HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2008









HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared By:
Mike Bush,
Financial Services Director

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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, 2008

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**
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2008 Issue	**92**
Combining Statement of Assets and Liabilities – Agency Funds	**93**
Combining Statement of Changes in Assets and Liabilities – Agency Funds	**94 - 96**
Balance Sheet – Component Unit – Development Authority	**97**
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Development Authority	**98**
STATISTICAL SECTION	
Net Assets by Component – Last Six Fiscal Years	**99**
Changes in Net Assets – Last Six Fiscal Years	**100 and 101**
Fund Balances, Governmental Funds – Last Six Fiscal Years	**102**
Changes in Fund Balances, Governmental Funds – Last Six Fiscal Years	**103 and 104**
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	**105**
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	**106**

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

	Page Number
STATISTICAL SECTION (Continued)	
Principal Property Taxpayers – Current Year and Nine Years Ago	107
Property Tax Levies and Collections – Last Ten Fiscal Years	108
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	109
Legal Debt Margin Information – Last Ten Fiscal Years	110
Demographic and Economic Statistics – Last Ten Fiscal Years	111
Principal Employers – Current Year and Eight Years Ago	112
Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years	113
Operating Indicators by Function – Last Ten Calendar Years	114
Capital Asset Statistics by Function – Last Ten Fiscal Years	115
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*	116 - 118
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	119 - 121
Schedule of Expenditures of Federal Awards	122 - 124
Schedule of Findings and Questioned Costs	125 - 128
Schedule of Prior Year Findings	129 and 130
Independent Accountant's Report on Local Assistance Grants	131
State of Georgia Grant Certification Forms	132 - 136

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 15, 2008

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, 2008. 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, 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, 2008. 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. Henry 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 Manager 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 systems; 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 Manager uses these requests as the starting point for developing a proposed budget. The County Manager then presents this proposed budget to the Board of Commissioners for review during the month of May. The Board of Commissioners is 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 thereby 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. According to CNNMoney.com, "Henry County is a thriving commerce center mixed with big-box retail, abundant health care services and a nurturing attitude toward small businesses."

In addition to the permanent residents and businesses of Henry County, the County hosts 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's Capital Improvement Program will continue to benefit from revenue provided by the Special Purpose Local Option Sales Tax (SPLOST). The most recent special-purpose local-option sales tax referendum was passed by Henry County citizens in November 2007 and became effective in April 2008. Planned projects include a Senior Center for the cities of Hampton and Locust Grove, as well as a new Domestic Violence Shelter, replacement fire stations, a library for the City of Hampton and various park improvements.

The Henry County Communication Department contracted with Granicus, Inc. This enabled the County to air Board of Commissioner meetings live and on-demand on the Internet beginning in May 2008. This endeavor essentially tripled the Commissioner's meeting audience overnight contributing to the effort to make County government accessible to every citizen.

During the 2008 fiscal year Henry County continued to work on the new jail expansion. Once complete the jail expansion will house a 34,230 sq. ft. administration area for the Sheriff's Office, plus an 81,294 sq. ft institutional area that includes a medical facility, which will reduce the number of transports for illnesses and injuries, an expanded kitchen, and an additional 519 beds, more than doubling the current capacity of 419. The budget for the entire expansion project is $20 million. The jail cells and walls are constructed of pre-cast concrete that were made in advance, while the site was still being prepared. This construction method saved the County hundreds of thousands of dollars in construction costs and shaved more than 18 months off the length of 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 and AA from Standard and Poor's. These ratings produce significant interest savings and are 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, 2007. This was the third 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

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, 2007

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.

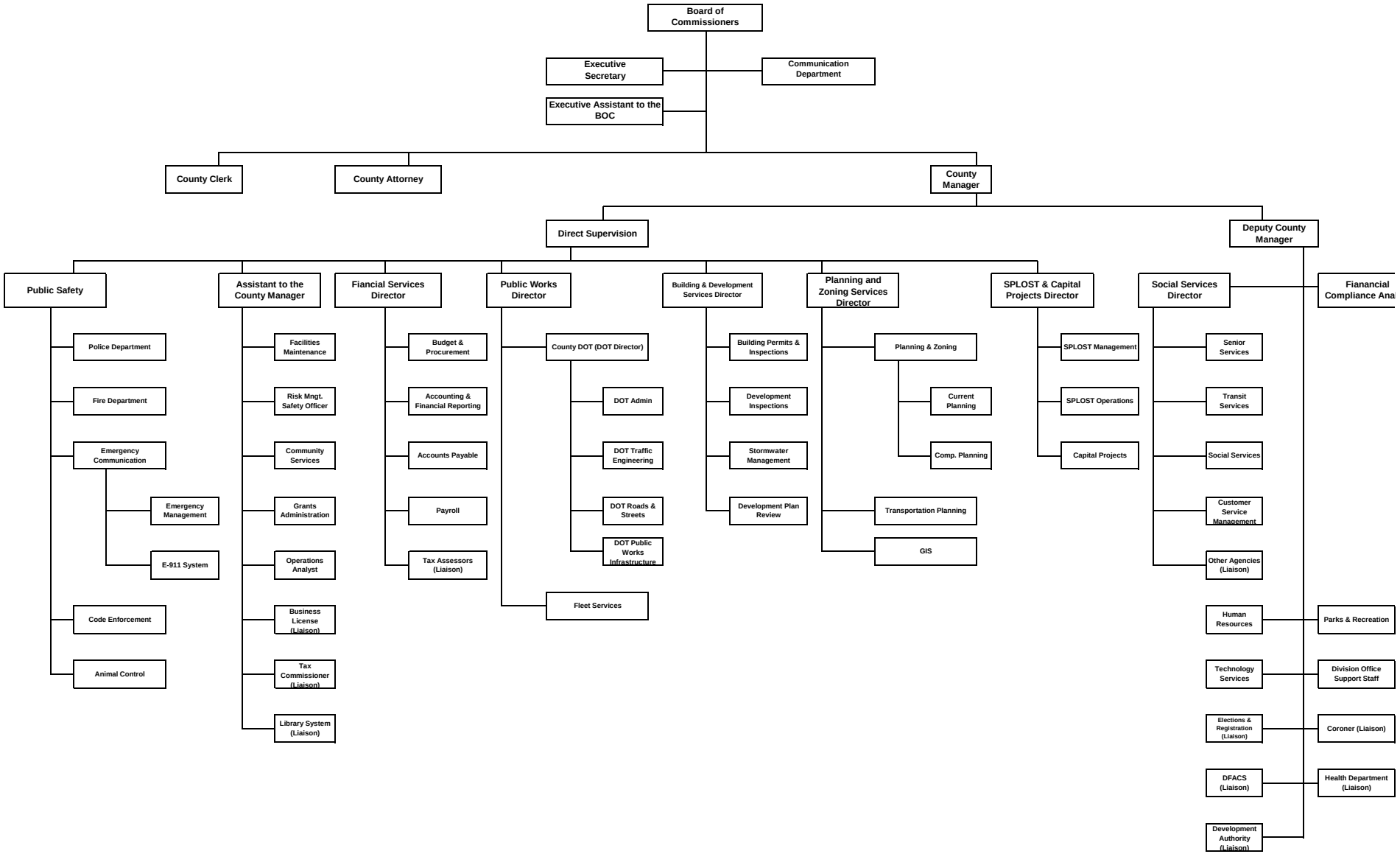


President

Executive Director

HENRY COUNTY, GEORGIA

ORGANIZATIONAL CHART



HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008

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	**Barbara Harrison**
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**

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2008, 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 $1,077,872 and $3,853,731, respectively, as of June 30, 2008, and total revenues of $2,178,949 and $3,716,065, 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, 2008, and the respective changes in financial position and cash flows, where applicable, 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 15, 2008 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 important for assessing the results of our audit.

The Management's Discussion and Analysis (on pages 4 through 14) and the Schedule of Funding Progress (on page 80) 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.



Macon, Georgia
December 15, 2008

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2008. 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, 2008, by $576,793,063 (net assets). Of this amount, $86,123,313 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors,
- At June 30, 2008, the County's General Fund reported an unreserved fund balance of $51,458,630, an increase of $1,949,471, or 3.9 %, from the last fiscal year.
- The 2002 Special Purpose Local Option Sales Tax (SPLOST) generated collections of $22,282,889 during fiscal year 2008.
- The citizens of Henry County adopted the 2008 Special Purpose Local Option Sales Tax (SPLOST) on November 4, 2007 and collections started April 1, 2008. The collections for fiscal year 2008 were $7,249,227.
- Henry County Impact Fee fund closed fiscal year 2008 with a fund balance of $4,530,861, a decrease of $219,474, or 4.6%, 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 2008 Henry County's Stormwater fund, the only enterprise fund, had $2,912,155 in operating revenues and $1,681,065 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 is the Stormwater Utility 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 three categories: governmental funds, proprietary 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, 2008 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 the 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, and debt service funds. A project-length budget is adopted for the capital projects 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 28 – 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 non-major 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 $576,793,063 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (80.2%) 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 131,175,028	$ 136,039,945	$ 447,931	$ 1,602,962	$ 131,622,959	$ 137,642,907
Capital assets	552,493,527	470,268,376	450,152	394,018	552,943,679	470,662,394
Total assets	683,668,555	606,308,321	898,083	1,996,980	684,566,638	608,305,301
Long-term liabilites outstanding	97,092,585	66,452,602	-	-	97,092,585	66,452,602
Other liabilities	10,621,292	9,055,878	59,698	2,464,465	10,680,990	11,520,343
Total liabilities	107,713,877	75,508,480	59,698	2,464,465	107,773,575	77,972,945
Net assets:						
Invested in capital assets, net of related debt	462,166,271	413,046,368	450,152	394,018	462,616,423	413,440,386
Restricted	28,053,327	23,301,103	-	-	28,053,327	23,301,103
Unrestricted	85,735,080	94,452,370	388,233	(861,503)	86,123,313	93,590,867
Total net assets	$ 575,954,678	$ 530,799,841	$ 838,385	$ (467,485)	$ 576,793,063	$ 530,332,356

An additional portion of Henry County's net assets (4.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($86,123,313) or (14.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, the total assets increased by $77,360,234. The majority of this increase was in capital assets. This was due to current and other assets decreasing by $4,864,917 and capital assets increasing by $82,225,151. The decrease in current and other assets was caused by the downturn in the economy resulting in slower revenue recognition necessitating an increased use of cash on hand. The investments decreased as we used the money to construct buildings and roads. This also explains the increase in capital assets. SPLOST dollars, along with lease purchase cash and investments helped generate a large influx of County assets.

Long-term liabilities increased significantly by $30,639,983 while other liabilities increased by $1,565,414, with the net increase of $32,205,397. Henry County purchased 140 acres of land adjacent to current governmental complex for future expansion through the use of long-term debt.

There was an increase of $4,752,224 in restricted net assets reported in connection with the Henry County's governmental activities. These restrictions were for encumbrances for capital projects and funds that have money restricted for special purposes such as drug education and treatment, juvenile assistance programs, fire safety, and victim/witness programs. There were no restrictions on the business-type activities fund balance.

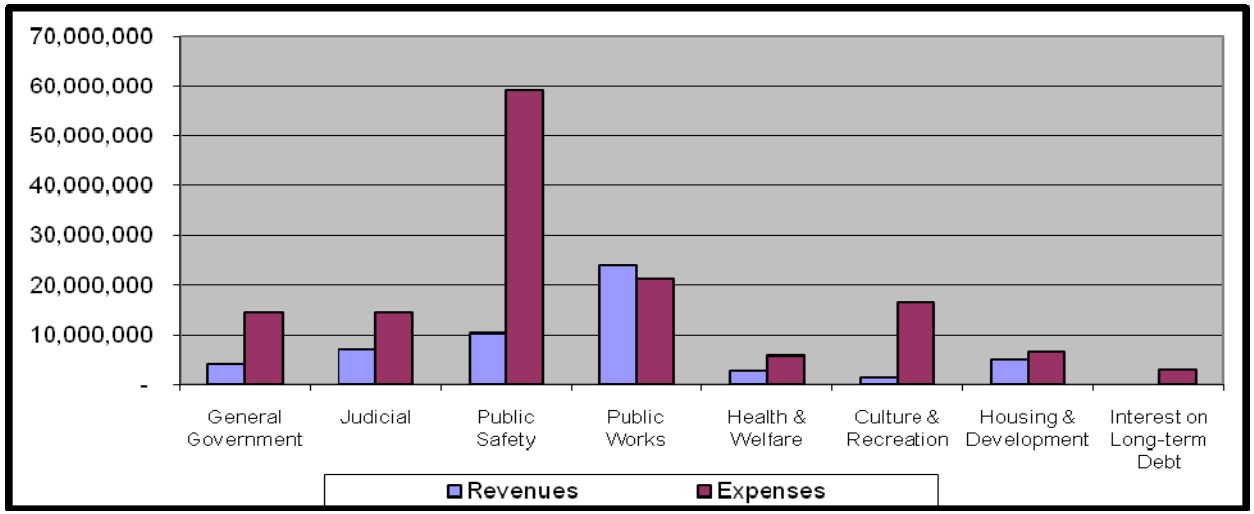
Governmental activities. Governmental activities increased the County's net assets by $45,154,837. Key elements of this increase are as follows:

