COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009







HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared By:
Mike Bush,
Financial Services Director

INTRODUCTORY SECTION

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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Board of Commissioners

Elizabeth "B.J." Mathis
Chairman

Warren E. Holder
District I

Rick Jeffares
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 17, 2009

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's Comprehensive Annual Financial Report. The report is as of and for the year ended June 30, 2009. 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. 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, 2009. 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

system; planning and zoning; recycling; and general administrative and support activities. The County also provides fire protection and emergency medical services to the incorporated and unincorporated areas within its boundaries with the exception of the City of McDonough.

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

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

Long Term Financial Planning. The County's Financial Services Director and Budget Director work closely with the County Manager, Division Directors and Department Directors to develop short-term and long-term financial goals and to address the financial stability of the County. The County's Financial Services Director and Budget Director also meet with the Board of Commissioners as needed to confer on financial issues that may impact the County. As the County moves forward, economic indicators will be continually monitored and adjustments to county spending and services made to maintain the county's financial health. At the same time, long-term plans are focused on ensuring an economically strong and viable county.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. Henry County is strategically located along I-75 with a total of seven interchanges within its borders. Henry County is just minutes from Atlanta, the business capital of the American South, and Hartsfield-Jackson Atlanta International Airport, the World's busiest – and our outstanding labor force, abundant higher education opportunities, and high quality but affordable housing continue to make Henry County a powerful choice to live, work and play. State and national economic indicators still place Henry County in an enviable position as one of the nation's fastest-growing communities. This continued growth brings corporations like Whirlpool, who will be opening a 1.5 million square foot facility in early November 2009. Whirlpool will employ 120 people and bring over $75 million into the community. In addition, 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." CNN Money ranked Henry County 7th in overall job growth stating a 60.5% job growth between 2000 and 2008.

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 Auto Racing (NASCAR) events are held each year at the Atlanta Motor Speedway in Hampton, which are said to bring in more visitors than any other sport in Georgia and bring a half billion dollars to the region each year. 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. The Henry County Board of Commissioners, together with the SPLOST Department, recently broke ground on what will soon be a parking deck located behind the Judicial Center in McDonough. The addition of the parking deck will help to alleviate parking scarcity currently affecting both courthouses and local businesses in and around the McDonough Square.

As part of the Metropolitan North Georgia Water Planning District (MNGWPD) Model Floodplain Management/Flood Damage Prevention Ordinance, the Henry County Stormwater Department is nearing completion of a comprehensive mapping process. Once completed, the maps will

allow developers, builders and residents to make sure all structures are built outside of the floodplain, saving them both time and money. In addition, homeowners will be able to learn if parts of their property are in a flood plain. The findings and resulting data will be free to the public.

The Henry County Board of Commissioners implemented a new program to help local businesses and bolster our local economy. The new policy, known as the *Henry First* initiative builds on the foundation of the *One Henry* initiative, which brought the County and cities together as a unified voice, strategically positioning Henry County to better compete for funding assistance. On bids of $100,000 or less, a five percent (5%) consideration will be given to businesses that lie within the geographical boundaries of Henry County. Thus, even if a Henry County business is not the low bidder for a specific project, but is within five percent of the lowest bid, the Henry County Board of Commissioners will put Henry First and award the bid to the local business. These businesses provide a convenient place to shop or dine, provide jobs for our citizens, create a strong tax base, and contribute to our SPLOST programs.

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 Standards and Poor. 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, 2008. This was the fourth 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

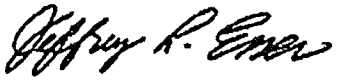
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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.





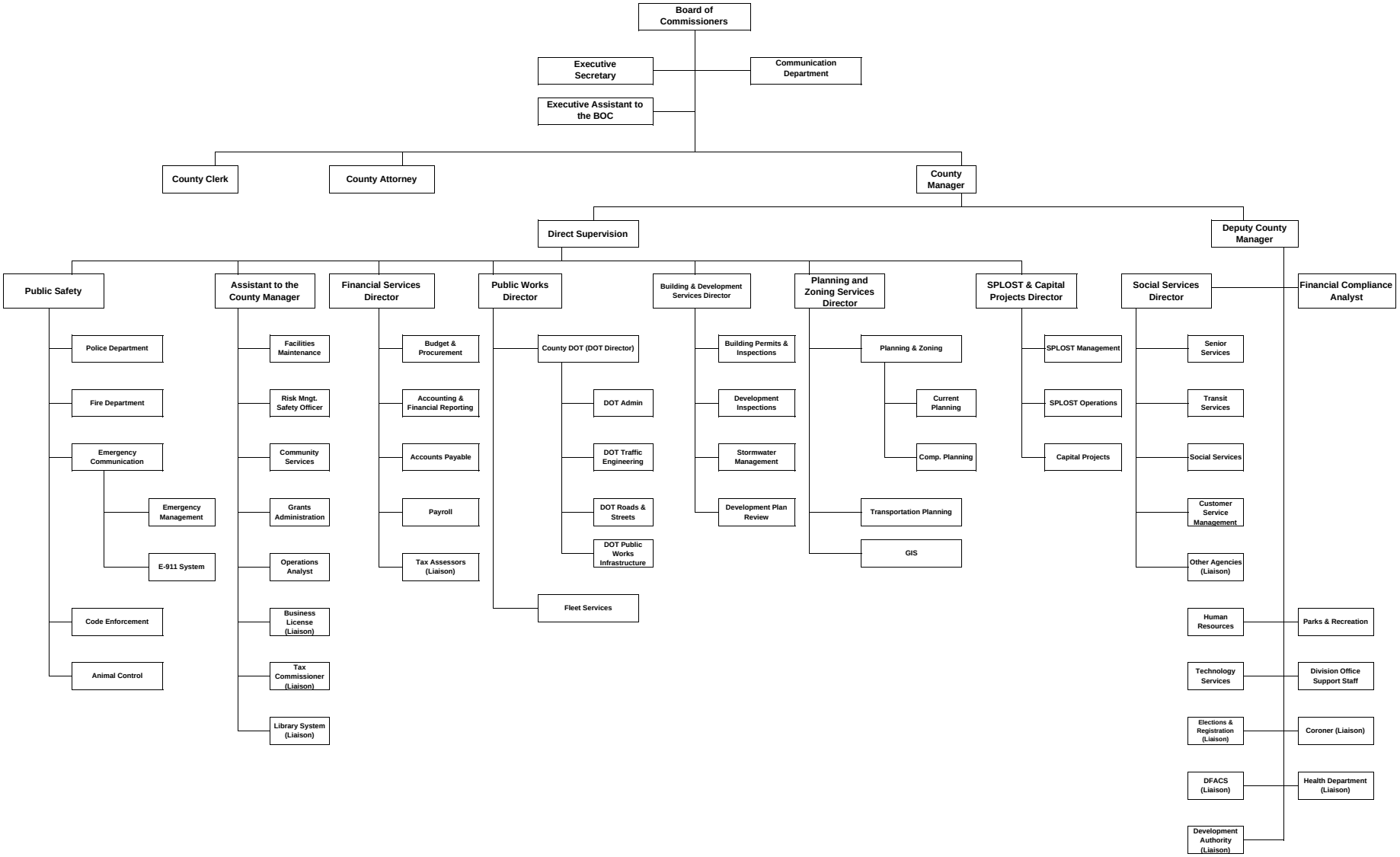
President



Executive Director

HENRY COUNTY, GEORGIA

ORGANIZATIONAL CHART



HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2009

Elected Officials

Chairman, At Large	**Elizabeth (B.J.) Mathis**
District 1	**Warren E. Holder**
District 2	**Rick Jeffares**
District 3	**Randy Stamey**
District 4	**Reid A. Bowman, Sr.**
District 5	**Johnny Basler**
Tax Commissioner	**David Curry**
Sheriff	**Keith McBrayer**
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**
State Court Judge	**Jason Harper**
Probate Court Judge	**Kelley Powell**
Magistrate Court Judge	**Robert Godwin**
District Attorney	**Tommy Floyd**
Solicitor	**Chuck Spahos**

Principal Officials

Interim County Manager	**Phyllis Shrader**
County Attorney	**LaTonya Wiley**
County Clerk	**Shay Mathis**
Financial Services Director	**Mike Bush**
Public Works Division Director	**Terry McMickle**
Court Financial Analyst	**Kelly Belcastro**
Director of Social Services	**Angie Bailey**
Director of Planning and Zoning	**Michael Harris**
Risk Management/Assistant to the County Manager	**Michael Sabine**
Director of the Building and Development Services Division	**Jim Luebbering**

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Henry County, Georgia**, as of and for the year ended June 30, 2009, 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 $1,034,129 and $4,038,038, respectively, as of June 30, 2009, and total revenues of $2,075,335 and $3,415,289, 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, 2009, 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 17, 2009 on our consideration of Henry County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 4 through 14) and the Schedule of Funding Progress (on page 91) 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 17, 2009

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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, 2009. 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, 2009, by $575,539,805 (net assets). Of this amount, $99,598,526 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors,
- At June 30, 2009, the County's General Fund reported an unreserved fund balance of $42,839,002 a decrease of $8,937,799, or 20.9%, from the last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated collections of $26,092,253 during fiscal year 2009.
- Henry County Impact Fee fund closed fiscal year 2009 with a fund balance of $2,612,270, a decrease of $1,918,591, or 42.3%, from the last fiscal year due mainly to the debt service payments for the construction of the governmental annex and the debt service payments for the addition to the County jail all while the slowdown in the housing market have extremely reduced revenues.
- During fiscal year 2009 Henry County's Stormwater fund, the only enterprise fund, had $2,855,662 in operating revenues and $1,899,938 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 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, Neighborhood Stabilization, 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 2008 SPLOST Capital Projects Fund, and the Debt Service 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 27 – 30 of this report.

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

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

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32 – 90 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 $575,539,805 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (67.9%) 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	$ 183,547,702	$ 131,175,028	$ 1,443,644	$ 447,931	$ 184,991,346	$ 131,622,959
Capital assets	577,107,255	552,493,527	454,613	450,152	577,561,868	552,943,679
Total assets	760,654,957	683,668,555	1,898,257	898,083	762,553,214	684,566,638
Long-term liabilites outstanding	156,550,238	97,092,585	-	-	156,550,238	97,092,585
Other liabilities	30,371,468	10,621,292	91,703	59,698	30,463,171	10,680,990
Total liabilities	186,921,706	107,713,877	91,703	59,698	187,013,409	107,773,575
Net assets:						
Invested in capital assets, net of related debt	390,318,930	462,166,271	454,613	450,152	390,773,543	462,616,423
Restricted	85,167,736	28,053,327	-	-	85,167,736	28,053,327
Unrestricted	98,246,585	85,735,080	1,351,941	388,233	99,598,526	86,123,313
Total net assets	$ 573,733,251	$ 575,954,678	$ 1,806,554	$ 838,385	$ 575,539,805	$ 576,793,063

An additional portion of Henry County's net assets (14.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($99,598,526) or (17.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, the total assets increased by $76,986,402. The majority of this increase was in current and other assets, which increased by $52,372,674 and capital assets which increased by $24,613,728. The increase in current and other assets was caused mainly by the issuance of SPLOST bonds. We continued to increase in the capital assets through the construction of SPLOST Capital Projects and Road Projects.

Long-term liabilities increased significantly by $59,457,653 while other liabilities increased by $19,750,176, with the net increase of $79,207,829. Both the long-term liabilities and other liabilities increased due to Henry County issuing two sets of SPLOST bonds. The Series A bonds were issued on behalf of the four cities in Henry County for their individual SPLOST projects, which increase our other liabilities. The Series B bonds were issued on behalf of the County for County SPLOST projects which increased our long-term liabilities.

There was an increase of $57,114,409 in restricted net assets reported in connection with the Henry County's governmental activities. These restrictions were for funds that have money restricted for special purposes such as drug education and treatment, juvenile assistance programs, fire safety, victim/witness programs, and jail construction and staffing. There were no restrictions on the business-type activities fund balance.

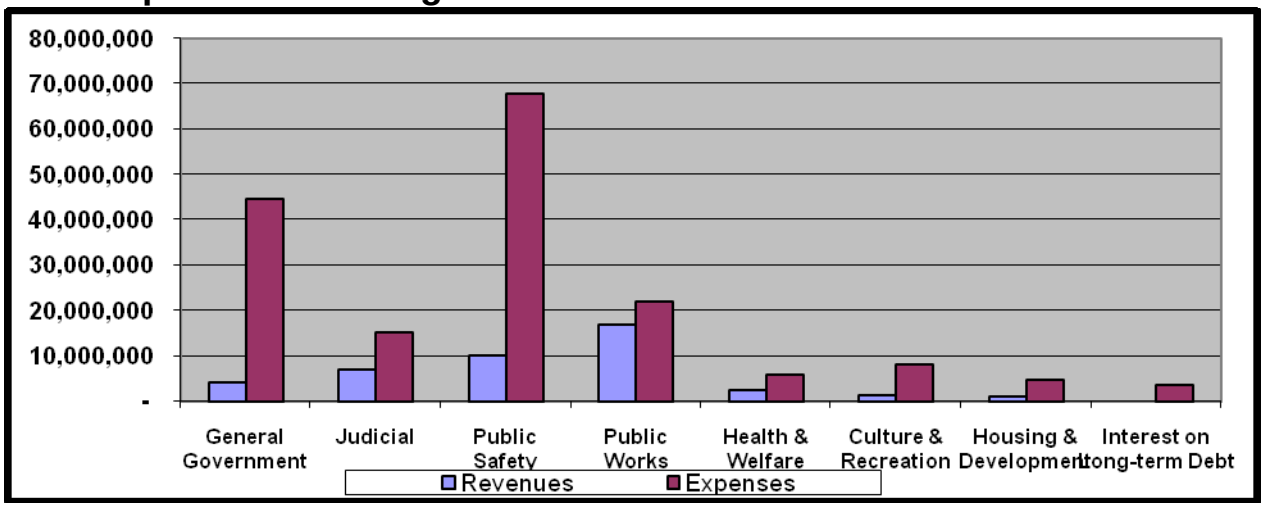
Governmental activities. Governmental activities decreased the County's net assets by $2,221,427. Key elements of this increase are as follows:

