


# Comprehensive Annual Financial Report

HENRY COUNTY GEORGIA • YEAR ENDED JUNE 30, 2010

2010

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared By:
Mike Bush,
Financial Services Director

# INTRODUCTORY SECTION

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**TABLE OF CONTENTS**


| | Page Number |
|---|---|
| **INTRODUCTORY SECTION** | |
| Table of Contents | i - iii |
| Letter of Transmittal | iv - ix |
| GFOA Certificate of Achievement | x |
| Organizational Chart | xi |
| List of Principal Officials | xii |
| **FINANCIAL SECTION** | |
| Independent Auditor's Report | 1 - 3 |
| Management's Discussion and Analysis | 4 - 15 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 16 and 17 |
| Statement of Activities | 18 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 19 and 20 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 21 and 22 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 23 |
| General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual | 24 - 27 |
| Statement of Net Assets – Proprietary Funds | 28 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds | 29 |
| Statement of Cash Flows – Proprietary Funds | 30 and 31 |
| Statement of Fiduciary Assets and Liabilities – Fiduciary Funds | 32 |
| Notes to Financial Statements | 33 - 91 |

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**TABLE OF CONTENTS**


| | Page Number |
|---|---|
| **FINANCIAL SECTION (Continued)** | |
| **Required Supplementary Information:** | |
| **Schedule of Funding Progress** | **92 and 93** |
| **Combining and Individual Fund Statements and Schedules:** | |
| **Combining Balance Sheet – Nonmajor Governmental Funds** | **94 and 95** |
| **Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds** | **96 and 97** |
| **Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual** | **98 - 102** |
| **Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual** | **103** |
| **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 1996 Issue** | **104** |
| **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2002 Issue** | **105** |
| **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2008 Issue** | **106** |
| **Combining Statement of Assets and Liabilities – Agency Funds** | **107** |
| **Combining Statement of Changes in Assets and Liabilities – Agency Funds** | **108 - 110** |
| **Balance Sheet – Component Unit – Development Authority** | **111** |
| **Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Development Authority** | **112** |
| **Balance Sheet – Component Unit – Library System** | **113** |
| **Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Library System** | **114** |
| **STATISTICAL SECTION** | |
| **Net Assets by Component – Last Eight Fiscal Years** | **115** |
| **Changes in Net Assets – Last Eight Fiscal Years** | **116 and 117** |
| **Fund Balances, Governmental Funds – Last Eight Fiscal Years** | **118** |
| **Changes in Fund Balances, Governmental Funds – Last Eight Fiscal Years** | **119 and 120** |

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**TABLE OF CONTENTS**


| | Page Number |
|---|---|
| **STATISTICAL SECTION (Continued)** | |
| Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years | 121 |
| Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years | 122 |
| Principal Property Taxpayers – Current Year and Nine Years Ago | 123 |
| Property Tax Levies and Collections – Last Ten Fiscal Years | 124 |
| Ratios of Outstanding Debt by Type – Last Ten Fiscal Years | 125 |
| Legal Debt Margin Information – Last Ten Fiscal Years | 126 |
| Demographic and Economic Statistics – Last Ten Fiscal Years | 127 |
| Principal Employers – Current Year and Eleven Years Ago | 128 |
| Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years | 129 |
| Operating Indicators by Function – Last Ten Calendar Years | 130 |
| Capital Asset Statistics by Function – Last Ten Fiscal Years | 131 |
| **COMPLIANCE SECTION** | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* | 132 - 134 |
| Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control Over Compliance in Accordance With OMB Circular A-133 | 135 - 137 |
| Schedule of Expenditures of Federal Awards | 138 - 140 |
| Schedule of Findings and Questioned Costs | 141 and 144 |
| Schedule of Prior Year Findings | 145 |
| Independent Accountant’s Report on Local Assistance Grants | 146 |
| State of Georgia Grant Certification Forms | 147 |

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 20, 2010

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, 20010. 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 is accurate in all material respects and is 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, 2010. 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 50$^{th}$ 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.

## *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. 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 7$^{th}$ 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. Over the Labor Day Holiday, the National Association of Stock Car Auto Racing (NASCAR) event is held each year at the Atlanta Motor Speedway in Hampton, which is said to bring in more visitors than any other sport in Georgia and also brings 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, continued construction 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. Other projects underway include the Domestic Violence Center in McDonough, Senior Center in Locust Grove, Recreation Center in Fairview, a replacement fire station in Stockbridge, a new library in Hampton, and several other park projects throughout Henry County.

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 Regions Bank 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 Aa1 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, 2009. This

was the fifth 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 is 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, appointed management, and the staff of the finance department 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, 2009

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.





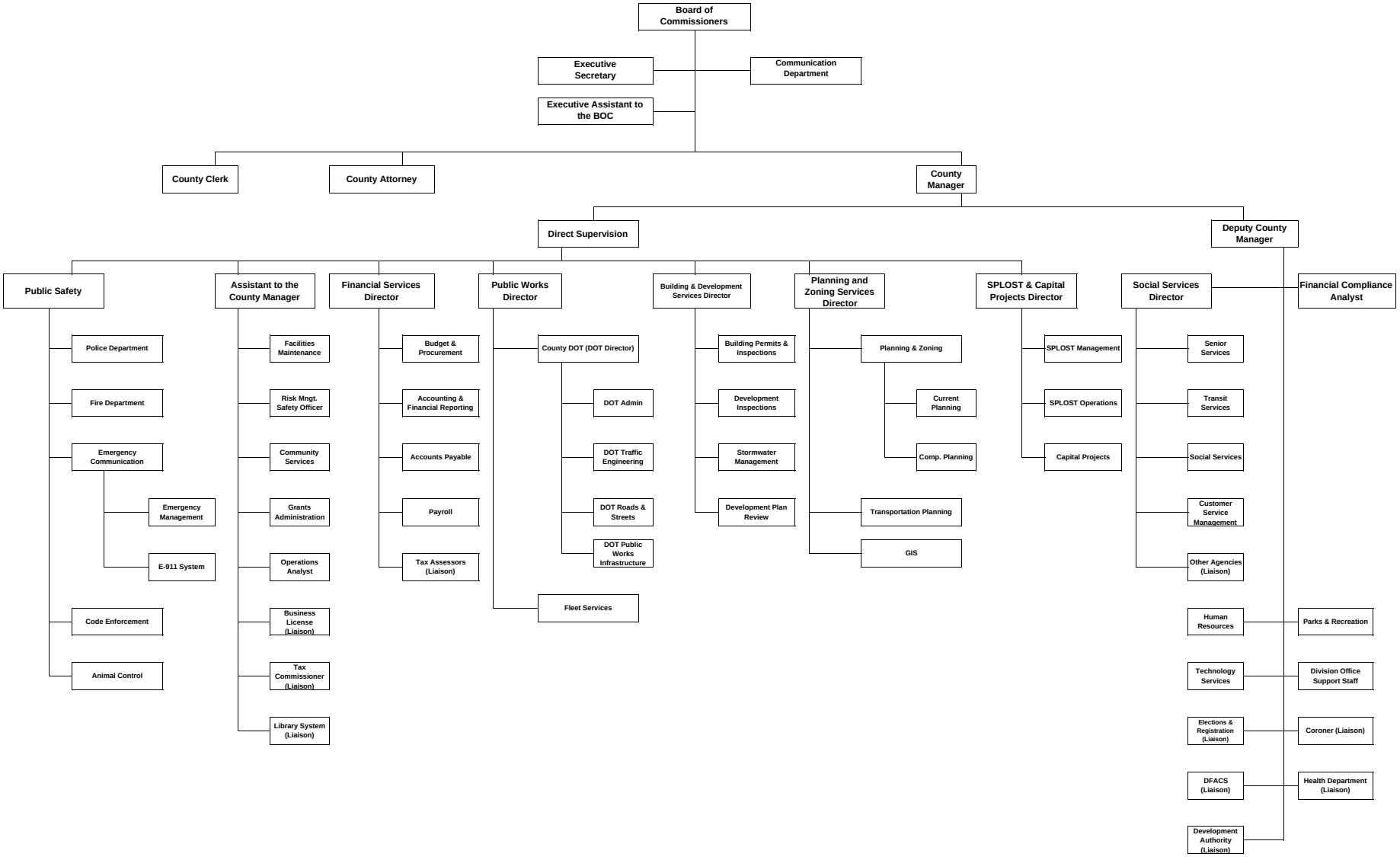

President



Executive Director

# HENRY COUNTY, GEORGIA

## ORGANIZATIONAL CHART



# HENRY COUNTY, GEORGIA
## LIST OF PRINCIPAL OFFICIALS
## JUNE 30, 2010

### 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

| | |
|---|---|
| **County Manager** | **James "Butch" C. Sanders** |
| **County Attorney** | **LaTonya Wiley** |
| **County Clerk** | **Shay Mathis** |
| **Financial Services Director** | **Mike Bush** |
| **Public Works Division Director** | **Terry McMickle** |
| **Director of Social Services** | **Angie Bailey** |
| **Director of Planning and Zoning** | **Michael Harris** |
| **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, 2010, 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, which statements reflect total assets of $1,093,094 as of June 30, 2010, and total revenues of $1,885,447 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 in the component units' columns is based on the reports of the other auditors.

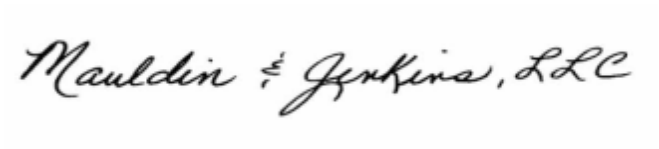
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and 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 audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Henry County, Georgia as of June 30, 2010, 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 20, 2010 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 15) and the Schedule of Funding Progress (on page 92) 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 20, 2010

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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, 2010. 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, 2010, by $617,922,297 (net assets). Of this amount, $29,809,095 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors,
- At June 30, 2010, the County's General Fund reported an unreserved fund balance of $39,243,083 a decrease of $3,164,493, or 8%, from the last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated collections of $27,787,894 during fiscal year 2010.
- The Henry County Neighborhood Stabilization Program (NSP) Fund received $7,628,017 in revenues and had expenditures of $4,593,824 creating a fund balance of $3,034,193 in fiscal year 2010.
- During fiscal year 2010 Henry County's Stormwater Fund, the only enterprise fund, had $2,942,581 in operating revenues and $2,041,355 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 16 – 18 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 Fund, Law Enforcement Grant Fund, and Juvenile Assistance Fund); Capital Projects (Capital Asset Fund, 1996 SPLOST Fund, 2002 SPLOST Fund, 2008 SPLOST Fund, Lease Purchase Fund, and Impact Fee Fund); and Debt Service. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the 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 24 – 27 of this report.

The basic governmental fund financial statements can be found on page 19 – 27. Budgetary comparison schedules have also been included in the combining statements for other governmental funds with legally adopted annual budgets.

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

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

The basic proprietary fund financial statements can be found on pages 28 – 31 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 32 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 33 – 91 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 $617,922,297 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (84.8%) 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 | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | $ 170,541,499 | $ 183,547,702 | $ 1,867,840 | $ 1,443,644 | $ 172,409,339 | $ 184,991,346 |
| Capital assets | 619,747,059 | 577,107,255 | 530,211 | 454,613 | 620,277,270 | 577,561,868 |
| Total assets | 790,288,558 | 760,654,957 | 2,398,051 | 1,898,257 | 792,686,609 | 762,553,214 |
| Long-term liabilites outstanding | 149,273,362 | 156,550,238 | - | - | 149,273,362 | 156,550,238 |
| Other liabilities | 25,442,708 | 30,371,468 | 48,242 | 91,703 | 25,490,950 | 30,463,171 |
| Total liabilities | 174,716,070 | 186,921,706 | 48,242 | 91,703 | 174,764,312 | 187,013,409 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 523,541,747 | 505,440,842 | 530,211 | 454,613 | 524,071,958 | 505,895,455 |
| Restricted | 64,041,244 | 85,167,736 | - | - | 64,041,244 | 85,167,736 |
| Unrestricted | 27,989,497 | (16,875,327) | 1,819,598 | 1,351,941 | 29,809,095 | (15,523,386) |
| Total net assets | $ 615,572,488 | $ 573,733,251 | $ 2,349,809 | $ 1,806,554 | $ 617,922,297 | $ 575,539,805 |

An additional portion of Henry County's net assets (10.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($27,989,497) or (4.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, the total assets increased by $29,633,601. The increase in capital assets was $42,639,804. On the other hand, there was a decrease in current and other assets in the amount of $13,006,203. The increase in capital assets happened because projects that were underway or about to start last year were completed this year, causing our cash to be spent on capital projects. The decrease in current and other assets was mainly due to money that was bonded last year being spent on SPLOST projects in the current year. With the bonded money having a two year period to be spent, we used the funds on projects that were "shovel ready" so that the funds would be spent correctly. We continued to increase in the capital assets through the construction of SPLOST Capital Projects and Road Projects.

Long-term liabilities decreased by $7,276,876 while other liabilities decreased by $4,928,760 with a net decrease of $12,205,636. The long-term liabilities decrease is due to the final payment of bonds associated with the 2002 SPLOST Program. The other liabilities decreased due to Henry County paying the General Fund back from issues related to the Capital Asset Fund. The General Fund would cut a check for an expenditure charged to the Capital Asset Fund creating a due to/due from between the two funds. Henry County worked very hard to reduce the effect of issues related to due to/due froms during 2010.

There was an decrease of $21,126,492 in restricted net assets reported in connection with the Henry County's governmental activities. These restrictions were for encumbrances for capital projects and funds that have money restricted for special purposes such as drug education and treatment, juvenile assistance programs, fire safety, victim/witness programs, and jail construction and staffing. There were no restrictions on the business-type activities fund balance.

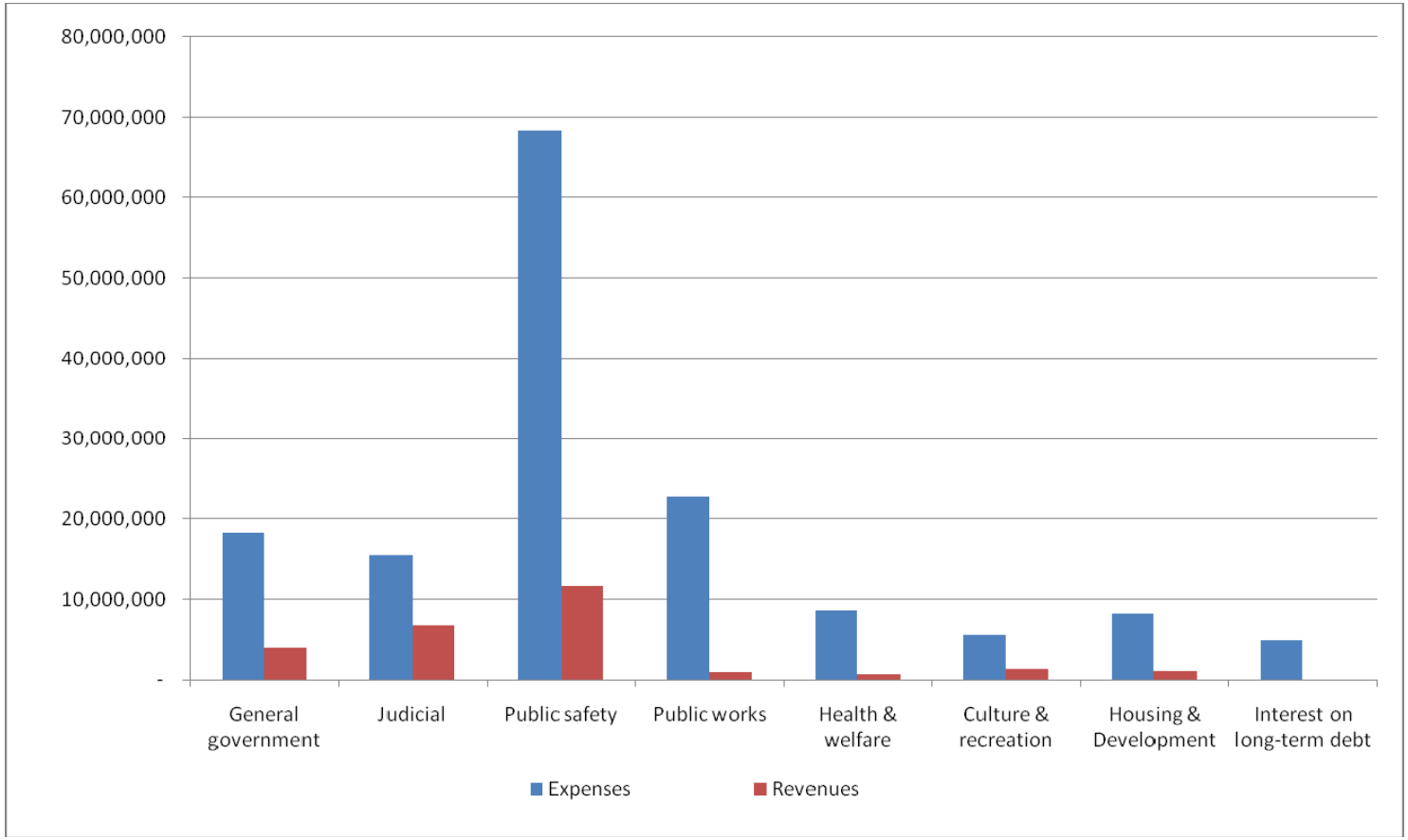
**Governmental activities.** Governmental activities increased the County's net assets by $41,839,237. Key elements of this increase are as follows:

## Henry County's Changes in Net Assets

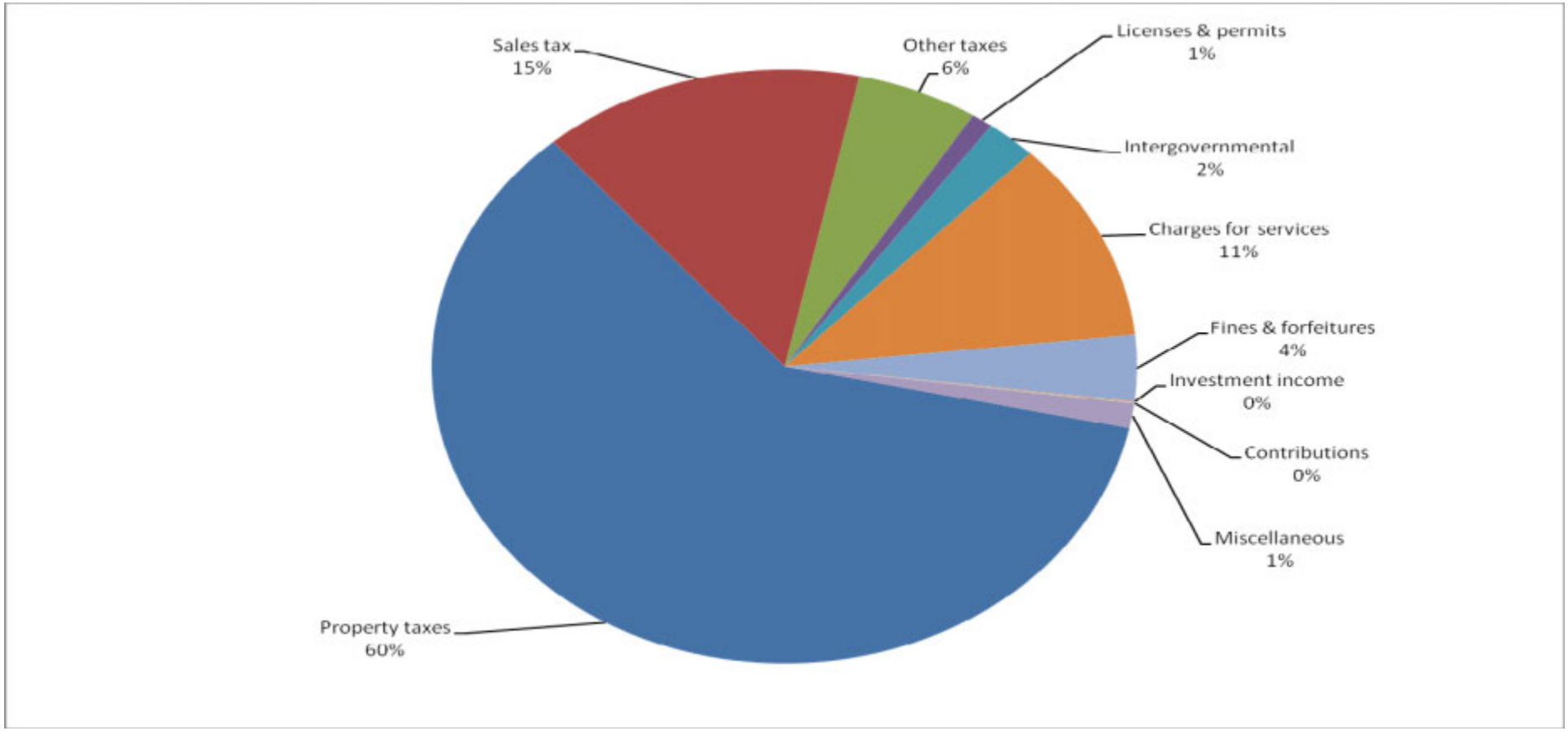
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 26,234,904 | $ 24,919,862 | $ 2,942,581 | $ 2,855,662 | $ 29,177,485 | $ 27,775,524 |
| Operating grants and contributions | 11,260,174 | 3,139,843 | 835 | - | 11,261,009 | 3,139,843 |
| Capital grants and contributions | 30,076,027 | 15,414,026 | 22,500 | - | 30,098,527 | 15,414,026 |
| General revenues: | | | | | | |
| Property taxes | 73,046,611 | 74,489,406 | - | - | 73,046,611 | 74,489,406 |
| Sales taxes | 45,910,913 | 43,866,344 | - | - | 45,910,913 | 43,866,344 |
| Other taxes | 7,189,779 | 7,373,018 | - | - | 7,189,779 | 7,373,018 |
| Unrestricted investment earnings | 150,481 | 922,392 | 3,075 | 12,445 | 153,556 | 934,837 |
| Total revenues | 193,868,889 | 170,124,891 | 2,968,991 | 2,868,107 | 196,837,880 | 172,992,998 |
| Expenses | | | | | | |
| General government | 18,298,478 | 44,743,867 | - | - | 18,298,478 | 44,743,867 |
| Judicial | 15,437,238 | 15,188,353 | - | - | 15,437,238 | 15,188,353 |
| Public safety | 68,450,538 | 67,773,063 | - | - | 68,450,538 | 67,773,063 |
| Public works | 22,823,271 | 22,044,184 | - | - | 22,823,271 | 22,044,184 |
| Health and welfare | 8,665,724 | 5,921,341 | - | - | 8,665,724 | 5,921,341 |
| Culture and recreation | 5,564,695 | 8,219,168 | - | - | 5,564,695 | 8,219,168 |
| Housing and development | 8,269,563 | 4,792,273 | - | - | 8,269,563 | 4,792,273 |
| Interest on long-term debt | 4,904,526 | 3,664,069 | - | - | 4,904,526 | 3,664,069 |
| Stormwater | - | - | 2,041,355 | 1,899,938 | 2,041,355 | 1,899,938 |
| Total expenses | 152,414,033 | 172,346,318 | 2,041,355 | 1,899,938 | 154,455,388 | 174,246,256 |
| Increase in net assets before transfers | 41,454,856 | (2,221,427) | 927,636 | 968,169 | 42,382,492 | (1,253,258) |
| Transfers | 384,381 | - | (384,381) | - | - | - |
| Increase (decrease) in net assets | 41,839,237 | (2,221,427) | 543,255 | 968,169 | 42,382,492 | (1,253,258) |
| Net assets (deficit), beginning of year | 573,733,251 | 575,954,678 | 1,806,554 | 838,385 | 575,539,805 | 576,793,063 |
| Net assets, end of year | $ 615,572,488 | $ 573,733,251 | $ 2,349,809 | $ 1,806,554 | $ 617,922,297 | $ 575,539,805 |

- Property Taxes decreased by $1,442,795 (1.9%) during the year. Most of this decrease is due to a reduction in residential property taxes because the County had to include foreclosure and bank sales in calculating the tax values of all properties.
- Sales taxes increased by $2,044,569 (4.7%) during the year. This is mainly due to a slight upturn in the local economy.
- Unrestricted investment earnings decreased by $771,910 (83.7%) 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 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 2010, the Stormwater Fund realized operating revenues of $2,942,581 and incurred expenses of $2,041,355 thus creating an operating income of $901,226. Operating revenues increased by $86,919. This increase is attributed to an increase in collection of fees due to a slight upturn in the economy. Operating expenses increased from the prior year by $141,417 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 $138,838,005 a decrease of $6,111,917 in comparison with the prior year. There are several factors that came together to create the decrease in fund balance within the governmental funds. One reason is the increase in the Debt Service Fund which happened because of the upcoming debt service payment for the general obligation bonds that come due in 2011. The 2008 SPLOST Fund had a decrease in fund balance of because of the construction cost of all the jobs currently being constructed under the SPLOST program. Finally, the 2002 SPLOST Fund is nearing completion and doesn't have revenues to offset the expenditures which is consistent with these type of programs. Approximately 98.6% of the ending fund balance ($136,860,980) 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 ($24,331), drug abuse treatment ($1,442,525), victim witness programs ($184,856), prepaid expenditures ($281,895), or for various other restricted purposes ($43,418).

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 $39,243,083, while total fund balance reached $39,560,992. 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 32.7% of total General Fund expenditures, while total fund balance represents 32.96% of that same amount. Henry County's reserved fund balance is small and represents reserved amounts for fire safety and prepaid items.

The balance of the County's General Fund decreased by $3,278,010 during the current fiscal year. This was due to the decrease in revenues like Property Taxes, LOST, Fines and Forfeitures, Licenses and Permits and interest revenues. The original budget used $7,742,433 of fund balance; however, the County was able to decrease that need by $4,464,423 during the year by examining all requisitions and decreasing each department's non accentual expenditures.

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 2010 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $52,537,988, a decrease of $15,084,496 from the prior year. The decrease in fund balance is due to large projects that are continuing to be built each year. As this continues, the County 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 $17,447,416, all of which is reserved for payment of debt service. Interest revenue for the current year was $22,727. Total expenditures in the Debt Service Fund were $10,336,269, which included principle retirements of $5,492,511 and interest and fiscal charges of $4,843,758. The net increase in fund balance during the current year in the Debt Service Fund was $16,960,937. This increase was due to the County transferring funds from the SPLOST III Fund in preparation of making the necessary debt service payments for the bonds issue in 2009.

**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 $2,349,809, an increase of $543,255 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 an increase of $562,658 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – ($1,808,700) due to the distribution of unallocated funds originally budgeted for vacancies and new positions.
- Increase in judicial functions – $38,325 due to the addition of a DUI Court in the State Court.
- Increase in public safety functions – $1,681,818 due to additional positions throughout the public safety function. The main department responsible for the increased budget was the Fire Department. We added additional personnel to each shift to try and reduce use of overtime. The police department added a few more officers in an effort to deflect crime brought about by the current struggling economy.
- Increase in public works services and related capital assets - $547,767 due to the increased productivity of the DOT crews. We were able to put down more asphalt in fiscal year 2010 just like we did in 2009, and we had very good weather for the majority of the year.
- Increase in health and welfare – $409,143 due to increase in our Transit and Senior Services department. Henry County added a GPS tracking system to our transit department so that we can track each bus around the County. In the Senior Services Department, we added a rental assistance grant and had expenditures that were not incurred in the past.
- Increase in culture and recreation – $46,903 is the result of additional personnel for after school and summer camp programs along with additional programs being run by the recreation department.
- Decrease in housing and development – ($352,598) due to the downturn in the housing market. Henry County consolidated several departments within this section and did not fill positions when employees left the County.

The total General Fund actual expenditures were $476,014 less than the final amended budget, with each function under budget. This was due to a combined effort on the part of all 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, 2010, amounts to $620,277,270 (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 | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | $ 83,752,302 | $ 79,540,612 | $ - | $ - | $ 83,752,302 | $ 79,540,612 |
| Construction in progress | 72,899,400 | 82,169,237 | - | - | 72,899,400 | 82,169,237 |
| Buildings and improvements | 130,519,491 | 89,875,355 | - | - | 130,519,491 | 89,875,355 |
| Machinery and equipment | 14,500,206 | 17,569,002 | 530,211 | 454,613 | 15,030,417 | 18,023,615 |
| Infrastructure | 318,075,660 | 307,953,049 | - | - | 318,075,660 | 307,953,049 |
| Total | $ 619,747,059 | $ 577,107,255 | $ 530,211 | $ 454,613 | $ 620,277,270 | $ 577,561,868 |

Governmental assets installed during the year totaled $42,639,804. 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 buildings and improvements. 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 adding and 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. Construction has also begun on a replacement fire station, and additional police precinct, and a Domestic Violence Center. Lastly, we are 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 | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| General obligation bonds | $ 87,240,000 | $ 87,240,000 | $ - | $ - | $ 87,240,000 | $ 87,240,000 |
| Total | $ 87,240,000 | $ 87,240,000 | $ - | $ - | $ 87,240,000 | $ 87,240,000 |

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 2011, 2012, 2013, 2014 and 2015. Current year interest payments were made in July and December in the amount of $2,496,189. The bonds will be paid off with proceeds from the monthly collection of 2008 SPLOST revenue. Henry County's enterprise fund, which is reported under business-type activities, did not incur any debt and did not have debt in prior years.

Henry County maintains an "Aa1" 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 $672,167,162 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%, which is 0.1% lower than the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2010, is 9.9%.
- 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. In fiscal year 2010 monthly collections increased by 6.52% over 2009.
- With the slowdown in the economy, especially in the construction industry, we are now requesting bids on multiple projects and receiving 20 to 30 bids where before the slowdown we would only have 5 to 10 bids. The bids are coming in very low, even below the original estimate provided by the SPLOST Department. By bidding several jobs to be done at the same time, we have saved additional dollars allowing for each SPLOST dollar to go further and allowing us to continue to add projects that have been postponed back to the current construction list.
- Henry County has continued using in-house departments during 2010 to help with current projects because it is cheaper and more efficient. Construction costs have dropped significantly due to the use of inmate labor. With the estimate square foot renovation cost at nearly $100 per square foot, Henry County has been able to do renovations at nearly $40 per square foot.
- The Henry County Neighborhood Stabilization Program has met all requirements to continue with the program for 2011. This will allow the County to purchase, rehab, and sell currently foreclosed properties to individuals who qualify for the program. Henry County can continue this program for several years to come.
- During 2010 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 reduced SPLOST collections attributed to the sluggish economy. One such project is the Eagle's Landing Parkway project. We applied for the American Redevelopment Act, and we were awarded $22,254,870. Eagle's Landing is a SPLOST project, so we were able to reallocate the dollars refunded by the ARRA monies allowing for an additional $22,254,870 worth of road to be built in Henry County.

**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, 2010

| ASSETS | Primary Government | | | Component Units | | | |
|---|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department | Development Authority | Library System | Water & Sewerage Authority |
| Cash and cash equivalents | $ 44,574,204 | $ 1,963,959 | $ 46,538,163 | $ 996,780 | $ 52,621 | $ 154,196 | $ 1,002,007 |
| Investments | 96,305,569 | - | 96,305,569 | - | 420,000 | 28,597 | - |
| Receivables, net of allowances for uncollectibles | 11,613,336 | 414,547 | 12,027,883 | 49,592 | - | 2,000 | 6,800,210 |
| Due from other governments | 8,188,386 | - | 8,188,386 | 37,113 | - | - | - |
| Internal balances | 510,666 | (510,666) | - | - | - | - | - |
| Inventory | 1,864,959 | - | 1,864,959 | - | - | - | 793,941 |
| Prepaid items | 281,895 | - | 281,895 | - | - | - | 685 |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 2,701,710 | - | 2,701,710 | - | - | - | 34,143,041 |
| Investments | - | - | - | - | - | - | 24,756,955 |
| Accrued interest | - | - | - | - | - | - | 101,040 |
| Deferred charges | 693,040 | - | 693,040 | - | - | - | 4,465,942 |
| Capitalized lease receivable | - | - | - | - | 12,188,586 | - | - |
| Other non-current assets | 3,807,734 | - | 3,807,734 | - | - | - | 3,439,155 |
| Capital assets, non-depreciable | 156,651,702 | - | 156,651,702 | - | - | 10,251 | 76,025,851 |
| Capital assets, depreciable (net of accumulated depreciation) | 463,095,357 | 530,211 | 463,625,568 | 9,609 | - | 1,831,180 | 401,200,261 |
| Total assets | 790,288,558 | 2,398,051 | 792,686,609 | 1,093,094 | 12,661,207 | 2,026,224 | 552,729,088 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET ASSETS
## JUNE 30, 2010