Henry County's Changes in Net Assets

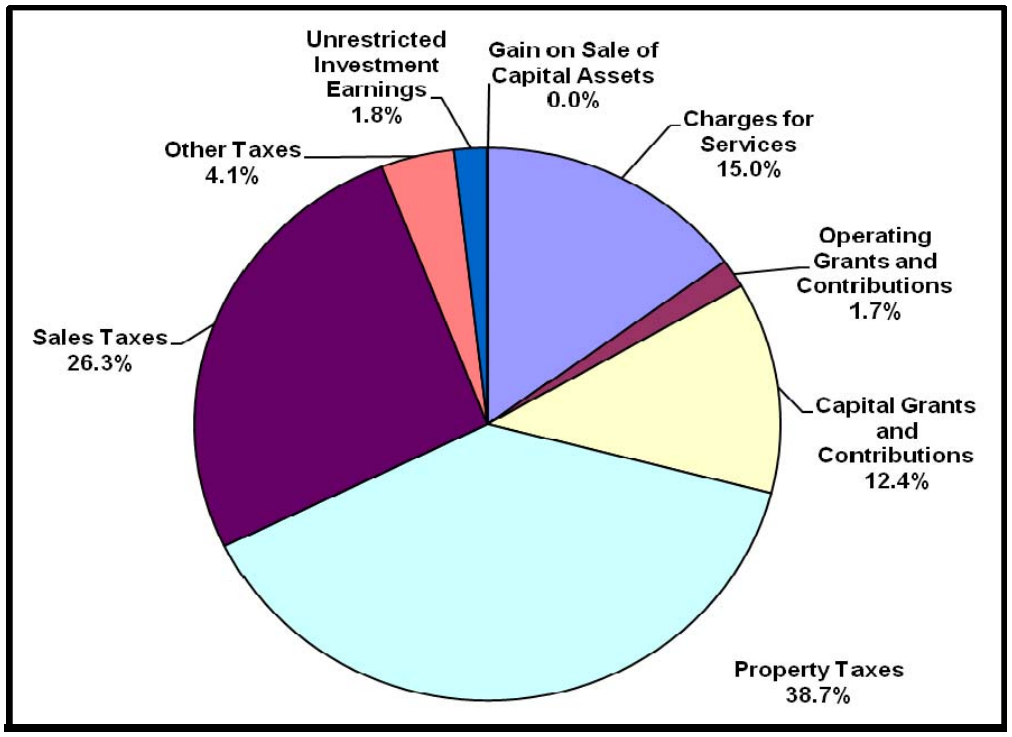
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 27,757,635	$ 27,922,806	$ 2,912,155	$ 2,591,018	$ 30,669,790	$ 30,513,824
Operating grants and contributions	3,102,122	2,705,767	-	-	3,102,122	2,705,767
Capital grants and contributions	22,904,507	33,028,019	-	-	22,904,507	33,028,019
General revenues:						
Property taxes	71,761,395	66,845,897	-	-	71,761,395	66,845,897
Sales taxes	48,818,574	50,429,593	-	-	48,818,574	50,429,593
Other taxes	7,521,592	7,033,518	-	-	7,521,592	7,033,518
Unrestricted investment earnings	3,419,841	6,593,296	74,780	68,815	3,494,621	6,662,111
Gain on sale of capital assets	-	218,233	-	-	-	218,233
Total revenues	185,285,666	194,777,129	2,986,935	2,659,833	188,272,601	197,436,962
Expenses						
General government	14,447,355	20,696,639	-	-	14,447,355	20,696,639
Judicial	14,380,115	12,923,866	-	-	14,380,115	12,923,866
Public safety	58,989,615	58,373,932	-	-	58,989,615	58,373,932
Public works	21,218,334	22,138,753	-	-	21,218,334	22,138,753
Health and welfare	5,608,362	5,281,437	-	-	5,608,362	5,281,437
Culture and recreation	16,379,710	8,167,060	-	-	16,379,710	8,167,060
Housing and development	6,288,174	6,580,680	-	-	6,288,174	6,580,680
Interest on long-term debt	2,819,164	2,430,744	-	-	2,819,164	2,430,744
Stormwater	-	-	1,681,065	1,358,397	1,681,065	1,358,397
Total expenses	140,130,829	136,593,111	1,681,065	1,358,397	141,811,894	137,951,508
Increase in net assets before transfers	45,154,837	58,184,018	1,305,870	1,301,436	46,460,707	59,485,454
Transfers	-	1,768,921	-	(1,768,921)	-	-
Increase in net assets	45,154,837	59,952,939	1,305,870	(467,485)	46,460,707	59,485,454
Net assets, beginning of year	530,799,841	470,846,902	(467,485)	-	530,332,356	470,846,902
Net assets, end of year	$ 575,954,678	$ 530,799,841	$ 838,385	$ (467,485)	$ 576,793,063	$ 530,332,356

- Property Taxes increased by $4,915,498 (7.4%) 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 decreased by $1,611,019 (3.2%) during the year. This is mainly due to the economic downturn.
- Unrestricted investment earnings decreased by $3,173,455 (48.1%) during the year because of the fall of interest rates due to the economic downturn.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Henry County started an enterprise fund, the Stormwater Utility Fund, during fiscal year 2007 for the purpose of fairly allocating the costs of Stormwater Management to all properties. Specifically the fund allows 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. In fiscal year 2008, the Stormwater Fund realized operating revenues of $2,912,155 and incurred expenses of $1,681,065. The operating income of this fund decreased by $70,346 as the costs of supplies increased during fiscal year 2008..

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 spendable 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 $114,935,051 a decrease of $8,545,204 in comparison with the prior year. The majority of the decline in fund balance for the governmental funds occurred in the Lease Purchase Fund, the Capital Asset Fund, and the 2002 SPLOST fund due to major construction throughout the County. Approximately 95.6% of the ending fund balance ($109,973,219) 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 ($2,489,344), for jail construction ($47,491), for drug abuse treatment ($1,443,873), for victim witness programs ($919,362) or for various other restricted purposes ($61,762).

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 $51,458,630, while total fund balance reached $51,776,801. 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 44.4% of total General Fund expenditures, while total fund balance represents 44.7% of that same amount. Henry County's reserved fund balance is small and represents reserved for encumbrances and fire safety.

The balance of the County's General Fund increased by $808,682 during the current fiscal year. This was due to tight budget management and limited expenditures due to the current economic restraints.

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 2008 fiscal year, the 2002 SPLOST Capital Projects Fund had a total fund balance of $17,921,659, a decrease of $429,283 from the prior year. The decrease in fund balance is getting progressively smaller from year to year as the projects scheduled under this particular SPLOST program are being completed. As collections for this program have expired, we expect to see a larger decrease in fund balance in the coming years until all program funds have been exhausted and projects completed.

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 agreements between the Association of County Commissioners of Georgia and qualified financial institutions. During 2008, Henry County entered into four new lease purchases totaling $39,279,119. One lease was for the purchase of approximately 140 acres of land to be used for future expansion of the existing governmental complex. The second lease was to purchase additional land for a multi-purpose recreational facility. The third lease was used to purchase vehicles and equipment for use by various departments throughout the County. The final lease was a combination of refinancing the current lease for jail construction to include an additional $5,500,000. Additionally, the County issued $7,235,000 of general obligation bonds in this fund during the 200 fiscal year. The year-end fund balance for the Lease Purchase Fund is $4,229,490.

Henry County's Capital Asset Fund was a major fund during fiscal year 2008. This fund received transfers from other funds of $4,000,000 for jail construction and $1,500,000 for the purchase of capital assets needed by various departments throughout the County. The Capital Asset Fund ended fiscal year 2008 with a fund balance of $10,349,189, which is a decrease from last fiscal year of $2,454,024. This decrease is a result of major road and capital projects completed in the County throughout the fiscal year.

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, the Stormwater Utility Fund. At the end of the current fiscal year, the County's proprietary fund reported ending net assets of $838,385, an increase of $1,305,870 in comparison with the prior year. This fund has begun to generate revenues to offset its expenses. There are currently no restrictions on the Stormwater Utility Fund net assets.

General Fund Budgetary Highlights

During the year there was a decrease of $1,237,501 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – ($10,854,610) due to the distribution of unallocated funds originally budgeted for vacancies, new positions, and cost of living increase. This decrease is largely offset by increases throughout the other functions as the budgeted amounts were distributed.
- Increase in judicial functions – $1,102,033 due to the increases in Court case loads as a direct result of the current struggling economic position, and as an offset to the general governments distribution of unallocated funds for a 3% cost of living increase.
- Increase in public safety functions – $5,573,005 due to additional positions throughout the public safety function. The fire department added a third man to the engines in one-third of the fire stations, and the jail added 60 new jailors to cover the expanded jail facility. The police department also added more patrolmen in an effort to deflect crime brought about by the current struggling economy. As in the other functions, public safety also saw a budget increase due to the distribution of the general government's unallocated funds for a 3% cost of living increase.
- Increase in public works services and related capital assets - $696,608 due to the increase of petroleum products such as gasoline and asphalt and the distribution of the general government's unallocated funds for a 3% cost of living increase.
- Increase in health and welfare – $591,460 due to increase in the use of public transit as a result of the higher gas prices combined with the need for additional staff and equipment to handle this increased use. A portion of the increase is due to the distribution of unallocated general government funds for a 3% cost of living increase.

- Increase in culture and recreation – $878,564 is the result of additional personnel for after school and summer camp programs along with the distribution of the general government's unallocated funds for 3% cost of living increase.
- Increase in housing and development – $775,439 due to the implementation of a plan to encourage personnel to obtain highest levels of certifications in their field along with the distribution of the general government's unallocated funds for a 3% cost of living increase.

The total General Fund actual expenditures were $4,240,392 less than the final amended budget, with each function under budget. This was due to a combined effort on the part of all of the departments to tightly manage their spending.

Capital Asset and Debt Administration

Capital assets. Henry County's investment in capital assets for its governmental activities as of June 30, 2008, amounts to $551,179,527 (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	
	2008	2007	2008	2007	2008	2007
Land	$ 70,884,672	$ 36,443,915	$ -	$ -	$ 70,884,672	$ 36,443,915
Construction in progress	120,278,294	94,205,064	-	-	120,278,294	94,205,064
Buildings and improvements	61,775,486	63,270,793	-	-	61,775,486	63,270,793
Machinery and equipment	19,342,386	18,898,093	450,152	394,018	19,792,538	19,292,111
Infrastructure	280,212,689	257,450,511	-	-	280,212,689	257,450,511
Total	$ 552,493,527	$ 470,268,376	$ 450,152	$ 394,018	$ 552,943,679	$ 470,662,394

Governmental assets installed during the year totaled $100,172,949. Major projects consisted of the following:

- Acquisition of land for right of ways
- Acquisition of land for parks
- Acquisition of land for future governmental use
- 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 and road projects that are at the peak of construction. The County is currently in the process of expanding its jail complex, which includes administration and prisoner holding cells, adding significantly to the construction in progress costs.

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 $15,646,148 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	$ 15,646,148	$ 16,920,000	$ -	$ -	$ 15,646,148	$ 16,920,000
Total	$ 15,646,148	$ 16,920,000	$ -	$ -	$ 15,646,148	$ 16,920,000

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 $575,443. 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 2002 SPLOST revenue. Henry County made the 2008 payment in the amount of $8,325,000. Henry County added a general obligation debt of $7,235,000 for the purchase of land to be used for parks and governmental needs. The bonds will be paid off with proceeds from the monthly collection of 2008 SPLOST revenue. Henry County's enterprise fund which is reported under business-type activities did not incur any debt and did not have debt in prior years.

Henry County maintains an "Aa2" issuer rating from Moody's and an "AA" rating from Standard and Poor'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 $621,258,956 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 5.9%, which is 1.5% higher than the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2008, is 5.6%.
- 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. In fiscal year 2008 monthly collections decreased by 3.29% from 2007.
- The new 2008 SPLOST which started on April 1, 2007 now has an estimated collection of $240,000,000. Based on fiscal year 2008 collections, the County felt it necessary to adjust the target from $300,000,000 estimated in the prior fiscal year. 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 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.
- Based on the current economic downturn and the decline of the local option and special local option sales tax, Henry County expects to continue to feel the effect of the slowdown in the housing market along with a decline in impact fees generated by new building permits. However, due to major commercial building projects still slated for Henry County, the County is hopeful that these declines will stabilize and take an upward turn within the next budget cycle.

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, 2008

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
Cash and cash equivalents	$ 68,679,398	$ 1,746,172	$ 70,425,570	$ 991,647	$ 80,695	$ 1,841,199	$ 1,503,495
Investments	23,583,022	-	23,583,022	-	280,000	28,133	-
Receivables, net of allowances for uncollectibles	9,607,384	276,129	9,883,513	-	-	15,150	6,732,396
Due from other governments	9,007,248	-	9,007,248	66,369	-	-	-
Due from primary government	-	-	-	-	-	-	77,929
Internal balances	1,574,370	(1,574,370)	-	-	-	-	-
Inventory	252,781	-	252,781	-	-	-	874,854
Prepaid items	968,874	-	968,874	-	-	-	685
Restricted assets:							
Cash and cash equivalents	14,294,740	-	14,294,740	-	-	-	21,372,667
Investments	-	-	-	-	-	-	38,631,816
Accrued interest	-	-	-	-	-	-	101,040
Deferred charges	164,912	-	164,912	-	-	-	3,885,189
Capitalized lease receivable	-	-	-	-	22,211,046	-	-
Capital assets, non-depreciable	191,162,966	-	191,162,966	-	-	518,496	71,847,309
Capital assets, depreciable (net of accumulated depreciation)	361,330,561	450,152	361,780,713	19,856	-	1,450,753	392,709,148
Other non-current assets	3,042,299	-	3,042,299	-	-	-	2,549,495
Total assets	683,668,555	898,083	684,566,638	1,077,872	22,571,741	3,853,731	540,286,023