Henry County's Changes in Net Assets

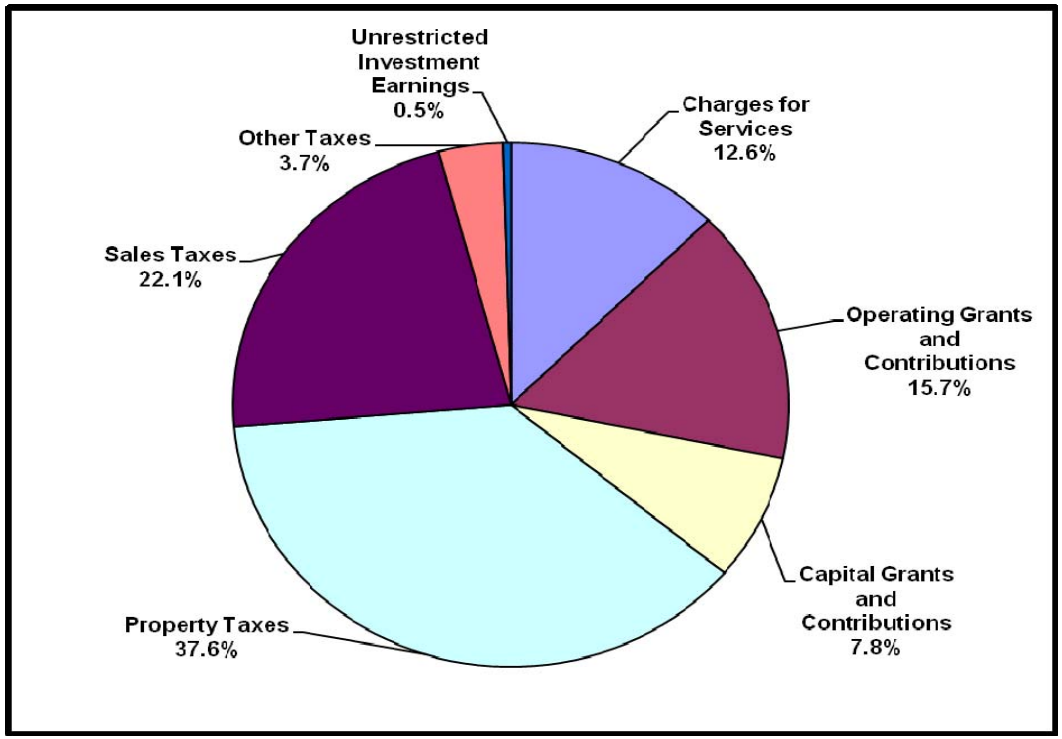
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	$ 24,919,862	$ 27,757,635	$ 2,855,662	$ 2,912,155	$ 27,775,524	$ 30,669,790
Operating grants and contributions	3,139,843	3,102,122	-	-	3,139,843	3,102,122
Capital grants and contributions	15,414,026	22,904,507	-	-	15,414,026	22,904,507
General revenues:						
Property taxes	74,489,406	71,761,395	-	-	74,489,406	71,761,395
Sales taxes	43,866,344	48,818,574	-	-	43,866,344	48,818,574
Other taxes	7,373,018	7,521,592	-	-	7,373,018	7,521,592
Unrestricted investment earnings	922,392	3,419,841	12,445	74,780	934,837	3,494,621
Total revenues	170,124,891	185,285,666	2,868,107	2,986,935	172,992,998	188,272,601
Expenses						
General government	44,743,867	14,447,355	-	-	44,743,867	14,447,355
Judicial	15,188,353	14,380,115	-	-	15,188,353	14,380,115
Public safety	67,773,063	58,989,615	-	-	67,773,063	58,989,615
Public works	22,044,184	21,218,334	-	-	22,044,184	21,218,334
Health and welfare	5,921,341	5,608,362	-	-	5,921,341	5,608,362
Culture and recreation	8,219,168	16,379,710	-	-	8,219,168	16,379,710
Housing and development	4,792,273	6,288,174	-	-	4,792,273	6,288,174
Interest on long-term debt	3,664,069	2,819,164	-	-	3,664,069	2,819,164
Stormwater	-	-	1,899,938	1,681,065	1,899,938	1,681,065
Total expenses	172,346,318	140,130,829	1,899,938	1,681,065	174,246,256	141,811,894
Increase (decrease) in net assets	(2,221,427)	45,154,837	968,169	1,305,870	(1,253,258)	46,460,707
Net assets (deficit), beginning of year	575,954,678	530,799,841	838,385	(467,485)	576,793,063	530,332,356
Net assets, end of year	$ 573,733,251	$ 575,954,678	$ 1,806,554	$ 838,385	$ 575,539,805	$ 576,793,063

- Property Taxes increased by $2,728,011 (3.8%) during the year. Most of this increase is due to new growth on the on the commercial side of property taxes.
- Sales taxes decreased by $4,952,230 (10.1%) during the year. This is mainly due to the economic downturn.
- Unrestricted investment earnings decreased by $2,497,449 (73.0%) 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 2009, the Stormwater Fund realized operating revenues of $2,855,662 and incurred expenses of $1,899,938 thus creating an operating income of $955,724. Operating revenues decreased by $56,493 due mainly to collection of this fee was down from previous years due to the economy. Operating expenses increased from the prior year by $218,873 due mainly to increased personnel and additional contracted services work.

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 $144,949,922 an increase of $30,014,871 in comparison with the prior year. The majority of the increase in fund balance for the governmental funds occurred in the 2008 SPLOST Fund due to the issuance of SPLOST bonds. The construction phase is underway, but the bond proceeds had yet to be spent at the end of the fiscal year. Approximately 98.5% of the ending fund balance ($142,776,610) 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 jail construction ($190,689), for drug abuse treatment ($1,508,423), for victim witness programs ($35,579), prepaid expenditures ($379,384) or for various other restricted purposes ($59,237).

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 $42,407,776, while total fund balance reached $42,839,002. 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 34.69% of total General Fund expenditures, while total fund balance represents 35.04% of that same amount. Henry County's reserved fund balance is small and represents reserved for fire safety and prepaid expenditures.

The balance of the County's General Fund decreased by $8,937,799 during the current fiscal year. This was due to the decrease in revenues like LOST and SPLOST and interest revenue and increases in expenditures throughout the General Fund. The original budget estimated the use of $8.9 million of fund balance and actual expenditures of $8,937,799 were in line with this estimate.

The 2008 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2008 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 2009 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $67,622,494, an increase of $62,283,452 from the prior year. The increase in fund balance is due to SPLOST bonds

being issued for both the County and the Cities. As the large projects continue to be built, we will see a decrease in the fund balance over the life of the SPLOST program.

The Debt Service Fund has a total fund balance of $486,479, all of which is reserved for the payment of debt service. Interest revenue for the current year was $16,458. Total expenditures in the Debt Service Fund were $35,055,434, which included principal retirements of $31,772,244 and interest and fiscal charges of $3,283,190. The net decrease in fund balance during the current year in the Debt Service Fund was $9,342,359.

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 Fund. At the end of the current fiscal year, the County's proprietary fund reported ending net assets of $1,806,554, an increase of $968,169 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 Fund net assets.

General Fund Budgetary Highlights

During the year there was a decrease of $2,070,446 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – ($9,973,288) 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 – $886,897 due to the addition of a new State Court Judge and the additional staff for that Judge and the additional people needed in the Solicitor's office to maintain enough staff to keep up with the additional court time.
- Increase in public safety functions – $4,938,039 due to additional positions throughout the public safety function. We continue to add additional 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. We also added additional people at the Sherriff's office and the Fire Department as well.
- Increase in public works services and related capital assets - $1,104,948 due to the increased productivity of the DOT crews. We were able to put down more asphalt in fiscal year 2009 than we had ever been able to do before.
- Increase in health and welfare – $570,745 due to the increase in our Transit and Senior Services department. Additional people and equipment were implemented in 2009 for additional services provided by both departments.
- Increase in culture and recreation – $598,310 is the result of additional personnel for after school and summer camp programs along with additional programs being run by the Recreation department. We purchased additional acreage that has to be maintained by the ground crew, and we had to purchase additional equipment to make sure we keep up with the growing Recreation department.
- Decrease in housing and development – ($196,097) due to the downturn in the housing market. We had some employees that changed positions in the County because we were downsizing the housing and development departments due to the downturn.

The total General Fund actual expenditures were $1,654,471 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, 2009, amounts to $577,107,255 (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	
	2009	2008	2009	2008	2008	2007
Land	$ 79,540,612	$ 70,884,672	$ -	$ -	$ 79,540,612	$ 70,884,672
Construction in progress	82,169,237	120,278,294	-	-	82,169,237	120,278,294
Buildings and improvements	89,875,355	61,775,486	-	-	89,875,355	61,775,486
Machinery and equipment	17,569,002	19,342,386	454,613	450,152	18,023,615	19,792,538
Infrastructure	307,953,049	280,212,689	-	-	307,953,049	280,212,689
Total	$ 577,107,255	$ 552,493,527	$ 454,613	$ 450,152	$ 577,561,868	$ 552,943,679

Governmental assets installed during the year totaled $42,400,140. 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 as well as adding an additional Library, two additional recreation centers, and two additional Senior Centers. To help with the crowded parking at the County Courthouses, the County is also underway on constructing a parking deck behind the Judicial Center. We are also constructing additional roads, adding turn lanes, traffic signals, and many other items that will help with the transportation needs throughout Henry County.

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 $87,240,000 and this debt is backed by the full faith and credit of the government.

Henry County's Outstanding Debt
General Obligation Bonds

	Governmental Activities		Business-type Activities		Governmental Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 87,240,000	$ 15,646,148	$ -	$ -	$ 87,240,000	$ 15,646,148
Total	$ 87,240,000	$ 15,646,148	$ -	$ -	$ 87,240,000	$ 15,646,148

The $87,240,000 general obligation bonds issuances are the result of two different issues. The series A bonds were issued in October 2008 for $19,950,000. This issuance was on behalf of the four cities in Henry County. This will allow the cities to construct road projects, capital buildings and improvements. The Series B bonds were issued in March 2009 for $67,290,000. This bond issuance has allowed the County to construct capital buildings and improvements. These bond issuances are to be paid back during fiscal years 2010 through 2015. Current year interest payments were made in July and December in the amount of $513,486. The bonds will be paid off with proceeds from the monthly collection of 2008 SPLOST revenue. Henry County made the final 2002 SPLOST bond payment in the amount of $8,595,000 and also paid off a note for the purchase of land to be used for parks and governmental needs made by SPLOST in the amount of $7,051,148. 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 $676,119,465 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 10.1%, which is 71.1% higher than the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2009, is 10.5%.
- 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. In fiscal year 2009 monthly collections decreased by 15.3% from 2008.
- The new 2008 SPLOST which started on April 1, 2007 now has an estimated collection of $180,000,000. Based on fiscal years 2008 and 2009 collections, the County felt it necessary to adjust the target from $240,000,000 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 continued using in-house departments during 2009 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.
- During 2009 and going forward, Henry County is doing its part to try and secure outside funding sources such as grants and other bonding opportunities to continue to construct roads and capital projects that would have been otherwise postponed due to the SPLOST collections being reduced due to the sluggish economy.

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, 2009

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
Cash and cash equivalents	$ 52,051,526	$ 2,126,730	$ 54,178,256	$ 924,531	$ 74,867	$ 769,455	$ 535,075
Investments	102,071,516	-	102,071,516	-	280,000	28,512	-
Receivables, net of allowances for uncollectibles	10,578,686	322,427	10,901,113	5,787	-	125,000	6,095,027
Due from other governments	8,626,668	-	8,626,668	89,846	-	-	-
Due from primary government	-	-	-	-	-	-	89,912
Internal balances	1,005,513	(1,005,513)	-	-	-	-	-
Inventory	226,197	-	226,197	-	-	-	877,417
Prepaid items	379,384	-	379,384	-	-	-	685
Restricted assets:							
Cash and cash equivalents	3,837,982	-	3,837,982	-	-	-	30,014,255
Investments	-	-	-	-	-	-	27,582,970
Accrued interest	-	-	-	-	-	-	101,040
Deferred charges	842,594	-	842,594	-	-	-	4,111,921
Capitalized lease receivable	-	-	-	-	12,188,584	-	-
Other non-current assets	3,927,636	-	3,927,636	-	-	-	3,122,552
Capital assets, non-depreciable	161,709,849	-	161,709,849	-	-	-	75,042,398
Capital assets, depreciable (net of accumulated depreciation)	415,397,406	454,613	415,852,019	13,965	-	3,115,071	399,272,398
Total assets	760,654,957	1,898,257	762,553,214	1,034,129	12,543,451	4,038,038	546,845,650

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
LIABILITIES							
Accounts payable	$ 5,320,402	$ 38,091	$ 5,358,493	$ -	$ 10,660	$ 72,722	$ 6,253,198
Accrued liabilities	5,627,308	53,612	5,680,920	-	2,584	-	683,318
Due to other governments	19,172,426	-	19,172,426	40,254	-	-	-
Unearned revenue	251,332	-	251,332	-	-	-	-
Payable from restricted assets:							
Customer deposits payable	-	-	-	-	-	-	1,271,877
Revenue bonds payable	-	-	-	-	-	-	4,730,000
Accrued interest payable	-	-	-	-	-	-	3,239,916
Non-current liabilities:							
Due within one year	9,347,013	-	9,347,013	-	-	35,035	5,294,135
Due in more than one year	146,452,233	-	146,452,233	128,519	12,186,000	35,158	258,707,530
OPEB obligation due in more than one year	750,992	-	750,992	-	-	-	-
Total liabilities	186,921,706	91,703	187,013,409	168,773	12,199,244	142,915	280,179,974
NET ASSETS							
Invested in capital assets, net of related debt	390,318,930	454,613	390,773,543	13,965	-	3,115,071	228,664,267
Restricted for:							
Jail construction	190,689	-	190,689	-	-	-	-
Drug abuse treatment	1,508,423	-	1,508,423	-	-	-	-
Juvenile assistance	7,395	-	7,395	-	-	-	-
Fire safety	51,842	-	51,842	-	-	-	-
Victim witness program	35,579	-	35,579	-	-	-	-
Capital projects	83,373,808	-	83,373,808	-	-	-	-
Other purposes	-	-	-	-	-	-	33,315,862
Unrestricted	98,246,585	1,351,941	99,598,526	851,391	344,207	780,052	4,685,547
Total net assets	$ 573,733,251	$ 1,806,554	$ 575,539,805	$ 865,356	$ 344,207	$ 3,895,123	$ 266,665,676