| | Primary Government | | | Component Units | | | |
|---|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department | Development Authority | Library System | Water & Sewerage Authority |
| **LIABILITIES** | | | | | | | |
| Accounts payable | $ 8,723,643 | $ 34,194 | $ 8,757,837 | $ - | $ 3,338 | $ 91,164 | $ 3,937,991 |
| Accrued liabilities | 4,549,650 | 14,048 | 4,563,698 | 20 | 2,586 | 17,681 | 2,664,684 |
| Due to other governments | 11,809,283 | - | 11,809,283 | 38,186 | - | - | - |
| Unearned revenue | 360,132 | - | 360,132 | - | - | - | - |
| Payable from restricted assets: | | | | | | | |
| Customer deposits payable | - | - | - | - | - | - | 1,653,473 |
| Revenue bonds payable | - | - | - | - | - | - | 4,890,000 |
| Accrued interest payable | - | - | - | - | - | - | 3,068,923 |
| Non-current liabilities: | | | | | | | |
| Due within one year | 25,465,018 | - | 25,465,018 | - | - | 30,578 | 6,361,224 |
| Due in more than one year | 122,207,172 | - | 122,207,172 | 119,807 | 12,186,000 | - | 267,360,733 |
| OPEB obligation due in more than one year | 1,601,172 | - | 1,601,172 | - | - | - | 2,347,982 |
| Total liabilities | 174,716,070 | 48,242 | 174,764,312 | 158,013 | 12,191,924 | 139,423 | 292,285,010 |
| **NET ASSETS** | | | | | | | |
| Invested in capital assets, net of related debt | 523,541,747 | 530,211 | 524,071,958 | 9,609 | - | 1,841,431 | 238,506,575 |
| Restricted for: | | | | | | | |
| Jail construction | 24,331 | - | 24,331 | - | - | - | - |
| Drug abuse treatment | 1,442,525 | - | 1,442,525 | - | - | - | - |
| Juvenile assistance | 7,404 | - | 7,404 | - | - | - | - |
| Fire safety | 36,014 | - | 36,014 | - | - | - | - |
| Victim witness program | 184,856 | - | 184,856 | - | - | - | - |
| Capital projects | 62,346,114 | - | 62,346,114 | - | - | - | - |
| Other purposes | - | - | - | - | - | - | 16,931,449 |
| Unrestricted | 27,989,497 | 1,819,598 | 29,809,095 | 925,472 | 469,283 | 45,370 | 5,006,054 |
| Total net assets | $ 615,572,488 | $ 2,349,809 | $ 617,922,297 | $ 935,081 | $ 469,283 | $ 1,886,801 | $ 260,444,078 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| 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 | $ 18,298,478 | $ 4,048,418 | $ 6,950 | $ 4,458 | $ (14,238,652) | $ - | $ (14,238,652) | $ - | $ - | $ - | $ - |
| Judicial | 15,437,238 | 6,666,005 | 216,526 | - | (8,554,707) | - | (8,554,707) | - | - | - | - |
| Public safety | 68,450,538 | 11,616,705 | 665,410 | 190,594 | (55,977,829) | - | (55,977,829) | - | - | - | - |
| Public works | 22,823,271 | 953,203 | 885,952 | 29,859,303 | 8,875,187 | - | 8,875,187 | - | - | - | - |
| Health and welfare | 8,665,724 | 675,370 | 1,844,483 | - | (6,145,871) | - | (6,145,871) | - | - | - | - |
| Culture and recreation | 5,564,695 | 1,263,300 | 2,272 | 21,672 | (4,277,451) | - | (4,277,451) | - | - | - | - |
| Housing and development | 8,269,563 | 1,011,903 | 7,638,581 | - | 380,921 | - | 380,921 | - | - | - | - |
| Interest on long-term debt | 4,904,526 | - | - | - | (4,904,526) | - | (4,904,526) | - | - | - | - |
| Total governmental activities | 152,414,033 | 26,234,904 | 11,260,174 | 30,076,027 | (84,842,928) | - | (84,842,928) | - | - | - | - |
| Business-type activities: | | | | | | | | | | | |
| Stormwater | 2,041,355 | 2,942,581 | 835 | 22,500 | - | 924,561 | 924,561 | - | - | - | - |
| Total business-type activities | 2,041,355 | 2,942,581 | 835 | 22,500 | - | 924,561 | 924,561 | - | - | - | - |
| Total primary government | $ 154,455,388 | $ 29,177,485 | $ 11,261,009 | $ 30,098,527 | (84,842,928) | 924,561 | (83,918,367) | - | - | - | - |
| **Component units:** | | | | | | | | | | | |
| Health Department | $ 1,816,314 | $ 1,017,051 | $ 865,067 | $ - | - | - | - | 65,804 | - | - | - |
| Development Authority | 380,559 | 2,892 | 493,495 | - | - | - | - | - | 115,828 | - | - |
| Library System | 4,625,541 | - | 2,604,306 | - | - | - | - | - | - | (2,021,235) | - |
| Water & Sewerage Authority | 66,875,624 | 39,961,912 | - | 5,568,774 | - | - | - | - | - | - | (21,344,938) |
| Total component units | $ 73,698,038 | $ 40,981,855 | $ 3,962,868 | $ 5,568,774 | - | - | - | 65,804 | 115,828 | (2,021,235) | (21,344,938) |
| General revenues: | | | | | | | | | | | |
| Property taxes | | | | | 73,046,611 | - | 73,046,611 | - | - | - | 13,440,290 |
| Sales taxes | | | | | 45,910,913 | - | 45,910,913 | - | - | - | - |
| Franchise taxes | | | | | 1,074,031 | - | 1,074,031 | - | - | - | - |
| Insurance premium taxes | | | | | 4,646,875 | - | 4,646,875 | - | - | - | - |
| Other taxes | | | | | 1,468,873 | - | 1,468,873 | - | - | - | 1,190,644 |
| Unrestricted investment earnings | | | | | 150,481 | 3,075 | 153,556 | 3,329 | 9,248 | 12,913 | 487,304 |
| Gain on sale of capital assets | | | | | - | - | - | - | - | - | 5,102 |
| Transfers | | | | | 384,381 | (384,381) | - | - | - | - | - |
| Total general revenues and transfers | | | | | 126,682,165 | (381,306) | 126,300,859 | 3,329 | 9,248 | 12,913 | 15,123,340 |
| Change in net assets | | | | | 41,839,237 | 543,255 | 42,382,492 | 69,133 | 125,076 | (2,008,322) | (6,221,598) |
| Net assets, beginning of year, as restated | | | | | 573,733,251 | 1,806,554 | 575,539,805 | 865,948 | 344,207 | 3,895,123 | 266,665,676 |
| Net assets, end of year | | | | | $ 615,572,488 | $ 2,349,809 | $ 617,922,297 | $ 935,081 | $ 469,283 | $ 1,886,801 | $ 260,444,078 |

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

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2010

| ASSETS | General Fund | Debt Service Fund | 2008 SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Cash and cash equivalents | $ 12,785,657 | $ 129,436 | $ 2,443,263 | $ 29,215,848 | $ 44,574,204 |
| Investments | 16,110,488 | 17,317,980 | 62,177,313 | 699,788 | 96,305,569 |
| Receivables, net of allowances for uncollectibles | 10,650,197 | - | 5,031 | 958,108 | 11,613,336 |
| Due from other governments | 2,623,097 | - | 4,888,827 | 676,462 | 8,188,386 |
| Due from other funds | 4,680,114 | - | 4,091 | 96,920 | 4,781,125 |
| Inventory | 216,389 | - | - | 1,648,570 | 1,864,959 |
| Prepaid items | 281,895 | - | - | - | 281,895 |
| Restricted cash | - | - | - | 2,701,710 | 2,701,710 |
| Total assets | $ 47,347,837 | $ 17,447,416 | $ 69,518,525 | $ 35,997,406 | $ 170,311,184 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 1,559,530 | $ - | $ 3,899,286 | $ 3,264,827 | $ 8,723,643 |
| Accrued liabilities | 2,878,793 | - | 15,701 | 22,253 | 2,916,747 |
| Due to other governments | 15,170 | - | 11,794,113 | - | 11,809,283 |
| Due to other funds | 23,819 | - | 827,913 | 3,418,727 | 4,270,459 |
| Deferred revenue | 3,309,533 | - | 443,514 | - | 3,753,047 |
| Total liabilities | 7,786,845 | - | 16,980,527 | 6,705,807 | 31,473,179 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2010

| 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 | $ - | $ - | $ - | $ 24,331 | $ 24,331 |
| Drug abuse treatment | - | - | - | 1,442,525 | 1,442,525 |
| Juvenile assistance | - | - | - | 7,404 | 7,404 |
| Fire safety | 36,014 | - | - | - | 36,014 |
| Victim witness program | - | - | - | 184,856 | 184,856 |
| Prepaid items | 281,895 | - | - | - | 281,895 |
| Unreserved, reported in: | | | | | |
| General fund, undesignated | 39,243,083 | - | - | - | 39,243,083 |
| Special revenue funds, undesignated | - | - | - | 11,026,010 | 11,026,010 |
| Debt service fund, undesignated | - | 17,447,416 | - | - | 17,447,416 |
| Capital projects funds, undesignated | - | - | 52,537,998 | 16,606,473 | 69,144,471 |
| Total fund balances | 39,560,992 | 17,447,416 | 52,537,998 | 29,291,599 | 138,838,005 |
| Total liabilities and fund balances | $ 47,347,837 | $ 17,447,416 | $ 69,518,525 | $ 35,997,406 | |
| 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. | | | | | 619,747,059 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | | | | 3,392,915 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | (148,612,053) |
| Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | (1,601,172) |
| Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds. | | | | | 3,807,734 |
| Net assets of governmental activities | | | | | $ 615,572,488 |

**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, 2010

| | General Fund | Debt Service Fund | 2008 SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Taxes | $ 99,088,178 | $ - | $ 27,787,894 | $ 347,551 | $ 127,223,623 |
| Licenses and permits | 1,228,495 | - | - | 286,181 | 1,514,676 |
| Intergovernmental | 2,828,473 | - | 9,288,910 | 11,033,041 | 23,150,424 |
| Charges for services | 13,550,460 | - | 23,800 | 3,693,721 | 17,267,981 |
| Fines and forfeitures | 4,382,249 | - | - | 2,272,908 | 6,655,157 |
| Investment income | 95,621 | 22,727 | 155,370 | 55,076 | 328,794 |
| Contributions | 62,356 | - | - | - | 62,356 |
| Miscellaneous | 1,643,065 | - | 15,143 | 519,098 | 2,177,306 |
| Total revenues | 122,878,897 | 22,727 | 37,271,117 | 18,207,576 | 178,380,317 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 14,663,777 | - | - | 294,297 | 14,958,074 |
| Judicial | 14,570,616 | - | - | 686,600 | 15,257,216 |
| Public safety | 61,865,607 | - | - | 4,818,094 | 66,683,701 |
| Public works | 11,939,937 | - | - | - | 11,939,937 |
| Health and welfare | 6,005,433 | - | - | - | 6,005,433 |
| Culture and recreation | 7,113,640 | - | - | - | 7,113,640 |
| Housing and development | 3,863,487 | - | - | 4,470,037 | 8,333,524 |
| Intergovernmental | - | - | 2,523,364 | - | 2,523,364 |
| Capital outlay | - | - | 29,788,308 | 11,818,054 | 41,606,362 |
| Debt service: | | | | | |
| Principal retirement | - | 5,492,511 | - | 155,099 | 5,647,610 |
| Interest and fiscal charges | - | 4,843,758 | - | 6,375 | 4,850,133 |
| Issuance costs | - | - | - | - | - |
| Total expenditures | 120,022,497 | 10,336,269 | 32,311,672 | 22,248,556 | 184,918,994 |
| Excess (deficiency) of revenues over (under) expenditures | 2,856,400 | (10,313,542) | 4,959,445 | (4,040,980) | (6,538,677) |

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | General Fund | Debt Service Fund | 2008 SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Other financing sources (uses):** | | | | | |
| Transfers in | $ 735,156 | $ 27,274,479 | $ 269,932 | $ 3,870,063 | $ 32,149,630 |
| Transfers out | (6,893,560) | - | (20,313,873) | (4,557,816) | (31,765,249) |
| Proceeds from sale of capital assets | 23,994 | - | - | 18,385 | 42,379 |
| Total other financing sources (uses) | (6,134,410) | 27,274,479 | (20,043,941) | (669,368) | 426,760 |
| Net change in fund balances | (3,278,010) | 16,960,937 | (15,084,496) | (4,710,348) | (6,111,917) |
| **Fund balances, beginning of year** | 42,839,002 | 486,479 | 67,622,494 | 34,001,947 | 144,949,922 |
| **Fund balances, end of year** | $ 39,560,992 | $ 17,447,416 | $ 52,537,998 | $ 29,291,599 | $ 138,838,005 |

**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, 2010

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

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | (6,111,917) |
| 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. | | 27,709,345 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. | | 14,930,459 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (1,076,320) |
| 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. | | 5,728,610 |
| 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. | | 659,060 |
| | $ | 41,839,237 |

**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, 2010

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Property taxes | $ 66,402,833 | $ 74,114,017 | $ 74,111,909 | $ (2,108) |
| Sales tax | 20,583,035 | 17,557,148 | 18,134,041 | 576,893 |
| Other taxes | 7,154,392 | 6,845,342 | 6,842,228 | (3,114) |
| Licenses and permits | 1,588,014 | 1,229,684 | 1,228,495 | (1,189) |
| Intergovernmental | 2,239,128 | 2,831,801 | 2,828,473 | (3,328) |
| Charges for services | 13,589,048 | 13,553,859 | 13,550,460 | (3,399) |
| Fines and forfeitures | 4,390,790 | 4,382,493 | 4,382,249 | (244) |
| Investment income | 500,000 | 95,621 | 95,621 | - |
| Contributions | - | 62,359 | 62,356 | (3) |
| Miscellaneous | 1,286,591 | 1,644,099 | 1,643,065 | (1,034) |
| Total revenues | 117,733,831 | 122,316,423 | 122,878,897 | 562,474 |
| **Expenditures:** | | | | |
| General government: | | | | |
| Director of administration and finance | 184,216 | 76,899 | 76,078 | 821 |
| Board of commissioners | 1,526,785 | 1,359,788 | 1,347,573 | 12,215 |
| County manager | 249,293 | 336,875 | 333,047 | 3,828 |
| Support services | 53,011 | 15,541 | 14,645 | 896 |
| County attorney | 272,074 | 486,960 | 484,792 | 2,168 |
| Tax commissioner | 1,992,480 | 1,958,490 | 1,952,184 | 6,306 |
| Finance | 896,841 | 876,015 | 868,934 | 7,081 |
| Information systems | 2,464,875 | 2,443,860 | 2,427,147 | 16,713 |
| Human resources | 660,439 | 667,451 | 659,541 | 7,910 |
| Risk management | 1,280,095 | 1,178,054 | 1,171,375 | 6,679 |
| Budget | 186,543 | 135,811 | 134,199 | 1,612 |
| Purchasing | 373,084 | 283,384 | 278,533 | 4,851 |
| Tax assessor | 1,862,060 | 1,854,967 | 1,849,145 | 5,822 |
| Elections | 890,680 | 864,238 | 851,213 | 13,025 |
| Public buildings | 2,335,631 | 2,227,913 | 2,215,371 | 12,542 |
| Other - unclassified | 1,346,839 | - | - | - |
| Total general government | 16,574,946 | 14,766,246 | 14,663,777 | 102,469 |

**(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, 2010

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Expenditures: (Continued)** | | | | |
| Judicial: | | | | |
| Judge of superior court | $ 449,046 | $ 460,462 | $ 456,763 | $ 3,699 |
| Clerk of superior court | 1,708,346 | 1,769,313 | 1,760,359 | 8,954 |
| Court reporter | 313,616 | 215,893 | 214,743 | 1,150 |
| Jury/bailiff | 200,000 | 205,618 | 204,958 | 660 |
| District attorney | 1,446,898 | 1,446,601 | 1,438,294 | 8,307 |
| Public defender | 947,453 | 1,006,804 | 1,002,794 | 4,010 |
| Juvenile court | 1,806,507 | 1,810,456 | 1,793,614 | 16,842 |
| Community outreach | 212,804 | 207,030 | 204,160 | 2,870 |
| State court | 2,209,421 | 2,128,568 | 2,123,581 | 4,987 |
| State court solicitor | 2,028,225 | 1,973,644 | 1,967,994 | 5,650 |
| Clerk of state court | 1,293,038 | 1,287,202 | 1,270,225 | 16,977 |
| DUI court | - | 50,773 | 62,634 | (11,861) |
| Magistrate court | 931,584 | 940,973 | 937,524 | 3,449 |
| Probate court | 739,853 | 757,083 | 752,382 | 4,701 |
| Probate resource court | 307,848 | 267,089 | 259,967 | 7,122 |
| Criminal justice liaison | - | 105,455 | 120,624 | (15,169) |
| Total judicial | 14,594,639 | 14,632,964 | 14,570,616 | 62,348 |
| Public safety: | | | | |
| Police | 1,965,338 | 2,279,252 | 2,242,321 | 36,931 |
| Criminal investigation division | 2,739,508 | 2,653,285 | 2,650,435 | 2,850 |
| Narcotics | 916,904 | 974,057 | 971,806 | 2,251 |
| Support service | 1,319,860 | 1,416,190 | 1,410,802 | 5,388 |
| Uniform patrol division | 11,084,166 | 11,153,912 | 11,101,783 | 52,129 |
| Fire | 19,315,625 | 20,704,437 | 20,671,441 | 32,996 |
| E911 / Emergency management | 899,867 | 917,954 | 922,228 | (4,274) |
| Sheriff | 8,480,572 | 8,440,708 | 8,424,168 | 16,540 |
| Jail | 12,048,815 | 11,827,297 | 11,826,371 | 926 |
| Early release | 316,491 | 319,126 | 311,875 | 7,251 |
| Coroner | 163,369 | 162,180 | 159,777 | 2,403 |
| Code enforcement | 393,751 | 417,762 | 413,458 | 4,304 |
| Animal control | 705,394 | 765,318 | 759,142 | 6,176 |
| Total public safety | 60,349,660 | 62,031,478 | 61,865,607 | 165,871 |

**(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, 2010

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Expenditures: (Continued)** | | | | |
| Public works: | | | | |
| Director of public works | $ 133,610 | $ 134,035 | $ 133,287 | $ 748 |
| DOT | 3,515,092 | 3,798,642 | 3,751,987 | 46,655 |
| Construction and roads | 2,591,209 | 3,257,698 | 3,225,343 | 32,355 |
| Scraping and hauling | 3,977,754 | 3,578,853 | 3,576,479 | 2,374 |
| Waste management | 36,646 | 66,540 | 64,665 | 1,875 |
| Maintenance shop | 1,229,244 | 1,195,554 | 1,188,176 | 7,378 |
| Total public works | 11,483,555 | 12,031,322 | 11,939,937 | 91,385 |
| Health and welfare: | | | | |
| General health | 932,330 | 904,330 | 903,579 | 751 |
| Department of family and children services | 275,858 | 275,875 | 275,873 | 2 |
| Family connection | 144,189 | 137,893 | 135,984 | 1,909 |
| Life management solutions | 123,728 | 123,013 | 122,524 | 489 |
| Transit system | 1,267,065 | 1,662,633 | 1,652,293 | 10,340 |
| Senior services | 2,876,190 | 2,924,759 | 2,915,180 | 9,579 |
| Total health and welfare | 5,619,360 | 6,028,503 | 6,005,433 | 23,070 |
| Culture and recreation: | | | | |
| Recreation | 5,030,027 | 5,076,930 | 5,071,231 | 5,699 |
| Libraries | 2,042,409 | 2,042,409 | 2,042,409 | - |
| Total culture and recreation | 7,072,436 | 7,119,339 | 7,113,640 | 5,699 |
| Housing and development: | | | | |
| Director of human and community services | 201,571 | 209,271 | 207,884 | 1,387 |
| Conservation | 279,615 | 267,755 | 265,510 | 2,245 |
| Conservation - NRCS | 52,343 | 48,123 | 47,530 | 593 |
| Building department | 1,892,553 | 1,569,511 | 1,562,077 | 7,434 |
| Planning and zoning | 711,904 | 759,387 | 752,842 | 6,545 |