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
LIABILITIES							
Accounts payable	$ 4,973,647	$ 15,823	$ 4,989,470	$ -	$ 7,200	$ 99,496	$ 5,105,287
Accrued liabilities	4,296,492	43,875	4,340,367	-	25,046	-	627,954
Due to other governments	1,230,910	-	1,230,910	52,859	-	-	-
Unearned revenue	120,243	-	120,243	-	-	-	-
Payable from restricted assets:							
Customer deposits payable	-	-	-	-	-	-	866,508
Revenue bonds payable	-	-	-	-	-	-	4,525,000
Accrued interest payable	-	-	-	-	-	-	3,322,329
Non-current liabilities:							
Due within one year	19,317,732	-	19,317,732	-	-	27,684	4,897,421
Due in more than one year	77,774,853	-	77,774,853	132,986	22,186,000	20,535	247,486,726
Total liabilities	107,713,877	59,698	107,773,575	185,845	22,218,246	147,715	266,831,225
NET ASSETS							
Invested in capital assets, net of related debt	462,166,271	450,152	462,616,423	19,856	-	1,969,249	220,786,750
Restricted for:							
Jail construction	47,491	-	47,491	-	-	-	-
Drug abuse treatment	1,443,873	-	1,443,873	-	-	-	-
Juvenile assistance	7,347	-	7,347	-	-	-	-
Fire safety	54,415	-	54,415	-	-	-	-
Victim witness program	919,362	-	919,362	-	-	-	-
Capital projects	25,580,839	-	25,580,839	-	-	1,278,533	-
Other purposes	-	-	-	-	-	206,099	44,262,004
Unrestricted	85,735,080	388,233	86,123,313	872,171	353,495	252,135	8,406,044
Total net assets	$ 575,954,678	$ 838,385	$ 576,793,063	$ 892,027	$ 353,495	$ 3,706,016	$ 273,454,798

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

THIS PAGE INTENTIONALLY LEFT BLANK

HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	$ 14,447,355	$ 3,975,520	$ 8,757	$ -	$ (10,463,078)	$ -	$ (10,463,078)	$ -	$ -	$ -	$ -
Judicial	14,380,115	6,795,849	189,809	-	(7,394,457)	-	(7,394,457)	-	-	-	-
Public safety	58,989,615	9,434,195	462,457	356,745	(48,736,218)	-	(48,736,218)	-	-	-	-
Public works	21,218,334	829,267	561,150	22,511,762	2,683,845	-	2,683,845	-	-	-	-
Health and welfare	5,608,362	646,557	1,853,613	5,000	(3,103,192)	-	(3,103,192)	-	-	-	-
Culture and recreation	16,379,710	1,105,057	12,173	31,000	(15,231,480)	-	(15,231,480)	-	-	-	-
Housing and development	6,288,174	4,971,190	14,163	-	(1,302,821)	-	(1,302,821)	-	-	-	-
Interest on long-term debt	2,819,164	-	-	-	(2,819,164)	-	(2,819,164)	-	-	-	-
Total governmental activities	140,130,829	27,757,635	3,102,122	22,904,507	(86,366,565)	-	(86,366,565)	-	-	-	-
Business-type activities:											
Stormwater	1,681,065	2,912,155	-	-	-	1,231,090	1,231,090	-	-	-	-
Total business-type activities	1,681,065	2,912,155	-	-	-	1,231,090	1,231,090	-	-	-	-
Total primary government	$ 141,811,894	$ 30,669,790	$ 3,102,122	$ 22,904,507	(86,366,565)	1,231,090	(85,135,475)	-	-	-	-
Component units:											
Health Department	$ 2,453,547	$ 841,099	$ 1,295,839	$ -	-	-	-	(316,609)	-	-	-
Development Authority	360,014	25,220	246,978	-	-	-	-	-	(87,816)	-	-
Library System	2,860,101	112,686	3,512,819	-	-	-	-	-	-	765,404	-
Water & Sewerage Authority	59,636,934	35,973,870	-	19,696,689	-	-	-	-	-	-	(3,966,375)
Total component units	$ 65,310,596	$ 36,952,875	$ 5,055,636	$ 19,696,689	-	-	-	(316,609)	(87,816)	765,404	(3,966,375)
General revenues:											
Property taxes					71,761,395	-	71,761,395	-	-	-	12,488,924
Sales taxes					48,818,574	-	48,818,574	-	-	-	-
Franchise taxes					989,499	-	989,499	-	-	-	-
Insurance premium taxes					4,602,294	-	4,602,294	-	-	-	-
Other taxes					1,929,799	-	1,929,799	-	-	-	1,415,249
Unrestricted investment earnings					3,419,841	74,780	3,494,621	42,011	17,334	90,560	2,416,150
Gain on sale of capital assets					-	-	-	-	-	-	7,600
Total general revenues and transfers					131,521,402	74,780	131,596,182	42,011	17,334	90,560	16,327,923
Change in net assets					45,154,837	1,305,870	46,460,707	(274,598)	(70,482)	855,964	12,361,548
Net assets, beginning of year					530,799,841	(467,485)	530,332,356	1,166,625	423,977	2,850,052	261,093,250
Net assets, end of year					$ 575,954,678	$ 838,385	$ 576,793,063	$ 892,027	$ 353,495	$ 3,706,016	$ 273,454,798

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

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

ASSETS	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 28,012,469	$ 4,264,526	$ 9,804,806	$ -	$ 26,597,597	$ 68,679,398
Investments	1,859,359	14,642,558	6,440,053	-	641,052	23,583,022
Receivables, net of allowances for uncollectibles	8,789,920	30,000	-	-	787,464	9,607,384
Due from other governments	4,029,368	-	-	-	4,977,880	9,007,248
Due from other funds	17,008,508	78,050	474,016	221,738	240,184	18,022,496
Inventory	252,781	-	-	-	-	252,781
Prepaid items	961,881	-	-	-	6,993	968,874
Restricted cash	-	-	4,583,748	9,710,992	-	14,294,740
Total assets	$ 60,914,286	$ 19,015,134	$ 21,302,623	$ 9,932,730	$ 33,251,170	$ 144,415,943
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 2,283,598	$ 853,371	$ 1,592,224	$ 6,542	$ 237,912	$ 4,973,647
Accrued liabilities	3,833,472	32,015	14,084	-	75,752	3,955,323
Due to other governments	-	-	-	-	1,230,910	1,230,910
Due to other funds	147,529	208,089	9,347,126	5,696,698	1,048,684	16,448,126
Deferred revenue	2,872,886	-	-	-	-	2,872,886
Total liabilities	9,137,485	1,093,475	10,953,434	5,703,240	2,593,258	29,480,892

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

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	$ 263,756	$ 2,222,042	$ -	$ -	$ 3,546	$ 2,489,344
Jail construction	-	-	-	-	47,491	47,491
Drug abuse treatment	-	-	-	-	1,443,873	1,443,873
Juvenile assistance	-	-	-	-	7,347	7,347
Fire safety	54,415	-	-	-	-	54,415
Victim witness program	-	-	-	-	919,362	919,362
Unreserved, reported in:						
General fund, undesignated	51,458,630	-	-	-	-	51,458,630
Special revenue funds, undesignated	-	-	-	-	6,217,414	6,217,414
Debt service fund, undesignated	-	-	-	-	9,828,838	9,828,838
Capital projects funds, undesignated	-	15,699,617	10,349,189	4,229,490	12,190,041	42,468,337
Total fund balances	51,776,801	17,921,659	10,349,189	4,229,490	30,657,912	114,935,051
Total liabilities and fund balances	$ 60,914,286	$ 19,015,134	$ 21,302,623	$ 9,932,730	$ 33,251,170	

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.	552,493,527
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,752,643
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(97,268,842)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	3,042,299
Net assets of governmental activities	$ 575,954,678

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, 2008

	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 97,296,625	$ 22,282,889	$ -	$ -	$ 7,610,937	$ 127,190,451
Licenses and permits	2,530,935	-	-	-	2,558,367	5,089,302
Intergovernmental	3,033,292	539,750	-	-	26,061	3,599,103
Charges for services	11,988,690	8,700	-	-	3,677,299	15,674,689
Fines and forfeitures	4,150,078	-	-	-	1,828,787	5,978,865
Investment income	1,273,418	581,442	388,120	465,928	710,933	3,419,841
Contributions	162,252	-	3,500	-	-	165,752
Miscellaneous	1,461,325	33,032	-	-	100	1,494,457
Total revenues	121,896,615	23,445,813	391,620	465,928	16,412,484	162,612,460
Expenditures:						
Current:						
General government	14,966,686	-	-	-	4,847	14,971,533
Judicial	12,879,385	-	-	-	717,299	13,596,684
Public safety	56,908,164	-	-	-	3,246,790	60,154,954
Public works	12,187,702	-	-	-	-	12,187,702
Health and welfare	5,738,124	-	-	-	-	5,738,124
Culture and recreation	7,092,371	-	-	-	-	7,092,371
Housing and development	6,047,737	-	-	-	176,301	6,224,038
Capital outlay	-	17,943,606	7,669,512	48,233,787	4,382,937	78,229,842
Debt service:						
Principal retirement	-	-	-	-	16,165,673	16,165,673
Interest and fiscal charges	-	-	-	34,919	3,246,792	3,281,711
Issuance costs	-	-	-	131,701	-	131,701
Total expenditures	115,820,169	17,943,606	7,669,512	48,400,407	27,940,639	217,774,333
Excess (deficiency) of revenues over (under) expenditures	6,076,446	5,502,207	(7,277,892)	(47,934,479)	(11,528,155)	(55,161,873)

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Capital leases	$ -	$ -	$ -	$ 39,279,119	$ -	$ 39,279,119
Issuance of general obligation bonds	-	-	-	7,235,000	-	7,235,000
Transfers in	8,410,229	3,615,796	5,590,135	941,031	19,312,718	37,869,909
Transfers out	(13,780,543)	(9,547,286)	(766,267)	(8,179,144)	(5,596,669)	(37,869,909)
Proceeds from sale of capital assets	102,550	-	-	-	-	102,550
Total other financing sources (uses)	(5,267,764)	(5,931,490)	4,823,868	39,276,006	13,716,049	46,616,669
Net change in fund balances	808,682	(429,283)	(2,454,024)	(8,658,473)	2,187,894	(8,545,204)
Fund balances, beginning of year	50,968,119	18,350,942	12,803,213	12,887,963	28,470,018	123,480,255
Fund balances, end of year	$ 51,776,801	$ 17,921,659	$ 10,349,189	$ 4,229,490	$ 30,657,912	$ 114,935,051

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, 2008

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

Net change in fund balances - total governmental funds	$	(8,545,204)
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.		60,922,749
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		21,302,402
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		911,110
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.		(29,991,811)
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.		555,591
	$	45,154,837

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, 2008

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 71,768,325	$ 70,713,162	$ 70,850,285	$ 137,123
Sales tax	22,413,130	19,287,198	19,286,458	(740)
Other taxes	7,183,214	7,160,454	7,159,882	(572)
Licenses and permits	3,823,454	2,545,136	2,530,935	(14,201)
Intergovernmental	2,169,940	3,043,666	3,033,292	(10,374)
Charges for services	10,821,664	11,907,858	11,988,690	80,832
Fines and forfeitures	5,061,104	4,157,635	4,150,078	(7,557)
Investment income	2,750,000	1,287,749	1,273,418	(14,331)
Contributions	50,000	173,497	162,252	(11,245)
Miscellaneous	705,470	1,446,564	1,461,325	14,761
Total revenues	126,746,301	121,722,919	121,896,615	173,696
Expenditures:				
General government:				
Director of administration and finance	176,127	181,007	179,829	1,178
Board of commissioners	1,350,840	1,501,822	1,460,608	41,214
County manager	452,614	477,980	466,078	11,902
Support services	46,052	55,239	54,672	567
County attorney	471,672	427,370	419,719	7,651
Tax commissioner	1,739,923	1,916,846	1,898,324	18,522
Finance	1,017,156	1,133,241	1,102,290	30,951
Information systems	2,110,051	2,129,952	2,105,250	24,702
Human resources	914,315	674,799	661,394	13,405
Risk management	1,158,963	1,095,286	1,085,923	9,363
Budget	-	171,754	166,148	5,606
Purchasing	522,497	381,898	369,970	11,928
Tax assessor	1,792,338	1,895,590	1,888,416	7,174
Elections	981,340	955,962	813,566	142,396
Public buildings	1,976,932	2,328,268	2,294,499	33,769
Other - unclassified	11,470,804	-	-	-
Total general government	26,181,624	15,327,014	14,966,686	360,328

(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, 2008

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 354,395	$ 332,414	$ 310,985	$ 21,429
Clerk of superior court	1,790,847	1,707,543	1,641,593	65,950
Court reporter	195,358	359,267	351,104	8,163
Jury/bailiff	217,500	236,262	230,960	5,302
District attorney	1,075,017	1,296,058	1,277,021	19,037
Public defender	1,027,824	929,729	922,600	7,129
Juvenile court	1,483,682	1,806,944	1,787,416	19,528
Juvenile assistance	325,902	256,950	116,988	139,962
State court	1,600,538	1,622,792	1,614,369	8,423
State court solicitor	1,591,088	1,850,733	1,832,233	18,500
Clerk of state court	1,009,128	1,211,597	1,158,112	53,485
Magistrate court	817,052	930,177	885,062	45,115
Probate court	715,929	765,827	750,942	14,885
Total judicial	12,204,260	13,306,293	12,879,385	426,908
Public safety:				
Police	2,190,867	2,386,872	2,322,830	64,042
Criminal investigation division	1,925,513	2,217,879	2,215,985	1,894
Narcotics	927,574	1,077,455	1,063,974	13,481
Support service	970,455	1,434,080	1,201,354	232,726
Uniform patrol division	10,471,975	11,064,338	10,810,195	254,143
Fire	18,882,793	20,515,197	20,238,245	276,952
E911 / Emergency management	699,029	833,028	899,293	(66,265)
Sheriff	7,106,874	7,671,943	7,232,991	438,952
Jail	8,248,946	9,753,602	9,155,525	598,077
Early release	427,995	404,488	391,775	12,713
Coroner	146,078	148,930	123,481	25,449
Code enforcement	498,723	510,477	484,906	25,571
Animal control	731,931	783,469	767,610	15,859
Total public safety	53,228,753	58,801,758	56,908,164	1,893,594