The accompanying notes are an integral part of these financial statements

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HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	$ 44,743,867	$ 4,236,884	$ 29,039	$ -	$ (40,477,944)	$ -	$ (40,477,944)	$ -	$ -	$ -	$ -
Judicial	15,188,353	6,818,804	247,784	-	(8,121,765)	-	(8,121,765)	-	-	-	-
Public safety	67,773,063	9,663,280	441,677	4,711	(57,663,395)	-	(57,663,395)	-	-	-	-
Public works	22,044,184	931,441	619,815	15,406,915	(5,086,013)	-	(5,086,013)	-	-	-	-
Health and welfare	5,921,341	632,300	1,781,103	-	(3,507,938)	-	(3,507,938)	-	-	-	-
Culture and recreation	8,219,168	1,410,237	9,245	2,400	(6,797,286)	-	(6,797,286)	-	-	-	-
Housing and development	4,792,273	1,226,916	11,180	-	(3,554,177)	-	(3,554,177)	-	-	-	-
Interest on long-term debt	3,664,069	-	-	-	(3,664,069)	-	(3,664,069)	-	-	-	-
Total governmental activities	172,346,318	24,919,862	3,139,843	15,414,026	(128,872,587)	-	(128,872,587)	-	-	-	-
Business-type activities:											
Stormwater	1,899,938	2,855,662	-	-	-	955,724	955,724	-	-	-	-
Total business-type activities	1,899,938	2,855,662	-	-	-	955,724	955,724	-	-	-	-
Total primary government	$ 174,246,256	$ 27,775,524	$ 3,139,843	$ 15,414,026	(128,872,587)	955,724	(127,916,863)	-	-	-	-
Component units:											
Health Department	$ 2,102,006	$ 1,173,502	$ 890,956	$ -	-	-	-	(37,548)	-	-	-
Development Authority	391,597	2,725	358,589	5,900	-	-	-	-	(24,383)	-	-
Library System	3,226,182	121,546	2,274,904	997,627	-	-	-	-	-	167,895	-
Water & Sewerage Authority	65,754,732	37,485,171	-	5,689,381	-	-	-	-	-	-	(22,580,180)
Total component units	$ 71,474,517	$ 38,782,944	$ 3,524,449	$ 6,692,908	-	-	-	(37,548)	(24,383)	167,895	(22,580,180)
General revenues:											
Property taxes					74,489,406	-	74,489,406	-	-	-	13,627,396
Sales taxes					43,866,344	-	43,866,344	-	-	-	-
Franchise taxes					1,035,189	-	1,035,189	-	-	-	-
Insurance premium taxes					4,714,473	-	4,714,473	-	-	-	-
Other taxes					1,623,356	-	1,623,356	-	-	-	1,292,157
Unrestricted investment earnings					922,392	12,445	934,837	10,877	15,095	21,212	866,635
Gain on sale of capital assets					-	-	-	-	-	-	4,870
Total general revenues and transfers					126,651,160	12,445	126,663,605	10,877	15,095	21,212	15,791,058
Change in net assets					(2,221,427)	968,169	(1,253,258)	(26,671)	(9,288)	189,107	(6,789,122)
Net assets, beginning of year					575,954,678	838,385	576,793,063	892,027	353,495	3,706,016	273,454,798
Net assets, end of year					$ 573,733,251	$ 1,806,554	$ 575,539,805	$ 865,356	$ 344,207	$ 3,895,123	$ 266,665,676

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

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	General Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 12,860,020	$ 158,733	$ 13,055,626	$ 25,977,147	$ 52,051,526
Investments	23,015,662	327,746	72,176,153	6,551,955	102,071,516
Receivables, net of allowances for uncollectibles	10,037,285	-	-	541,401	10,578,686
Due from other governments	2,664,188	-	3,174,845	2,787,635	8,626,668
Due from other funds	4,392,046	-	-	886,769	5,278,815
Inventory	226,197	-	-	-	226,197
Prepaid items	379,384	-	-	-	379,384
Restricted cash	-	-	-	3,837,982	3,837,982
Total assets	$ 53,574,782	$ 486,479	$ 88,406,624	$ 40,582,889	$ 183,050,774
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,882,679	$ -	$ 1,124,300	$ 2,313,423	$ 5,320,402
Accrued liabilities	4,453,639	-	35,943	124,573	4,614,155
Due to other governments	14,842	-	19,157,584	-	19,172,426
Due to other funds	114,069	-	16,287	4,142,946	4,273,302
Deferred revenue	4,270,551	-	450,016	-	4,720,567
Total liabilities	10,735,780	-	20,784,130	6,580,942	38,100,852

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

LIABILITIES AND FUND BALANCES (Continued)	General Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Reserved for:					
Jail construction	$ -	$ -	$ -	$ 190,689	$ 190,689
Drug abuse treatment	-	-	-	1,508,423	1,508,423
Juvenile assistance	-	-	-	7,395	7,395
Fire safety	51,842	-	-	-	51,842
Victim witness program	-	-	-	35,579	35,579
Prepaid items	379,384	-	-	-	379,384
Unreserved, reported in:					
General fund, undesignated	42,407,776	-	-	-	42,407,776
Special revenue funds, undesignated	-	-	-	7,893,812	7,893,812
Debt service fund, undesignated	-	486,479	-	-	486,479
Capital projects funds, undesignated	-	-	67,622,494	24,366,049	91,988,543
Total fund balances	42,839,002	486,479	67,622,494	34,001,947	144,949,922
Total liabilities and fund balances	$ 53,574,782	$ 486,479	$ 88,406,624	$ 40,582,889	
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.					577,107,255
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					4,469,235
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(155,969,805)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					(750,992)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.					3,927,636
Net assets of governmental activities					$ 573,733,251

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, 2009

	General Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 97,550,961	$ -	$ 26,092,253	$ 368,962	$ 124,012,176
Licenses and permits	1,526,910	-	-	252,622	1,779,532
Intergovernmental	2,770,133	-	-	3,929,269	6,699,402
Charges for services	12,712,989	-	10,200	3,762,983	16,486,172
Fines and forfeitures	4,467,777	-	-	1,429,384	5,897,161
Investment income	343,068	16,458	154,109	408,757	922,392
Contributions	80,886	-	-	45,000	125,886
Miscellaneous	1,284,698	-	1,013,515	54,852	2,353,065
Total revenues	120,737,422	16,458	27,270,077	10,251,829	158,275,786
Expenditures:					
Current:					
General government	15,955,043	-	-	25,216	15,980,259
Judicial	14,335,210	-	-	664,622	14,999,832
Public safety	61,564,000	-	-	3,136,470	64,700,470
Public works	11,648,255	-	-	-	11,648,255
Health and welfare	6,077,107	-	-	-	6,077,107
Culture and recreation	7,947,472	-	-	-	7,947,472
Housing and development	4,733,751	-	-	182,030	4,915,781
Intergovernmental	-	-	25,896,678	-	25,896,678
Capital outlay	-	-	12,177,678	19,159,406	31,337,084
Debt service:					
Principal retirement	-	31,772,244	-	-	31,772,244
Interest and fiscal charges	-	3,283,190	-	-	3,283,190
Issuance costs	-	-	757,501	-	757,501
Total expenditures	122,260,838	35,055,434	38,831,857	23,167,744	219,315,873
Deficiency of revenues under expenditures	(1,523,416)	(35,038,976)	(11,561,780)	(12,915,915)	(61,040,087)

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):					
Issuance of general obligation bonds	$ -	$ -	$ 87,240,000	$ -	$ 87,240,000
Premium on the issuance of bonds	-	-	3,753,281	-	3,753,281
Transfers in	594,475	26,547,724	-	4,509,494	31,651,693
Transfers out	(8,033,436)	(851,107)	(17,148,049)	(5,619,101)	(31,651,693)
Proceeds from sale of capital assets	24,578	-	-	37,099	61,677
Total other financing sources (uses)	(7,414,383)	25,696,617	73,845,232	(1,072,508)	91,054,958
Net change in fund balances	(8,937,799)	(9,342,359)	62,283,452	(13,988,423)	30,014,871
Fund balances, beginning of year	51,776,801	9,828,838	5,339,042	47,990,370	114,935,051
Fund balances, end of year	$ 42,839,002	$ 486,479	$ 67,622,494	$ 34,001,947	$ 144,949,922

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, 2009

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

Net change in fund balances - total governmental funds	$	30,014,871
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.		14,537,362
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		10,076,366
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,716,592
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.		(58,038,036)
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.		(528,582)
	$	(2,221,427)

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, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 72,316,429	$ 73,794,129	$ 73,515,637	$ (278,492)
Sales tax	20,769,378	16,745,198	17,031,268	286,070
Other taxes	6,989,835	7,028,983	7,004,056	(24,927)
Licenses and permits	2,574,806	1,528,686	1,526,910	(1,776)
Intergovernmental	1,681,150	2,761,287	2,770,133	8,846
Charges for services	11,211,766	12,689,675	12,712,989	23,314
Fines and forfeitures	4,404,142	4,468,899	4,467,777	(1,122)
Investment income	2,207,749	343,749	343,068	(681)
Contributions	-	80,906	80,886	(20)
Miscellaneous	793,900	1,936,885	1,284,698	(652,187)
Total revenues	122,949,155	121,378,397	120,737,422	(640,975)
Expenditures:				
General government:				
Director of administration and finance	183,466	171,275	169,635	1,640
Board of commissioners	1,352,325	1,377,156	1,371,874	5,282
County manager	461,389	423,713	421,213	2,500
Support services	51,858	57,072	56,652	420
County attorney	430,395	364,055	363,520	535
Tax commissioner	1,890,392	1,985,591	1,973,920	11,671
Finance	1,103,120	1,038,075	1,027,034	11,041
Information systems	2,371,058	2,591,330	2,583,924	7,406
Human resources	680,042	664,369	660,224	4,145
Risk management	995,447	1,087,569	1,083,876	3,693
Budget	184,543	189,241	186,737	2,504
Purchasing	368,081	301,208	284,004	17,204
Tax assessor	1,870,821	1,928,320	1,917,672	10,648
Elections	1,007,195	1,221,823	1,207,099	14,724
Public buildings	2,214,670	2,671,481	2,647,659	23,822
Other - unclassified	11,005,764	125,000	-	125,000
Total general government	26,170,566	16,197,278	15,955,043	242,235

(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, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 348,212	$ 488,661	$ 478,133	$ 10,528
Clerk of superior court	1,857,362	1,745,449	1,731,593	13,856
Court reporter	358,839	259,330	245,228	14,102
Jury/bailiff	207,000	193,894	192,384	1,510
District attorney	1,363,243	1,453,891	1,437,207	16,684
Public defender	932,163	992,054	983,372	8,682
Juvenile court	1,762,254	1,838,478	1,816,903	21,575
Community outreach	266,133	237,007	228,485	8,522
State court	1,653,391	2,041,300	2,036,371	4,929
State court solicitor	1,869,814	2,045,963	2,032,381	13,582
Clerk of state court	1,128,429	1,279,010	1,271,242	7,768
Magistrate court	909,163	950,163	940,984	9,179
Probate court	776,357	822,317	806,877	15,440
Probate resource court	162,782	127,022	119,208	7,814
Criminal justice liaison	-	7,500	14,842	(7,342)
Total judicial	13,595,142	14,482,039	14,335,210	146,829
Public safety:				
Police	2,195,011	2,439,087	2,377,016	62,071
Criminal investigation division	2,184,751	2,679,361	2,658,521	20,840
Narcotics	1,024,844	1,105,119	1,092,321	12,798
Support service	1,243,218	1,270,454	1,256,926	13,528
Uniform patrol division	10,266,736	11,673,184	11,586,139	87,045
Fire	19,696,729	20,715,099	20,552,930	162,169
E911 / Emergency management	881,263	923,031	909,944	13,087
Sheriff	7,488,368	7,849,216	7,752,692	96,524
Jail	10,482,416	11,690,969	11,590,879	100,090
Early release	405,758	408,251	398,193	10,058
Coroner	145,537	160,122	149,872	10,250
Code enforcement	501,833	500,120	486,977	13,143
Animal control	733,981	774,471	751,590	22,881
Total public safety	57,250,445	62,188,484	61,564,000	624,484

(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, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
Director of public works	$ 184,887	$ 159,494	$ 157,746	$ 1,748
DOT	3,460,659	4,080,925	3,971,837	109,088
Construction and roads	1,945,228	2,629,920	2,580,623	49,297
Scraping and hauling	4,041,895	3,868,711	3,768,634	100,077
Waste management	24,441	52,079	49,481	2,598
Maintenance shop	1,234,681	1,205,610	1,119,934	85,676
Total public works	10,891,791	11,996,739	11,648,255	348,484
Health and welfare:				
General health	923,330	912,330	902,579	9,751
Department of family and children services	275,858	275,876	275,875	1
Family connection	134,586	142,603	140,275	2,328
Life management solutions	120,064	125,750	124,076	1,674
Transit system	1,199,281	1,528,670	1,494,423	34,247
Senior services	2,844,076	3,113,381	3,076,320	37,061
Human services	95,539	64,869	63,559	1,310
Total health and welfare	5,592,734	6,163,479	6,077,107	86,372
Culture and recreation:				
Recreation	5,279,920	5,878,230	5,797,568	80,662
Libraries	2,149,904	2,149,904	2,149,904	-
Total culture and recreation	7,429,824	8,028,134	7,947,472	80,662
Housing and development:				
Director of human and community services	197,119	240,820	237,275	3,545
Conservation	239,283	288,143	284,695	3,448
Conservation - NRCS	51,465	52,139	51,583	556
Building department	2,613,899	2,350,353	2,318,807	31,546
Planning and zoning	959,298	798,922	739,751	59,171