**(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, 2010

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Expenditures: (Continued)** | | | | |
| Housing and development: (continued) | | | | |
| GIS mapping | $ 335,494 | $ 331,039 | $ 328,506 | $ 2,533 |
| Development plan review | 302,626 | 301,342 | 298,114 | 3,228 |
| Transportation development | 112,639 | 51,419 | 50,279 | 1,140 |
| Economic development authority | 352,512 | 350,812 | 350,745 | 67 |
| Total housing and development | 4,241,257 | 3,888,659 | 3,863,487 | 25,172 |
| Total expenditures | 119,935,853 | 120,498,511 | 120,022,497 | 476,014 |
| Excess (deficiency) of revenues over (under) expenditures | (2,202,022) | 1,817,912 | 2,856,400 | 1,038,488 |
| **Other financing sources (uses):** | | | | |
| Transfers in | 518,421 | 735,158 | 735,156 | (2) |
| Transfers out | (6,009,082) | (6,882,764) | (6,893,560) | (10,796) |
| Proceeds from sale of capital assets | 150,000 | 24,000 | 23,994 | (6) |
| Total other financing sources (uses) | (5,340,661) | (6,123,606) | (6,134,410) | (10,804) |
| Net change in fund balances | (7,542,683) | (4,305,694) | (3,278,010) | 1,027,684 |
| **Fund balances, beginning of year** | 42,839,002 | 42,839,002 | 42,839,002 | - |
| **Fund balances, end of year** | $ 35,296,319 | $ 38,533,308 | $ 39,560,992 | $ 1,027,684 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET ASSETS
## PROPRIETARY FUNDS
## JUNE 30, 2010

| | Major Enterprise Fund Stormwater Fund |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash | $ 1,963,959 |
| Accounts receivable, net of allowances | 414,547 |
| Total current assets | 2,378,506 |
| **NONCURRENT ASSETS** | |
| Capital assets, depreciable, net of accumulated depreciation | 530,211 |
| Total noncurrent assets | 530,211 |
| Total assets | $ 2,908,717 |
| **LIABILITIES** | |
| **CURRENT LIABILITIES** | |
| Accounts payable | $ 34,194 |
| Accrued liabilities | 14,048 |
| Due to other funds | 510,666 |
| Total current liabilities | 558,908 |
| Total liabilities | 558,908 |
| **NET ASSETS** | |
| Invested in capital assets | 530,211 |
| Unrestricted | 1,819,598 |
| Total net assets | $ 2,349,809 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
## PROPRIETARY FUNDS
## JUNE 30, 2010

| | Major Enterprise Fund Stormwater Fund |
|---|---|
| **Operating revenues:** | |
| Charges for services: | |
| Stormwater fees | $ 2,942,581 |
| Total operating revenues | 2,942,581 |
| **Operating expenses:** | |
| Salaries and benefits | 1,326,477 |
| Purchased/contracted services | 483,803 |
| Supplies and materials | 123,996 |
| Depreciation | 107,079 |
| Total operating expenses | 2,041,355 |
| Operating income | 901,226 |
| **Nonoperating revenues:** | |
| Investment income | 3,075 |
| Grant income | 835 |
| Total nonoperating revenues | 3,910 |
| Income before contributions and transfers | 905,136 |
| **Capital contributions** | 22,500 |
| **Transfers out** | (384,381) |
| Change in net assets | 543,255 |
| **Net assets, beginning of year** | 1,806,554 |
| **Net assets, end of year** | $ 2,349,809 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## JUNE 30, 2010

| | Major Enterprise Fund Stormwater Fund |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from customers | $ 2,850,461 |
| Payments to suppliers and service providers | (611,696) |
| Payments to employees | (1,366,041) |
| Payments for interfund services used | (494,847) |
| Net cash provided by operating activities | 377,877 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| Transfers out | (384,381) |
| Grant received | 835 |
| Net cash used in noncapital financing activities | (383,546) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Purchase of property and equipment | (182,677) |
| Capital contributed | 22,500 |
| Net cash used in capital and related financing activities | (160,177) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest on investments | 3,075 |
| Net cash provided by investing activities | 3,075 |
| Net decrease in cash and cash equivalents | (162,771) |
| **Cash and cash equivalents:** | |
| Beginning of year | 2,126,730 |
| End of year | $ 1,963,959 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## JUNE 30, 2010

| | Major Enterprise Fund Stormwater Fund |
|---|---|
| **Reconciliation of operating income to net cash provided by operating activities:** | |
| Operating income | $ 901,226 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 107,079 |
| Increase in accounts receivable | (92,120) |
| Decrease in accounts payable | (3,897) |
| Decrease in accrued liabilities | (39,564) |
| Decrease in due to other funds | (494,847) |
| Net cash provided by operating activities | $ 377,877 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## FIDUCIARY FUNDS
## JUNE 30, 2010

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 4,960,075 |
| Taxes receivable | 11,759,029 |
| Total assets | $ 16,719,104 |
| **LIABILITIES** | |
| Due to component unit | $ 87,531 |
| Due to others | 16,631,573 |
| Total liabilities | $ 16,719,104 |

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

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# BASIC FINANCIAL STATEMENTS

## GUIDE TO NOTES


Page

Note 1: Summary of Significant Accounting Policies ..... 33

Note 2: Reconciliation of Government-wide Financial Statements and Fund Financial Statements ..... 44

Note 3: Legal Compliance - Budgets ..... 48

Note 4: Deposits and Investments ..... 50

Note 5: Receivables ..... 53

Note 6: Capital Assets ..... 54

Note 7: Long-term Debt and Capital Leases ..... 60

Note 8: Operating Leases ..... 70

Note 9: Interfund Receivables, Payables, and Transfers ..... 70

Note 10: Defined Benefit Pension Plans ..... 72

Note 11: Deferred Compensation Plan ..... 79

Note 12: Other Postemployment Benefits ..... 79

Note 13: Hotel/Motel Tax ..... 86

Note 14: Risk Management ..... 87

Note 15: Landfill Postclosure Care ..... 88

Note 16: Commitments and Contingencies ..... 89

Note 17: Joint Venture ..... 90

Note 18: Changes in Reservations ..... 91

Note 19: Prior Period Adjustments ..... 91

## 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)**

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

**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.

The **Henry County Governmental Services Authority** is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, Governmental Services Authority is reported as if it were part of the primary government because its sole purpose is to purchase, rehabilitate, and resale foreclosed properties to qualified citizens of Henry County. This is done through the Neighborhood Stabilization Program which is identified in a separate special revenue fund, the Neighborhood Stabilization Fund.

Separate financial statements are not prepared for the Henry County Governmental Services Authority.

**Henry First** is a 501 c 3 that is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, Henry First is reported as if it were part of the primary government because its sole purpose is to search and receive grants and donations from other entities and/or individuals who can only donate to non-profit organizations. Collections are received by Henry First; however, the funds are spent for the benefit of Henry County.

Separate financial statements are not prepared for Henry First.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Government-wide and Fund Financial Statements

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

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

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

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 fund:

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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.

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

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. During the current year, 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.

## 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 $148,612,053 difference are as follows:

| | | |
|---|---|---|
| Capital leases payable | $ | (52,715,208) |
| General obligation bonds payable | | (87,240,000) |
| Less: Deferred charge for issuance costs (to be amortized over life of debt) | | 693,040 |
| Plus: Issuance premium (to be amortized against interest expense) | | (2,859,640) |
| Compensated absences | | (4,146,342) |
| Landfill postclosure costs | | (711,000) |
| Accrued interest | | (1,632,903) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities* | $ | (148,612,053) |

## 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 $27,709,345 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 47,043,127 |
| Depreciation expense | (19,333,782) |
| Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities* | $ 27,709,345 |

## 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 $14,930,459 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. | $ | 16,564,892 |
| 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. | | (1,634,433) |
| Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets of governmental activities* | $ | 14,930,459 |

## 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 $5,728,610 difference are as follows:

| | | |
|---|---|---|
| Principal repayments: | | |
| Bonds payable | $ | 5,647,610 |
| Landfill postclosure costs | | 81,000 |
| Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities* | $ | 5,728,610 |

## 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 $659,060 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | 1,683,535 |
| Amortization of issuance costs | | (149,554) |
| Amortization of premium on general obligation bonds | | 714,911 |
| Accrued interest | | (619,750) |
| Net pension obligation | | (119,902) |
| Net post employment benefit obligation | | (850,180) |
| Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities* | $ | 659,060 |

## 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, 2010, expenditures exceeded budget in the General Fund, as follows:

| Department | Excess |
|---|---|
| Criminal justice liaison | $ 15,169 |
| DUI court | 11,861 |
| E911 / Emergency management | 4,274 |

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, 2010 are summarized as follows:

| | | |
|---|---|---|
| **Balances per statement of net assets:** | | |
| Cash - Primary government | $ | 46,538,163 |
| Cash - Health Department | | 996,780 |
| Cash - Development Authority | | 52,621 |
| Cash - Library System | | 154,196 |
| Cash - Water & Sewerage Authority | | 1,002,007 |
| Investments - Primary government | | 96,305,569 |
| Investments - Development Authority | | 420,000 |
| Investments - Library System | | 28,597 |
| Restricted assets: | | |
| Cash - Primary government | | 2,701,710 |
| Cash - Water & Sewerage Authority | | 34,143,041 |
| Investments - Water & Sewerage Authority | | 24,756,955 |
| **Balances per statement of fiduciary net assets:** | | |
| Cash - Agency funds | | 4,960,075 |
| | $ | 212,059,714 |
| | | |
| Cash deposited with financial institutions | $ | 142,356,860 |
| Cash deposited with Georgia Fund 1 | | 63,213,604 |
| Federal Home Loan Bank Agency Coupons | | 6,489,250 |
| | $ | 212,059,714 |

## 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, 2010, 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, 2010, the County had the following investments:

| Investment | Maturities | Fair Value |
|---|---|---|
| Primary government: | | |
| Georgia Fund 1 | 46 day weighted average | $ 44,917,302 |
| Certificates of Deposit | 18.00 months | 204,553 |
| | | $ 45,121,855 |
| Component units: | | |
| Georgia Fund 1 | 46 day weighted average | $ 18,296,302 |
| Certificates of Deposit | 13.50 month weighted average | 420,000 |
| Federal Home Loan Bank Agency Coupon | September 10, 2010 | 6,489,250 |
| | | $ 25,205,552 |

## 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, 2010, 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, 2010 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 | $ 4,476,077 | $ - | $ - | $ 39,875 | $ 4,515,952 |
| Accounts | 10,260,238 | 5,031 | 518,183 | 824,889 | 11,608,341 |
| Other | 2,623,097 | 4,888,827 | - | 961,357 | 8,473,281 |
| Gross receivables | 17,359,412 | 4,893,858 | 518,183 | 1,826,121 | 24,597,574 |
| Less allowance for uncollectibles | 4,086,118 | - | 103,636 | 191,551 | 4,381,305 |
| Net total receivables | $ 13,273,294 | $ 4,893,858 | $ 414,547 | $ 1,634,570 | $ 20,216,269 |

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2010 of $6,712,679, which is net of an allowance for uncollectibles of $721,365.

Property taxes attached as an enforceable lien on property as of November 17, 2009. Property taxes were levied on September 1, 2009, billed on September 16, 2009, and payable on or before November 16, 2009. The County bills and collects its own property taxes. Property taxes levied for 2009 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, 2010 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 79,540,612 | $ 1,908,616 | $ (30,200) | $ 2,333,274 | $ 83,752,302 |
| Construction in progress | 82,169,237 | 39,985,090 | (1,604,233) | (47,650,694) | 72,899,400 |
| Total | 161,709,849 | 41,893,706 | (1,634,433) | (45,317,420) | 156,651,702 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 109,921,592 | 5,435,009 | - | 38,472,815 | 153,829,416 |
| Machinery and equipment | 56,950,117 | 1,292,423 | (209,920) | 158,935 | 58,191,555 |
| Infrastructure | 467,805,067 | 14,986,881 | - | 6,685,670 | 489,477,618 |
| Total | 634,676,776 | 21,714,313 | (209,920) | 45,317,420 | 701,498,589 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (20,046,237) | (3,263,688) | - | - | (23,309,925) |
| Machinery and equipment | (39,381,115) | (4,520,154) | 209,920 | - | (43,691,349) |
| Infrastructure | (159,852,018) | (11,549,940) | - | - | (171,401,958) |
| Total | (219,279,370) | (19,333,782) | 209,920 | - | (238,403,232) |
| Total capital assets, being depreciated, net | 415,397,406 | 2,380,531 | - | 45,317,420 | 463,095,357 |
| Governmental activities capital assets, net | $ 577,107,255 | $ 44,274,237 | $ (1,634,433) | $ - | $ 619,747,059 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2010 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Business-type activities:** | | | | | |
| Capital assets, being depreciated: | | | | | |
| Machinery and equipment | $ 750,476 | $ 182,677 | $ - | $ - | $ 933,153 |
| Total | 750,476 | 182,677 | - | - | 933,153 |
| Less accumulated depreciation for: | | | | | |
| Machinery and equipment | (295,863) | (107,079) | - | - | (402,942) |
| Total | (295,863) | (107,079) | - | - | (402,942) |
| Business-type activities capital assets, net | $ 454,613 | $ 75,598 | $ - | $ - | $ 530,211 |

## 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 | $ | 1,712,052 |
| Judicial | | 193,819 |
| Public safety | | 3,363,375 |
| Public works | | 12,418,706 |
| Health and welfare | | 247,665 |
| Culture and recreation | | 1,375,165 |
| Housing and development | | 23,000 |
| Total depreciation expense - governmental activities | $ | 19,333,782 |
| Business-type activities: | | |
| Stormwater | $ | 107,079 |
| Total depreciation expense - business-type activities | $ | 107,079 |

## 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, 2010, 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 | (112,787) | (4,356) | - | (117,143) |
| Total capital assets, net | $ 13,965 | $ (4,356) | $ - | $ 9,609 |

## 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, 2010 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 10,251 | $ - | $ - | $ 10,251 |
| Total | 10,251 | - | - | 10,251 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 1,462,757 | | (1,377,362) | 85,395 |
| Equipment | 286,570 | 233,752 | - | 520,322 |
| Books and materials | 3,736,750 | 140,181 | (43,839) | 3,833,092 |
| Total | 5,486,077 | 373,933 | (1,421,201) | 4,438,809 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (89,079) | (1,360) | 7,652 | (82,787) |
| Equipment | (18,006) | (43,725) | - | (61,731) |
| Books and materials | (2,274,172) | (232,778) | 43,839 | (2,463,111) |
| Total | (2,381,257) | (277,863) | 51,491 | (2,607,629) |
| Total capital assets, being depreciated, net | 3,104,820 | 96,070 | (1,369,710) | 1,831,180 |
| Total capital assets, net | $ 3,115,071 | $ 96,070 | $ (1,369,710) | $ 1,841,431 |

## 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, 2010 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 35,171,918 | $ 161,640 | $ - | $ 130,348 | $ 35,463,906 |
| Construction in progress | 39,870,480 | 27,197,768 | - | (26,506,303) | 40,561,945 |
| Total | 75,042,398 | 27,359,408 | - | (26,375,955) | 76,025,851 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 7,246,758 | - | (10,560) | 1,143,884 | 8,380,082 |
| Improvements other than buildings | 562,005,349 | 2,182,377 | (203,418) | 25,046,595 | 589,030,903 |
| Machinery and equipment | 7,085,696 | 79,361 | (137,287) | 185,476 | 7,213,246 |
| Vehicles | 3,530,043 | 128,109 | (23,985) | - | 3,634,167 |
| Total | 579,867,846 | 2,389,847 | (375,250) | 26,375,955 | 608,258,398 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (3,144,044) | (375,847) | 10,560 | - | (3,509,331) |
| Improvements other than buildings | (168,003,759) | (25,380,899) | - | - | (193,384,658) |
| Machinery and equipment | (6,140,804) | (700,017) | 137,107 | - | (6,703,714) |
| Vehicles | (3,306,841) | (177,578) | 23,985 | - | (3,460,434) |
| Total | (180,595,448) | (26,634,341) | 171,652 | - | (207,058,137) |
| Total capital assets, being depreciated, net | 399,272,398 | (24,244,494) | (203,598) | 26,375,955 | 401,200,261 |
| Total capital assets, net | $ 474,314,796 | $ 3,114,914 | $ (203,598) | $ - | $ 477,226,112 |

## 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, 2010, are as follows:

| Purpose | Interest Rate | Due Date | Amount |
|---|---|---|---|
| Water and Sewerage Authority | 2.00%-5.00% | 2011 | $ 585,000 |
| Water and Sewerage Authority | 5.00% | 2012 | 3,910,000 |
| Water and Sewerage Authority | 3.75%-6.15% | 2020 | 12,450,000 |
| Water and Sewerage Authority | 4.90%-6.00% | 2020 | 9,390,000 |
| Water and Sewerage Authority | 5.00% | 2026 | 29,785,000 |
| Water and Sewerage Authority | 2.00%-5.38% | 2030 | 42,645,000 |
| Water and Sewerage Authority | 3.00%-5.25% | 2030 | 48,085,000 |
| | | | 146,850,000 |
| | Plus unamortized premiums | | 10,165,958 |
| | Less unamortized discounts | | (142,186) |
| | Less unamortized deferred charges - refunding | | (6,221,801) |
| | | | $ 150,651,971 |

## 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 |
|---|---|---|
| 2011 | $ 4,890,000 | $ 7,501,931 |
| 2012 | 4,930,000 | 7,407,229 |
| 2013 | 5,045,000 | 7,177,044 |
| 2014 | 5,330,000 | 6,910,016 |
| 2015 | 5,605,000 | 6,629,114 |
| 2016-2020 | 32,085,000 | 28,333,315 |
| 2021-2025 | 37,830,000 | 19,062,700 |
| 2026-2030 | 51,135,000 | 8,238,588 |
| Total | $ 146,850,000 | $ 91,259,937 |

The Development Authority's revenue bonds outstanding as of June 30, 2010, are as follows:

| Purpose | Interest Rate | Due Date | Amount |
|---|---|---|---|
| Purchase of land | 4.40% | 2033 | $ 10,000,000 |
| Purchase of land | Variable | 2033 | 2,186,000 |
| | | | $ 12,186,000 |

## 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, 2010, are as follows:

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 2011 | $ - | $ 464,419 |
| 2012 | - | 464,419 |
| 2013 | - | 464,419 |
| 2014 | - | 464,419 |
| 2015 | - | 464,419 |
| 2016-2020 | 2,645,805 | 2,085,689 |
| 2021-2025 | 3,346,184 | 1,514,823 |
| 2026-2030 | 4,167,925 | 803,608 |
| 2031-2033 | 2,026,086 | 84,787 |
| Total | $ 12,186,000 | $ 6,811,002 |

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 $2,586, 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, 2010, 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 | | 2,859,640 |
| | | | | | $ 90,099,640 |