(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, 2008

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
Director of public works	$ 176,446	$ 184,845	$ 179,836	$ 5,009
DOT	3,745,000	4,183,051	4,090,401	92,650
Construction and roads	7,035,478	3,259,514	2,912,089	347,425
Scraping and hauling	-	3,775,363	3,680,166	95,197
Waste management	24,000	25,379	24,935	444
Maintenance shop	1,161,509	1,410,889	1,300,275	110,614
Total public works	12,142,433	12,839,041	12,187,702	651,339
Health and welfare:				
General health	990,260	973,330	911,120	62,210
Department of family and children services	277,217	275,903	275,902	1
Family connection	122,594	128,077	125,493	2,584
Life management solutions	-	110,554	85,680	24,874
Transit system	1,128,354	1,387,599	1,322,991	64,608
Senior services	2,838,173	3,068,356	2,922,505	145,851
Human services	92,076	96,315	94,433	1,882
Total health and welfare	5,448,674	6,040,134	5,738,124	302,010
Culture and recreation:				
Recreation	4,208,706	5,082,212	4,987,313	94,899
Libraries	2,100,000	2,105,058	2,105,058	-
Total culture and recreation	6,308,706	7,187,270	7,092,371	94,899
Housing and development:				
Director of human and community services	185,133	326,781	308,773	18,008
Conservation	265,291	311,009	257,464	53,545
Conservation - NRCS	46,341	51,713	47,808	3,905
Building department	2,967,995	3,407,999	3,233,413	174,586
Planning and zoning	1,018,901	950,589	924,512	26,077

(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, 2008

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Housing and development: (continued)				
GIS mapping	$ 326,395	$ 478,737	$ 461,744	$ 16,993
Development plan review	498,086	478,151	462,695	15,456
Transportation development	104,797	183,399	179,405	3,994
Economic development authority	370,673	370,673	171,923	198,750
Total housing and development	5,783,612	6,559,051	6,047,737	511,314
Total expenditures	121,298,062	120,060,561	115,820,169	4,240,392
Excess of revenues over expenditures	5,448,239	1,662,358	6,076,446	4,414,088
Other financing sources (uses):				
Transfers in	628,842	8,391,801	8,410,229	18,428
Transfers out	(8,521,686)	(13,780,543)	(13,780,543)	-
Proceeds from sale of capital assets	150,000	102,550	102,550	-
Total other financing sources (uses)	(7,742,844)	(5,286,192)	(5,267,764)	18,428
Net change in fund balances	(2,294,605)	(3,623,834)	808,682	4,432,516
Fund balances, beginning of year	50,968,119	50,968,119	50,968,119	-
Fund balances, end of year	$ 48,673,514	$ 47,344,285	$ 51,776,801	$ 4,432,516

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

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Major Enterprise Fund Stormwater Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 1,746,172
Accounts receivable, net of allowances	276,129
Due from other funds	5,303
Total current assets	2,027,604
NONCURRENT ASSETS	
Capital assets, depreciable, net of accumulated depreciation	450,152
Total noncurrent assets	450,152
Total assets	$ 2,477,756
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 15,823
Accrued liabilities	43,875
Due to other funds	1,579,673
Total current liabilities	1,639,371
Total liabilities	1,639,371
NET ASSETS	
Invested in capital assets	450,152
Unrestricted	388,233
Total net assets	$ 838,385

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, 2008

	Major Enterprise Fund Stormwater Fund
Operating revenues:	
Charges for services:	
Stormwater sales	$ 2,912,155
Total operating revenues	2,912,155
Operating expenses:	
Salaries and benefits	1,117,969
Purchased/contracted services	342,626
Supplies and materials	128,863
Depreciation	91,607
Total operating expenses	1,681,065
Operating income	1,231,090
Nonoperating revenues:	
Investment income	74,780
Total nonoperating revenues	74,780
Change in net assets	1,305,870
Net assets, beginning of year	(467,485)
Net assets, end of year	$ 838,385

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

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2008

	Major Enterprise Fund Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,772,109
Payments to suppliers and service providers	(470,022)
Payments to employees	(1,112,689)
Payments for interfund services used	(837,144)
Net cash provided by operating activities	352,254
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(147,741)
Net cash used in capital and related financing activities	(147,741)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	74,780
Net cash provided by investing activities	74,780
Net increase in cash and cash equivalents	279,293
Cash and cash equivalents:	
Beginning of year	1,466,879
End of year	$ 1,746,172

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2008

	Major Enterprise Fund Stormwater Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,231,090
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	91,607
Increase in accounts receivable	(140,046)
Increase in accounts payable	1,467
Increase in accrued liabilities	5,280
Decrease in due to other funds	(837,144)
Net cash provided by operating activities	$ 352,254

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

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 5,467,054
Taxes receivable	10,742,374
Total assets	$ 16,209,428
LIABILITIES	
Due to component unit	$ 77,929
Due to others	16,131,499
Total liabilities	$ 16,209,428

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

THIS PAGE INTENTIONALLY LEFT BLANK

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 52

Note 6: Capital Assets 53

Note 7: Long-term Debt and Capital Leases 58

Note 8: Operating Leases 66

Note 9: Interfund Receivables, Payables, and Transfers 67

Note 10: Defined Benefit Pension Plans 68

Note 11: Deferred Compensation Plan 74

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 policies 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)

A. Reporting Entity (Continued)

The **Henry County Office/Industrial Park Corporation** ("the Office/Industrial Park Corporation") is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, the Office/Industrial Park Corporation is reported as if it were part of the primary government because its sole purpose is to finance and purchase the County's land and 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 Office/Industrial Park Corporation are reported as a form of the County's debt and assets. All debt service activity of the Office/Industrial Park Corporation will be reported as debt service activity of the County.

Separate financial statements are not prepared for the Henry County Office/Industrial Park Corporation.

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*.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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.

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 the 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	40-50

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. It is the County's policy to pay out sick leave to employees that retire from the County. The sick pay for employees who are eligible to retire 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 a 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 $97,268,842 difference are as follows:

Capital leases payable	$	(74,488,914)
General obligation bonds payable		(15,646,148)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		164,912
Plus: Issuance premium (to be amortized against interest expense)		(192,194)
Compensated absences		(5,547,829)
Landfill postclosure costs		(1,217,500)
Accrued interest		(341,169)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(97,268,842)

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 $60,922,749 difference are as follows:

Capital outlay	$ 78,710,853
Depreciation expense	(17,788,104)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 60,922,749

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 $21,302,402 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.	$	21,462,096
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.		(159,694)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets of governmental activities*	$	21,302,402

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 $29,991,811 difference are as follows:

Debt incurred:		
Capital lease financing	$	(39,279,119)
Bonds payable		(7,235,000)
Deferred charge for issuance costs		131,701
Principal repayments:		
Capital leases		7,656,821
Bonds payable		8,508,852
Claims and judgments payable		50,000
Landfill postclosure costs		174,934
Net adjustment to decrease net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities*	$	(29,991,811)

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 $555,591 difference are as follows:

Compensated absences	$	(890,863)
Amortization of issuance costs		(82,227)
Amortization of premium on general obligation bonds		384,392
Accrued interest		160,382
Net pension obligation		983,907
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	555,591

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.

B. Excess Expenditures over Appropriations

For the year ended June 30, 2008, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
E911 / Emergency management	$ 66,265

These overexpenditures were funded through the use of unanticipated revenues in the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2008 are summarized as follows:

Balances per statement of net assets:	
Cash - Primary government	$ 70,425,570
Cash - Health Department	991,647
Cash - Development Authority	80,695
Cash - Library System	1,841,199
Cash - Water & Sewerage Authority	1,503,495
Investments - Primary government	23,583,022
Investments - Development Authority	280,000
Investments - Library System	28,133
Restricted assets:	
Cash - Primary government	14,294,740
Cash - Water & Sewerage Authority	21,372,667
Investments - Water & Sewerage Authority	38,631,816
Balances per statement of fiduciary net assets:	
Cash - Agency funds	5,467,054
	$ 178,500,038
Cash deposited with financial institutions	$ 116,898,119
Cash deposited with Georgia Fund 1	54,933,977
Federal Home Loan Bank Agency Coupons	6,667,942
	$ 178,500,038

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, 2008, the investments in the Georgia Fund 1 were rated AAAm by Standard & Poor's and the investment in the Federal Home Loan Bank Agency Coupon was rated AAA by Standard & Poor's.

At June 30, 2008, the County had the following investment:

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	40 day weighted average	$ 22,941,970
Certificates of Deposit	7.93 months	641,052
		$ 23,583,022
Component units:		
Georgia Fund 1	40 day weighted average	$ 31,992,007
Certificates of Deposit	17.25 month weighted average	280,000
Federal Home Loan Bank Agency Coupon	September 10, 2010	6,667,942
		$ 38,939,949

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, 2008, all of the deposits of the County, Development Authority, Health Department, and Library System, were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements. The deposits of the Water and Sewerage Authority 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 $289,197.

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, 2008 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	2002 SPLOST Fund	Stormwater Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables:					
Taxes	$ 4,299,786	$ -	$ -	$ 34,095	$ 4,333,881
Accounts	7,046,676	-	345,161	914,779	8,306,616
Other	597,955	30,000	-	920	628,875
Gross receivables	11,944,417	30,000	345,161	949,794	13,269,372
Less allowance for uncollectibles	3,154,497	-	69,032	162,330	3,385,859
Net total receivables	$ 8,789,920	$ 30,000	$ 276,129	$ 787,464	$ 9,883,513

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2008 of $6,732,396, which is net of an allowance for uncollectibles of $177,804.

Property taxes attached as an enforceable lien on property as of November 18, 2007. Property taxes were levied on September 5, 2007, billed on September 17, 2007, and payable on or before November 17, 2007. The County bills and collects its own property taxes. Property taxes levied for 2007 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, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 36,443,915	$ 30,018,746	$ (19,428)	$ 4,441,439	$ 70,884,672
Construction in progress	94,205,064	40,611,992	(30,694)	(14,508,068)	120,278,294
Total	130,648,979	70,630,738	(50,122)	(10,066,629)	191,162,966
Capital assets, being depreciated:					
Buildings and improvements	78,936,505	318,802	-	317,268	79,572,575
Machinery and equipment	48,931,988	5,761,313	(1,158,140)	602,728	54,137,889
Infrastructure	396,826,138	23,462,096	-	9,146,633	429,434,867
Total	524,694,631	29,542,211	(1,158,140)	10,066,629	563,145,331
Less accumulated depreciation for:					
Buildings and improvements	(15,665,712)	(2,131,377)	-	-	(17,797,089)
Machinery and equipment	(30,033,895)	(5,810,176)	1,048,568	-	(34,795,503)
Infrastructure	(139,375,627)	(9,846,551)	-	-	(149,222,178)
Total	(185,075,234)	(17,788,104)	1,048,568	-	(201,814,770)
Total capital assets, being depreciated, net	339,619,397	11,754,107	(109,572)	10,066,629	361,330,561
Governmental activities capital assets, net	$ 470,268,376	$ 82,384,845	$ (159,694)	$ -	$ 552,493,527

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	$ 488,816	$ 147,741	$ -	$ -	$ 636,557
Total	488,816	147,741	-	-	636,557
Less accumulated depreciation for:					
Machinery and equipment	(94,798)	(91,607)	-	-	(186,405)
Total	(94,798)	(91,607)	-	-	(186,405)
Business-type activities capital assets, net	$ 394,018	$ 56,134	$ -	$ -	$ 450,152

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	$ 2,625,344
Judicial	216,078
Public safety	3,311,803
Public works	10,562,245
Health and welfare	142,649
Culture and recreation	863,569
Housing and development	66,416
Total depreciation expense - governmental activities	$ 17,788,104
Business-type activities:	
Stormwater	$ 91,607
Total depreciation expense - business-type activities	$ 91,607

B. Discretely Presented Component Unit – Health Department

Capital asset activity for the Health Department for the year ended June 30, 2008, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 119,652	$ 7,100	$ -	$ 126,752
Less accumulated depreciation for:				
Machinery and equipment	(100,461)	(6,435)	-	(106,896)
Total capital assets, net	$ 19,191	$ 665	$ -	$ 19,856

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, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,251	$ -	$ -	$ 10,251
Construction in progress	-	508,245	-	508,245
Total	10,251	508,245	-	518,496
Capital assets, being depreciated:				
Buildings and improvements	85,395	-	-	85,395
Equipment	7,950	19,932	-	27,882
Books and materials	3,019,342	499,785	(16,269)	3,502,858
Total	3,112,687	519,717	(16,269)	3,616,135
Less accumulated depreciation for:				
Buildings and improvements	(78,708)	(1,359)	-	(80,067)
Equipment	(7,950)	(2,990)	-	(10,940)
Books and materials	(1,886,112)	(204,532)	16,269	(2,074,375)
Total	(1,972,770)	(208,881)	16,269	(2,165,382)
Total capital assets, being depreciated, net	1,139,917	310,836	-	1,450,753
Total capital assets, net	$ 1,150,168	$ 819,081	$ -	$ 1,969,249

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, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 30,443,830	$ 4,667,309	$ -	$ -	$ 35,111,139
Construction in progress	72,199,920	27,018,397	-	(62,482,147)	36,736,170
Total	102,643,750	31,685,706	-	(62,482,147)	71,847,309
Capital assets, being depreciated:					
Buildings	7,043,119	201,758	-	-	7,244,877
Improvements other than buildings	458,474,969	9,439,566	-	62,314,326	530,228,861
Machinery and equipment	6,310,955	395,970	(23,520)	167,821	6,851,226
Vehicles	3,317,736	186,464	(58,194)	-	3,446,006
Total	475,146,779	10,223,758	(81,714)	62,482,147	547,770,970
Less accumulated depreciation for:					
Buildings	(2,345,254)	(403,254)	-	-	(2,748,508)
Improvements other than buildings	(122,149,171)	(21,501,909)	-	-	(143,651,080)
Machinery and equipment	(5,003,667)	(607,923)	23,520	-	(5,588,070)
Vehicles	(2,839,659)	(292,699)	58,194	-	(3,074,164)
Total	(132,337,751)	(22,805,785)	81,714	-	(155,061,822)
Total capital assets, being depreciated, net	342,809,028	(12,582,027)	-	62,482,147	392,709,148
Governmental activities capital assets, net	$ 445,452,778	$ 19,103,679	$ -	$ -	$ 464,556,457

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, 2008, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	2.00%-5.00%	2011	$ 2,185,000
Water and Sewerage Authority	5.00%	2012	6,245,000
Water and Sewerage Authority	3.75%-6.15%	2020	12,635,000
Water and Sewerage Authority	4.90%-6.00%	2020	10,735,000
Water and Sewerage Authority	4.24%	2026	33,485,000
Water and Sewerage Authority	2.00%-5.38%	2030	44,865,000
Water and Sewerage Authority	3.00%-5.25%	2030	49,525,000
			159,675,000
	Plus unamortized premiums		7,008,405
	Less unamortized discounts		(171,860)
	Less unamortized deferred charges - refunding		(7,126,928)
			$ 159,384,617

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
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	5,120,000	7,096,110
2014-2018	29,890,000	29,750,280
2019-2023	36,730,000	16,049,760
2024-2028	46,445,000	11,367,564
2029-2030	22,275,000	1,739,864
Total	$ 159,675,000	$ 96,645,678

The Development Authority's revenue bonds outstanding as of June 30, 2008, are as follows:

Purpose	Interest Rate	Due Date	Amount
Purchase of land	4.40%	2033	$ 10,000,000
Purchase of land	Variable	2033	12,186,000
			$ 22,186,000

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

Revenue Bonds: (Continued)

The Development Authority issued $10,000,000 fixed-rate revenue bonds and $12,186,000 in variable-rate revenue bonds during 2008. The estimated annual requirements to amortize the bonds payable as of June 30, 2008, are as follows:

Fiscal year ending June 30,	Principal	Interest
2009	$ -	$ 751,393
2010	-	751,393
2011	-	751,393
2012	-	751,393
2013	-	751,393
2014-2018	2,731,869	3,628,757
2019-2023	5,579,814	2,847,041
2024-2028	6,950,079	1,792,320
2029-2033	6,924,238	502,855
Total	$ 22,186,000	$ 12,527,938

The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract relating to the Development Authority's revenue bonds, to pay debt service on the bonds, including principal and interest. As a result, the County reports a capital lease obligation to component units and the Development Authority reports a lease receivable from the primary government in an amount, and with accrued interest of $25,046, equal to the above Development Authority bonds. The bonds were issued to finance the acquisition of land.