(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, 2009

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Housing and development: (continued)				
GIS mapping	$ 331,833	$ 336,372	$ 331,186	$ 5,186
Development plan review	195,148	336,015	328,297	7,718
Transportation development	115,734	104,918	101,434	3,484
Economic development authority	351,474	351,474	340,723	10,751
Total housing and development	5,055,253	4,859,156	4,733,751	125,405
Total expenditures	125,985,755	123,915,309	122,260,838	1,654,471
Deficiency of revenues under expenditures	(3,036,600)	(2,536,912)	(1,523,416)	1,013,496
Other financing sources (uses):				
Transfers in	609,361	594,477	594,475	(2)
Transfers out	(6,662,046)	(7,945,119)	(8,033,436)	(88,317)
Proceeds from sale of capital assets	150,000	150,000	24,578	(125,422)
Total other financing sources (uses)	(5,902,685)	(7,200,642)	(7,414,383)	(213,741)
Net change in fund balances	(8,939,285)	(9,737,554)	(8,937,799)	799,755
Fund balances, beginning of year	51,776,801	51,776,801	51,776,801	-
Fund balances, end of year	$ 42,837,516	$ 42,039,247	$ 42,839,002	$ 799,755

The accompanying notes are an integral part of these financial statements

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Major Enterprise Fund Stormwater Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 2,126,730
Accounts receivable, net of allowances	322,427
Total current assets	2,449,157
NONCURRENT ASSETS	
Capital assets, depreciable, net of accumulated depreciation	454,613
Total noncurrent assets	454,613
Total assets	$ 2,903,770
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 38,091
Accrued liabilities	53,612
Due to other funds	1,005,513
Total current liabilities	1,097,216
Total liabilities	1,097,216
NET ASSETS	
Invested in capital assets	454,613
Unrestricted	1,351,941
Total net assets	$ 1,806,554

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

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HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Major Enterprise Fund Stormwater Fund
Operating revenues:	
Charges for services:	
Stormwater fees	$ 2,855,662
Total operating revenues	2,855,662
Operating expenses:	
Salaries and benefits	1,177,206
Purchased/contracted services	486,378
Supplies and materials	126,896
Depreciation	109,458
Total operating expenses	1,899,938
Operating income	955,724
Nonoperating revenues:	
Investment income	12,445
Total nonoperating revenues	12,445
Change in net assets	968,169
Net assets, beginning of year	838,385
Net assets, end of year	$ 1,806,554

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

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2009

	Major Enterprise Fund Stormwater Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,809,364
Payments to suppliers and service providers	(585,703)
Payments to employees	(1,167,469)
Payments for interfund services used	(574,160)
Net cash provided by operating activities	482,032
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(113,919)
Net cash used in capital and related financing activities	(113,919)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	12,445
Net cash provided by investing activities	12,445
Net increase in cash and cash equivalents	380,558
Cash and cash equivalents:	
Beginning of year	1,746,172
End of year	$ 2,126,730

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2009

	Major Enterprise Fund Stormwater Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 955,724
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	109,458
Increase in accounts receivable	(46,298)
Decrease in due from other funds	5,303
Increase in accounts payable	22,268
Increase in accrued liabilities	9,737
Decrease in due to other funds	(574,160)
Net cash provided by operating activities	$ 482,032

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

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 5,979,183
Taxes receivable	13,649,521
Total assets	$ 19,628,704
LIABILITIES	
Due to component unit	$ 89,912
Due to others	19,538,792
Total liabilities	$ 19,628,704

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

BASIC FINANCIAL STATEMENTS

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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 ***2008 SPLOST Fund*** is used to account for the revenues and expenditures relating to the 2008 one percent Special Purpose Local Option Sales Tax.

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

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. Prepaid items are recorded as expenditures when consumed rather than when purchased.

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. Shortly after year end, the County implemented a new policy and will no longer pay out sick leave to retirees. The accumulated sick leave will be added to the employee's years of service when determining their retirement payout. As of the fiscal year ending June 30, 2009, the policy was still in place to pay out sick leave. Therefore, this liability is still shown on the current year's financial statements. 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 $155,969,805 difference are as follows:

Capital leases payable	$	(58,362,818)
General obligation bonds payable		(87,240,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		842,594
Plus: Issuance premium (to be amortized against interest expense)		(3,574,551)
Compensated absences		(5,829,877)
Landfill postclosure costs		(792,000)
Accrued interest		(1,013,153)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(155,969,805)

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 $14,537,362 difference are as follows:

Capital outlay	$ 32,267,627
Depreciation expense	(17,730,265)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 14,537,362

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 $10,076,366 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.	$	10,132,513
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.		(56,147)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets of governmental activities*	$	10,076,366

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 $58,038,036 difference are as follows:

Debt incurred:	
Bonds payable	$ (90,993,281)
Deferred charge for issuance costs	757,501
Principal repayments:	
Capital leases	16,126,096
Bonds payable	15,646,148
Landfill postclosure costs	425,500
Net adjustment to decrease net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities*	$ (58,038,036)

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 $528,582 difference are as follows:

Compensated absences	$	(282,048)
Amortization of issuance costs		(79,819)
Amortization of premium on general obligation bonds		370,924
Accrued interest		(671,984)
Net pension obligation		885,337
Net post employment benefit obligation		(750,992)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	(528,582)

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, 2009, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Criminal justice liaison	$ 7,342

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, 2009 are summarized as follows:

Balances per statement of net assets:		
Cash - Primary government	$	54,178,256
Cash - Health Department		924,531
Cash - Development Authority		74,867
Cash - Library System		769,455
Cash - Water & Sewerage Authority		535,075
Investments - Primary government		102,071,516
Investments - Development Authority		280,000
Investments - Library System		28,512
Restricted assets:		
Cash - Primary government		3,837,982
Cash - Water & Sewerage Authority		30,014,255
Investments - Water & Sewerage Authority		27,582,970
Balances per statement of fiduciary net assets:		
Cash - Agency funds		5,979,183
	$	226,276,602
Cash deposited with financial institutions	$	96,793,660
Cash deposited with Georgia Fund 1		122,698,540
Federal Home Loan Bank Agency Coupons		6,784,402
	$	226,276,602

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 bankers' 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, 2009, 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, 2009, the County had the following investment:

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	41 day weighted average	$ 101,871,460
Certificates of Deposit	13.00 months	200,056
		$ 102,071,516
Component units:		
Georgia Fund 1	41 day weighted average	$ 20,827,080
Certificates of Deposit	14.25 month weighted average	280,000
Federal Home Loan Bank Agency Coupon	September 10, 2010	6,784,402
		$ 27,891,482

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, 2009, all of the deposits of the County, Development Authority, Health Department, Library System, and Water and Sewerage Authority 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.

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, 2009 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	2008 SPLOST Fund	Stormwater Enterprise Fund	Nonmajor Governmental Funds	Total
Receivables:					
Taxes	$ 5,254,709	$ -	$ -	$ 32,237	$ 5,286,946
Accounts	8,560,285	-	403,033	700,840	9,664,158
Other	2,664,188	3,174,845	-	2,787,635	8,626,668
Gross receivables	16,479,182	3,174,845	403,033	3,520,712	23,577,772
Less allowance for uncollectibles	3,777,709	-	80,606	191,676	4,049,991
Net total receivables	$ 12,701,473	$ 3,174,845	$ 322,427	$ 3,329,036	$ 19,527,781

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2009 of $6,095,027, which is net of an allowance for uncollectibles of $721,365.

Property taxes attached as an enforceable lien on property as of November 18, 2008. Property taxes were levied on September 3, 2008, billed on September 17, 2008, and payable on or before November 17, 2008. The County bills and collects its own property taxes. Property taxes levied for 2008 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, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 70,884,672	$ 990,000	$ -	$ 7,665,940	$ 79,540,612
Construction in progress	120,278,294	28,202,343	(24,085)	(66,287,315)	82,169,237
Total	191,162,966	29,192,343	(24,085)	(58,621,375)	161,709,849
Capital assets, being depreciated:					
Buildings and improvements	79,572,575	362,351	-	29,986,666	109,921,592
Machinery and equipment	54,137,889	2,712,933	(297,727)	397,022	56,950,117
Infrastructure	429,434,867	10,132,513	-	28,237,687	467,805,067
Total	563,145,331	13,207,797	(297,727)	58,621,375	634,676,776
Less accumulated depreciation for:					
Buildings and improvements	(17,797,089)	(2,249,148)	-	-	(20,046,237)
Machinery and equipment	(34,795,503)	(4,851,277)	265,665	-	(39,381,115)
Infrastructure	(149,222,178)	(10,629,840)	-	-	(159,852,018)
Total	(201,814,770)	(17,730,265)	265,665	-	(219,279,370)
Total capital assets, being depreciated, net	361,330,561	(4,522,468)	(32,062)	58,621,375	415,397,406
Governmental activities capital assets, net	$ 552,493,527	$ 24,669,875	$ (56,147)	$ -	$ 577,107,255

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	$ 636,557	$ 113,919	$ -	$ -	$ 750,476
Total	636,557	113,919	-	-	750,476
Less accumulated depreciation for:					
Machinery and equipment	(186,405)	(109,458)	-	-	(295,863)
Total	(186,405)	(109,458)	-	-	(295,863)
Business-type activities capital assets, net	$ 450,152	$ 4,461	$ -	$ -	$ 454,613

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	$	1,652,446
Judicial		199,761
Public safety		3,457,506
Public works		11,317,529
Health and welfare		179,361
Culture and recreation		888,921
Housing and development		34,741
Total depreciation expense - governmental activities	$	17,730,265
Business-type activities:		
Stormwater	$	109,458
Total depreciation expense - business-type activities	$	109,458

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Health Department

Capital asset activity for the Health Department for the year ended June 30, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 126,752	$ -	$ -	$ 126,752
Less accumulated depreciation for:				
Machinery and equipment	(106,896)	(5,891)	-	(112,787)
Total capital assets, net	$ 19,856	$ (5,891)	$ -	$ 13,965

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, 2009 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	518,496	-	(508,245)	10,251
Capital assets, being depreciated:				
Buildings and improvements	85,395	1,377,362	-	1,462,757
Equipment	27,882	258,688	-	286,570
Books and materials	3,502,858	259,772	(25,880)	3,736,750
Total	3,616,135	1,895,822	(25,880)	5,486,077
Less accumulated depreciation for:				
Buildings and improvements	(80,067)	(9,012)	-	(89,079)
Equipment	(10,940)	(7,066)	-	(18,006)
Books and materials	(2,074,375)	(225,677)	25,880	(2,274,172)
Total	(2,165,382)	(241,755)	25,880	(2,381,257)
Total capital assets, being depreciated, net	1,450,753	1,654,067	-	3,104,820
Total capital assets, net	$ 1,969,249	$ 1,654,067	$ (508,245)	$ 3,115,071

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, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 35,111,139	$ 60,779	$ -	$ -	$ 35,171,918
Construction in progress	36,736,170	31,490,583	-	(28,356,273)	39,870,480
Total	71,847,309	31,551,362	-	(28,356,273)	75,042,398
Capital assets, being depreciated:					
Buildings	7,244,877	1,881	-	-	7,246,758
Improvements other than buildings	530,228,861	3,530,270	-	28,246,218	562,005,349
Machinery and equipment	6,851,226	273,014	(44,139)	5,595	7,085,696
Vehicles	3,446,006	-	(20,423)	104,460	3,530,043
Total	547,770,970	3,805,165	(64,562)	28,356,273	579,867,846
Less accumulated depreciation for:					
Buildings	(2,748,508)	(395,536)	-	-	(3,144,044)
Improvements other than buildings	(143,651,080)	(24,352,679)	-	-	(168,003,759)
Machinery and equipment	(5,588,070)	(596,832)	44,098	-	(6,140,804)
Vehicles	(3,074,164)	(253,100)	20,423	-	(3,306,841)
Total	(155,061,822)	(25,598,147)	64,521	-	(180,595,448)
Total capital assets, being depreciated, net	392,709,148	(21,792,982)	(41)	28,356,273	399,272,398
Total capital assets, net	$ 464,556,457	$ 9,758,380	$ (41)	$ -	$ 474,314,796

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, 2009, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	2.00%-5.00%	2011	$ 1,405,000
Water and Sewerage Authority	5.00%	2012	5,100,000
Water and Sewerage Authority	3.75%-6.15%	2020	12,545,000
Water and Sewerage Authority	4.90%-6.00%	2020	10,080,000
Water and Sewerage Authority	4.24%	2026	33,420,000
Water and Sewerage Authority	2.00%-5.38%	2030	43,780,000
Water and Sewerage Authority	3.00%-5.25%	2030	48,820,000
			155,150,000
	Plus unamortized premiums		6,639,086
	Less unamortized discounts		(157,023)
	Less unamortized deferred charges - refunding		(6,570,438)
			$ 155,061,625

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
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	5,410,000	6,825,902
2015-2019	31,275,000	26,770,042
2020-2024	38,325,000	14,852,971
2025-2029	48,910,000	9,868,877
2030	11,420,000	589,676
Total	$ 155,150,000	$ 88,672,088

The Development Authority's revenue bonds outstanding as of June 30, 2009, 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, 2009, are as follows:

Fiscal year ending June 30,	Principal	Interest
2010	$ -	$ 465,128
2011	-	465,128
2012	-	465,128
2013	-	465,128
2014	-	465,128
2015-2019	2,060,314	2,175,370
2020-2024	3,202,402	1,639,266
2025-2029	3,988,834	958,613
2030-2033	2,934,450	180,787
Total	$ 12,186,000	$ 7,279,676

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 $2,584, 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, 2009, consisted of the following:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various construction projects within the County	3.00% - 3.662%	6 years	2015	$ 19,950,000	$ 19,950,000
Various construction projects within the County	4.00% - 4.385%	6 years	2015	$ 67,290,000	67,290,000
			Plus unamortized premium		3,574,551
					$ 90,814,551

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

General Obligation Bonds:

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

Fiscal year ending June 30,	Principal	Interest
2010	$ -	$ 2,496,189
2011	15,755,000	2,823,688
2012	16,955,000	2,180,888
2013	17,645,000	1,562,350
2014	18,190,000	1,039,681
2015	18,695,000	394,538
Total	$ 87,240,000	$ 10,497,334

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 are two construction lines of credit agreements for $36,900,000, of which $25,126,358 had been drawn as of June 30, 2009. These notes are as follows at June 30, 2009:

Interest Rate	Term	Due Date	Amount
3.70%	20 years	2021	$ 10,749,637
3.49%	20 years	2022	15,199,727
3.00%	20 years	2026	36,447,125
3.00%	20 years	2027	24,107,576
3.00%	20 years	2028	15,697,821
3.00%	20 years	2030	9,428,575
			$ 111,630,461

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

Fiscal year ending June 30,	Principal	Interest
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	4,767,161	2,106,120
2015-2019	26,287,886	8,078,520
2020-2024	24,478,629	3,730,939
2025-2028	13,368,102	687,409
Total	$ 86,504,103	$ 24,493,787

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

Other Long-Term Debt:

The above debt service requirements to maturity table does not include provision for the construction lines of credit agreements for $36,900,000, of which $25,126,358 has been drawn as of June 30, 2009. This note payable is in the draw down phase as of June 30, 2009, and repayment will be determined when construction is complete and all draws have been made.