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

### General Obligation Bonds: (Continued)

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

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 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 | $ 8,001,145 |

## 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 $21,342,850, of which $6,365,282 had been drawn as of June 30, 2010. These notes are as follows at June 30, 2010:

| Interest Rate | Term | Due Date | Amount |
|---|---|---|---|
| 3.70% | 20 years | 2021 | $ 10,059,825 |
| 3.49% | 20 years | 2022 | 14,228,349 |
| 3.00% | 20 years | 2026 | 34,896,348 |
| 3.00% | 20 years | 2027 | 23,128,987 |
| 3.00% | 20 years | 2028 | 17,768,722 |
| 3.00% | 20 years | 2030 | 20,519,788 |
| 3.00% | 20 years | 2033 | 6,365,282 |
| | | | $ 126,967,301 |

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

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 2011 | $ 5,624,987 | $ 3,584,113 |
| 2012 | 5,924,746 | 3,496,701 |
| 2013 | 6,121,106 | 3,300,341 |
| 2014 | 6,315,543 | 3,105,904 |
| 2015 | 6,519,041 | 2,902,406 |
| 2016-2020 | 35,884,770 | 11,222,466 |
| 2021-2025 | 32,805,586 | 5,582,986 |
| 2026-2030 | 21,190,270 | 1,294,576 |
| 2031 | 215,970 | 534 |
| Total | $ 120,602,019 | $ 34,490,027 |

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

### Other Long-Term Debt: (Continued)

The above debt service requirements to maturity table does not include provision for the construction lines of credit agreements for $21,342,850, of which $6,365,282 has been drawn as of June 30, 2010. This note payable is in the draw down phase as of June 30, 2010, 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, 2010:

| | | |
|---|---|---|
| Land | $ | 32,696,901 |
| Construction in progress | | 18,325,000 |
| Buildings and improvements | | 15,246,010 |
| Equipment | | 7,360,815 |
| | $ | 73,628,726 |

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

### Capital Leases: (Continued)

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, 2010:

| | | |
|---|---|---|
| **Fiscal year ending June 30,** | | |
| 2011 | $ | 8,224,048 |
| 2012 | | 7,130,357 |
| 2013 | | 7,113,064 |
| 2014 | | 5,990,053 |
| 2015 | | 5,089,468 |
| 2016-2020 | | 17,996,325 |
| 2021-2025 | | 8,710,355 |
| 2026-2030 | | 4,971,534 |
| 2031-2033 | | 2,110,871 |
| Total minimum lease payments | | 67,336,075 |
| Less amount representing interest | | 14,620,867 |
| Present value of future minimum lease payments | $ | 52,715,208 |

## 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, 2010:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| General obligation bonds | $ 87,240,000 | $ - | $ - | $ 87,240,000 | $ 15,755,000 |
| Plus unamortized premium | 3,574,551 | - | 714,911 | 2,859,640 | - |
| General obligation bonds, net | 90,814,551 | - | 714,911 | 90,099,640 | 15,755,000 |
| Capital lease obligations | 58,362,818 | - | 5,647,610 | 52,715,208 | 6,126,018 |
| Landfill postclosure costs | 792,000 | - | 81,000 | 711,000 | 51,000 |
| Other post employment benefits | 750,992 | 1,317,718 | 467,538 | 1,601,172 | - |
| Compensated absences | 5,829,877 | 3,948,619 | 5,632,154 | 4,146,342 | 3,533,000 |
| | $ 156,550,238 | $ 5,266,337 | $ 12,543,213 | $ 149,273,362 | $ 25,465,018 |

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, 2010:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 12,186,000 | $ - | $ - | $ 12,186,000 | $ - |
| | $ 12,186,000 | $ - | $ - | $ 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, 2010:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 155,150,000 | $ 29,785,000 | $ 38,085,000 | $ 146,850,000 | $ 4,890,000 |
| Plus unamortized premiums | 6,639,086 | 3,958,695 | 431,823 | 10,165,958 | - |
| Less unamortized discounts | (157,023) | - | (14,837) | (142,186) | - |
| Less unamortized deferred charges | (6,570,438) | (211,187) | (559,824) | (6,221,801) | - |
| Revenue bonds, net | 155,061,625 | 33,532,508 | 37,942,162 | 150,651,971 | 4,890,000 |
| Notes payable | 111,630,461 | 19,527,435 | 4,190,595 | 126,967,301 | 5,624,987 |
| OPEB liability | 1,227,956 | 1,275,360 | 77,667 | 2,425,649 | 77,667 |
| Compensated absences | 811,623 | 699,581 | 627,209 | 883,995 | 658,570 |
| | $ 268,731,665 | $ 55,034,884 | $ 42,837,633 | $ 280,928,916 | $ 11,251,224 |

## 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, 2010, amounted to $19,560. Future minimum lease payments for these leases are as follows:

| | |
|---|---|
| Fiscal year ending June 30, 2011 | $ 19,560 |

## NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010 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 | $ - | $ 827,913 | $ 510,666 | $ 3,341,535 | $ 4,680,114 |
| 2008 SPLOST Fund | - | - | - | 4,091 | 4,091 |
| Nonmajor governmental funds | 23,819 | - | - | 73,101 | 96,920 |
| Total | $ 23,819 | $ 827,913 | $ 510,666 | $ 3,418,727 | $ 4,781,125 |

## 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 | 2008 SPLOST Fund | Stormwater Enterprise Fund | Nonmajor governmental funds | Total |
| General Fund | $ - | $ - | $ 384,381 | $ 350,775 | $ 735,156 |
| Debt Service Fund | 4,351,147 | 19,463,873 | - | 3,459,459 | 27,274,479 |
| 2008 SPLOST Fund | - | - | - | 269,932 | 269,932 |
| Nonmajor governmental funds | 2,542,413 | 850,000 | - | 477,650 | 3,870,063 |
| Total | $ 6,893,560 | $ 20,313,873 | $ 384,381 | $ 4,557,816 | $ 32,149,630 |

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:

| | 2010 | 2009 |
|---|---|---|
| **Derivation of Annual Pension Cost** | | |
| Annual Required Contribution | $ 6,118,612 | $ 5,169,027 |
| Interest on Net Pension Obligation | (322,842) | (262,366) |
| Amortization of Net Pension Obligation | 345,433 | 279,181 |
| Annual Pension Cost | $ 6,141,203 | $ 5,185,842 |
| **Derivation of Net Pension Obligation** | | |
| Annual Pension Cost for Fiscal Year 2010 | | $ 6,141,203 |
| Actual Contributions to Plan for Fiscal Year 2010 | | 6,021,301 |
| Increase (Decrease) in Net Pension Obligation | | 119,902 |
| Net Pension Obligation (Asset) as of June 30, 2009 | | (3,927,636) |
| Net Pension Obligation (Asset) as of June 30, 2010 | | $ (3,807,734) |
| **Basis of Valuation** | | |
| Current Valuation Date | | January 1, 2010 |
| 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) |
|---|---|---|---|---|
| 7/1/09 | $ 6,141,203 | $ 6,021,301 | 98 % | $ (3,807,734) |
| 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, 2010, 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 |
|---|---|---|---|---|---|---|
| 12/31/2009 | $ 64,724,457 | $ 99,002,905 | $ 34,278,448 | 65.4 % | $ 66,132,873 | 51.8 % |

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 5.25% 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, 2010, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2010 are as follows:

| | 2010 | 2009 |
|---|---|---|
| **Derivation of Annual Pension Cost** | | |
| Annual Required Contribution | $ 1,337,298 | $ 1,204,407 |
| Interest on Net Pension Obligation | (228,533) | (187,378) |
| Amortization of Net Pension Obligation | 244,525 | 199,247 |
| Annual Pension Cost | $ 1,353,290 | $ 1,216,276 |

| | |
|---|---|
| **Derivation of Net Pension Obligation** | |
| Annual Pension Cost for Fiscal Year 2010 | $ 1,353,290 |
| Actual Contributions to Plan for Fiscal Year 2010 | 1,669,893 |
| Increase (Decrease) in Net Pension Obligation | (316,603) |
| Net Pension Obligation (Asset) as of June 30, 2009 | (3,122,552) |
| Net Pension Obligation (Asset) as of June 30, 2010 | $ (3,439,155) |

## 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, 2010 |
| 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 | 25 |

## 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) |
| 7/1/10 | $ 1,353,290 | $ 1,669,893 | 123 % | $ (3,439,155) |
| 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, 2010, 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 |
|---|---|---|---|---|---|---|
| 12/31/2009 | $ 11,295,607 | $ 17,180,226 | $ 5,884,619 | 65.7 % | $ 10,685,904 | 55.1 % |

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, 2010. There is no separate, audited GAAP-basis postemployment benefit plan report available for the County's plan.

#### Plan Description

The County provides postretirement health care benefits, as per the requirements of a resolution, for certain retirees and their dependents. The Henry County Post-Retirement Medical Plan is administered by the County and is a single-employer, defined benefit plan. 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, 2010, there were 75 retired employees receiving health care benefits. For the year ended June 30, 2010, the County paid $374,030 for these benefits, which was net of $93,508 of retiree contributions.

## NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Primary Government (Continued)

#### Contributions

The County contributed $467,538 to the OPEB Health Care Plan in fiscal year 2010. 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.

| Fiscal Year Beginning | Annual Required Contribution/ Annual OPEB Cost | Actual County Contribution | Percentage of AOC Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| 7/1/09 | $ 1,317,718 | $ 467,538 | 35 % | $ 1,601,172 |
| 7/1/08 | 1,235,768 | 484,776 | 39 | 750,992 |

As of the most recent valuation date, July 1, 2009, 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 | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 07/01/08 | $ - | $ 10,496,736 | $ 10,496,736 | - % | $ 51,035,000 | 20.6 % |
| 07/01/09 | - | 11,511,890 | 11,511,890 | - | 53,332,000 | 21.6 |

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 July 1, 2009. The assumptions used in the July 1, 2009 actuarial valuation are as follows:

## NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Primary Government (Continued)

| **Basis of Valuation** | |
|---|---|
| Current Valuation Date | July 1, 2009 |
| 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 | 2010 |
| 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, 2009.

| | |
|---|---|
| Active participants | 224 |
| Retirees and beneficiaries | 9 |
| Total | 233 |

## 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.

| Year | OPEB Cost | Contribution | Contributed | End of Year |
|---|---|---|---|---|
| 2010 | $ $1,286,743 | $ 77,667 | 6 % | $ 2,425,649 |
| 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 | $ 1,286,743 |
| Interest from net OPEB obligation | 70,976 |
| Adjustment of net OPEB asset | (82,359) |
| Annual OPEB cost | 1,275,360 |
| Actual contributions to the plan | (77,667) |
| Increase in net OPEB asset | 1,197,693 |
| Net OPEB obligation as of July 1, 2009 | 1,227,956 |
| Net OPEB obligation as of June 30, 2010 | $ 2,425,649 |

## NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Water & Sewerage Authority – Component Unit (Continued)

#### OPEB Plan

As of the most recent valuation date, July 1, 2009, 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 |
|---|---|---|---|---|---|---|
| 6/30/2010 | $ - | $ 7,373,209 | $ 7,373,209 | 0% | $ 10,624,999 | 69.4% |

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, 2009. The assumptions used in the July 1, 2009, actuarial valuation are as follows:

## NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Water & Sewerage Authority – Component Unit (Continued)

| **Basis of Valuation** | |
|---|---|
| Current Valuation Date | July 1, 2009 |
| Actuarial Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Market Value of Assets |
| Discount rate for benefit obligations | 5.78% |
| 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, 2010, the County collected $347,551 of hotel/motel taxes. Of this amount, $170,510, or 49.1%, was given to the Chamber. The remaining funds of $177,041, or 50.9%, 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 ofcasualty 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, 2010. No provisions have been made in the financial statements for the year ended June 30, 2010, 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, 2010, the County has a remaining 13 years of monitoring. Engineering studies estimate postclosure costs of approximately $711,000 over the 13 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, 2010, the County has contractual commitments on uncompleted contracts of approximately $25,944,960.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of $17,110,683.

### 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, 2010, the total amount outstanding under these revenue certificates amounted to $49,108,286.

## 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, 2010, 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, 2010 are as follows:

| | General Fund | Court Fund | Total |
|---|---|---|---|
| Reserved for: | | | |
| Jail construction | $ - | $ (166,358) | $ (166,358) |
| Drug abuse treatment | - | (65,898) | (65,898) |
| Juvenile assistance | - | 9 | 9 |
| Fire safety | (15,828) | - | (15,828) |
| Victim witness program | - | 149,277 | 149,277 |
| Prepaids | (97,489) | - | (97,489) |
| | $ (113,317) | $ (82,970) | $ (196,287) |

## NOTE 19. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment in the amount of $592 was made in the financial statements of the Henry County Department of Public Health for the year ended June 30, 2010. During the current year, it was determined the Henry County Department of Public Health had overpaid retirement in the prior year.

# 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 |
|---|---|---|---|---|---|---|
| 12/31/2009 | $ 64,724,457 | $ 99,002,905 | $ 34,278,448 | 65.4 % | $ 66,132,873 | 51.8 % |
| 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 |
| 12/31/2003 | 2,434,190 | - | (2,434,190) | 100.0 | 37,732,099 | (6.5) |

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# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF FUNDING PROGRESS

### 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 |
|---|---|---|---|---|---|---|
| 12/31/2009 | $ 11,295,607 | $ 17,180,226 | $ 5,914,751 | 65.7 % | $ 10,144,460 | 58.3 % |
| 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 |
| 12/31/2004 | 1,590,442 | 6,258,410 | 4,667,968 | 25.4 | 6,216,734 | 75.1 |

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

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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.

**Neighborhood Stabilization Fund** – This fund is used to account for grant funds received for the Neighborhood Stabilization Program.

**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.

**Law Enforcement Grant Fund** – This fund is used to account for grant funds received for law enforcement programs.

# 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, 2010

| | Special Revenue | | | | | | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | **Confiscated Assets Fund** | **Hotel/Motel Tax Fund** | **E-911 Fund** | **Law Library Fund** | **Court Fund** | **Technology Fund** | **Neighborhood Stabilization Fund** |
| Cash and cash equivalents | $ 2,232,902 | $ 59,604 | $ 4,786,941 | $ 171,052 | $ 1,702,416 | $ 81,165 | $ 1,978,268 |
| Investments | - | - | - | 204,260 | - | - | - |
| Accounts receivable | 517 | 39,875 | 526,605 | - | - | - | 282,125 |
| Inventory | - | - | - | - | - | - | 1,648,570 |
| Due from other governments | - | - | - | - | 18,050 | - | - |
| Due from other funds | - | - | 7,445 | - | - | - | - |
| Restricted cash | - | - | - | - | - | - | - |
| Total assets | $ 2,233,419 | $ 99,479 | $ 5,320,991 | $ 375,312 | $ 1,720,466 | $ 81,165 | $ 3,908,963 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| **LIABILITIES** | | | | | | | |
| Accounts payable | $ 127,932 | $ 28,107 | $ 64,651 | $ - | $ 8,401 | $ - | $ 57,573 |
| Accrued liabilities | - | - | 16,263 | - | 3,410 | - | 550 |
| Due to other funds | 1,972 | 71,372 | 896 | - | 283,865 | - | 816,647 |
| Total liabilities | 129,904 | 99,479 | 81,810 | - | 295,676 | - | 874,770 |
| **FUND BALANCES** | | | | | | | |
| Reserved for jail construction | - | - | - | - | 24,331 | - | - |
| Reserved for drug abuse treatment | - | - | - | - | 1,442,525 | - | - |
| Reserved for juvenile assistance | - | - | - | - | 7,404 | - | - |
| Reserved for victim witness program | - | - | - | - | 184,856 | - | - |
| Unreserved | 2,103,515 | - | 5,239,181 | 375,312 | (234,326) | 81,165 | 3,034,193 |
| Total fund balances | 2,103,515 | - | 5,239,181 | 375,312 | 1,424,790 | 81,165 | 3,034,193 |
| Total liabilities and fund balances | $ 2,233,419 | $ 99,479 | $ 5,320,991 | $ 375,312 | $ 1,720,466 | $ 81,165 | $ 3,908,963 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2010

| | Special Revenue | | Capital Projects | | | | | |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | **Juvenile Assistance Fund** | **Law Enforcement Grant Fund** | **Capital Asset Fund** | **1996 SPLOST Fund** | **2002 SPLOST Fund** | **Impact Fees Fund** | **Lease Purchase Fund** | **Total** |
| Cash and cash equivalents | $ 319,222 | $ - | $ 3,934,313 | $ 1,067,835 | $ 11,030,956 | $ 1,851,174 | - | $ 29,215,848 |
| Investments | - | - | 495,016 | - | 512 | - | - | 699,788 |
| Accounts receivable | 107,748 | - | - | 1,238 | - | - | - | 958,108 |
| Inventory | - | - | - | - | - | - | - | 1,648,570 |
| Due from other governments | - | 132,650 | - | - | 525,762 | - | - | 676,462 |
| Due from other funds | - | - | 16,374 | - | 73,101 | - | - | 96,920 |
| Restricted cash | - | - | - | - | - | - | 2,701,710 | 2,701,710 |
| Total assets | $ 426,970 | $ 132,650 | $ 4,445,703 | $ 1,069,073 | $ 11,630,331 | $ 1,851,174 | $ 2,701,710 | $ 35,997,406 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| Accounts payable | $ - | $ 20,039 | $ 72,374 | $ - | $ 2,885,750 | $ - | - | $ 3,264,827 |
| Accrued liabilities | - | 611 | - | - | 1,419 | - | - | 22,253 |
| Due to other funds | - | 112,000 | 573,816 | - | 4,119 | 1,554,040 | - | 3,418,727 |
| Total liabilities | - | 132,650 | 646,190 | - | 2,891,288 | 1,554,040 | - | 6,705,807 |
| **FUND BALANCES** | | | | | | | | |
| Reserved for jail construction | - | - | - | - | - | - | - | 24,331 |
| Reserved for drug abuse treatment | - | - | - | - | - | - | - | 1,442,525 |
| Reserved for juvenile assistance | - | - | - | - | - | - | - | 7,404 |
| Reserved for victim witness program | - | - | - | - | - | - | - | 184,856 |
| Unreserved | 426,970 | - | 3,799,513 | 1,069,073 | 8,739,043 | 297,134 | 2,701,710 | 27,632,483 |
| Total fund balances | 426,970 | - | 3,799,513 | 1,069,073 | 8,739,043 | 297,134 | 2,701,710 | 29,291,599 |
| Total liabilities and fund balances | $ 426,970 | $ 132,650 | $ 4,445,703 | $ 1,069,073 | $ 11,630,331 | $ 1,851,174 | 2,701,710 | $ 35,997,406 |