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, 2008, 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	$ 8,595,000
Various construction projects within the County	Variable	6 years	2014	$ 7,235,000	7,051,148
			Plus unamortized premium		192,194
					$ 15,838,342

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

Fiscal year ending June 30,	Principal	Interest
2009	$ 9,717,668	$ 381,569
2010	1,156,930	157,242
2011	1,192,238	123,092
2012	1,228,624	87,899
2013	1,266,120	51,633
2014	1,084,568	14,526
Total	$ 15,646,148	$ 815,961

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 $16,900,000, of which $6,242,890 had been drawn as of June 30, 2008. These notes are as follows at June 30, 2008:

Interest Rate	Term	Due Date	Amount
3.70%	20 years	2021	$ 11,413,928
3.49%	20 years	2022	16,137,837
3.00%	20 years	2026	37,952,126
3.00%	20 years	2027	25,058,460
3.00%	20 years	2028	6,242,890
			$ 96,805,241

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

Fiscal year ending June 30,	Principal	Interest
2009	$ 4,058,286	$ 2,814,995
2010	4,190,035	2,683,246
2011	4,327,358	2,545,923
2012	4,468,175	2,405,106
2013	4,616,757	2,256,524
2014-2018	25,452,381	8,914,025
2019-2023	26,234,034	4,537,359
2024-2028	17,215,325	1,151,604
Total	$ 90,562,351	$ 27,308,782

The above debt service requirements to maturity table does not include provision for the construction line of credit agreement for $16,900,000, of which $6,242,890 has been drawn as of June 30, 2008. This note payable is in the draw down phase as of June 30, 2008, 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, 2008:

Land	$	32,696,901
Buildings and improvements		15,246,010
Equipment		8,538,189
	$	56,481,100

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, 2008:

Fiscal year ending June 30,		
2009	$	8,995,680
2010		8,288,322
2011		8,510,702
2012		7,417,331
2013		7,400,038
2014-2018		25,212,131
2019-2023		16,841,414
2024-2028		8,742,399
2029-2033		7,427,094
Total minimum lease payments		98,835,111
Less amount representing interest		24,346,197
Present value of future minimum lease payments	$	74,488,914

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

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, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital lease obligations	$ 42,866,616	$ 39,279,119	$ 7,656,821	$ 74,488,914	$ 6,126,122
General obligation bonds	16,920,000	7,235,000	8,508,852	15,646,148	9,717,668
Plus unamortized premium	576,586	-	384,392	192,194	-
General obligation bonds, net	17,496,586	7,235,000	8,893,244	15,838,342	9,717,668
Landfill postclosure costs	1,392,434	-	174,934	1,217,500	43,942
Claims and judgments payable	50,000	-	50,000	-	-
Compensated absences	4,656,966	4,835,492	3,944,629	5,547,829	3,430,000
	$ 66,462,602	$ 51,349,611	$ 20,719,628	$ 97,092,585	$ 19,317,732

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 Development Authority for the year ended June 30, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ -	$ 22,186,000	$ -	$ 22,186,000	$ -
	$ -	$ 22,186,000	$ -	$ 22,186,000	$ -

The following is a summary of long-term debt activity of the Water and Sewerage Authority for the year ended June 30, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 163,960,000	$ -	$ 4,285,000	$ 159,675,000	$ 4,525,000
Plus unamortized premiums	7,377,724	-	369,319	7,008,405	-
Less unamortized discounts	(186,696)	-	(14,836)	(171,860)	-
Less unamortized deferred charges	(7,683,419)	-	(556,491)	(7,126,928)	-
Revenue bonds, net	163,467,609	-	4,082,992	159,384,617	4,525,000
Notes payable	91,752,681	8,371,698	3,319,138	96,805,241	4,320,906
Compensated absences	575,347	652,223	508,281	719,289	576,515
Other noncurrent liabilities	22,223	-	22,223	-	-
	$ 255,817,860	$ 9,023,921	$ 7,932,634	$ 256,909,147	$ 9,422,421

NOTE 8. OPERATING LEASES

The Henry County Library System (component unit) is committed under various leases for rental of photo copiers. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2008, amounted to $10,910. Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30,	
2009	$ 11,000

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008 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	$ -	$ 103,585	$ 9,052,492	$ 5,224,074	$ 1,579,673	$ 1,048,684	$ 17,008,508
2002 SPLOST Fund	4,950	-	73,100	-	-	-	78,050
Capital Assets Fund	1,392	-	-	472,624	-	-	474,016
Lease Purchase Fund	204	-	221,534	-	-	-	221,738
Stormwater Enterprise Fund	5,303	-	-	-	-	-	5,303
Nonmajor governmental funds	135,680	104,704	-	-	-	-	240,384
Total	$ 147,529	$ 208,289	$ 9,347,126	$ 5,696,698	$ 1,579,673	$ 1,048,684	$ 18,027,999

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

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.

Interfund transfers:

	Transfers Out					
Transfers In	General Fund	2002 SPLOST Fund	Capital Assets Fund	Lease Purchase Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ -	$ 34,174	$ 8,150,000	$ 226,055	$ 8,410,229
2002 SPLOST Fund	-	-	-	-	3,615,796	3,615,796
Capital Assets Fund	5,500,000	60,991	-	29,144	-	5,590,135
Lease Purchase Fund	240,922	700,109	-	-	-	941,031
Nonmajor governmental funds	8,039,621	8,786,186	732,093	-	1,754,818	19,312,718
Total	$ 13,780,543	$ 9,547,286	$ 766,267	$ 8,179,144	$ 5,596,669	$ 37,869,909

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:

	2008	2007
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 4,329,299	$ 3,581,503
Interest on Net Pension Obligation	(189,412)	(139,764)
Amortization of Net Pension Obligation	199,829	147,446
Annual Pension Cost	$ 4,339,716	$ 3,589,185

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2008	$ 4,339,716
Actual Contributions to Plan for Fiscal Year 2008	5,323,623
Increase (Decrease) in Net Pension Obligation	(983,907)
Net Pension Obligation (Asset) as of June 30, 2007	(2,058,392)
Net Pension Obligation (Asset) as of June 30, 2008	$ (3,042,299)

Basis of Valuation	
Current Valuation Date	January 1, 2008
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)
7/1/07	$ 4,339,716	$ 5,323,623	123 %	$ (3,042,299)
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)

As of the most recent valuation date, January 1, 2008, the funded status of the Plan was as follows:

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
12/31/2007	$ 48,027,391	$ 71,113,714	$ 23,086,323	67.5 %	$ 55,405,151	41.7 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

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, 2008, 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, 2008 are as follows:

	2008	2007
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 1,035,363	$ 748,609
Interest on Net Pension Obligation	(145,893)	(101,464)
Amortization of Net Pension Obligation	153,912	107,036
Annual Pension Cost	$ 1,043,382	$ 754,181

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2008	$ 1,043,382
Actual Contributions to Plan for Fiscal Year 2008	1,713,303
Increase (Decrease) in Net Pension Obligation	(669,921)
Net Pension Obligation (Asset) as of June 30, 2007	(1,879,574)
Net Pension Obligation (Asset) as of June 30, 2008	$ (2,549,495)

Basis of Valuation	
Current Valuation Date	January 1, 2008
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)
7/1/08	$ 1,043,382	$ 1,713,303	164 %	$ (2,549,495)
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)

As of the most recent valuation date, January 1, 2008, the funded status of the Plan was as follows:

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
12/31/2007	$ 6,818,481	$ 12,134,018	$ 5,315,537	56.2 %	$ 8,955,377	59.4 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

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, 2008, there were 52 retired employees receiving health care benefits. For the year ended June 30, 2008, the County paid $309,907 for these benefits, which was net of $80,264 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, 2008, the County collected $361,710 of hotel/motel taxes. Of this amount, $176,301, or 48.6%, was given to the Chamber. The remaining funds of $186,055, or 51.4%, 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 GIRMA 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, 2008. No provisions have been made in the financial statements for the year ended June 30, 2008, for any estimate of potential unpaid claims.

The County pays an annual premium to GIRMA and GSIWCF for the above referenced to coverages, and GIRMA 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, 2008, the County has a remaining 16 years of monitoring. Engineering studies estimate postclosure costs of approximately $1,217,500 over the 16 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, 2008, the County has contractual commitments on uncompleted contracts of approximately $5,346,748.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of $13,275,481.

Litigation:

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

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, 2008, the total amount outstanding under these revenue certificates amounted to $52,740,020.

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, 2008, the County paid $183,300 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, 2008 are as follows:

	General Fund	E-911 Fund	Court Fund	2002 SPLOST Fund	Total
Reserved for:					
Encumbrances	$ (1,139,238)	$ (30,738)	$ -	$ 2,222,042	$ 1,052,066
Jail construction	-	-	45,386	-	45,386
Drug abuse treatment	-	-	192,460	-	192,460
Juvenile assistance	-	-	213	-	213
Fire safety	(1,551)	-	-	-	(1,551)
Victim witness program	-	-	274,557	-	274,557
	$ (1,140,789)	$ (30,738)	$ 512,616	$ 2,222,042	$ 1,563,131

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

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 assumptions used in the preparation of the above schedule are disclosed in Note 10 in the Notes to the Financial Statements.

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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.

2008 SPLOST Fund – This fund is used to account for the revenues and expenditures relating to the 2008 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, 2008

	Special Revenue					
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**
Cash and cash equivalents	$ 1,389,219	$ 41,700	$ 3,765,070	$ 261,045	$ 2,472,703	$ 36,257
Investments	521,901	-	-	119,151	-	-
Accounts receivable	920	34,095	603,649	-	-	-
Due from other governments	-	-	-	-	28,178	-
Due from other funds	-	-	135,680	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	$ 1,912,040	$ 75,795	$ 4,504,399	$ 380,196	$ 2,500,881	$ 36,257
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 114,198	$ 37,828	$ 53,673	$ -	$ 323	$ -
Accrued liabilities	-	-	67,893	-	7,859	-
Due to other governments	-	-	-	-	-	-
Due to other funds	80,986	37,967	39,312	-	762,953	-
Total liabilities	195,184	75,795	160,878	-	771,135	-
FUND BALANCES						
Reserved for encumbrances	-	-	3,546	-	-	-
Reserved for jail construction	-	-	-	-	47,491	-
Reserved for drug abuse treatment	-	-	-	-	1,443,873	-
Reserved for juvenile assistance	-	-	-	-	7,347	-
Reserved for victim witness program	-	-	-	-	919,362	-
Unreserved	1,716,856	-	4,339,975	380,196	(688,327)	36,257
Total fund balances	1,716,856	-	4,343,521	380,196	1,729,746	36,257
Total liabilities and fund balances	$ 1,912,040	$ 75,795	$ 4,504,399	$ 380,196	$ 2,500,881	$ 36,257

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

ASSETS	Special Revenue: Juvenile Assistance Fund	Debt Service Fund	Capital Projects: 1996 SPLOST Fund	Capital Projects: 2008 SPLOST Fund	Capital Projects: Impact Fees Fund	Total
Cash and cash equivalents	$ 284,367	$ 9,821,845	$ 2,221,463	$ 1,693,107	$ 4,610,821	$ 26,597,597
Investments	-	-	-	-	-	641,052
Accounts receivable	148,800	-	-	-	-	787,464
Due from other governments	-	-	26,061	4,923,641	-	4,977,880
Due from other funds	-	-	104,504	-	-	240,184
Prepaid items	-	6,993	-	-	-	6,993
Total assets	$ 433,167	$ 9,828,838	$ 2,352,028	$ 6,616,748	$ 4,610,821	$ 33,251,170
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ 31,890	$ -	$ -	$ 237,912
Accrued liabilities	-	-	-	-	-	75,752
Due to other governments	-	-	-	1,230,910	-	1,230,910
Due to other funds	710	-	-	46,796	79,960	1,048,684
Total liabilities	710	-	31,890	1,277,706	79,960	2,593,258
FUND BALANCES						
Reserved for encumbrances	-	-	-		-	3,546
Reserved for jail construction	-	-	-		-	47,491
Reserved for drug abuse treatment	-	-	-		-	1,443,873
Reserved for juvenile assistance	-	-	-		-	7,347
Reserved for victim witness program	-	-	-		-	919,362
Unreserved	432,457	9,828,838	2,320,138	5,339,042	4,530,861	28,236,293
Total fund balances	432,457	9,828,838	2,320,138	5,339,042	4,530,861	30,657,912
Total liabilities and fund balances	$ 433,167	$ 9,828,838	$ 2,352,028	$ 6,616,748	$ 4,610,821	$ 33,251,170