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, 2009:

Land	$	32,696,901
Construction in progress		18,325,000
Buildings and improvements		15,246,010
Equipment		8,099,174
	$	74,367,085

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

Capital Leases:

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, 2009:

Fiscal year ending June 30,		
2010	$	8,002,057
2011		8,224,441
2012		7,131,066
2013		7,113,772
2014		5,990,761
2015-2019		19,843,954
2020-2024		10,973,566
2025-2029		4,947,446
2030-2033		3,115,237
Total minimum lease payments		75,342,300
Less amount representing interest		16,979,482
Present value of future minimum lease payments	$	58,362,818

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, 2009:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 15,646,148	$ 87,240,000	$ 15,646,148	$ 87,240,000	$ -
Plus unamortized premium	192,194	3,753,281	370,924	3,574,551	-
General obligation bonds, net	15,838,342	90,993,281	16,017,072	90,814,551	-
Capital lease obligations	74,488,914	-	16,126,096	58,362,818	5,647,013
Landfill postclosure costs	1,217,500	-	425,500	792,000	50,000
Other post employment benefits	-	1,235,768	484,776	750,992	-
Compensated absences	5,547,829	4,736,105	4,454,057	5,829,877	3,650,000
	$ 97,092,585	$ 96,965,154	$ 37,507,501	$ 156,550,238	$ 9,347,013

For governmental activities, landfill postclosure costs, other post employment benefit obligations, 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, 2009:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 22,186,000	$ -	$ 10,000,000	$ 12,186,000	$ -
	$ 22,186,000	$ -	$ 10,000,000	$ 12,186,000	$ -

The following is a summary of long-term debt activity of the Water and Sewerage Authority for the year ended June 30, 2009:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 159,675,000	$ -	$ 4,525,000	$ 155,150,000	$ 4,730,000
Plus unamortized premiums	7,008,405	-	369,319	6,639,086	-
Less unamortized discounts	(171,860)	-	(14,837)	(157,023)	-
Less unamortized deferred charges	(7,126,928)	-	(556,490)	(6,570,438)	-
Revenue bonds, net	159,384,617	-	4,322,992	155,061,625	4,730,000
Notes payable	96,805,241	18,883,468	4,058,248	111,630,461	4,618,427
OPEB liability	-	1,292,062	64,106	1,227,956	-
Compensated absences	719,289	674,812	582,478	811,623	611,602
	$ 256,909,147	$ 20,850,342	$ 9,027,824	$ 268,731,665	$ 9,960,029

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, 2009, amounted to $10,910. Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30, 2010	$ 11,000

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

	Payable Fund				
Receivable Fund	General Fund	2008 SPLOST Fund	Stormwater Enterprise Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ 15,462	$ 1,005,513	$ 3,371,071	$ 4,392,046
Nonmajor governmental funds	114,069	825	-	771,875	886,769
Total	$ 114,069	$ 16,287	$ 1,005,513	$ 4,142,946	$ 5,278,815

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	Debt Service Fund	2008 SPLOST Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ -	$ -	$ 594,475	$ 594,475
Debt Service Fund	5,618,218	-	17,148,049	3,781,457	26,547,724
Nonmajor governmental funds	2,415,218	851,107	-	1,243,169	4,509,494
Total	$ 8,033,436	$ 851,107	$ 17,148,049	$ 5,619,101	$ 31,651,693

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:

	2009	2008
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 5,169,027	$ 4,329,299
Interest on Net Pension Obligation	(262,366)	(189,412)
Amortization of Net Pension Obligation	279,181	199,829
Annual Pension Cost	$ 5,185,842	$ 4,339,716
Derivation of Net Pension Obligation		
Annual Pension Cost for Fiscal Year 2009		$ 5,185,842
Actual Contributions to Plan for Fiscal Year 2009		6,071,179
Increase (Decrease) in Net Pension Obligation		(885,337)
Net Pension Obligation (Asset) as of June 30, 2008		(3,042,299)
Net Pension Obligation (Asset) as of June 30, 2009		$ (3,927,636)
Basis of Valuation		
Current Valuation Date		January 1, 2009
Annual Return on Invested Plan Assets		7.8%
Projected Annual Salary Increases		4.0% - 6.5%
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)
7/1/08	$ 5,185,842	$ 6,071,179	117 %	$ (3,927,636)
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)

As of the most recent valuation date, January 1, 2009, 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	Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2008	$ 54,519,023	$ 84,872,183	$ 30,353,160	64.2 %	$ 63,686,385	47.7 %

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.

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water and Sewerage Authority – Component Unit (Continued)

Annual Pension Cost

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, 2009, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2009 are as follows:

	2009	2008
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 1,204,407	$ 1,035,363
Interest on Net Pension Obligation	(187,378)	(145,893)
Amortization of Net Pension Obligation	199,247	153,912
Annual Pension Cost	$ 1,216,276	$ 1,043,382

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2009	$ 1,216,547
Actual Contributions to Plan for Fiscal Year 2009	1,789,604
Increase (Decrease) in Net Pension Obligation	(573,057)
Net Pension Obligation (Asset) as of June 30, 2008	(2,549,495)
Net Pension Obligation (Asset) as of June 30, 2009	$ (3,122,552)

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water and Sewerage Authority – Component Unit (Continued)

Annual Pension Cost

Basis of Valuation	
Current Valuation Date	January 1, 2009
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0% - 6.5%
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)
7/1/09	$ 1,216,547	$ 1,789,604	147 %	$ (3,122,552)
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)

As of the most recent valuation date, January 1, 2009, 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
12/31/2008	$ 8,697,588	$ 14,612,339	$ 5,914,751	59.5 %	$ 10,144,460	58.3 %

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

Primary Government

General

In accordance with GASB 45 requirements, the County is required to attribute the cost of postretirement health care benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a postretirement health care benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the County for the year ended June 30, 2009.

Plan Description

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, 2009, there were 75 retired employees receiving health care benefits. For the year ended June 30, 2009, the County paid $387,821 for these benefits, which was net of $96,955 of retiree contributions.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Contributions

The County contributed $484,766 to the OPEB Health Care Plan in fiscal year 2009. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Board of Commissioners. The Board of Commissioners established and may amend the funding policy for the OPEB Health Care Plan.

Schedule of Employer Costs and Contributions

Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
7/1/09	$ 1,235,768	$ 484,776	39 %	$ 750,992

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

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
07/01/08	$ -	$ 10,496,736	$ 10,496,736	- %	$ 51,035,000	20.6 %

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at January 1, 2008. The assumptions used in the January 1, 2008 actuarial valuation are as follows:

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NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	7.5%
Medical Cost Trend Rate	8%-5%
Year of Ultimate Medical Cost Trend Rate	2009
Amortization Method	Level Percent of Pay (Open)
Remaining Amortization Period	30 years
Payroll Inflation Rate	4.5%

Water and Sewerage Authority – Component Unit

Plan Description

The Henry County Water & Sewerage Authority Postretirement Benefit Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care plan, or other post employment benefit (OPEB) plan. The OPEB plan is based upon the policy that is contained in the Henry County Water & Sewerage Authority Employee handbook which outlines the eligibility, cost to participants, and other administrative matters. The policy is maintained at the discretion of the Authority.

General

The following brief description of the OPEB plan terms is provided for general information purposes only.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

Retirement Options/Benefit Provisions

The Authority offers medical (including Rx) coverage to eligible retirees and their spouses. The benefits are the same as those offered to active employees. For retirees who are not Medicare eligible, the medical benefits are provided through an HMO or Multi-Choice plan. The Authority pays a portion of the retiree and dependent premiums for medical coverage. Once retirees become Medicare eligible, the medical benefits are provided through a Medicare supplemental plan. The Authority pays the entire premium for the retiree. The retiree must pay the entire premium for dependent coverage. The retiree is responsible for purchasing Medicare Part A & B coverage. The Authority offers dental coverage to eligible retirees and their spouses. The Authority pays the dental insurance premium for the retiree. The retiree must pay the entire premium for dependent coverage. The Authority offers vision coverage to eligible retirees. The retiree must pay the entire premium for coverage.

Eligibility

Eligible participants for Other Post-Employment Benefits include retirees who retire from active service after age 55 and completion of 10 years of service. Additionally, the employee's years of service plus age must also equal 75 or more.

Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of July 1, 2008.

Active participants	224
Retirees and beneficiaries	7
Total	231

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

Contributions

Henry County Water & Sewerage Authority contributed an actuarially determined amount to the OPEB Plan's trust. The annual required contribution is determined using actuarial methods and assumptions approved by the Retirement Plans Management Committee. It is intended to satisfy the minimum contribution requirements as set forth in GASB Statement 45.

Fiscal Year	Annual OPEB Cost	Actual County Contribution	Percentage of AOPEBC Contributed	Net OPEB Asset End of Year
2009	$ 1,292,062	$ 64,106	5%	$ 1,227,956

The Authority's annual OPEB cost and net OPEB asset for the current year were as follows:

Annual required contribution	$ 1,292,062
Interest from net OPEB obligation	-
Adjustment of net OPEB asset	-
Annual OPEB cost	1,292,062
Actual contributions to the plan	(64,106)
Increase in net OPEB asset	1,227,956
Net OPEB obligation as of July 1, 2008	-
Net OPEB obligation as of Jube 30, 2008	$ 1,227,956

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

OPEB Plan

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2009	$ -	$ 7,134,970	$ 7,134,970	0%	$ 9,980,876	71.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2008. The assumptions used in the July 1, 2008, actuarial valuation as follows:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Discount rate for benefit obligations	6.0%
Heathcare cost trend rates	9.0% graded by .5% per year to an ultimate rate of 5%
Remaining Amortization Period	30 years
Mortality	RP-2000 Combined Healthy Mortality Table, separate for males and females
Plan participation	100% of future eligible retirees are assumed to elect coverage for themselves and their spouses

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, 2009, the County collected $368,962 of hotel/motel taxes. Of this amount, $182,030, or 49.3%, was given to the Chamber. The remaining funds of $186,932, or 50.7%, are kept by the County and used for other activities promoting tourism.

NOTE 14. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) Property and Liability Insurance Fund, and is a member of the Group Self Insurance Workers' Compensation Fund (GSIWCF) for its workers' compensation risks. Both 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 pools' 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 pools' 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.

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.

NOTE 14. RISK MANAGEMENT (CONTINUED)

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, 2009. No provisions have been made in the financial statements for the year ended June 30, 2009, 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, 2009, the County has a remaining 15 years of monitoring. Engineering studies estimate postclosure costs of approximately $792,000 over the 15 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, 2009, the County has contractual commitments on uncompleted contracts of approximately $19,341,388.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of $36,762,451.

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, 2009, the total amount outstanding under these revenue certificates amounted to $50,944,628.

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, 2009, the County paid $190,200 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, 2009 are as follows:

	General Fund	E-911 Fund	Court Fund	2002 SPLOST Fund	Total
Reserved for:					
Encumbrances	$ (263,756)	$ (3,546)	$ -	$ (2,222,042)	$ (2,489,344)
Jail construction	-	-	143,198	-	143,198
Drug abuse treatment	-	-	64,550	-	64,550
Juvenile assistance	-	-	48	-	48
Fire safety	(2,573)	-	-	-	(2,573)
Victim witness program	-	-	(883,783)	-	(883,783)
Prepaids	(582,497)	-	-	-	(582,497)
	$ (848,826)	$ (3,546)	$ (675,987)	$ (2,222,042)	$ (3,750,401)

REQUIRED SUPPLEMENTARY INFORMATION

HENRY COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Primary Government

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2008	$ 54,519,023	$ 84,872,183	$ 30,353,160	64.2 %	$ 63,686,385	47.7 %
12/31/2007	48,027,391	71,113,714	23,086,323	67.5	55,405,151	41.7
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

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
12/31/2008	$ 8,697,588	$ 14,612,339	$ 5,914,751	59.5 %	$ 10,144,460	58.3 %
12/31/2007	6,818,481	12,134,018	5,315,537	56.2	8,955,377	59.4
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

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

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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

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.

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

Capital Assets Fund – This fund is used to account for the financial resources to be used to purchase or construct major capital facilities other than those accounted for in specific funds.

Lease Purchase Fund – This fund is used to account for the revenues and expenditures relating to the proceeds from capital leases.