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Special Revenue | | | | | | |
|---|---|---|---|---|---|---|---|
| | Confiscated Assets Fund | Hotel/Motel Tax Fund | E-911 Fund | Law Library Fund | Court Fund | Technology Fund | Neighborhood Stabilization Fund |
| **Revenues** | | | | | | | |
| Taxes | $ - | $ 347,551 | $ - | $ - | $ - | $ - | $ - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 7,256,206 |
| Charges for services | - | - | 3,692,521 | - | - | - | - |
| Fines and forfeitures | 1,172,321 | - | - | 159,260 | 758,811 | 121,250 | - |
| Investment income | 3,673 | 440 | 6,085 | 4,904 | 2,136 | 335 | - |
| Contributions | - | - | - | - | - | - | - |
| Miscellaneous | 7,904 | - | - | - | - | - | 371,811 |
| Total revenues | 1,183,898 | 347,991 | 3,698,606 | 164,164 | 760,947 | 121,585 | 7,628,017 |
| **Expenditures** | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | 294,297 |
| Judicial | - | - | - | 153,507 | 380,199 | 97,996 | - |
| Public safety | 630,448 | - | 3,747,846 | - | - | - | - |
| Housing and development | - | 170,510 | - | - | - | - | 4,299,527 |
| Capital outlay | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | 155,099 | - | - | - | - |
| Interest and fiscal charges | - | - | 6,375 | - | - | - | - |
| Total expenditures | 630,448 | 170,510 | 3,909,320 | 153,507 | 380,199 | 97,996 | 4,593,824 |
| Excess (deficiency) of revenues over (under) expenditures | 553,450 | 177,481 | (210,714) | 10,657 | 380,748 | 23,589 | 3,034,193 |
| **Other financing sources (uses)** | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | (193) | (177,481) | - | (14,200) | (754,762) | - | - |
| Proceeds from sale of capital assets | 18,385 | - | - | - | - | - | - |
| Total other financing sources (uses) | 18,192 | (177,481) | - | (14,200) | (754,762) | - | - |
| Net change in fund balances | 571,642 | - | (210,714) | (3,543) | (374,014) | 23,589 | 3,034,193 |
| **Fund balances, beginning of year** | 1,531,873 | - | 5,449,895 | 378,855 | 1,798,804 | 57,576 | - |
| **Fund balances, end of year** | $ 2,103,515 | $ - | $ 5,239,181 | $ 375,312 | $ 1,424,790 | $ 81,165 | $ 3,034,193 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Special Revenue | | Capital Projects | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Juvenile Assistance Fund | Law Enforcement Grant Fund | Capital Asset Fund | 1996 SPLOST Fund | 2002 SPLOST Fund | Impact Fees Fund | Lease Purchase Fund | Total |
| **Revenues** | | | | | | | | |
| Taxes | $ - | - | $ - | $ - | $ - | $ - | - | $ 347,551 |
| Licenses and permits | - | - | - | - | - | 286,181 | - | 286,181 |
| Intergovernmental | - | 410,067 | - | - | 3,366,768 | - | - | 11,033,041 |
| Charges for services | - | - | - | - | 1,200 | - | - | 3,693,721 |
| Fines and forfeitures | 61,266 | - | - | - | - | - | - | 2,272,908 |
| Investment income | 997 | - | 4,947 | 1,224 | 21,718 | 2,983 | 5,634 | 55,076 |
| Miscellaneous | - | - | 39,977 | 68,705 | 30,701 | - | - | 519,098 |
| Total revenues | 62,263 | 410,067 | 44,924 | 69,929 | 3,420,387 | 289,164 | 5,634 | 18,207,576 |
| **Expenditures** | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 294,297 |
| Judicial | 54,898 | - | - | - | - | - | - | 686,600 |
| Public safety | - | 439,800 | - | - | - | - | - | 4,818,094 |
| Housing and development | - | - | - | - | - | - | - | 4,470,037 |
| Capital outlay | - | - | 1,338,797 | 43,193 | 9,259,941 | 125,000 | 1,051,123 | 11,818,054 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | - | 155,099 |
| Interest | - | - | - | - | - | - | - | 6,375 |
| Total expenditures | 54,898 | 439,800 | 1,338,797 | 43,193 | 9,259,941 | 125,000 | 1,051,123 | 22,248,556 |
| Excess (deficiency) of revenues over (under) expenditures | 7,365 | (29,733) | (1,293,873) | 26,736 | (5,839,554) | 164,164 | (1,045,489) | (4,040,980) |
| **Other financing sources (uses)** | | | | | | | | |
| Transfers in | 710 | 29,733 | 2,512,030 | - | - | - | 1,327,590 | 3,870,063 |
| Transfers out | - | - | (1,001,500) | (130,380) | - | (2,479,300) | - | (4,557,816) |
| Proceeds from sale of capital assets | - | - | - | - | - | - | - | 18,385 |
| Total other financing sources (uses) | 710 | 29,733 | 1,510,530 | (130,380) | - | (2,479,300) | 1,327,590 | (669,368) |
| Net change in fund balances | 8,075 | - | 216,657 | (103,644) | (5,839,554) | (2,315,136) | 282,101 | (4,710,348) |
| **Fund balances, beginning of year** | 418,895 | - | 3,582,856 | 1,172,717 | 14,578,597 | 2,612,270 | 2,419,609 | 34,001,947 |
| **Fund balances, end of year** | $ 426,970 | $ - | $ 3,799,513 | $ 1,069,073 | $ 8,739,043 | $ 297,134 | 2,701,710 | $ 29,291,599 |

# 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, 2010

| | Confiscated Assets Fund | | | Hotel/Motel Tax Fund | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | | | | |
| Taxes | $ - | $ - | $ - | $ 347,552 | $ 347,551 | $ (1) |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | 1,172,322 | 1,172,321 | (1) | - | - | - |
| Investment income | 3,669 | 3,673 | 4 | 441 | 440 | (1) |
| Miscellaneous | 7,905 | 7,904 | (1) | - | - | - |
| Total revenues | 1,183,896 | 1,183,898 | 2 | 347,993 | 347,991 | (2) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - |
| Public safety | 1,183,790 | 630,448 | 553,342 | - | - | - |
| Housing and development | - | - | - | 170,511 | 170,510 | 1 |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 1,183,790 | 630,448 | 553,342 | 170,511 | 170,510 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | 106 | 553,450 | 553,344 | 177,482 | 177,481 | (1) |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (194) | (193) | 1 | (177,482) | (177,481) | 1 |
| Proceeds from sale of capital assets | 18,385 | 18,385 | - | - | - | - |
| Total other financing sources (uses) | 18,191 | 18,192 | 1 | (177,482) | (177,481) | 1 |
| Net change in fund balances | 18,297 | 571,642 | 553,345 | - | - | - |
| **Fund balances, beginning of year** | 1,531,873 | 1,531,873 | - | - | - | - |
| **Fund balances, end of year** | $ 1,550,170 | $ 2,103,515 | $ 553,345 | $ - | $ - | $ - |

**(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, 2010

| | 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 | 3,692,522 | 3,692,521 | (1) | - | - | - |
| Fines and forfeitures | - | - | - | 164,919 | 159,260 | (5,659) |
| Investment income | 6,303 | 6,085 | (218) | 5,100 | 4,904 | (196) |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 3,698,825 | 3,698,606 | (219) | 170,019 | 164,164 | (5,855) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | 172,718 | 153,507 | 19,211 |
| Public safety | 3,778,639 | 3,747,846 | 30,793 | - | - | - |
| Housing and development | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | 155,100 | 155,099 | 1 | - | - | - |
| Interest and fiscal charges | 6,375 | 6,375 | - | - | - | - |
| Total expenditures | 3,940,114 | 3,909,320 | 30,794 | 172,718 | 153,507 | 19,211 |
| Excess (deficiency) of revenues over (under) expenditures | (241,289) | (210,714) | 30,575 | (2,699) | 10,657 | 13,356 |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (14,200) | (14,200) |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | (14,200) | (14,200) |
| Net change in fund balances | (241,289) | (210,714) | 30,575 | (2,699) | (3,543) | (844) |
| **Fund balances, beginning of year** | 5,449,895 | 5,449,895 | - | 378,855 | 378,855 | - |
| **Fund balances, end of year** | $ 5,208,606 | $ 5,239,181 | $ 30,575 | $ 376,156 | $ 375,312 | $ (844) |

**(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, 2010

| | 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 | 758,813 | 758,811 | (2) | 121,250 | 121,250 | - |
| Investment income | 4,766 | 2,136 | (2,630) | 400 | 335 | (65) |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 763,579 | 760,947 | (2,632) | 121,650 | 121,585 | (65) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | 667,086 | 380,199 | 286,887 | 121,650 | 97,996 | 23,654 |
| Public safety | - | - | - | - | - | - |
| Housing and development | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 667,086 | 380,199 | 286,887 | 121,650 | 97,996 | 23,654 |
| Excess (deficiency) of revenues over (under) expenditures | 96,493 | 380,748 | 284,255 | - | 23,589 | 23,589 |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (754,874) | (754,762) | 112 | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | (754,874) | (754,762) | 112 | - | - | - |
| Net change in fund balances | (658,381) | (374,014) | 284,367 | - | 23,589 | 23,589 |
| **Fund balances, beginning of year** | 1,798,804 | 1,798,804 | - | 57,576 | 57,576 | - |
| **Fund balances, end of year** | $ 1,140,423 | $ 1,424,790 | $ 284,367 | $ 57,576 | $ 81,165 | $ 23,589 |

**(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, 2010

| | Neighborhood Stabilization Fund | | | Juvenile Assistance Fund | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 7,297,866 | 7,256,206 | (41,660) | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | 61,413 | 61,266 | (147) |
| Investment income | - | - | - | 997 | 997 | - |
| Miscellaneous | 371,811 | 371,811 | - | - | - | - |
| Total revenues | 7,669,677 | 7,628,017 | (41,660) | 62,410 | 62,263 | (147) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | 334,750 | 294,297 | 40,453 | - | - | - |
| Judicial | - | - | - | 63,120 | 54,898 | 8,222 |
| Public safety | - | - | - | - | - | - |
| Housing and development | 7,334,927 | 4,299,527 | 3,035,400 | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 7,669,677 | 4,593,824 | 3,075,853 | 63,120 | 54,898 | 8,222 |
| Excess (deficiency) of revenues over (under) expenditures | - | 3,034,193 | 3,034,193 | (710) | 7,365 | 8,075 |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | 710 | 710 | - |
| Transfers out | - | - | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | 710 | 710 | - |
| Net change in fund balances | - | 3,034,193 | 3,034,193 | - | 8,075 | 8,075 |
| **Fund balances, beginning of year** | - | - | - | 418,895 | 418,895 | - |
| **Fund balances, end of year** | $ - | $ 3,034,193 | $ 3,034,193 | $ 418,895 | $ 426,970 | $ 8,075 |

**(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, 2010

| | Law Enforcement Grant Fund | | |
|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | |
| Taxes | $ - | $ - | $ - |
| Intergovernmental | 432,182 | 410,067 | (22,115) |
| Charges for services | - | - | - |
| Fines and forfeitures | - | - | - |
| Investment income | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | 432,182 | 410,067 | (22,115) |
| **Expenditures** | | | |
| Current: | | | |
| General government | - | - | - |
| Judicial | - | - | - |
| Public safety | 450,182 | 439,800 | 10,382 |
| Housing and development | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 450,182 | 439,800 | 10,382 |
| Excess (deficiency) of revenues over (under) expenditures | (18,000) | (29,733) | (11,733) |
| **Other financing sources (uses)** | | | |
| Transfers in | 18,000 | 29,733 | 11,733 |
| Transfers out | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Total other financing sources (uses) | 18,000 | 29,733 | 11,733 |
| Net change in fund balances | - | - | - |
| **Fund balances, beginning of year** | - | - | - |
| **Fund balances, end of year** | $ - | $ - | $ - |

# 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, 2010

| | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|
| **Revenues** | | | |
| Investment income | $ 22,727 | $ 22,727 | $ - |
| Total revenues | 22,727 | 22,727 | - |
| **Expenditures** | | | |
| Debt service: | | | |
| Principal | 5,493,251 | 5,492,511 | 740 |
| Interest and fiscal charges | 21,804,420 | 4,843,758 | 16,960,662 |
| Total expenditures | 27,297,671 | 10,336,269 | 16,961,402 |
| Deficiency of revenues under expenditures | (27,274,944) | (10,313,542) | 16,961,402 |
| **Other financing sources** | | | |
| Transfers in | 27,274,944 | 27,274,479 | (465) |
| Total other financing sources | 27,274,944 | 27,274,479 | (465) |
| Net change in fund balances | - | 16,960,937 | 16,960,937 |
| **Fund balance, beginning of year** | 486,479 | 486,479 | - |
| **Fund balance, end of year** | $ 486,479 | $ 17,447,416 | $ 16,960,937 |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1996 ISSUE
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| 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 | 12,308,229 | 30,136 | 12,338,365 |
| Courthouse expansion/renovation | 4,500,000 | 8,100,000 | 8,073,176 | - | 8,073,176 |
| Courthouse parking | 1,850,000 | 3,600,000 | 3,393,210 | - | 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 | 38,632,955 | 30,136 | 38,663,091 |
| **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 | 11,560,364 | - | 11,560,364 |
| Major construction projects | 22,179,400 | 21,550,000 | 20,028,364 | 13,057 | 20,041,421 |
| Program management | - | 1,150,000 | 1,031,885 | - | 1,031,885 |
| | 34,020,000 | 41,129,068 | 39,731,358 | 13,057 | 39,744,415 |
| **Contingency** | - | 300,000 | 62,283 | - | 62,283 |
| **Total** | $ 60,000,000 | $ 80,196,866 | $ 78,426,596 | $ 43,193 | $ 78,469,789 |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| 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 | 6,593,067 | - | 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 | 650 | 3,200,511 |
| Park and recreational facilities | 12,000,000 | 12,475,000 | 9,810,958 | 47,220 | 9,858,178 |
| Roads, streets, curbs, bike paths, gutters, sidewalks and bridges | 85,016,659 | 79,000,000 | 71,921,501 | 9,045,226 | 80,966,727 |
| 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 | 4,856,614 | 166,845 | 5,023,459 |
| | $ 140,000,000 | $ 140,000,000 | $ 131,187,787 | $ 9,259,941 | $ 140,447,728 |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Project | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|
| Senior citizens center | $ 5,737,500 | $ 4,590,000 | $ 5,658 | $ 2,495,873 | $ 2,501,531 |
| Social services facilities | 2,677,500 | 2,142,000 | 19,375 | 65,121 | 84,496 |
| Parking deck | 5,625,000 | 4,500,000 | 360,336 | 2,193,556 | 2,553,892 |
| Library facilities | 3,618,750 | 2,895,000 | 153,593 | 1,800,110 | 1,953,703 |
| Civic center and performing arts center | 1,250,000 | 1,000,000 | - | - | - |
| Public safety facilities | 10,960,000 | 8,768,000 | 126,521 | 107,975 | 234,496 |
| Park and recreational facilities | 14,062,500 | 11,250,000 | 3,724,593 | 3,081,035 | 6,805,628 |
| Land acquisition | 21,543,750 | 17,235,000 | 17,097,944 | - | 17,097,944 |
| Roads, streets, curbs, bike paths, gutters, sidewalks and bridges | 150,625,000 | 120,500,000 | 6,907,138 | 18,420,340 | 25,327,478 |
| City of Hampton | 7,650,000 | 6,120,000 | 3,723,059 | 59,697 | 3,782,756 |
| City of Locust Grove | 7,650,000 | 6,120,000 | 4,016,074 | 6,873 | 4,022,947 |
| City of McDonough | 26,842,500 | 21,474,000 | 10,012,131 | 880,468 | 10,892,599 |
| City of Stockbridge | 32,857,500 | 26,286,000 | 9,957,721 | 1,576,326 | 11,534,047 |
| Program management | 8,900,000 | 7,120,000 | 931,903 | 1,624,298 | 2,556,201 |
| | $ 300,000,000 | $ 240,000,000 | $ 57,036,046 | $ 32,311,672 | $ 89,347,718 |

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# 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, 2010

| ASSETS | Tax Commissioner | Clerk of Superior Court | Probate Court | Magistrate Court | Sheriff | State Court | Juvenile Court | Total |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 861,295 | $ 3,335,947 | $ 146,407 | $ 77,309 | $ 116,804 | $ 408,847 | $ 13,466 | $ 4,960,075 |
| Taxes receivable | 11,759,029 | - | - | - | - | - | - | 11,759,029 |
| Total assets | $ 12,620,324 | $ 3,335,947 | $ 146,407 | $ 77,309 | $ 116,804 | $ 408,847 | $ 13,466 | $ 16,719,104 |
| **LIABILITIES** | | | | | | | | |
| Due to component unit | $ 77,020 | $ 10,511 | $ - | $ - | $ - | $ - | $ - | $ 87,531 |
| Due to others | 12,543,304 | 3,325,436 | 146,407 | 77,309 | 116,804 | 408,847 | 13,466 | 16,631,573 |
| Total liabilities | $ 12,620,324 | $ 3,335,947 | $ 146,407 | $ 77,309 | $ 116,804 | $ 408,847 | $ 13,466 | $ 16,719,104 |