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue					
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund
Revenues						
Taxes	$ -	$ 361,710	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	3,677,299	-	-	-
Fines and forfeitures	554,556	-	-	153,552	936,846	104,385
Investment income	60,697	646	178,871	5,575	63,268	1,492
Miscellaneous	100	-	-	-	-	-
Total revenues	615,353	362,356	3,856,170	159,127	1,000,114	105,877
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	129,228	353,427	189,724
Public safety	598,533	-	2,648,257	-	-	-
Housing and development	-	176,301	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	598,533	176,301	2,648,257	129,228	353,427	189,724
Excess (deficiency) of revenues over (under) expenditures	16,820	186,055	1,207,913	29,899	646,687	(83,847)
Other financing sources (uses)						
Transfers in	1,144	-	-	-	31,000	-
Transfers out	(40,000)	(186,055)	-	-	(519,274)	-
Total other financing sources (uses)	(38,856)	(186,055)	-	-	(488,274)	-
Net change in fund balances	(22,036)	-	1,207,913	29,899	158,413	(83,847)
Fund balances, beginning of year	1,738,892	-	3,135,608	350,297	1,571,333	120,104
Fund balances, end of year	$ 1,716,856	$ -	$ 4,343,521	$ 380,196	$ 1,729,746	$ 36,257

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue		Capital Projects			
	Juvenile Assistance Fund	Debt Service Fund	1996 SPLOST Fund	2008 SPLOST Fund	Impact Fees Fund	Total
Revenues						
Taxes	$ -	$ -	$ -	$ 7,249,227	$ -	$ 7,610,937
Licenses and permits	-	-	-	-	2,558,367	2,558,367
Intergovernmental	-	-	26,061	-	-	26,061
Charges for services	-	-	-	-	-	3,677,299
Fines and forfeitures	79,448	-	-	-	-	1,828,787
Investment income	7,552	157,038	81,927	357	153,510	710,933
Miscellaneous	-	-	-	-	-	100
Total revenues	87,000	157,038	107,988	7,249,584	2,711,877	16,412,484
Expenditures						
Current:						
General government	-	4,847	-	-	-	4,847
Judicial	44,920	-	-	-	-	717,299
Public safety	-	-	-	-	-	3,246,790
Housing and development	-	-	-	-	-	176,301
Capital outlay	-	-	776,588	1,910,542	1,695,807	4,382,937
Debt service:						
Principal	-	16,165,673	-	-	-	16,165,673
Interest	-	3,246,792	-	-	-	3,246,792
Total expenditures	44,920	19,417,312	776,588	1,910,542	1,695,807	27,940,639
Excess (deficiency) of revenues over (under) expenditures	42,080	(19,260,274)	(668,600)	5,339,042	1,016,070	(11,528,155)
Other financing sources (uses)						
Transfers in	-	19,280,574	-	-	-	19,312,718
Transfers out	-	(3,615,796)	-	-	(1,235,544)	(5,596,669)
Total other financing sources (uses)	-	15,664,778	-	-	(1,235,544)	13,716,049
Net change in fund balances	42,080	(3,595,496)	(668,600)	5,339,042	(219,474)	2,187,894
Fund balances, beginning of year	390,377	13,424,334	2,988,738	-	4,750,335	28,470,018
Fund balances, end of year	$ 432,457	$ 9,828,838	$ 2,320,138	$ 5,339,042	$ 4,530,861	$ 30,657,912

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, 2008

	Confiscated Assets Fund			Hotel/Motel Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 361,710	$ 361,710	$ -
Charges for services	-	-	-	-	-	-
Fines and forfeitures	554,557	554,556	(1)	-	-	-
Investment income	38,797	60,697	21,900	647	646	(1)
Miscellaneous	100	100	-	-	-	-
Total revenues	593,454	615,353	21,899	362,357	362,356	(1)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
Public safety	729,848	598,533	131,315	-	-	-
Housing and development	-	-	-	199,572	176,301	23,271
Total expenditures	729,848	598,533	131,315	199,572	176,301	23,271
Excess (deficiency) of revenues over (under) expenditures	(136,394)	16,820	153,214	162,785	186,055	23,270
Other financing sources (uses)						
Transfers in	1,144	1,144	-	-	-	-
Transfers out	(40,000)	(40,000)	-	(162,785)	(186,055)	(23,270)
Total other financing sources (uses)	(38,856)	(38,856)	-	(162,785)	(186,055)	(23,270)
Net change in fund balances	(175,250)	(22,036)	153,214	-	-	-
Fund balances, beginning of year	1,738,892	1,738,892	-	-	-	-
Fund balances, end of year	$ 1,563,642	$ 1,716,856	$ 153,214	$ -	$ -	$ -

(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, 2008

	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	3,677,303	3,677,299	(4)	-	-	-
Fines and forfeitures	-	-	-	149,756	153,552	3,796
Investment income	178,871	178,871	-	-	5,575	5,575
Miscellaneous	-	-	-	-	-	-
Total revenues	3,856,174	3,856,170	(4)	149,756	159,127	9,371
Expenditures						
Current:						
Judicial	-	-	-	149,756	129,228	20,528
Public safety	3,885,617	2,648,257	1,237,360	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	3,885,617	2,648,257	1,237,360	149,756	129,228	20,528
Excess (deficiency) of revenues over (under) expenditures	(29,443)	1,207,913	1,237,356	-	29,899	29,899
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(4,841)	-	4,841	-	-	-
Total other financing sources (uses)	(4,841)	-	4,841	-	-	-
Net change in fund balances	(34,284)	1,207,913	1,242,197	-	29,899	29,899
Fund balances, beginning of year	3,135,608	3,135,608	-	350,297	350,297	-
Fund balances, end of year	$ 3,101,324	$ 4,343,521	$ 1,242,197	$ 350,297	$ 380,196	$ 29,899

(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, 2008

	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	939,254	936,846	(2,408)	100,751	104,385	3,634
Investment income	63,682	63,268	(414)	1,579	1,492	(87)
Miscellaneous	-	-	-	-	-	-
Total revenues	1,002,936	1,000,114	(2,822)	102,330	105,877	3,547
Expenditures						
Current:						
Judicial	514,661	353,427	161,234	191,216	189,724	1,492
Public safety	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	514,661	353,427	161,234	191,216	189,724	1,492
Excess (deficiency) of revenues over (under) expenditures	488,275	646,687	158,412	(88,886)	(83,847)	5,039
Other financing sources (uses)						
Transfers in	31,000	31,000	-	-	-	-
Transfers out	(519,275)	(519,274)	1	-	-	-
Total other financing sources (uses)	(488,275)	(488,274)	1	-	-	-
Net change in fund balances	-	158,413	158,413	(88,886)	(83,847)	5,039
Fund balances, beginning of year	1,571,333	1,571,333	-	120,104	120,104	-
Fund balances, end of year	$ 1,571,333	$ 1,729,746	$ 158,413	$ 31,218	$ 36,257	$ 5,039

(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, 2008

	Juvenile Assistance Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Taxes	$ -	$ -	$ -
Charges for services	-	-	-
Fines and forfeitures	56,271	79,448	23,177
Investment income	31,543	7,552	(23,991)
Miscellaneous	-	-	-
Total revenues	87,814	87,000	(814)
Expenditures			
Current:			
Judicial	87,814	44,920	42,894
Public safety	-	-	-
Housing and development	-	-	-
Total expenditures	87,814	44,920	42,894
Excess (deficiency) of revenues over (under) expenditures	-	42,080	42,080
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	42,080	42,080
Fund balances, beginning of year	390,377	390,377	-
Fund balances, end of year	$ 390,377	$ 432,457	$ 42,080

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, 2008

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 157,100	$ 157,038	$ (62)
Total revenues	157,100	157,038	(62)
Expenditures			
Current:			
General government	4,848	4,847	1
Debt service:			
Principal	16,167,281	16,165,673	1,608
Interest and fiscal charges	3,248,142	3,246,792	1,350
Total expenditures	19,420,271	19,417,312	2,959
Deficiency of revenues under expenditures	(19,263,171)	(19,260,274)	2,897
Other financing sources (uses)			
Transfers in	19,145,192	19,280,574	135,382
Transfers out	(3,615,796)	(3,615,796)	-
Total other financing sources (uses)	15,529,396	15,664,778	135,382
Net change in fund balances	(3,733,775)	(3,595,496)	138,279
Fund balance, beginning of year	13,424,334	13,424,334	-
Fund balance, end of year	$ 9,690,559	$ 9,828,838	$ 138,279

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	12,116,687	94,489	12,211,176
Courthouse expansion/renovation	4,500,000	8,100,000	8,073,176	-	8,073,176
Courthouse parking	1,850,000	3,600,000	3,392,190	-	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	38,440,393	94,489	38,534,882
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	4,145,558	105,942	4,251,500
Cities/Fairview projects	2,500,000	2,325,000	2,312,708	-	2,312,708
Dirt road paving	6,168,600	12,050,000	11,149,861	408,702	11,558,563
Major construction projects	22,179,400	21,550,000	19,594,231	141,394	19,735,625
Program management	-	1,150,000	1,031,885	-	1,031,885
	34,020,000	41,129,068	38,780,780	656,038	39,436,818
Contingency	-	300,000	62,283	-	62,283
Total	$ 60,000,000	$ 80,196,866	$ 77,283,456	$ 750,527	$ 78,033,983

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	14,002,151	269,839	14,271,990
Community center(s) for family and youth activities	5,000,000	-	-	-	-
Library facilities	5,700,000	7,997,059	6,176,813	413,752	6,590,565
Animal shelter	1,000,000	1,185,600	1,162,565	-	1,162,565
Fire stations	2,200,000	2,969,000	3,193,731	6,130	3,199,861
Park and recreational facilities	12,000,000	12,475,000	8,885,756	501,424	9,387,180
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	48,497,713	15,634,731	64,132,444
City of Hampton	3,011,785	3,011,785	3,011,784	-	3,011,784
City of Locust Grove	1,822,417	1,822,417	1,822,418	-	1,822,418
City of McDonough	6,637,436	6,637,436	6,637,437	-	6,637,437
City of Stockbridge	7,711,703	7,711,703	7,711,703	-	7,711,703
Program management	-	4,000,000	3,358,727	1,117,730	4,476,457
	$ 140,000,000	$ 140,000,000	$ 104,648,687	$ 17,943,606	$ 122,592,293

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	$ 5,737,500	$ 4,590,000	$ -	$ -	$ -
Social services facilities	2,677,500	2,142,000	-	-	-
Parking deck	5,625,000	4,500,000	-	-	-
Library facilities	3,618,750	2,895,000	-	51,439	51,439
Civic center and performing arts center	1,250,000	1,000,000	-	-	-
Public safety facilities	10,960,000	8,768,000	-	-	-
Park and recreational facilities	14,062,500	11,250,000	-	-	-
Land acquisition	21,543,750	17,235,000	-	46,796	46,796
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	150,625,000	120,500,000	-	-	-
City of Hampton	7,650,000	6,120,000	-	184,855	184,855
City of Locust Grove	7,650,000	6,120,000	-	184,855	184,855
City of McDonough	26,842,500	21,474,000	-	648,625	648,625
City of Stockbridge	32,857,500	26,286,000	-	793,972	793,972
Program management	8,900,000	7,120,000	-	-	-
	$ 300,000,000	$ 240,000,000	$ -	$ 1,910,542	$ 1,910,542

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, 2008

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	State Court	Juvenile Court	Total
Cash and cash equivalents	$ 920,768	$ 3,145,720	$ 103,353	$ 76,217	$ 835,744	$ 372,096	$ 13,156	$ 5,467,054
Taxes receivable	10,742,374	-	-	-	-	-	-	10,742,374
Total assets	$ 11,663,142	$ 3,145,720	$ 103,353	$ 76,217	$ 835,744	$ 372,096	$ 13,156	$ 16,209,428
LIABILITIES								
Due to component unit	$ 58,314	$ 19,615	$ -	$ -	$ -	$ -	$ -	$ 77,929
Due to others	11,604,828	3,126,105	103,353	76,217	835,744	372,096	13,156	16,131,499
Total liabilities	$ 11,663,142	$ 3,145,720	$ 103,353	$ 76,217	$ 835,744	$ 372,096	$ 13,156	$ 16,209,428

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 848,062	$ 171,628,478	$ 171,555,772	$ 920,768
Taxes receivable	6,862,621	10,742,374	6,862,621	10,742,374
	$ 7,710,683	$ 182,370,852	$ 178,418,393	$ 11,663,142
LIABILITIES				
Due to component unit	$ 66,491	$ 13,417,466	$ 13,425,643	$ 58,314
Due to others	7,644,192	168,953,386	164,992,750	11,604,828
	$ 7,710,683	$ 182,370,852	$ 178,418,393	$ 11,663,142
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 3,046,259	$ 7,668,904	$ 7,569,443	$ 3,145,720
LIABILITIES				
Due to component unit	$ 35,205	$ 273,432	$ 289,022	$ 19,615
Due to others	3,011,054	7,395,472	7,280,421	3,126,105
	$ 3,046,259	$ 7,668,904	$ 7,569,443	$ 3,145,720

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 97,139	$ 179,013	$ 172,799	$ 103,353
LIABILITIES				
Due to others	$ 97,139	$ 179,013	$ 172,799	$ 103,353
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 70,164	$ 1,054,268	$ 1,048,215	$ 76,217
LIABILITIES				
Due to others	$ 70,164	$ 1,054,268	$ 1,048,215	$ 76,217
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 946,177	$ 2,610,060	$ 2,720,493	$ 835,744
LIABILITIES				
Due to others	$ 946,177	$ 2,610,060	$ 2,720,493	$ 835,744

