decrease cash in the amount of $338,306, decrease revenues in the amount of $17,194, and increase expenditures in the amount of $321,208 was required to be reported in the nonmajor governmental funds.

Recommendation: We recommend the County carefully review the year end closing entries in order to ensure the related journal entries are accurate. Additionally, the County should be sure all ending payable balances are accurate at year-end.

Auditee Response: We concur. The Finance Department will carefully review all year-end closing entries to determine all payables and expenditures are properly recorded at year-end.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2007-3. Segregation of Duties (Repeat Finding)

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Magistrate Court, Law Library, Sheriff, and Development Authority.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effect: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

Cause: The lack of segregation of duties is due to the limited number of individuals in each office to perform all of the duties.

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated between employees.

Auditee Response: We concur. The offices listed above are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties between recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business. Most of the above offices have made the appropriate changes needed to properly segregate duties.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2007-4. Collateralization of Deposits

Condition: At June 30, 2007, the deposits of the Henry County Sheriff's Office held at financial institutions were not fully collateralized or insured in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Criteria: Policies should be in place requiring all financial institutions holding cash deposits to be properly insured and, or collateralized at any and all times of the fiscal year.

Context/Cause: The Sheriff's Office did not have the bank properly classify one of its accounts as public funds. Therefore, the bank did not adequately collateralize the deposits of the Sheriff's Office.

Effect: The failure of a financial institution to fully insure or collateralize the Sheriff's Office deposits could result in a financial loss to the Sheriff's Office, should the financial institution fail.

Recommendation: The Sheriff's Office should require all financial institutions holding cash deposits be properly insured and, or collateralized at any and all times of the fiscal year. This requires the Sheriff's Office to ensure all funds held at financial institutions are properly classified as public funds.

Auditee Response: We concur with the recommendation. Such a procedure and requirement of the Sheriff's Office's financial institutions will be implemented immediately. We will ensure all of our funds held at financial institutions will be properly classified as public funds.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

2006-1. Maintenance of Records for Agency Fund Accounts

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition: During our audit of the various elected officials as of June 30, 2007, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances. This situation was observed on certain accounts maintained at the following elected officials' offices: the Tax Commissioner, the Clerk of Superior Court, the Magistrate Court, the Probate Court, and the State Court.

Auditee Response/Status: The above finding was corrected during fiscal year 2007 and is not included as a finding for the current year.

2006-2. Segregation of Duties

Criteria: Internal controls should be in place which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the offices of the Probate Court, Magistrate Court, Law Library, Juvenile Court, Sheriff, and Development Authority.

Auditee Response/Status: Unresolved. See current finding number 2007-3. However, the Probate Court and Juvenile Court have corrected the above finding for fiscal year 2007 and are not included in the current year finding.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

2006-3. State Court Partial Payments

Criteria: The OCGA requires that partial payments be remitted to the proper authorities by the end of each month following the month in which such funds are received.

Condition: For the fiscal year ending June 30, 2006, partial payments received by the State Court were not remitted to the proper authorities in accordance with the Official Code of Georgia (OCGA) 15-21 A-4.

Auditee Response/Status: The above finding was corrected during fiscal year 2007 and is not included as a finding for the current year.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

To the Board of Commissioners
of Henry County, Georgia
McDonough, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Henry County, Georgia's compliance during the year ended June 30, 2007, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grants #07-C-L-054, #07-C-L-094, #07-C-L-096, #07-C-L-231, and #07-C-L-232. Management is responsible for Henry County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Henry County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Henry County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Henry County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Henry County, Georgia complied with the aforementioned requirement for the year ended June 30, 2007, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Henry County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 14, 2007

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Henry County of the State of Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-054**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**09/14/06**
F	Grant Amount	**$19,475.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2007		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$19,475.00		$19,475.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$19,475.00		$19,475.00
K	Disbursements or Expenditures for Audit Fees	$0.00		$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00		$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 12/20/07

Signature of Chief Financial Officer _____ Date 12/20/07

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Henry County of the State of Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-094**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**09/14/06**
F	Grant Amount	**$5,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2007		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$3,750.00		$3,750.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00		$0.00
K	Disbursements or Expenditures for Audit Fees	$0.00		$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$3,750.00		$3,750.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 12/20/07

Signature of Chief Financial Officer _____ Date 12/20/07

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Henry County of the State of Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-096**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**09/14/06**
F	Grant Amount	**$10,000.00**

G		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2007		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$9,960.30		$9,960.30
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$9,960.30		$9,960.30
K	Disbursements or Expenditures for Audit Fees	$0.00		$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00		$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official Jason T. [illegible] Date 12/20/07

Signature of Chief Financial Officer Mike Buck Date 12/20/07

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Henry County of the State of Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-231**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**09/14/06**
F	Grant Amount	**$40,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2007		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$40,000.00		$40,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$40,000.00		$40,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00		$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00		$0.00

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 12/20/07

Signature of Chief Financial Officer _____ Date 12/20/07

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE		
A	Local Government	**Henry County of the State of Georgia**
B	State Awarding Agency	**Department of Community Affairs State of Georgia**
C	Grant Identification Number	**07-C-L-232**
D	Grant Title	**Local Assistance Grant**
E	Grant Award Date	**08/22/06**
F	Grant Amount	**$25,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2007		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2007
G				
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$18,750.00		$18,750.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$25,000.00		$25,000.00
K	Disbursements or Expenditures for Audit Fees	$0.00		$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] Due from State of Georgia	($6,250.00)		($6,250.00)

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official _____ Date 12/20/07

Signature of Chief Financial Officer _____ Date 12/20/07