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **TAX COMMISSIONER** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,559,484 | $ 186,062,620 | $ 186,760,809 | $ 861,295 |
| Taxes receivable | 13,649,521 | 11,759,029 | 13,649,521 | 11,759,029 |
| | $ 15,209,005 | $ 197,821,649 | $ 200,410,330 | $ 12,620,324 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 71,374 | $ 14,554,733 | $ 14,549,087 | $ 77,020 |
| Due to others | 15,137,631 | 183,266,916 | 185,861,243 | 12,543,304 |
| | $ 15,209,005 | $ 197,821,649 | $ 200,410,330 | $ 12,620,324 |
| **CLERK OF SUPERIOR COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 3,329,124 | $ 9,472,930 | $ 9,466,107 | $ 3,335,947 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 18,538 | $ 129,963 | $ 137,990 | $ 10,511 |
| Due to others | 3,310,586 | 9,342,968 | 9,328,118 | 3,325,436 |
| | $ 3,329,124 | $ 9,472,931 | $ 9,466,108 | $ 3,335,947 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **PROBATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 63,165 | $ 355,613 | $ 272,371 | $ 146,407 |
| **LIABILITIES** | | | | |
| Due to others | $ 63,165 | $ 355,613 | $ 272,371 | $ 146,407 |
| **MAGISTRATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 73,657 | $ 925,642 | $ 921,990 | $ 77,309 |
| **LIABILITIES** | | | | |
| Due to others | $ 73,657 | $ 925,642 | $ 921,990 | $ 77,309 |
| **SHERIFF** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 572,399 | $ 3,137,146 | $ 3,592,741 | $ 116,804 |
| **LIABILITIES** | | | | |
| Due to others | $ 572,399 | $ 3,137,146 | $ 3,592,741 | $ 116,804 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | Balance July 1, 2009 | Additions | Deletions | Balance June 30, 2010 |
|---|---|---|---|---|
| **STATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 371,066 | $ 4,074,971 | $ 4,037,190 | $ 408,847 |
| **LIABILITIES** | | | | |
| Due to others | $ 371,066 | $ 4,074,971 | $ 4,037,190 | $ 408,847 |
| **JUVENILE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 10,288 | $ 87,468 | $ 84,290 | $ 13,466 |
| **LIABILITIES** | | | | |
| Due to others | $ 10,288 | $ 87,468 | $ 84,290 | $ 13,466 |
| **TOTAL AGENCY FUNDS** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 5,979,183 | $ 204,116,390 | $ 205,135,498 | $ 4,960,075 |
| Taxes receivable | 13,649,521 | 11,759,029 | 13,649,521 | 11,759,029 |
| | $ 19,628,704 | $ 215,875,419 | $ 218,785,019 | $ 16,719,104 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 89,912 | $ 14,684,696 | $ 14,687,077 | $ 87,531 |
| Due to others | 19,538,792 | 201,190,724 | 204,097,943 | 16,631,573 |
| | $ 19,628,704 | $ 215,875,420 | $ 218,785,020 | $ 16,719,104 |

# COMPONENT UNITS

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## COMPONENT UNIT - DEVELOPMENT AUTHORITY
## JUNE 30, 2010

| | |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 52,621 |
| Investments | 420,000 |
| Total assets | $ 472,621 |
| **LIABILITIES AND FUND BALANCE** | |
| **LIABILITIES** | |
| Accounts payable | $ 3,338 |
| Total liabilities | 3,338 |
| **FUND BALANCE** | |
| Unreserved, undesignated | 469,283 |
| Total fund balance | 469,283 |
| Total liabilities and fund balance | $ 472,621 |

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | |
|---|---|
| **Revenues** | |
| Charges for services | $ 306 |
| Investment income | 9,248 |
| Contributions | 493,495 |
| Total revenues | 503,049 |
| **Expenditures** | |
| Housing and development | 377,973 |
| Total expenditures | 377,973 |
| Net change in fund balance | 125,076 |
| **Fund balance, beginning of year** | 344,207 |
| **Fund balance, end of year** | $ 469,283 |

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## COMPONENT UNIT - LIBRARY SYSTEM
## JUNE 30, 2010

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 154,196 |
| Investments | | 28,597 |
| Accounts receivable | | 2,000 |
| Total assets | $ | 184,793 |
| **LIABILITIES AND FUND BALANCE** | | |
| **LIABILITIES** | | |
| Accounts payable | | 91,164 |
| Accrued liabilities | $ | 17,681 |
| Total liabilities | | 108,845 |
| **FUND BALANCE** | | |
| Unreserved, undesignated | | 75,948 |
| Total fund balance | | 75,948 |
| Total liabilities and fund balance | $ | 184,793 |

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - LIBRARY SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | | |
|---|---|---|
| **Revenues** | | |
| Intergovernmental | $ | 2,471,178 |
| Investment income | | 12,913 |
| Contributions | | 9,360 |
| Other Revenues | | 123,768 |
| Total revenues | | 2,617,219 |
| **Expenditures** | | |
| Culture and recreation | | 3,356,481 |
| Total expenditures | | 3,356,481 |
| Net change in fund balance | | (739,262) |
| **Fund balance, beginning of year** | | 815,210 |
| **Fund balance, end of year** | $ | 75,948 |

# 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** ..... **115 - 120**

*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** ..... **121 - 124**

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

**Debt Capacity** ..... **125 and 126**

*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** ..... **127 and 128**

*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** ..... **129 - 131**

*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 EIGHT FISCAL YEARS

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| 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 | $ 505,440,842 | $ 523,541,747 |
| Restricted | 1,746,053 | 2,349,393 | 3,081,853 | 42,097,496 | 23,301,103 | 28,053,327 | 85,167,736 | 64,041,244 |
| Unrestricted | 57,550,098 | 76,290,806 | 105,071,304 | 93,016,303 | 94,452,370 | 85,735,080 | (16,875,327) | 27,989,497 |
| 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 | $ 615,572,488 |
| Business-type activities: | | | | | | | | |
| Invested in capital assets, net of related debt | $ - | $ - | $ - | $ - | $ 394,018 | $ 450,152 | $ 454,613 | $ 530,211 |
| Restricted | - | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | (861,503) | 388,233 | 1,351,941 | 1,819,598 |
| Total governmental activities net assets | $ - | $ - | $ - | $ - | $ (467,485) (2) | $ 838,385 | $ 1,806,554 | $ 2,349,809 |
| 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 | $ 505,895,455 | $ 524,071,958 |
| Restricted | 1,746,053 | 2,349,393 | 3,081,853 | 42,097,496 | 23,301,103 | 28,053,327 | 85,167,736 | 64,041,244 |
| Unrestricted | 57,550,098 | 76,290,806 | 105,071,304 | 93,016,303 | 93,590,867 | 86,123,313 | (15,523,386) | 29,809,095 |
| 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 | $ 617,922,297 |

(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 EIGHT FISCAL YEARS
## (accrual basis of accounting)

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 (6) | 2010 |
| **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 | $ 18,298,478 |
| Judicial | 7,573,299 | 8,222,833 | 8,878,787 | 10,022,575 | 12,923,866 | 14,380,115 | 15,188,353 | 15,437,238 |
| Public safety | 37,779,229 | 40,953,308 | 44,308,693 | 48,961,105 | 58,373,932 | 58,989,615 | 67,773,063 | 68,450,538 |
| Public works | 6,643,292 | 16,317,875 (1) | 13,988,486 | 20,203,707 | 22,138,753 | 21,218,334 | 22,044,184 | 22,823,271 |
| Health and welfare | 4,132,763 | 4,488,944 | 3,421,976 | 6,048,439 | 5,281,437 | 5,608,362 | 5,921,341 | 8,665,724 |
| Culture and recreation | 2,999,099 | 4,093,934 | 1,128,114 | 5,603,773 | 8,167,060 | 16,379,710 | 8,219,168 | 5,564,695 |
| Housing and development | 4,224,962 | 4,444,972 | 5,061,740 | 6,167,259 | 6,580,680 | 6,288,174 | 4,792,273 | 8,269,563 |
| 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 | 4,904,526 |
| 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 | 152,414,033 |
| Business-type activities: | | | | | | | | |
| Stormwater | - | - | - | - | 1,358,397 (4) | 1,681,065 | 1,899,938 | 2,041,355 |
| Total business-type activities expenses | - | - | - | - | 1,358,397 | 1,681,065 | 1,899,938 | 2,041,355 |
| 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 | $ 154,455,388 |
| **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 | $ 286,181 |
| Other housing and development | 3,117,566 | 3,082,735 | 4,450,290 | 4,899,970 | 3,103,301 | 2,412,823 | 974,294 | 725,722 |
| General government | 4,744,064 | 5,648,613 | 5,240,899 | 4,810,001 | 4,039,879 | 3,975,520 | 4,236,884 | 4,048,418 |
| Judicial | 4,804,619 | 4,488,902 | 5,615,159 | 8,073,377 | 7,729,204 | 6,795,849 | 6,818,804 | 6,666,005 |
| Public safety | 5,120,202 | 5,838,803 | 6,033,506 | 7,526,674 | 8,396,688 | 9,434,195 | 9,663,280 | 11,616,705 |
| Other activities | 917,604 | 1,706,743 | 1,957,372 | 1,992,700 | 2,049,214 | 2,580,881 | 2,973,978 | 2,891,873 |
| 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 | 11,260,174 |
| 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 | 30,076,027 |
| 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 | 67,571,105 |
| Business-type activities: | | | | | | | | |
| Charges for services-Stormwater | - | - | - | - | 2,591,018 (4) | 2,912,155 | 2,855,662 | 2,942,581 |
| Operating grants and contributions-Stormwater | - | - | - | - | - | - | - | 835 |
| Capital grants and contributions-Stormwater | - | - | - | - | - | - | - | 22,500 |
| Total business-type activities program revenues | - | - | - | - | 2,591,018 | 2,912,155 | 2,855,662 | 2,965,916 |
| 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 | $ 70,537,021 |

**(Continued)**

# HENRY COUNTY, GEORGIA

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

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| 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) | $ (84,842,928) |
| Business-type activities | - | - | - | - | 1,232,621 | 1,231,090 | 955,724 | 924,561 |
| 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) | $ (83,918,367) |
| **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 | $ 73,046,611 |
| Sales taxes | 17,506,364 (5) | 36,427,415 | 40,023,574 | 47,357,776 | 50,429,593 | 48,818,574 | 43,866,344 | 45,910,913 |
| Other taxes | 5,561,510 | 5,877,251 | 6,191,217 | 6,676,204 | 7,033,518 | 7,521,592 | 7,373,018 | 7,189,779 |
| Unrestricted investment earnings | 788,508 | 740,368 | 2,553,397 | 5,309,584 (3) | 6,593,296 | 3,419,841 | 922,392 | 150,481 |
| Gain on sale of capital assets | 117,208 | - | 142,935 | - | 218,233 | - | - | - |
| Transfers | - | - | - | - | 1,768,921 | - | - | 384,381 |
| Total governmental activities | 69,788,978 | 94,757,769 | 104,461,540 | 120,461,087 | 132,889,458 | 131,521,402 | 126,651,160 | 126,682,165 |
| Business-type activities: | | | | | | | | |
| Unrestricted investment earnings | - | - | - | - | 68,815 | 74,780 | 12,445 | 3,075 |
| Transfers | - | - | - | - | (1,768,921) | - | - | (384,381) |
| Total business-type activities | - | - | - | - | (1,700,106) | 74,780 | 12,445 | (381,306) |
| Total primary government | $ 69,788,978 | $ 94,757,769 | $ 104,461,540 | $ 120,461,087 | $ 131,189,352 | $ 131,596,182 | $ 126,663,605 | $ 126,300,859 |
| **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) | $ 41,839,237 |
| Business-type activities | - | - | - | - | (467,485) | 1,305,870 | 968,169 | 543,255 |
| Total primary government | $ 32,383,923 | $ 48,814,560 | $ 56,145,511 | $ 70,973,286 | $ 59,485,454 | $ 46,460,707 | $ (1,253,258) | $ 42,382,492 |

(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 accordance with the 2008 Special Purpose Local Option Sales Tax resolution.

# HENRY COUNTY, GEORGIA

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

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | | | | | |
| Reserved | $ 551,674 | $ 78,968 (1) | $ 71,972 (1) | $ 2,679,818 | $ 1,458,960 | $ 318,171 | $ 431,226 | $ 317,909 |
| Unreserved | 34,592,536 | 35,666,924 | 47,410,900 | 50,881,940 | 49,509,159 | 51,458,630 | 42,407,776 | 39,243,083 |
| Total general fund | $ 35,144,210 | $ 35,745,892 | $ 47,482,872 | $ 53,561,758 | $ 50,968,119 | $ 51,776,801 | $ 42,839,002 | $ 39,560,992 |
| 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 | $ 1,659,116 |
| 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 | 11,026,010 |
| Debt service funds | (22,316) | 1,016,842 | 4,604,604 | 13,164,213 | 13,424,334 | 9,828,838 | 486,479 | 17,447,416 |
| Capital projects funds | 24,473,990 | 66,204,167 | 75,249,364 | 72,838,555 | 51,781,191 | 42,468,337 | 91,988,543 | 69,144,471 |
| 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 | $ 99,277,013 |

(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 EIGHT FISCAL YEARS
## (modified accrual basis of accounting)

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| **Revenues** | | | | | | | | |
| Taxes | $ 68,162,227 | $ 93,995,042 | $ 101,862,453 | $ 115,057,252 | $ 123,903,182 | $ 127,190,451 | $ 124,012,176 | $ 127,223,623 |
| Licenses and permits | 3,487,686 | 6,637,098 | 8,619,666 | 9,574,255 | 5,896,773 | 5,089,302 | 1,779,532 | 1,514,676 |
| Intergovernmental | 2,739,892 | 1,968,513 | 2,392,949 | 2,380,601 | 7,760,021 (9) | 3,599,103 | 6,699,402 | 23,150,424 |
| Charges for services | 9,268,287 | 11,264,392 | 12,078,590 | 14,401,322 | 14,306,328 | 15,674,689 | 16,486,172 | 17,267,981 |
| Fines and forfeitures | 4,864,637 | 4,522,777 | 4,371,063 | 6,392,111 | 6,857,554 | 5,978,865 | 5,897,161 | 6,655,157 |
| 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 | 328,794 (14) |
| Contributions | 605,826 (12) | 3,116 | 65,282 | 42,416 | 80,310 | 165,752 | 125,886 | 62,356 |
| Miscellaneous | 1,193,941 | 766,220 | 1,101,401 | 1,468,558 | 2,576,636 | 1,494,457 | 2,353,065 | 2,177,306 |
| Total revenues | $ 91,111,004 | $ 120,601,843 | $ 134,253,217 | $ 154,626,099 | $ 167,974,100 | $ 162,612,460 | $ 158,275,786 | $ 178,380,317 |
| **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 | $ 14,958,074 |
| Judicial | 11,025,454 | 8,714,807 | 8,856,778 | 10,495,996 | 11,896,368 | 13,596,684 | 14,999,832 | 15,257,216 |
| Public safety | 37,602,144 | 40,365,640 | 43,644,604 | 47,593,118 | 51,858,394 | 60,154,954 | 64,700,470 | 66,683,701 |
| Public works | 12,414,170 | 19,261,897 (3) | 10,362,525 | 11,453,630 | 11,660,781 | 12,187,702 | 11,648,255 | 11,939,937 |
| Health and welfare | 4,157,154 | 4,489,973 | 3,370,665 | 4,689,034 | 5,243,091 | 5,738,124 | 6,077,107 | 6,005,433 |
| 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 | 7,113,640 |
| Housing and development | 4,333,582 | 4,452,068 | 5,115,945 | 6,107,587 | 6,372,346 | 6,224,038 | 4,915,781 | 8,333,524 |
| Intergovernmental | - | - | - | - | - | 1,812,307 | 25,896,678 (13) | 2,523,364 |
| Capital outlay | - (4) | - (4) | 31,765,378 | 49,655,242 | 73,201,545 | 76,417,535 | 31,337,084 | 41,606,362 |
| 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) | 5,647,610 |
| 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 | 4,850,133 |
| 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 | 184,918,994 |
| 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) | (6,538,677) |

**(Continued)**

# HENRY COUNTY, GEORGIA

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

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| **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 | 32,149,630 |
| Transfers out | (6,602,212) | (27,044,617) | (14,716,078) | (21,917,990) | (35,270,645) | (37,869,909) | (31,651,693) | (31,765,249) |
| Proceeds from sale of capital assets | 225,869 | 155,971 | 240,853 | 3,987,510 | 273,880 | 102,550 | 61,677 | 42,379 |
| 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 | 426,760 |
| 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 | $ (6,111,917) |
| Debt service as a percentage of noncapital expenditures | 5.6% | 5.0% | 7.5% | 10.4% | 13.4% | 14.0% | 18.7% | 7.6% |

(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.
(14) Interest earned on SPLOST funds are reported as program income-capital grants and contributions- beginning in 2010.