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 126,176	$ 4,395,500	$ 4,149,580	$ 372,096
LIABILITIES				
Due to others	$ 126,176	$ 4,395,500	$ 4,149,580	$ 372,096
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 9,981	$ 32,027	$ 28,852	$ 13,156
LIABILITIES				
Due to others	$ 9,981	$ 32,027	$ 28,852	$ 13,156
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 5,143,958	$ 187,568,250	$ 187,245,154	$ 5,467,054
Taxes receivable	6,862,621	10,742,374	6,862,621	10,742,374
	$ 12,006,579	$ 198,310,624	$ 194,107,775	$ 16,209,428
LIABILITIES				
Due to component unit	$ 101,696	$ 13,690,898	$ 13,714,665	$ 77,929
Due to others	11,904,883	184,619,726	180,393,110	16,131,499
	$ 12,006,579	$ 198,310,624	$ 194,107,775	$ 16,209,428

THIS PAGE INTENTIONALLY LEFT BLANK

COMPONENT UNIT – DEVELOPMENT AUTHORITY

THIS PAGE INTENTIONALLY LEFT BLANK

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
JUNE 30, 2008

ASSETS	
Cash and cash equivalents	$ 80,695
Investments	280,000
Total assets	$ 360,695
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	$ 7,200
Total liabilities	7,200
FUND BALANCE	
Unreserved, undesignated	353,495
Total fund balance	353,495
Total liabilities and fund balance	$ 360,695

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Revenues		
Charges for services	$	174
Investment income		17,334
Contributions		246,978
Total revenues		264,486
Expenditures		
Housing and development		334,968
Total expenditures		334,968
Net change in fund balance		(70,482)
Fund balance, beginning of year		423,977
Fund balance, end of year	$	353,495

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 ..... **99 - 104**

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 ..... **105 - 108**

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

Debt Capacity ..... **109 and 110**

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 ..... **111 and 112**

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 ..... **113 - 115**

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.

THIS PAGE INTENTIONALLY LEFT BLANK

HENRY COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
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	$ 462,166,271
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	94,452,370	85,735,080
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,799,841	$ 575,954,678
Business-type activities:						
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 394,018	$ 450,152
Restricted	-	-	-	-	-	-
Unrestricted	-	-	-	-	(861,503)	388,233
Total governmental activities net assets	$ -	$ -	$ -	$ -	$ (467,485) (2)	$ 838,385
Primary government:						
Invested in capital assets, net of related debt	$ 82,826,472	$ 112,296,985	$ 138,929,538	$ 335,733,103	$ 413,440,386	$ 462,616,423
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	93,590,867	86,123,313
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,332,356	$ 576,793,063

(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 SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	$ 11,375,134	$ 17,626,726	$ 24,672,480	$ 18,730,505	$ 20,696,639	$ 14,447,355
Judicial	7,573,299	8,222,833	8,878,787	10,022,575	12,923,866	14,380,115
Public safety	37,779,229	40,953,308	44,308,693	48,961,105	58,373,932	58,989,615
Public works	6,643,292	16,317,875 (1)	13,988,486	20,203,707	22,138,753	21,218,334
Health and welfare	4,132,763	4,488,944	3,421,976	6,048,439	5,281,437	5,608,362
Culture and recreation	2,999,099	4,093,934	1,128,114	5,603,773	8,167,060	16,379,710
Housing and development	4,224,962	4,444,972	5,061,740	6,167,259	6,580,680	6,288,174
Interest on long-term debt	1,139,695	1,240,359	2,102,788	1,989,341	2,430,744	2,819,164
Total governmental activities expenses	75,867,473	97,388,951	103,563,064	117,726,704	136,593,111	140,130,829
Business-type activities:						
Stormwater	-	-	-	-	1,358,397 (5)	1,681,065
Total business-type activities expenses	-	-	-	-	1,358,397	1,681,065
Total primary government expenses	$ 75,867,473	$ 97,388,951	$ 103,563,064	$ 117,726,704	$ 137,951,508	$ 141,811,894
Program revenues						
Governmental activities:						
Charges for services:						
Impact fee collection	$ -	$ 3,015,990 (2)	$ 4,081,910	$ 4,467,672	$ 2,604,520	$ 2,558,367
Other housing and development	3,117,566	3,082,735	4,450,290	4,899,970	3,103,301	2,412,823
General government	4,744,064	5,648,613	5,240,899	4,810,001	4,039,879	3,975,520
Judicial	4,804,619	4,488,902	5,615,159	8,073,377	7,729,204	6,795,849
Public safety	5,120,202	5,838,803	6,033,506	7,526,674	8,396,688	9,434,195
Other activities	917,604	1,706,743	1,957,372	1,992,700	2,049,214	2,580,881
Operating grants and contributions	2,390,469	1,916,507	1,567,095	1,674,623	2,705,767	3,102,122
Capital grants and contributions	17,367,894	25,747,449	26,300,804	34,793,886	33,028,019	22,904,507
Total governmental activities program revenues	38,462,418	51,445,742	55,247,035	68,238,903	63,656,592	53,764,264
Business-type activities:						
Charges for services:						
Stormwater	-	-	-	-	2,591,018 (5)	2,912,155
Total business-type activities program revenues	-	-	-	-	2,591,018	2,912,155
Total primary government program revenues	$ 38,462,418	$ 51,445,742	$ 55,247,035	$ 68,238,903	$ 66,247,610	$ 56,676,419

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (expense)/revenue						
Governmental activities	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (72,936,519)	$ (86,366,565)
Business-type activities	-	-	-	-	1,232,621	1,231,090
Total primary government net expense	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (71,703,898)	$ (85,135,475)
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	$ 71,761,395
Sales taxes	17,506,364 (3)	36,427,415	40,023,574	47,357,776	50,429,593	48,818,574
Other taxes	5,561,510	5,877,251	6,191,217	6,676,204	7,033,518	7,521,592
Unrestricted investment earnings	788,508	740,368	2,553,397	5,309,584 (4)	6,593,296	3,419,841
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	131,521,402
Business-type activities:						
Unrestricted investment earnings	-	-	-	-	68,815	74,780
Transfers	-	-	-	-	(1,768,921)	-
Total business-type activities	-	-	-	-	(1,700,106)	74,780
Total primary government	$ 69,788,978	$ 94,757,769	$ 104,461,540	$ 120,461,087	$ 131,189,352	$ 131,596,182
Change in Net Assets						
Governmental activities	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,952,939	$ 45,154,837
Business-type activities	-	-	-	-	(467,485)	1,305,870
Total primary government	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,485,454	$ 46,460,707

(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 SIX FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	$ 551,674	$ 78,968 (1)	$ 71,972 (1)	$ 2,679,818	$ 1,458,960	$ 318,171
Unreserved	34,592,536	35,666,924	47,410,900	50,881,940	49,509,159	51,458,630
Total general fund	$ 35,144,210	$ 35,745,892	$ 47,482,872	$ 53,561,758	$ 50,968,119	$ 51,776,801
All Other Governmental Funds						
Reserved	$ 1,689,745	$ 2,270,425	$ 3,009,881	$ 4,710,327	$ 1,939,741	$ 4,643,661
Unreserved, reported in:						
Special revenue funds	2,183,381	1,808,182	1,663,902	461,283	5,366,870	6,217,414
Debt service funds	(22,316)	1,016,842	4,604,604	13,164,213	13,424,334	9,828,838
Capital projects funds	24,473,990	66,204,167	75,249,364	72,838,555	51,781,191	42,468,337
Total all other governmental funds	$ 28,324,800	$ 71,299,616	$ 84,527,751	$ 91,174,378	$ 72,512,136	$ 63,158,250

(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 SIX FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Taxes	$ 68,162,227	$ 93,995,042	$ 101,862,453	$ 115,057,252	$ 123,903,182	$ 127,190,451
Licenses and permits	3,487,686	6,637,098	8,619,666	9,574,255	5,896,773	5,089,302
Intergovernmental	2,739,892	1,968,513	2,392,949	2,380,601	7,760,021 (9)	3,599,103
Charges for services	9,268,287	11,264,392	12,078,590	14,401,322	14,306,328	15,674,689
Fines and forfeitures	4,864,637	4,522,777	4,371,063	6,392,111	6,857,554	5,978,865
Administrative fees	-	704,317	1,208,416	-	-	-
Investment income	788,508	740,368	2,553,397 (1)	5,309,584 (7)	6,593,296	3,419,841
Contributions	605,826 (2)	3,116	65,282	42,416	80,310	165,752
Miscellaneous	1,193,941	766,220	1,101,401	1,468,558	2,576,636	1,494,457
Total revenues	$ 91,111,004	$ 120,601,843	$ 134,253,217	$ 154,626,099	$ 167,974,100	$ 162,612,460
Expenditures						
General government	$ 11,993,289	$ 17,500,723 (3)	$ 11,999,369	$ 13,720,886	$ 14,977,682	$ 14,971,533
Judicial	11,025,454	8,714,807	8,856,778	10,495,996	11,896,368	13,596,684
Public safety	37,602,144	40,365,640	43,644,604	47,593,118	51,858,394	60,154,954
Public works	12,414,170	19,261,897 (3)	10,362,525	11,453,630	11,660,781	12,187,702
Health and welfare	4,157,154	4,489,973	3,370,665	4,689,034	5,243,091	5,738,124
Culture and recreation	4,261,838	9,329,504 (3)	3,274,071	11,675,909	5,438,759	7,092,371
Housing and development	4,333,582	4,452,068	5,115,945	6,107,587	6,372,346	6,224,038
Capital outlay	- (4)	- (4)	31,765,378	49,655,242	73,201,545	78,229,842
Debt service:						
Principal retirement	3,324,482	3,621,556	5,596,608	9,449,016	15,319,413	16,165,673
Interest and fiscal charges	1,170,915	1,085,453	2,110,371	2,350,501	2,891,292	3,281,711
Issuance costs	-	365,555	-	-	-	131,701
Total expenditures	90,283,028	109,187,176	126,096,314	167,190,919	198,859,671	217,774,333
Excess (deficiency) of revenues over (under) expenditures	827,976	11,414,667	8,156,903	(12,564,820)	(30,885,571)	(55,161,873)

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Other Financing Sources (Uses)						
Capital leases	$ 221,524	$ 5,180,000	$ 16,567,359 (5)	$ 21,302,823 (8)	$ 7,445,411	$ 39,279,119
Issuance of bonds	-	25,000,000 (6)	-	-	-	7,235,000
Premium on bonds	-	1,825,860	-	-	-	-
Transfers in	6,602,212	27,044,617	14,716,078	21,917,990	37,181,044	37,869,909
Transfers out	(6,602,212)	(27,044,617)	(14,716,078)	(21,917,990)	(35,270,645)	(37,869,909)
Proceeds from sale of capital assets	225,869	155,971	240,853	3,987,510	273,880	102,550
Total other financing sources (uses)	447,393	32,161,831	16,808,212	25,290,333	9,629,690	46,616,669
Net change in fund balances	$ 1,275,369	$ 43,576,498	$ 24,965,115	$ 12,725,513	$ (21,255,881)	$ (8,545,204)
Debt service as a percentage of noncapital expenditures	5.6%	5.4%	7.5%	10.4%	13.4%	14.1%

(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.
(10) The County issued $7.235 million in general obligation bonds in 2008.

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)					
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	428,347,920	13,425,953	1,156,212,229	5,634,339,356	11.20	14,085,848,390	40%
2008	4,949,730,447	2,053,935,438	474,676,980	13,876,885	1,279,630,190	6,212,589,560	11.20	15,531,473,900	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,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Henry County rates										
Maintenance & Operations										
Unincorporated	12.72	12.56	12.51	11.81	14.25	14.13	14.06	14.13	14.13	14.37
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	4.50	4.00	3.50	3.00	2.84	2.77	2.71	2.56	2.51	2.45
Stockbridge	-	-	-	-	-	-	-	-	-	-
Hampton	-	-	-	-	-	-	-	-	-	-
Locust Grove	-	-	-	-	-	-	-	-	-	-
LOST Reduction	(3.30)	(3.40)	(3.10)	(3.02)	(3.01)	(2.89)	(2.82)	(2.89)	(2.93)	(3.17)
Fire Protection	1.87	2.13	1.88	2.50	2.56	2.39	2.02	1.18	1.21	1.16
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	17.15	17.15	17.65	18.90	18.90	19.40	20.00	20.00
Debt Service	4.00	4.00	3.06	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	34.75	34.75	35.20	36.45	36.45	36.95	37.51	37.51
Total Municipalities (3), (4)										
McDonough	38.67	37.00	34.56	33.44	33.33	35.02	35.33	37.03	37.48	37.58
Stockbridge	36.04	36.04	34.75	34.75	35.04	36.45	36.45	36.95	37.47	37.51
Hampton	36.04	35.15	32.97	32.97	33.38	34.67	34.67	35.65	36.23	36.29
Locust Grove	36.04	35.21	33.10	33.10	33.47	34.80	34.80	35.67	35.69	36.29