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, 2009

	Special Revenue						
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**	**Neighborhood Stabalization Fund**
Cash and cash equivalents	$ 1,660,550	$ 49,598	$ 5,609,485	$ 184,799	$ 1,787,493	$ 57,576	$ -
Investments	-	-	-	200,057	-	-	-
Accounts receivable	-	32,237	401,345	-	-	-	-
Due from other governments	-	-	-	-	21,100	-	25,216
Due from other funds	-	-	22,519	-	-	-	-
Restricted cash	-	-	-	-	-	-	-
Total assets	$ 1,660,550	$ 81,835	$ 6,033,349	$ 384,856	$ 1,808,593	$ 57,576	$ 25,216
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 128,677	$ 40,412	$ 52,101	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	92,952	-	9,789	-	4,138
Due to other funds	-	41,423	438,401	6,001	-	-	21,078
Total liabilities	128,677	81,835	583,454	6,001	9,789	-	25,216
FUND BALANCES							
Reserved for jail construction	-	-	-	-	190,689	-	-
Reserved for drug abuse treatment	-	-	-	-	1,508,423	-	-
Reserved for juvenile assistance	-	-	-	-	7,395	-	-
Reserved for victim witness program	-	-	-	-	35,579	-	-
Unreserved	1,531,873	-	5,449,895	378,855	56,718	57,576	-
Total fund balances	1,531,873	-	5,449,895	378,855	1,798,804	57,576	-
Total liabilities and fund balances	$ 1,660,550	$ 81,835	$ 6,033,349	$ 384,856	$ 1,808,593	$ 57,576	$ 25,216

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue	Capital Projects					
ASSETS	**Juvenile Assistance Fund**	**Capital Asset Fund**	**1996 SPLOST Fund**	**2002 SPLOST Fund**	**Impact Fees Fund**	**Lease Purchase Fund**	**Total**
Cash and cash equivalents	$ 308,556	$ 4,896,761	$ 830,742	$ 7,444,203	$ 3,147,384	-	$ 25,977,147
Investments	-	1,535,755	-	4,816,143	-	-	6,551,955
Accounts receivable	107,819	-	-	-	-	-	541,401
Due from other governments	-	-	380,332	2,360,987	-	-	2,787,635
Due from other funds	3,230	16,374	-	844,646	-	-	886,769
Restricted Cash	-	90,785	-	-	-	3,747,197	3,837,982
Total assets	$ 419,605	$ 6,539,675	$ 1,211,074	$ 15,465,979	$ 3,147,384	$ 3,747,197	$ 40,582,889
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 1,173,792	$ 38,357	$ 880,084	$ -	-	$ 2,313,423
Accrued liabilities	-	10,961	-	6,733	-	-	124,573
Due to other funds	710	1,772,066	-	565	535,114	1,327,588	4,142,946
Total liabilities	710	2,956,819	38,357	887,382	535,114	1,327,588	6,580,942
FUND BALANCES							
Reserved for jail construction	-	-	-	-	-	-	190,689
Reserved for drug abuse treatment	-	-	-	-	-	-	1,508,423
Reserved for juvenile assistance	-	-	-	-	-	-	7,395
Reserved for victim witness program	-	-	-	-	-	-	35,579
Unreserved	418,895	3,582,856	1,172,717	14,578,597	2,612,270	2,419,609	32,259,861
Total fund balances	418,895	3,582,856	1,172,717	14,578,597	2,612,270	2,419,609	34,001,947
Total liabilities and fund balances	$ 419,605	$ 6,539,675	$ 1,211,074	$ 15,465,979	$ 3,147,384	3,747,197	$ 40,582,889

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue						
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund	Neighborhood Stabalization Fund
Revenues							
Taxes	$ -	$ 368,962	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	25,216
Charges for services	-	-	3,755,683	-	-	-	-
Fines and forfeitures	288,168	-	-	161,151	834,729	114,283	-
Investment income	11,501	430	29,565	2,111	16,369	239	-
Contributions	-	-	-	-	-	-	-
Miscellaneous	7,494	-	-	-	-	-	-
Total revenues	307,163	369,392	3,785,248	163,262	851,098	114,522	25,216
Expenditures							
Current:							
General government	-	-	-	-	-	-	25,216
Judicial	-	-	-	164,603	359,713	93,203	-
Public safety	619,070	-	2,517,400	-	-	-	-
Housing and development	-	182,030	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	619,070	182,030	2,517,400	164,603	359,713	93,203	25,216
Excess (deficiency) of revenues over (under) expenditures	(311,907)	187,362	1,267,848	(1,341)	491,385	21,319	-
Other financing sources (uses)							
Transfers in	89,825	-	-	-	-	-	-
Transfers out	-	(187,362)	(161,474)	-	(422,327)	-	-
Proceeds from sale of capital assets	37,099	-	-	-	-	-	-
Total other financing sources (uses)	126,924	(187,362)	(161,474)	-	(422,327)	-	-
Net change in fund balances	(184,983)	-	1,106,374	(1,341)	69,058	21,319	-
Fund balances, beginning of year	1,716,856	-	4,343,521	380,196	1,729,746	36,257	-
Fund balances, end of year	$ 1,531,873	$ -	$ 5,449,895	$ 378,855	$ 1,798,804	$ 57,576	$ -

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue	Capital Projects					
	Juvenile Assistance Fund	Capital Asset Fund	1996 SPLOST Fund	2002 SPLOST Fund	Impact Fees Fund	Lease Purchase Fund	Total
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ -	-	$ 368,962
Licenses and permits	-	-	-	-	252,622	-	252,622
Intergovernmental	-	-	467,897	3,436,156	-	-	3,929,269
Charges for services	-	-	-	7,300	-	-	3,762,983
Fines and forfeitures	31,053	-	-	-	-	-	1,429,384
Investment income	2,488	88,967	12,744	195,688	26,764	21,891	408,757
Contributions	-	45,000	-	-	-	-	45,000
Miscellaneous	-	27,930	-	19,428	-	-	54,852
Total revenues	33,541	161,897	480,641	3,658,572	279,386	21,891	10,251,829
Expenditures							
Current:							
General government	-	-	-	-	-	-	25,216
Judicial	47,103	-	-	-	-	-	664,622
Public safety	-	-	-	-	-	-	3,136,470
Housing and development	-	-	-	-	-	-	182,030
Capital outlay	-	7,971,904	860,510	8,595,494	-	1,731,498	19,159,406
Total expenditures	47,103	7,971,904	860,510	8,595,494	-	1,731,498	23,167,744
Excess (deficiency) of revenues over (under) expenditures	(13,562)	(7,810,007)	(379,869)	(4,936,922)	279,386	(1,709,607)	(12,915,915)
Other financing sources (uses)							
Transfers in	-	2,825,809	-	1,593,860	-	-	4,509,494
Transfers out	-	(1,782,135)	(767,552)	-	(2,197,977)	(100,274)	(5,619,101)
Proceeds from sale of capital assets	-	-	-	-	-	-	37,099
Total other financing sources (uses)	-	1,043,674	(767,552)	1,593,860	(2,197,977)	(100,274)	(1,072,508)
Net change in fund balances	(13,562)	(6,766,333)	(1,147,421)	(3,343,062)	(1,918,591)	(1,809,881)	(13,988,423)
Fund balances, beginning of year	432,457	10,349,189	2,320,138	17,921,659	4,530,861	4,229,490	47,990,370
Fund balances, end of year	$ 418,895	$ 3,582,856	$ 1,172,717	$ 14,578,597	$ 2,612,270	2,419,609	$ 34,001,947

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, 2009

	Confiscated Assets Fund			Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 368,962	$ 368,962	$ -
Charges for services	-	-	-	-	-	-
Fines and forfeitures	203,426	288,168	84,742	-	-	-
Investment income	5,619	11,501	5,882	430	430	-
Miscellaneous	39,164	7,494	(31,670)	-	-	-
Total revenues	248,209	307,163	58,954	369,392	369,392	-
Expenditures						
Current:						
Genergal government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	356,390	619,070	(262,680)	-	-	-
Housing and development	-	-	-	182,031	182,030	1
Total expenditures	356,390	619,070	(262,680)	182,031	182,030	1
Excess (deficiency) of revenues over (under) expenditures	(108,181)	(311,907)	(203,726)	187,361	187,362	1
Other financing sources (uses)						
Transfers in	89,826	89,825	(1)	-	-	-
Transfers out	-	-	-	(187,361)	(187,362)	(1)
Proceeds from sale of capital assets	18,355	37,099	18,744	-	-	-
Total other financing sources (uses)	108,181	126,924	18,743	(187,361)	(187,362)	(1)
Net change in fund balances	-	(184,983)	(184,983)	-	-	-
Fund balances, beginning of year	1,716,856	1,716,856	-	-	-	-
Fund balances, end of year	$ 1,716,856	$ 1,531,873	$ (184,983)	$ -	$ -	$ -

(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, 2009

	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	3,755,683	3,755,683	-	-	-	-
Fines and forfeitures	-	-	-	163,359	161,151	(2,208)
Investment income	30,079	29,565	(514)	2,111	2,111	-
Miscellaneous	-	-	-	-	-	-
Total revenues	3,785,762	3,785,248	(514)	165,470	163,262	(2,208)
Expenditures						
Current:						
Genergal government	-	-	-	-	-	-
Judicial	-	-	-	165,470	164,603	867
Public safety	3,627,834	2,517,400	1,110,434	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	3,627,834	2,517,400	1,110,434	165,470	164,603	867
Excess (deficiency) of revenues over (under) expenditures	157,928	1,267,848	1,109,920	-	(1,341)	(1,341)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(161,474)	(161,474)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(161,474)	(161,474)	-	-	-	-
Net change in fund balances	(3,546)	1,106,374	1,109,920	-	(1,341)	(1,341)
Fund balances, beginning of year	4,343,521	4,343,521	-	380,196	380,196	-
Fund balances, end of year	$ 4,339,975	$ 5,449,895	$ 1,109,920	$ 380,196	$ 378,855	$ (1,341)

(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, 2009

	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	834,730	834,729	(1)	100,059	114,283	14,224
Investment income	17,368	16,369	(999)	2,367	239	(2,128)
Miscellaneous	-	-	-	-	-	-
Total revenues	852,098	851,098	(1,000)	102,426	114,522	12,096
Expenditures						
Current:						
Genergal government	-	-	-	-	-	-
Judicial	375,683	359,713	15,970	102,426	93,203	9,223
Public safety	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	375,683	359,713	15,970	102,426	93,203	9,223
Excess (deficiency) of revenues over (under) expenditures	476,415	491,385	14,970	-	21,319	21,319
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(476,415)	(422,327)	54,088	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(476,415)	(422,327)	54,088	-	-	-
Net change in fund balances	-	69,058	69,058	-	21,319	21,319
Fund balances, beginning of year	1,729,746	1,729,746	-	36,257	36,257	-
Fund balances, end of year	$ 1,729,746	$ 1,798,804	$ 69,058	$ 36,257	$ 57,576	$ 21,319

(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, 2009

	Neighborhood Stabalization Fund			Juvenile Assistance Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	25,220	25,216	(4)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	77,548	31,053	(46,495)
Investment income	-	-	-	2,452	2,488	36
Miscellaneous	-	-	-	-	-	-
Total revenues	25,220	25,216	(4)	80,000	33,541	(46,459)
Expenditures						
Current:						
General government	25,220	25,216	(4)			
Judicial	-	-		80,000	47,103	32,897
Public safety	-	-		-	-	-
Housing and development	-	-		-	-	-
Total expenditures	25,220	25,216	(4)	80,000	47,103	32,897
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(13,562)	(13,562)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	(13,562)	(13,562)
Fund balances, beginning of year	-	-	-	432,457	432,457	-
Fund balances, end of year	-	-	-	$ 432,457	$ 418,895	$ (13,562)

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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 16,458	$ 16,458	$ -
Total revenues	16,458	16,458	-
Expenditures			
Debt service:			
Principal	31,689,218	31,772,244	(83,026)
Interest and fiscal charges	3,377,570	3,283,190	94,380
Total expenditures	35,066,788	35,055,434	11,354
Deficiency of revenues under expenditures	(35,050,330)	(35,038,976)	11,354
Other financing sources (uses)			
Transfers in	26,547,800	26,547,724	(76)
Transfers out	(851,107)	(851,107)	-
Total other financing sources (uses)	25,696,693	25,696,617	(76)
Net change in fund balances	(9,353,637)	(9,342,359)	11,278
Fund balance, beginning of year	9,828,838	9,828,838	-
Fund balance, end of year	$ 475,201	$ 486,479	$ 11,278

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1996 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	12,211,176	97,053	12,308,229
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	1,020	3,393,210
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	38,534,882	98,073	38,632,955
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	4,251,500	-	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	11,558,563	1,801	11,560,364
Major construction projects	22,179,400	21,550,000	19,735,625	292,739	20,028,364
Program management	-	1,150,000	1,031,885	-	1,031,885
	34,020,000	41,129,068	39,436,818	294,540	39,731,358
Contingency	-	300,000	62,283	-	62,283
Total	$ 60,000,000	$ 80,196,866	$ 78,033,983	$ 392,613	$ 78,426,596

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	14,271,990	-	14,271,990
Community center(s) for family and youth activities	5,000,000	-	-	-	-
Library facilities	5,700,000	7,997,059	6,590,565	2,502	6,593,067
Animal shelter	1,000,000	1,185,600	1,162,565	-	1,162,565
Fire stations	2,200,000	2,969,000	3,199,861	-	3,199,861
Park and recreational facilities	12,000,000	12,475,000	9,387,180	423,778	9,810,958
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	64,132,444	7,789,057	71,921,501
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	4,476,457	380,157	4,856,614
	$ 140,000,000	$ 140,000,000	$ 122,592,293	$ 8,595,494	$ 131,187,787

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	$ 5,737,500	$ 4,590,000	$ -	$ 5,658	$ 5,658
Social services facilities	2,677,500	2,142,000	-	19,375	19,375
Parking deck	5,625,000	4,500,000	-	360,336	360,336
Library facilities	3,618,750	2,895,000	51,439	102,154	153,593
Civic center and performing arts center	1,250,000	1,000,000	-	-	-
Public safety facilities	10,960,000	8,768,000	-	126,521	126,521
Park and recreational facilities	14,062,500	11,250,000	-	3,724,593	3,724,593
Land acquisition	21,543,750	17,235,000	46,796	17,051,148	17,097,944
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	150,625,000	120,500,000	-	6,907,138	6,907,138
City of Hampton	7,650,000	6,120,000	184,855	3,538,204	3,723,059
City of Locust Grove	7,650,000	6,120,000	184,855	3,831,219	4,016,074
City of McDonough	26,842,500	21,474,000	648,625	9,363,506	10,012,131
City of Stockbridge	32,857,500	26,286,000	793,972	9,163,749	9,957,721
Program management	8,900,000	7,120,000	-	931,903	931,903
	$ 300,000,000	$ 240,000,000	$ 1,910,542	$ 55,125,504	$ 57,036,046

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, 2009

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	State Court	Juvenile Court	Total
Cash and cash equivalents	$ 1,559,484	$ 3,329,124	$ 63,165	$ 73,657	$ 572,399	$ 371,066	$ 10,288	$ 5,979,183
Taxes receivable	13,649,521	-	-	-	-	-	-	13,649,521
Total assets	$ 15,209,005	$ 3,329,124	$ 63,165	$ 73,657	$ 572,399	$ 371,066	$ 10,288	$ 19,628,704
LIABILITIES								
Due to component unit	$ 71,374	$ 18,538	$ -	$ -	$ -	$ -	$ -	$ 89,912
Due to others	15,137,631	3,310,586	63,165	73,657	572,399	371,066	10,288	19,538,792
Total liabilities	$ 15,209,005	$ 3,329,124	$ 63,165	$ 73,657	$ 572,399	$ 371,066	$ 10,288	$ 19,628,704

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 920,768	$ 187,234,804	$ 186,596,088	$ 1,559,484
Taxes receivable	10,742,374	13,649,521	10,742,374	13,649,521
	$ 11,663,142	$ 200,884,325	$ 197,338,462	$ 15,209,005
LIABILITIES				
Due to component unit	$ 58,314	$ 14,514,647	$ 14,501,587	$ 71,374
Due to others	11,604,828	186,369,678	182,836,875	15,137,631
	$ 11,663,142	$ 200,884,325	$ 197,338,462	$ 15,209,005
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 3,145,720	$ 11,357,815	$ 11,174,411	$ 3,329,124
LIABILITIES				
Due to component unit	$ 19,615	$ 165,953	$ 167,030	$ 18,538
Due to others	3,126,105	11,191,862	11,007,381	3,310,586
	$ 3,145,720	$ 11,357,815	$ 11,174,411	$ 3,329,124

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 103,353	$ 182,044	$ 222,232	$ 63,165
LIABILITIES				
Due to others	$ 103,353	$ 182,044	$ 222,232	$ 63,165
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 76,217	$ 848,092	$ 850,652	$ 73,657
LIABILITIES				
Due to others	$ 76,217	$ 848,092	$ 850,652	$ 73,657
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 835,744	$ 3,413,162	$ 3,676,507	$ 572,399
LIABILITIES				
Due to others	$ 835,744	$ 3,413,162	$ 3,676,507	$ 572,399

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 372,096	$ 4,223,345	$ 4,224,375	$ 371,066
LIABILITIES				
Due to others	$ 372,096	$ 4,223,345	$ 4,224,375	$ 371,066
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 13,156	$ 42,821	$ 45,689	$ 10,288
LIABILITIES				
Due to others	$ 13,156	$ 42,821	$ 45,689	$ 10,288
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 5,467,054	$ 207,302,083	$ 206,789,954	$ 5,979,183
Taxes receivable	10,742,374	13,649,521	10,742,374	13,649,521
	$ 16,209,428	$ 220,951,604	$ 217,532,328	$ 19,628,704
LIABILITIES				
Due to component unit	$ 77,929	$ 14,680,600	$ 14,668,617	$ 89,912
Due to others	16,131,499	206,271,004	202,863,711	19,538,792
	$ 16,209,428	$ 220,951,604	$ 217,532,328	$ 19,628,704

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COMPONENT UNIT – DEVELOPMENT AUTHORITY

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
JUNE 30, 2009

ASSETS		
Cash and cash equivalents	$	74,867
Investments		280,000
Total assets	$	354,867
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	10,660
Total liabilities		10,660
FUND BALANCE		
Unreserved, undesignated		344,207
Total fund balance		344,207
Total liabilities and fund balance	$	354,867

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues		
Charges for services	$	141
Investment income		15,095
Grant revenue		5,900
Contributions		358,589
Total revenues		379,725
Expenditures		
Housing and development		389,013
Total expenditures		389,013
Net change in fund balance		(9,288)
Fund balance, beginning of year		353,495
Fund balance, end of year	$	344,207

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 ..... **110 - 115**

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 ..... **116 - 119**

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

Debt Capacity ..... **120 and 121**

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 ..... **122 and 123**

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 ..... **124 - 126**

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.

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HENRY COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	$ 390,318,930
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327	85,167,736
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	94,452,370	85,735,080	98,246,585
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,799,841	$ 575,954,678	$ 573,733,251
Business-type activities:							
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 394,018	$ 450,152	$ 454,613
Restricted	-	-	-	-	-		-
Unrestricted	-	-	-	-	(861,503)	388,233	1,351,941
Total governmental activities net assets	$ -	$ -	$ -	$ -	$ (467,485) (2)	$ 838,385	$ 1,806,554
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	$ 390,773,543
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327	85,167,736
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	93,590,867	86,123,313	99,598,526
Total governmental activities net assets	$ 142,122,623	$ 190,937,184	$ 247,082,695	$ 470,846,902	$ 530,332,356	$ 576,793,063	$ 575,539,805

(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 SEVEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009 (6)
Expenses							
Governmental activities:							
General government	$ 11,375,134	$ 17,626,726	$ 24,672,480	$ 18,730,505	$ 20,696,639	$ 14,447,355	$ 44,743,867
Judicial	7,573,299	8,222,833	8,878,787	10,022,575	12,923,866	14,380,115	15,188,353
Public safety	37,779,229	40,953,308	44,308,693	48,961,105	58,373,932	58,989,615	67,773,063
Public works	6,643,292	16,317,875 (1)	13,988,486	20,203,707	22,138,753	21,218,334	22,044,184
Health and welfare	4,132,763	4,488,944	3,421,976	6,048,439	5,281,437	5,608,362	5,921,341
Culture and recreation	2,999,099	4,093,934	1,128,114	5,603,773	8,167,060	16,379,710	8,219,168
Housing and development	4,224,962	4,444,972	5,061,740	6,167,259	6,580,680	6,288,174	4,792,273
Interest on long-term debt	1,139,695	1,240,359	2,102,788	1,989,341	2,430,744	2,819,164	3,664,069
Total governmental activities expenses	75,867,473	97,388,951	103,563,064	117,726,704	136,593,111	140,130,829	172,346,318
Business-type activities:							
Stormwater	-	-	-	-	1,358,397 (4)	1,681,065	1,899,938
Total business-type activities expenses	-	-	-	-	1,358,397	1,681,065	1,899,938
Total primary government expenses	$ 75,867,473	$ 97,388,951	$ 103,563,064	$ 117,726,704	$ 137,951,508	$ 141,811,894	$ 174,246,256
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	$ 252,622
Other housing and development	3,117,566	3,082,735	4,450,290	4,899,970	3,103,301	2,412,823	974,294
General government	4,744,064	5,648,613	5,240,899	4,810,001	4,039,879	3,975,520	4,236,884
Judicial	4,804,619	4,488,902	5,615,159	8,073,377	7,729,204	6,795,849	6,818,804
Public safety	5,120,202	5,838,803	6,033,506	7,526,674	8,396,688	9,434,195	9,663,280
Other activities	917,604	1,706,743	1,957,372	1,992,700	2,049,214	2,580,881	2,973,978
Operating grants and contributions	2,390,469	1,916,507	1,567,095	1,674,623	2,705,767	3,102,122	3,139,843
Capital grants and contributions	17,367,894	25,747,449	26,300,804	34,793,886	33,028,019	22,904,507	15,414,026
Total governmental activities program revenues	38,462,418	51,445,742	55,247,035	68,238,903	63,656,592	53,764,264	43,473,731
Business-type activities:							
Charges for services:							
Stormwater	-	-	-	-	2,591,018 (4)		2,855,662
Total business-type activities program revenues	-	-	-	-	2,591,018	2,912,155	2,855,662
Total primary government program revenues	$ 38,462,418	$ 51,445,742	$ 55,247,035	$ 68,238,903	$ 66,247,610	$ 56,676,419	$ 46,329,393

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (expense)/revenue							
Governmental activities	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (72,936,519)	$ (86,366,565)	$ (128,872,587)
Business-type activities	-	-	-	-	1,232,621	1,231,090	955,724
Total primary government net expense	$ (37,405,055)	$ (45,943,209)	$ (48,316,029)	$ (49,487,801)	$ (71,703,898)	$ (85,135,475)	$ (127,916,863)
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	$ 74,489,406
Sales taxes	17,506,364 (5)	36,427,415	40,023,574	47,357,776	50,429,593	48,818,574	43,866,344
Other taxes	5,561,510	5,877,251	6,191,217	6,676,204	7,033,518	7,521,592	7,373,018
Unrestricted investment earnings	788,508	740,368	2,553,397	5,309,584 (3)	6,593,296	3,419,841	922,392
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	126,651,160
Business-type activities:							
Unrestricted investment earnings	-	-	-	-	68,815	74,780	12,445
Transfers	-	-	-	-	(1,768,921)	-	-
Total business-type activities	-	-	-	-	(1,700,106)	74,780	12,445
Total primary government	$ 69,788,978	$ 94,757,769	$ 104,461,540	$ 120,461,087	$ 131,189,352	$ 131,596,182	$ 126,663,605
Change in Net Assets							
Governmental activities	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,952,939	$ 45,154,837	$ (2,221,427)
Business-type activities	-	-	-	-	(467,485)	1,305,870	968,169
Total primary government	$ 32,383,923	$ 48,814,560	$ 56,145,511	$ 70,973,286	$ 59,485,454	$ 46,460,707	$ (1,253,258)

(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 increase from the prior period was due to a new investment policy adopted by the County.
(4) During fiscal year 2007, the Stormwater enterprise fund was created.
(5) 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.
(6) Significant increase in expenditures, Governmental Activities-General Government, for fiscal year 2009 is due to payments to municipalities within the County in accorandance with the 2008 Special Purpose Local Option Sales Tax resolution.

HENRY COUNTY, GEORGIA

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	$ 551,674	$ 78,968 (1)	$ 71,972 (1)	$ 2,679,818	$ 1,458,960	$ 318,171	$ 431,226
Unreserved	34,592,536	35,666,924	47,410,900	50,881,940	49,509,159	51,458,630	42,407,776
Total general fund	$ 35,144,210	$ 35,745,892	$ 47,482,872	$ 53,561,758	$ 50,968,119	$ 51,776,801	$ 42,839,002
All Other Governmental Funds							
Reserved	$ 1,689,745	$ 2,270,425	$ 3,009,881	$ 4,710,327	$ 1,939,741	$ 4,643,661	$ 1,742,086
Unreserved, reported in:							
Special revenue funds	2,183,381	1,808,182	1,663,902	461,283	5,366,870	6,217,414	7,893,812
Debt service funds	(22,316)	1,016,842	4,604,604	13,164,213	13,424,334	9,828,838	486,479
Capital projects funds	24,473,990	66,204,167	75,249,364	72,838,555	51,781,191	42,468,337	91,988,543
Total all other governmental funds	$ 28,324,800	$ 71,299,616	$ 84,527,751	$ 91,174,378	$ 72,512,136	$ 63,158,250	$ 102,110,920

(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 SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Taxes	$ 68,162,227	$ 93,995,042	$ 101,862,453	$ 115,057,252	$ 123,903,182	$ 127,190,451	$ 124,012,176
Licenses and permits	3,487,686	6,637,098	8,619,666	9,574,255	5,896,773	5,089,302	1,779,532
Intergovernmental	2,739,892	1,968,513	2,392,949	2,380,601	7,760,021 (9)	3,599,103	6,699,402
Charges for services	9,268,287	11,264,392	12,078,590	14,401,322	14,306,328	15,674,689	16,486,172
Fines and forfeitures	4,864,637	4,522,777	4,371,063	6,392,111	6,857,554	5,978,865	5,897,161
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	922,392
Contributions	605,826 (3)	3,116	65,282	42,416	80,310	165,752	125,886
Miscellaneous	1,193,941	766,220	1,101,401	1,468,558	2,576,636	1,494,457	2,353,065
Total revenues	$ 91,111,004	$ 120,601,843	$ 134,253,217	$ 154,626,099	$ 167,974,100	$ 162,612,460	$ 158,275,786
Expenditures							
General government	$ 11,993,289	$ 17,500,723 (3)	$ 11,999,369	$ 13,720,886	$ 14,977,682	$ 14,971,533	$ 15,980,259
Judicial	11,025,454	8,714,807	8,856,778	10,495,996	11,896,368	13,596,684	14,999,832
Public safety	37,602,144	40,365,640	43,644,604	47,593,118	51,858,394	60,154,954	64,700,470
Public works	12,414,170	19,261,897 (3)	10,362,525	11,453,630	11,660,781	12,187,702	11,648,255
Health and welfare	4,157,154	4,489,973	3,370,665	4,689,034	5,243,091	5,738,124	6,077,107
Culture and recreation	4,261,838	9,329,504 (3)	3,274,071	11,675,909	5,438,759	7,092,371	7,947,472
Housing and development	4,333,582	4,452,068	5,115,945	6,107,587	6,372,346	6,224,038	4,915,781
Intergovernmental	-	-	-	-	-	1,812,307	25,896,678
Capital outlay	- (4)	- (4)	31,765,378	49,655,242	73,201,545	76,417,535	31,337,084
Debt service:							
Principal retirement	3,324,482	3,621,556	5,596,608	9,449,016	15,319,413	16,165,673	31,772,244 (11)
Interest and fiscal charges	1,170,915	1,085,453	2,110,371	2,350,501	2,891,292	3,281,711	3,283,190
Issuance costs	-	365,555	-	-	-	131,701	757,501
Total expenditures	90,283,028	109,187,176	126,096,314	167,190,919	198,859,671	217,774,333	219,315,873
Excess (deficiency) of revenues over (under) expenditures	827,976	11,414,667	8,156,903	(12,564,820)	(30,885,571)	(55,161,873)	(61,040,087)

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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 (10)	87,240,000 (2)
Premium on bonds	-	1,825,860	-	-	-	-	3,753,281
Transfers in	6,602,212	27,044,617	14,716,078	21,917,990	37,181,044	37,869,909	31,651,693
Transfers out	(6,602,212)	(27,044,617)	(14,716,078)	(21,917,990)	(35,270,645)	(37,869,909)	(31,651,693)
Proceeds from sale of capital assets	225,869	155,971	240,853	3,987,510	273,880	102,550	61,677
Total other financing sources (uses)	447,393	32,161,831	16,808,212	25,290,333	9,629,690	46,616,669	91,054,958
Net change in fund balances	$ 1,275,369	$ 43,576,498	$ 24,965,115	$ 12,725,513	$ (21,255,881)	(8,545,204)	$ 30,014,871
Debt service as a percentage of noncapital expenditures	5.6%	5.4%	7.5%	10.4%	13.4%	14.1%	19.1%

(1) The increase from the prior period is due to the increase in interest rates.
(2) The County issued $87.24 million in general obligation bonds in 2009.
(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.
(11) The County retired the $7.235 million in general obligation bonds issued in 2008, along with normal debt service requirements.
(12) In 2003, the Henry County Department of Health and Welfare Services made a $500,000 contribution to the County.
(13) Amounts represent payment to municipalities within the County in accordance with the 2008 Special Purpose Local Option Sales Tax resolution. Also includes proceeds from bonds issued on behalf of the municipalities.