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	2008 Taxable Assessed Value	2008 Rank	2008 Percentage of Total Taxable Assessed Value	1999 Taxable Assessed Value	1999 Rank	1999 Percentage of Total Taxable Assessed Value
Cardinal Health 103, Inc.	$ 31,432,409	1	0.51 %	$ -		- %
Georgia Power Company	24,960,315	2	0.40	-		-
The Home Depot	22,095,437	3	0.36	-		-
Atlanta Motor Speedway	20,315,970	4	0.33	-		-
Kens Foods, Inc.	19,931,537	5	0.32	-		-
BellSouth Telecomm	19,446,506	6	0.31	-		-
Inland Western McDonough	18,864,440	7	0.30	-		-
Prologis-MacQuarie US LLC	14,674,040	8	0.24	-		-
Norfolk Southern Combined	14,410,085	9	0.23	-		-
Henry County Land Holdings LLC	13,640,520	10	0.22	-		-
Snapper Power Equipment	-		-	13,125,468	1	0.59
Sage Capital Corporation	-		-	3,109,454	2	0.14
Sable Chase of McDonough LP	-		-	3,000,000	3	0.14
Dowling Textile MFG Co.	-		-	2,051,922	4	0.09
Walt Stephens Associates LLC	-		-	2,009,140	5	0.09
Liberty Developers LLC	-		-	1,318,464	6	0.06
Mojoco Holdings LLC	-		-	1,033,800	7	0.05
BHCA of Stockbridge, Inc.	-		-	1,095,037	8	0.05
Atlanta I-75 LP	-		-	900,800	9	0.04
Stinchcomb, J.R.	-		-	600,000	10	0.03
Totals	$ 199,771,259		3.22 %	$ 28,244,085		1.28 %

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
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
2008	209,079,707	198,038,407	94.7	5,750,090	203,788,497	97.5

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: General Obligation Bonds (1)	Percentage of Actual Property Value (2)	Per Capita (3)	Other Governmental Activities Debt: Certificates of Participation	Other Governmental Activities Debt: Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
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	149	-	30,806,811	55,806,811	1.24	331.78
2006	25,000,000	0.20	140.90	-	42,660,618	67,660,618	1.42	381.32
2007	16,920,000	0.12	90.82	-	42,866,616	59,786,616	1.19	320.90
2008	15,646,148	0.10	79.98	-	74,488,914	90,135,062	1.71	460.76

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,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	$ 220,641,325	$ 242,362,063	$ 285,341,179	$ 343,256,741	$ 383,557,529	$ 433,257,895	$ 471,476,643	$ 512,359,234	$ 563,433,936	$ 621,258,956
Total net debt applicable to limit	-	-	-	-	-	25,000,000	25,000,000	25,000,000	16,920,000	15,646,148
Legal debt margin	$ 220,641,325	$ 242,362,063	$ 285,341,179	$ 343,256,741	$ 383,557,529	$ 408,257,895	$ 446,476,643	$ 487,359,234	$ 546,513,936	$ 605,612,808
Total net debt applicable to the limit as a percentage of debt	-	-	-	-	-	5.77%	5.30%	4.88%	3.00%	2.52%

Legal Debt margin Calculation for Fiscal Year 2008

Assessed value	$ 6,212,589,560
Debt limit (10% of assessed value)	621,258,956
Debt applicable to limit:	
General obligation bonds	15,646,148
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	15,646,148
Legal debt margin	$ 605,612,808

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)
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	177,436	4,768,767	26,950	33.4	37,350	4.4
2007	186,308	5,031,049	27,082	33.4	38,969	4.4
2008	195,623	5,282,602	27,004	33.4	38,421	5.9

(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: 2007 and 2008 population, per capita, and personal income are estimates based on past regional trends.
NOTE: 2008 school enrollment is based on 9th month of the school year.

HENRY COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2008			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	5.45 %	2,400	1	3.91 %
Henry County Board of Commissioners	1,744	2	1.90	830	4	1.35
Henry Medical Center	1,570	3	1.71	850	3	1.38
Wal-Mart Supercenter	1,350	4	1.47	550	5	0.90
Federal Aviation Administration	706	5	0.77	-		-
Snapper, Inc.	616	6	0.67	-		-
SunTrust Service Corporation	560	7	0.61	-		-
Georgia Power Company	560	8	0.61	-		-
Southern States, Inc.	330	9	0.36	-		-
Georgia Crown Distributing Company	280	10	0.31	-		-
Toys R Us	-		-	1,000	2	1.63
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	12,716		13.86 %	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

HENRY COUNTY, GEORGIA

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

	Full-time Equivalent Employees as of June 30,									
Function	**1999 (3)**	**2000 (3)**	**2001 (3)**	**2002 (3)**	**2003 (3)**	**2004 (3)**	**2005 (3)**	**2006 (4)**	**2007 (4)**	**2008 (4)**
General Government	288	511	503	464	535	550	581	605	598	582
Public Safety										
Police & Sheriff										
Officers	137	145	151	137	161	169	188	211	262	256
Civilians	36	36	35	36	35	35	33	59	57	54
Corrections	93	101	119	81	158 (1)	168	109	117	122	153
Fire										
Firefighters	177	186	209	219	230	231	245	257	267	300
Civilians	5	8	7	7	9	9	9	8	12	9
Highways and streets										
Engineering	16	20	21	26	25	21	26	22	21	24
Maintenance	66	79	85	74	66	92 (2)	84	80	83	90
Social services	-	-	-	-	-	-	-	-	-	78
Culture and recreation	14	20	21	24	23	28	30	36	44	56
Total	832	1,106	1,151	1,068	1,242	1,303	1,305	1,395	1,466	1,602

(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 Annual Survey of Government Employment for March of each year.

HENRY COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

	Calendar Year									
Function	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Police										
Physical arrest	2,399	2,760	3,472	4,215	3,739	3,984	3,959	5,394	6,482	7,119
Parking violations	12	21	20	36	60	51	35	51	19	16
Traffic violations	17,750	19,961	27,746	35,565	24,184	21,981	36,662	52,921	67,728	70,045
Fire										
Calls answered	8,870	9,404	10,833	11,387	12,007	13,263	14,704	17,059	18,065	18,471
Inspections	1,219	925	1,746	1,261	3,001	4,739	4,163	4,070	3,827	6,698
Highways and streets										
Street resurfacing	n/a	n/a	n/a	n/a	n/a	55	25	45	30	27
Culture and recreation										
Athletic field permits issued	12,592	13,167	13,211	12,690	21,020	15,464	5,155	19,191	48,896	105,184
Community center admissions	29,101	57,978	63,761	37,807	65,092	34,331	11,444	30,631	45,198	74,656

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	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Police										
Stations	2	2	2	2	2	2	2	4	4	4
Patrol Units	N/A	N/A	N/A	130	158	195	232	232	288	282
Patrol Zones	11	11	11	11	11	11	11	20	20	20
Fire Stations	10	11	11	12	12	12	12	12	13	13
Public Works										
Streets (miles)	1,194	1,206	1,211	1,221	1,244	1,281	1,318	1,363	1,403	1,426
Traffic Signals	8	11	13	14	15	15	15	23	24	24
Culture and Recreation										
Park Acreage	294.9	294.9	756.9 (1)	756.9	756.9	836.9	836.9	1,162.9	1,162.9	1,162.9
Playgrounds	12	12	18	18	18	18	18	22	22	33
Baseball/Softball Diamonds	43	43	66	66	66	66	66	66	67	74
Soccer/Football Fields	4	4	16	16	16	17	17	18	24	27
Community Centers	2	2	3	3	3	3	3	4	6	9

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.

THIS PAGE INTENTIONALLY LEFT BLANK

COMPLIANCE SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2008, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 15, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henry County, Georgia's 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 2008-1 and 2008-2 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 item 2008-1 to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We also noted certain additional matters that we reported to the management of Henry County, Georgia in a separate letter dated December 15, 2008.

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.



Macon, Georgia
December 15, 2008

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, 2008. 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 $7,439,936 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2008. 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, 2008.

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.



Macon, Georgia
December 15, 2008

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	AG00814	$ 70,097
Community Care Services Program - Title III, Part C	93.045	AG00814	197,916
Nutrition Services Incentive Program	93.053	AG00814	46,592
Total Special Programs for the Aging, Title III Funds			314,605
Community Care Services Program - Title III, Part E	93.052	AG00814	24,021
Temporary Assistance for Needy Families	93.558	427-67-14251	30,294
Community Services Block Grant	93.569	427-93-07070783	15,469
Community Services Block Grant	93.569	427-93-08081142	81,263
			96,732
Social Services Block Grant	93.667	427-06-54232	103,000
Social Services Block Grant	93.667	427-57-54028	6,031
Social Services Block Grant	93.667	AG00814	71,653
			180,684
Pass Through Program - Georgia Children and Youth Coordinating Council			
Family Restoration Program	93.235	07A-12-0010	27,720
Family Restoration Program	93.235	07A-12-0027	22,829
Family Restoration Program	93.235	08A-12-0007	34,451
			85,000
Total U.S. Department of Health and Human Services			731,336
U.S. Department of Justice			
Edward G. Byrne Discretionary Grant for Targeting Violent Crime	16.580	2007-DD-BX-0612	228,536

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	04B-ST-0001	$ 1,662
Purchase of Services for Juvenile Offenders	16.523	05B-ST-0001	11,760
			13,422
Girls Gender Program	16.540	05J-12-0504-0022	1,250
Pass Through Program - Criminal Justice Coordinating Council			
Project Save Neighborhoods	16.609	P03-8-008	46,112
Total U.S. Department of Justice			289,320
U.S. Department of Homeland Security			
Pass Through Program - Georgia Emergency Management Agency			
Office of Domestic Preparedness Equipment Program	97.004	2003-TE-TX-0181	2,955
Office of Domestic Preparedness Equipment Program	97.004	2004-GE-T4-0012	7,403
			10,358
Assistance to Firefighters Program	97.044	EMW-2006-FG-04228	240,160
Citizen Corps Grant	97.053	2006-GE-T6-0066	94,233
Citizen Corps Grant	97.053	2007-GE-t7-0054	1,225
			95,458
Total U.S. Department of Homeland Security			345,976
U.S. Department of Agriculture			
Soil Conservation Services Grant	10.902	68-4310-6-165	14,163
Total U.S. Department of Agriculture			14,163

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Transportation			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2007-075-00567	$ 38,417
State and Community Highway Safety	20.600	2008-75-00060	76,812
			115,229
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-57-46107	93,868
Pass Through Program- Georgia Department of Transportation			
Capital Improvement Assistance	20.500	MTG00-0123-00-148	18,270
Capital Improvement Assistance	20.500	MTG00-0139-00-117	114,000
			132,270
Surface Transportation Program (TEA-21)	20.205	STP00-3512-00(400)	26,061
Formula Grants for Other Than Urbanized Areas	20.509	MTG00-0139-00-156	290,376
Total U.S. Department of Transportation			657,804
U.S. Environmental Protection Agency			
Pass Through Program- Georgia Department of Natural Resources			
Drainage Improvement of Unity Grove Road	66.460	751-60093	48,480
Total U.S. Department of Education			48,480
U.S. Department of Education			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services	84.126	427-57-46030	34,000
Total U.S. Department of Education			34,000
Total Expenditures of Federal Awards			$ 2,121,079

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, 2008

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?	____ yes X no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies 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
93.044, 93.045, 93.053	Special Programs for the Aging, Title III Funds
97.044	Assistance to Firefighters 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, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2008-1. 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 Stormwater fees receivable and revenues. Additionally, an amount recorded as receivable due from another government was overstated.

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: An audit adjustment to increase accounts receivable and revenues in the amount of $140,047 was required to be reported in the Stormwater Enterprise Fund which is considered to be significant and material to the overall business-type activities of the County. Additionally, an adjustment to decrease due from other governments and revenues in the amount of $467,897 was required to be reported in the nonmajor governmental funds, and this adjustment is considered significant and material to the aggregate remaining fund information reported in the County's financial statements.

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.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2008-2. 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 office of the Sheriff.

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 this 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 Sheriff's Office is 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.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

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.

Auditee Response/Status: Unresolved. See current finding number 2008-1.

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.

Auditee Response/Status: The above finding was corrected during fiscal year 2008 and is not included as a finding for the current year.

2007-3. 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 Magistrate Court, Law Library, Sheriff, and Development Authority.

Auditee Response/Status: Unresolved. See current finding number 2008-3.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2008

2007-4. Collateralization of Deposits

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.

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).

Auditee Response/Status: The above finding was corrected during fiscal year 2008 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, 2008, 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-094, #07-C-L-232, #08-C-L-244, #08-C-L-245, and #08-C-L-246. 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, 2008, 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 15, 2008

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, 2008		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2008
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$3,750.00		
I	Grant Receipts or Revenue Recognized	$1,250.00		$5,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$5,000.00		$5,000.00
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 12/15/08

Signature of Chief Financial Officer _____ Date 12/15/08

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, 2008		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2008
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)		($6,250.00)		
I	Grant Receipts or Revenue Recognized		$6,250.00		$25,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES		$0.00		$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	$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 12/15/08

Signature of Chief Financial Officer  Date 12/15/08

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 …….	**08-C-L-244**
D	Grant Title ……	**Local Assistance Grant**
E	Grant Award Date ……..……	**08/23/07**
F	Grant Amount ……..……	**$25,000.00**

			COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2008		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2008
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 12/15/08

Signature of Chief Financial Officer _____ Date 12/15/08

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

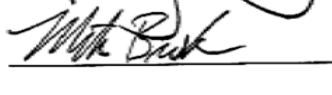
LINE		
A	Local Government ……..	**Henry County of the State of Georgia**
B	State Awarding Agency ……..	**Department of Community Affairs State of Georgia**
C	Grant Identification Number …….	**08-C-L-245**
D	Grant Title ……	**Local Assistance Grant**
E	Grant Award Date …….……	**08/23/07**
F	Grant Amount ……..……	**$20,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2008		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2008
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$20,000.00		$20,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$20,000.00		$20,000.00
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 12/15/08

Signature of Chief Financial Officer  Date 12/15/08

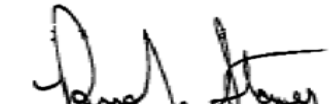
State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

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 …….	**08-C-L-246**
D	Grant Title ……	**Local Assistance Grant**
E	Grant Award Date …….……	**08/23/07**
F	Grant Amount ……..……	**$10,000.00**

		COLUMN 1 **Current Year Activity** For the Year Ended: June 30, 2008		COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2008
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00		
I	Grant Receipts or Revenue Recognized	$7,500.00		$7,500.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$6,000.00		$6,000.00
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]	$1,500.00		$1,500.00

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 12/15/08

Signature of Chief Financial Officer  Date 12/15/08

THIS PAGE INTENTIONALLY LEFT BLANK