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)					
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%
2009	5,139,260,358	2,452,100,370	504,161,380	8,800,752	1,343,128,210	6,761,194,650	10.97	16,902,986,625	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,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Henry County rates										
Maintenance & Operations										
Unincorporated	12.56	12.51	11.81	14.25	14.13	14.06	14.13	14.13	14.37	13.89
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	4.00	3.50	3.00	2.84	2.77	2.71	2.56	2.51	2.45	2.59
Stockbridge	-	-	-	-	-	-	-	-	-	-
Hampton	-	-	-	-	-	-	-	-	-	-
Locust Grove	-	-	-	-	-	-	-	-	-	-
LOST Reduction	(3.40)	(3.10)	(3.02)	(3.01)	(2.89)	(2.82)	(2.89)	(2.93)	(3.17)	(2.92)
Fire Protection	2.13	1.88	2.50	2.56	2.39	2.02	1.18	1.21	1.16	1.22
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	17.15	17.15	17.65	18.90	18.90	19.40	20.00	20.00	20.00
Debt Service	4.00	3.06	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	34.75	34.75	35.20	36.45	36.45	36.95	37.51	37.51	37.28
Total Municipalities (3), (4)										
McDonough	37.00	34.56	33.44	33.33	35.02	35.33	37.03	37.48	37.58	38.14
Stockbridge	36.04	34.75	34.75	35.04	36.45	36.45	36.95	37.47	37.51	37.02
Hampton	35.15	32.97	32.97	33.38	34.67	34.67	35.65	36.23	36.29	36.17
Locust Grove	35.21	33.10	33.10	33.47	34.80	34.80	35.67	35.69	36.29	35.87

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 TEN YEARS AGO

	2009			1999		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cardinal Health 110, Inc.	$ 42,267,114	1	0.63 %	$ -		- %
Atlanta Motor Speedway	27,036,560	2	0.40	-		-
Georgia Power Company	26,705,852	3	0.39	-		-
Kens Foods, Inc	23,008,444	4	0.34	-		-
Bellsouth Telecomm	22,871,190	5	0.34	-		-
Inland Western McDonough	21,643,560	6	0.32	-		-
The Home Depot	20,847,129	7	0.31	-		-
US Industrial Reit II	18,830,480	8	0.28	-		-
Prologis NA2 US LLC	16,868,400	9	0.25	-		-
Norfolk Southern Combined	16,445,838	10	0.24	-		-
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	$ 236,524,567		3.50 %	$ 28,244,085		1.28 %

Source: Henry County Tax Commissioner

Note: Information on the principal property taxpayers was not readily available for fiscal year 2000.

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
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
2009	224,099,576	211,348,395	94.3	9,633,458	220,981,853	98.6

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	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
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
2009	87,240,000	(4)	0.52		-	58,362,818	145,602,818	2.63	723.16

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.
(4) The County issued $87.24 million of general obligation bonds in 2009.

HENRY COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$ 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	$ 676,119,465
Total net debt applicable to limit	-	-	-	-	25,000,000	25,000,000	25,000,000	16,920,000	15,646,148	87,240,000
Legal debt margin	$ 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	$ 588,879,465
Total net debt applicable to the limit as a percentage of debt limit		-	-	-	5.77%	5.30%	4.88%	3.00%	2.52%	12.90%

Legal Debt margin Calculation for Fiscal Year 2009

Assessed value	$ 6,761,194,650
Debt limit (10% of assessed value)	676,119,465
Debt applicable to limit:	
General obligation bonds	87,240,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	87,240,000
Legal debt margin	$ 588,879,465

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)
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
2009	201,343	5,546,732	22,945	33.4	40,370	10.1

(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, 2008 and 2009 population, per capita, and personal income are estimates based on past regional trends.
NOTE: 2008 and 2009 school enrollment is based on 9th month of the school year.

HENRY COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2009			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	5,100	1	5.56 %	2,400	1	3.91 %
Henry County Board of Commissioners	1,796	2	1.96	830	4	1.35
Henry Medical Center	1,566	3	1.71	850	3	1.38
Wal-Mart Supercenter	1,143	4	1.25	550	5	0.90
Federal Aviation Administration	831	5	0.91	-		-
Briggs & Stratton fka Snapper	454	6	0.49	-		-
Georgia Power Company	580	7	0.63	-		-
Symcor	489	8	0.53	-		-
Southern States, Inc.	345	9	0.38	-		-
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	12,584		13.72 %	7,080		11.53 %

(1) Source: Henry County Development Authority
(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 91,720 (June 2008) 61,412 (June 1999)
(3) Source: Hospital Authority of Henry County Revenue Certificates Series 1999

Note: Information on the principal employers was not readily available for the fiscal year 2000.

HENRY COUNTY, GEORGIA

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

	Full-time Equivalent Employees as of June 30,									
Function	**2000 (3)**	**2001 (3)**	**2002 (3)**	**2003 (3)**	**2004 (3)**	**2005 (3)**	**2006 (4)**	**2007 (4)**	**2008 (4)**	**2009 (4)**
General Government	511	503	464	535	550	581	605	598	582	576
Public Safety										
Police & Sheriff										
Officers	145	151	137	161	169	188	211	262	256	302
Civilians	36	35	36	35	35	33	59	57	54	53
Corrections	101	119	81	158 (1)	168	109	117	122	153	160
Fire										
Firefighters	186	209	219	230	231	245	257	267	300	264
Civilians	8	7	7	9	9	9	8	12	9	27
Highways and streets										
Engineering	20	21	26	25	21	26	22	21	24	24
Maintenance	79	85	74	66	92 (2)	84	80	83	90	84
Social services	-	-	-	-	-	-	-	-	78	100
Culture and recreation	20	21	24	23	28	30	36	44	56	71
Total	1,106	1,151	1,068	1,242	1,303	1,305	1,395	1,466	1,602	1,661

(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	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Police										
Physical arrest	2,760	3,472	4,215	3,739	3,984	3,959	5,394	6,482	7,119	6,715
Parking violations	21	20	36	60	51	35	51	19	16	83
Traffic violations	19,961	27,746	35,565	24,184	21,981	36,662	52,921	67,728	70,045	65,394
Fire										
Calls answered	9,404	10,833	11,387	12,007	13,263	14,704	17,059	18,065	18,471	19,240
Inspections	925	1,746	1,261	3,001	4,739	4,163	4,070	3,827	6,698	8,431
Highways and streets										
Street resurfacing	n/a	n/a	n/a	n/a	55	25	45	30	27	56
Culture and recreation										
Athletic field permits issued	13,167	13,211	12,690	21,020	15,464	5,155	19,191	48,896	105,184	121,576
Community center admissions	57,978	63,761	37,807	65,092	34,331	11,444	30,631	45,198	74,656	79,143

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	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Police										
Stations	2	2	2	2	2	2	4	4	4	4
Patrol Units	N/A	N/A	130	158	195	232	232	288	282	310
Patrol Zones	11	11	11	11	11	11	20	20	20	20
Fire Stations	11	11	12	12	12	12	12	13	13	13
Public Works										
Streets (miles)	1,206	1,211	1,221	1,244	1,281	1,318	1,163	1,172	1,195	1,221
Traffic Signals	11	13	14	15	15	15	23	24	24	27
Culture and Recreation										
Park Acreage	294.9	756.9 (1)	756.9	756.9	836.9	836.9	1,162.9	1,162.9	1,162.9	1,258.2
Playgrounds	12	18	18	18	18	18	22	22	33	33
Baseball/Softball Diamonds	43	66	66	66	66	66	66	67	74	74
Soccer/Football Fields	4	16	16	16	17	17	18	24	27	27
Community Centers	2	3	3	3	3	3	4	6	9	9

NOTE: Indicators are not available for the general government function.

NOTE: Fiscal year 2006 street miles only includes County maintained roads where previous years included all roads within the County.

(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.

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COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Georgia as of and for the year ended June 30, 2009, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 17, 2009. 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.

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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

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 17, 2009.

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 17, 2009

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, 2009. 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 $18,488,645 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards during the year ended June 30, 2009. 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, 2009.

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.

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 17, 2009

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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	AG0913	$ 93,021
Community Care Services Program - Title III, Part C	93.045	AG0913	172,894
Nutrition Services Incentive Program	93.053	AG0913	52,074
Total Special Programs for the Aging, Title III Funds			317,989
Community Care Services Program - Title III, Part E	93.052	AG0913	28,824
Temporary Assistance for Needy Families	93.558	427-67-14251	1,248
Community Services Block Grant	93.569	427-93-09090886-99	79,637
Social Services Block Grant	93.667	427-06-54232	131,629
Pass Through Program - Georgia Children and Youth Coordinating Council			
Family Restoration Program	93.235	08A-12-0021	85,000
Family Restoration Program	93.235	08A-12-0029	63,750
			148,750
Total U.S. Department of Health and Human Services			708,077
U.S. Department of Justice			
Edward G. Byrne Discretionary Grant for Targeting Violent Crime	16.580	2007-DD-BX-0612	57,776
Pass Through Program - Department of Juvenile Justice			
Purchase of Services for Juvenile Offenders	16.523	05B-ST-0001	1,200
Purchase of Services for Juvenile Offenders	16.523	06B-ST-0001	6,400
			7,600
Bulletproof Vest Grant	16.607	2006-BO-BX-016134373	4,112
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2008-MO-BX-0020	14,842
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2008-CK-WX-0782	124,701

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Justice (Continued)			
Pass Through Program - Criminal Justice Coordinating Council			
Project Save Neighborhoods	16.609	P03-8-008	$ 28,888
Total U.S. Department of Justice			237,919
U.S. Department of Homeland Security			
Pass Through Program - Georgia Emergency Management Agency			
Office of Domestic Preparedness Equipment Program			
Air Monitoring Equipment Grant	97.004	2004-GE-T4-0012	1,254
Hazardous Materials Equipment	97.067	2006-GE-T6-0066	577
			1,831
Assistance to Firefighters Program	97.044	EMW-2008-FO-06175	31,112
Citizen Corps Grant	97.053	2006-GE-T6-0066	3,516
Citizen Corps Grant	97.053	2007-GE-T7-0054	5,696
			9,211
Office of Domestic Preparedness Management Performance	97.042	E07-8-077	2,880
Total U.S. Department of Homeland Security			45,034
U.S. Department of Agriculture			
Soil Conservation Services Grant	10.902	68-4310-6-165	11,156
Total U.S. Department of Agriculture			11,156
U.S. Department of Transportation			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA 2008-75-00606	33,124
State and Community Highway Safety	20.600	GA 2009-75-00811	52,869
			85,993
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-57-46107	86,479

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Transportation (Continued)			
Pass Through Program- Georgia Department of Transportation .			
Capital Improvement Assistance	20.500	MTG00-01-0139-00-236	$ 121,920
Federal Transit Formula Grants	20.507	GA-90-X263-00	123,735
			245,655
Transportation Enhancement Activities	20.205	STP00-3512-00(400)	467,897
Intermodal Programs	20.509	MTG00-0143-00-087	384,184
Total U.S. Department of Transportation			1,270,208
U.S. Environmental Protection Agency			
Pass Through Program- Georgia Department of Natural Resources			
Nonpoint Source Implementation Grant	66.460	751-60093	107,520
Total U.S. Environmental Protection Agency			107,520
U.S. Department of Education			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services	84.126	427-57-46030	24,892
Total U.S. Department of Education			24,892
U.S. Department of Housing and Urban Development			
Neighborhood Stabilization Program	14.256	08-NS-5065	25,216
Total U.S. Department of Housing and Urban Development			25,216
Total Expenditures of Federal Awards			$ 2,430,023

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, 2009

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ 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
20.509	Intermodal Program
20.205	Transportation Enhancement Activities

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, 2009

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

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 period of the County's Stormwater fees receivable and revenues. Additionally, an amount recorded as receivable due from another government was overstated.

Auditee Response/Status: The above finding was corrected during fiscal year 2009 and is not included as a finding for the current year.

2008-2. Segregation of Duties

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

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the office of the Sherriff.

Auditee Response/Status: The above finding was corrected during fiscal year 2009 and is not included as a finding in 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, 2009, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grants #08-C-L-244 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, 2009, 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 17, 2009

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**		COLUMN 2 **Cumulative Grant Activity**
			For the Year Ended:		Through the Year Ended:
G			June 30, 2009		June 30, 2009
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 12/17/09

Signature of Chief Financial Officer  Date 12/17/09

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, 2009	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: June 30, 2009
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$1,500.00	
I	Grant Receipts or Revenue Recognized	$2,500.00	$10,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$3,899.67	$9,899.67
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]	$100.33	$100.33

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 12/17/09

Signature of Chief Financial Officer  Date 12/17/09

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