# 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) | | | | | |
| 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% |
| 2010 | 5,100,209,854 | 2,444,597,311 | 521,749,210 | 10,237,167 | 1,355,121,921 | 6,721,671,621 | 10.97 | 16,804,179,053 | 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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Henry County rates | | | | | | | | | | |
| Maintenance & Operations | | | | | | | | | | |
| Unincorporated | 12.51 | 11.81 | 14.25 | 14.13 | 14.06 | 14.13 | 14.13 | 14.37 | 13.89 | 13.89 |
| Insurance Reduction (1) | - | - | - | - | - | - | - | - | - | - |
| Municipal rates | | | | | | | | | | |
| McDonough (2) | 3.50 | 3.00 | 2.84 | 2.77 | 2.71 | 2.56 | 2.51 | 2.45 | 2.59 | 2.59 |
| Stockbridge | - | - | - | - | - | - | - | - | - | - |
| Hampton | - | - | - | - | - | - | - | - | - | - |
| Locust Grove | - | - | - | - | - | - | - | - | - | - |
| LOST Reduction | (3.10) | (3.02) | (3.01) | (2.89) | (2.82) | (2.89) | (2.93) | (3.17) | (2.92) | (2.92) |
| Fire Protection | 1.88 | 2.50 | 2.56 | 2.39 | 2.02 | 1.18 | 1.21 | 1.16 | 1.22 | 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 | 17.15 | 17.15 | 17.65 | 18.90 | 18.90 | 19.40 | 20.00 | 20.00 | 20.00 | 20.00 |
| Debt Service | 3.06 | 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 | 34.75 | 34.75 | 35.20 | 36.45 | 36.45 | 36.95 | 37.51 | 37.51 | 37.28 | 37.28 |
| Total Municipalities (3), (4) | | | | | | | | | | |
| McDonough | 34.56 | 33.44 | 33.33 | 35.02 | 35.33 | 37.03 | 37.48 | 37.58 | 38.14 | 38.14 |
| Stockbridge | 34.75 | 34.75 | 35.04 | 36.45 | 36.45 | 36.95 | 37.47 | 37.51 | 37.02 | 37.02 |
| Hampton | 32.97 | 32.97 | 33.38 | 34.67 | 34.67 | 35.65 | 36.23 | 36.29 | 36.17 | 36.17 |
| Locust Grove | 33.10 | 33.10 | 33.47 | 34.80 | 34.80 | 35.67 | 35.69 | 36.29 | 35.87 | 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 NINE YEARS AGO

| | 2010 | | | 2001 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Georgia Power Company | $ 47,979,724 | 1 | 0.71 % | $ - | | - % |
| Inland Western McDonough | 34,599,805 | 2 | 0.51 | - | | - |
| Cardinal Health 110, INC | 28,708,336 | 3 | 0.43 | - | | - |
| Bellsouth Telecomm | 22,869,352 | 4 | 0.34 | - | | - |
| Norfolk Southern Combined | 20,856,200 | 5 | 0.31 | - | | - |
| US Industrial Reit II | 20,719,240 | 6 | 0.31 | - | | - |
| Trees of Avalon LLC | 19,776,866 | 7 | 0.29 | - | | - |
| Kens Foods, INC | 19,417,984 | 8 | 0.29 | - | | - |
| Henry Co Development Authority | 17,954,616 | 9 | 0.27 | - | | - |
| Prologis NA2 US LLC | 17,939,348 | 10 | 0.27 | - | | - |
| Toys 'R Us -Distribution | - | | - | 37,691,444 | 2 | 1.32 |
| Atlanta Motor Speedway | - | | - | 23,113,579 | 5 | 0.81 |
| Amazon.com | - | | - | 29,001,500 | 3 | 1.02 |
| Goodyear Tire & Rubber | - | | - | 45,835,283 | 1 | 1.61 |
| Bellsouth | - | | - | 18,668,496 | 7 | 0.65 |
| Killearn Properties | - | | - | 16,718,887 | 8 | 0.59 |
| Georgia Power | - | | - | 13,190,383 | 9 | 0.46 |
| Snapper | - | | - | 25,330,415 | 4 | 0.89 |
| Norfolk Southern | - | | - | 11,141,673 | 10 | 0.39 |
| Nestle | - | | - | 21,396,085 | 6 | 0.75 |
| Totals | $ 250,821,471 | | 3.73 % | $ 242,087,745 | | 8.48 % |

Source: Henry County Tax Commissioner

# HENRY COUNTY, GEORGIA

## PROPERTY TAX LEVIES AND COLLECTIONS
## LAST TEN FISCAL YEARS

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 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 |
| 2010 | 232,661,093 | 220,510,188 | 94.8 | 12,162,480 | 232,672,668 | 100.0 |

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 | | Percentage of Actual Property Value (2) | Per Capita (3) | Other Governmental Activities Debt: Certificates of Participation | Other Governmental Activities Debt: Capital Lease Obligations | Total Primary Government | Percentage of Personal Income (3) | Per Capita (3) |
|---|---|---|---|---|---|---|---|---|---|
| 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 | (1) | 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 | 433.29 | - | 58,362,818 | 145,602,818 | 2.63 | 723.16 |
| 2010 | 87,240,000 | | 0.52 | 448.77 | - | 52,715,208 | 139,955,208 | 2.20 | 719.93 |

**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

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Debt limit | $ 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 | $ 672,167,162 |
| Total net debt applicable to limit | - | - | - | 25,000,000 | 25,000,000 | 25,000,000 | 16,920,000 | 15,646,148 | 87,240,000 | 87,240,000 |
| Legal debt margin | $ 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 | $ 584,927,162 |
| 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% | 12.98% |

**Legal Debt margin Calculation for Fiscal Year 2010**

| | |
|---|---|
| Assessed value | $ 6,721,671,621 |
| Debt limit (10% of assessed value) | 672,167,162 |
| 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 | $ 584,927,162 |

**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) |
|---|---|---|---|---|---|---|
| 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 |
| 2010 | 194,400 | 6,360,121 | 43,600 | 33.4 | 40,791 | 10.0 |

(1) Source: Bureau of Economic Analysis: Regional Economic Accounts 2001-2007, Atlanta Regional Commission 2008-2010
(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, 2009, and 2010 population, per capita, and personal income are estimates based on past regional trends.
NOTE: 2008, 2009, and 2010 school enrollment is based on 9th month of the school year.

# HENRY COUNTY, GEORGIA

## PRINCIPAL EMPLOYERS
## CURRENT YEAR AND ELEVEN YEARS AGO

| | 2010 | | | 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 | 4,573 | 1 | 5.22 % | 2,400 | 1 | 3.91 % |
| Henry County Board of Commissioners | 1,687 | 2 | 1.92 | 830 | 4 | 1.35 |
| Henry Medical Center | 1,561 | 3 | 1.78 | 850 | 3 | 1.38 |
| Wal-Mart Supercenter | 1,055 | 4 | 1.20 | 550 | 5 | 0.90 |
| Federal Aviation Administration | 725 | 5 | 0.83 | - | | - |
| Georgia Power Company | 650 | 6 | 0.74 | - | | - |
| Symcor | 520 | 7 | 0.59 | - | | - |
| Briggs & Stratton fka Snapper | 450 | 8 | 0.51 | - | | - |
| Southern States, Inc. | 350 | 9 | 0.40 | - | | - |
| Georgia Crown Distributing Company | 280 | 10 | 0.32 | - | | - |
| 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 | 11,851 | | 13.52 % | 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) 87,677 (June 2010)
(3) Source: Hospital Authority of Henry County Revenue Certificates Series 1999

**Note:** Information on the principal employers was not readily available for fiscal year 2001

# HENRY COUNTY, GEORGIA

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

| | Full-time Equivalent Employees as of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 (3) | 2002 (3) | 2003 (3) | 2004 (3) | 2005 (3) | 2006 (4) | 2007 (4) | 2008 (4) | 2009 (4) | 2010 (4) |
| **Function** | | | | | | | | | | |
| General Government | 503 | 464 | 535 | 550 | 581 | 605 | 598 | 582 | 576 | 639 |
| Public Safety | | | | | | | | | | |
| Police & Sheriff | | | | | | | | | | |
| Officers | 151 | 137 | 161 | 169 | 188 | 211 | 262 | 256 | 302 | 368 |
| Civilians | 35 | 36 | 35 | 35 | 33 | 59 | 57 | 54 | 53 | 53 |
| Corrections | 119 | 81 | 158 (1) | 168 | 109 | 117 | 122 | 153 | 160 | 157 |
| Fire | | | | | | | | | | |
| Firefighters | 209 | 219 | 230 | 231 | 245 | 257 | 267 | 300 | 264 | 265 |
| Civilians | 7 | 7 | 9 | 9 | 9 | 8 | 12 | 9 | 27 | 27 |
| Highways and streets | | | | | | | | | | |
| Engineering | 21 | 26 | 25 | 21 | 26 | 22 | 21 | 24 | 24 | 19 |
| Maintenance | 85 | 74 | 66 | 92 (2) | 84 | 80 | 83 | 90 | 84 | 80 |
| Social services | - | - | - | - | - | - | - | 78 | 100 | 101 |
| Culture and recreation | 21 | 24 | 23 | 28 | 30 | 36 | 44 | 56 | 71 | 66 |
| Total | 1,151 | 1,068 | 1,242 | 1,303 | 1,305 | 1,395 | 1,466 | 1,602 | 1,661 | 1,775 |

(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** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| Police | | | | | | | | | | |
| Physical arrest | 3,472 | 4,215 | 3,739 | 3,984 | 3,959 | 5,394 | 6,482 | 7,119 | 6,715 | 6,652 |
| Parking violations | 20 | 36 | 60 | 51 | 35 | 51 | 19 | 16 | 83 | 20 |
| Traffic violations | 27,746 | 35,565 | 24,184 | 21,981 | 36,662 | 52,921 | 67,728 | 70,045 | 65,394 | 66,061 |
| Fire | | | | | | | | | | |
| Calls answered | 10,833 | 11,387 | 12,007 | 13,263 | 14,704 | 17,059 | 18,065 | 18,471 | 19,240 | 20,245 |
| Inspections | 1,746 | 1,261 | 3,001 | 4,739 | 4,163 | 4,070 | 3,827 | 6,698 | 8,431 | 11,856 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing | n/a | n/a | n/a | 55 | 25 | 45 | 30 | 27 | 56 | 56 |
| Culture and recreation | | | | | | | | | | |
| Athletic field permits issued | 13,211 | 12,690 | 21,020 | 15,464 | 5,155 | 19,191 | 48,896 | 105,184 | 121,576 | 125,544 |
| Community center admissions | 63,761 | 37,807 | 65,092 | 34,331 | 11,444 | 30,631 | 45,198 | 74,656 | 79,143 | 79,876 |

**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** | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| Police | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 4 | 4 | 5 |
| Patrol Units | N/A | 130 | 158 | 195 | 232 | 232 | 288 | 282 | 310 | 230 |
| Patrol Zones | 11 | 11 | 11 | 11 | 11 | 20 | 20 | 20 | 20 | 20 |
| Fire Stations | 11 | 12 | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 13 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 1,211 | 1,221 | 1,244 | 1,281 | 1,318 | 1,163 | 1,172 | 1,195 | 1,221 | 1,230 |
| Traffic Signals | 13 | 14 | 15 | 15 | 15 | 23 | 24 | 24 | 27 | 30 |
| Culture and Recreation | | | | | | | | | | |
| Park Acreage | 756.9 (1) | 756.9 | 756.9 | 836.9 | 836.9 | 1,162.9 | 1,162.9 | 1,162.9 | 1,258.2 | 1,268.7 |
| Playgrounds | 18 | 18 | 18 | 18 | 18 | 22 | 22 | 33 | 33 | 33 |
| Baseball/Softball Diamonds | 66 | 66 | 66 | 66 | 66 | 66 | 67 | 74 | 74 | 74 |
| Soccer/Football Fields | 16 | 16 | 16 | 17 | 17 | 18 | 24 | 27 | 27 | 27 |
| Community Centers | 3 | 3 | 3 | 3 | 3 | 4 | 6 | 9 | 9 | 10 |

**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, 2010, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 20, 2010. 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. Other auditors audited the financial statements of the Henry County Department of Public Health, as described in our report on Henry County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Henry County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henry County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Henry County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule

of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010–1 and 2010-2 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Henry County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain additional matters that we reported to the management of Henry County, Georgia in a separate letter dated December 20, 2010.

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 20, 2010

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 $18,567,209 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards of Henry County, Georgia during the year ended June 30, 2010. A Schedule of Expenditures of Federal Awards for the Henry County Water and Sewerage Authority has been included in the separately issued financial 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**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, and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency which is as described in the accompanying schedule of findings and questioned costs as item SA 2010-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2010

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| 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 | $ 47,700 |
| Community Care Services Program - Title III, Part C | 93.045 | AG0913 | 218,214 |
| ARRA - Aging Home - Delivered Nutrition Services for States | 93.705 | AG0945 | 38,122 |
| Nutrition Services Incentive Program | 93.053 | AG0913 | 31,154 |
| Total Aging Cluster | | | 335,190 |
| Community Care Services Program - Title III, Part E (National Family Caregiver Support) | 93.052 | AG0913 | 28,824 |
| Temporary Assistance for Needy Families | 93.558 | 427-13-020001 | 4,831 |
| Temporary Assistance for Needy Families | 93.558 | 427-13-029001 | 1,500 |
| Total Temporary Assistance for Needy Families (TANF) Cluster | | | 6,331 |
| ARRA - Community Services Block Grant | 93.710 | 42700-040-0000003552 | 74,331 |
| Community Services Block Grant | 93.569 | 42700-040-0000003672 | 74,026 |
| Total Community Services Block Grant (CSBG) Cluster | | | 148,357 |
| Social Services Block Grant | 93.667 | GA DHR 10 SSBG-HCBS | 56,749 |
| Pass Through Program - Georgia Children and Youth Coordinating Council | | | |
| Family Restoration Program | 93.235 | AE-10-008 | 62,981 |
| **Total U.S. Department of Health and Human Services** | | | 638,432 |
| **U.S. Department of Justice** | | | |
| Edward G. Byrne Discretionary Grant for Targeting Violent Crime | 16.580 | 2007-DD-BX-0612 | 41,136 |
| Pass Through Program - Department of Juvenile Justice | | | |
| Purchase of Services for Juvenile Offenders | 16.523 | 06B-ST-0001 | 700 |
| Purchase of Services for Juvenile Offenders | 16.523 | JB-07ST-004 | 10,200 |
| | | | 10,900 |
| Bulletproof Vest Grant | 16.607 | 2009-BOBX-09048586 | 1,583 |
| Bulletproof Vest Grant | 16.607 | 2008-BOBX-08044644 | 2,711 |
| Bulletproof Vest Grant | 16.607 | 2007-BOBX-07038925 | 5,036 |
| Bulletproof Vest Grant | 16.607 | 2006-BOBX-06134373 | 137 |
| | | | 9,467 |
| Criminal and Juvenile Justice and Mental Health Collaboration Program | 16.745 | 2008-MO-BX-0020 | 81,395 |
| Public Safety Partnership and Community Policing Grants (COPS) | 16.710 | 2008-CK-WX-0782 | 99,220 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Award Program | CFDA # | Grant I. D. | Expenditures |
|---|---|---|---|
| **U.S. Department of Justice (Continued)** | | | |
| Pass Through Program - Criminal Justice Coordinating Council | | | |
| Project Safe Neighborhoods | 16.609 | P08-8-003 | $ 61,600 |
| Pass Through Program - Criminal Justice Coordinating Council | | | |
| ARRA - Community Based Youth Gang Violence Prevention Project | 16.803 | B82-8-059 | 45,278 |
| ARRA - Community Based Youth Gang Violence Prevention Project | 16.803 | B82-8-061 | 13,664 |
| | | | 58,942 |
| Pass Through Program - Criminal Justice Coordinating Council | | | |
| Violence Against Women Formula Grant | 16.588 | W08-8-050 | 47,103 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Local Program | 16.804 | 2009-SB-B9-1730 | 89,149 |
| Edward Byrne Memorial Justice Assistance Grant Local Program | 16.738 | 2009-DJ-BX-0434 | 23,399 |
| **Total U.S. Department of Justice** | | | 522,311 |
| **U.S. Department of Homeland Security** | | | |
| Pass Through Program - Georgia Emergency Management Agency | | | |
| Office of Domestic Preparedness Equipment Program | | | |
| Hazardous Materials Equipment | 97.067 | 2009-SS-T9-0047 | 12,815 |
| Hazardous Materials Equipment | 97.067 | 2006-GE-T6-0066 | 4,396 |
| | | | 17,211 |
| Citizen Corps Grant | 97.053 | 2006-GE-T6-0066 | 2,708 |
| Citizen Corps Grant | 97.053 | 2007-GE-T7-0054 | 3,532 |
| Citizen Corps Grant | 97.053 | 2008-GE-T8-0017 | 2,984 |
| | | | 9,224 |
| Total Homeland Security Cluster | | | 26,435 |
| Assistance to Firefighters Program | 97.044 | EMW-2009-FO-04885 | 130,146 |
| Office of Domestic Preparedness Management Performance | 97.042 | P09-9-077 | 35,802 |
| **Total U.S. Department of Homeland Security** | | | 192,383 |
| **U.S. Department of Transportation** | | | |
| Pass Through Program- Governor's Office of Highway Safety | | | |
| State and Community Highway Safety | 20.600 | GA 2009-75-00811 | 24,835 |
| State and Community Highway Safety | 20.600 | GA 2010-75-00385 | 38,851 |
| Total Highway Safety Cluster | | | 63,686 |
| Pass Through Program- Georgia Department of Human Resources | | | |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 20.513 | 427-65-369001 | 91,366 |
| Total Transit Services Program Cluster | | | 91,366 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| Federal Award Program | CFDA # | Grant I. D. | Expenditures |
|---|---|---|---|
| **U.S. Department of Transportation (Continued)** | | | |
| Pass Through Program- Georgia Department of Transportation . | | | |
| ARRA - Federal Transit Formula Grants | 20.507 | GA-96-X001 | $ 317,675 |
| Federal Transit Formula Grants | 20.507 | GA-90-X263-00 | 19,027 |
| Total Transit Federal Transit Cluster | | | 336,702 |
| Transportation Enhancement Activities | 20.205 | SP-09-052-050609-1-1 | 100,000 |
| ARRA - Transportation Enhancement Activities | 20.205 | Project ID #0002638 | 5,431,830 |
| ARRA - Transportation Enhancement Activities | 20.205 | Project ID #332945 | 170,207 |
| Transportation Enhancement Activities | 20.205 | Project ID #343500 | 576,724 |
| Total Highway Planning & Construction Cluster | | | 6,278,761 |
| Intermodal Programs | 20.509 | T003146 | 306,800 |
| **Total U.S. Department of Transportation** | | | 7,077,315 |
| **U.S. Department of Energy** | | | |
| ARRA - Energy Efficient and Conservation Block Grant | 81.128 | DE-SC0002192 | 43,985 |
| **Total U.S. Department of Energy** | | | 43,985 |
| **U.S. Department of Education** | | | |
| Pass Through Program- Georgia Department of Human Resources | | | |
| Rehabilitation Services-Total Vocational Rehabilitation Cluster | 84.126 | 427-11-420001 | 8,081 |
| **Total U.S. Department of Education** | | | 8,081 |
| **U.S. Department of Housing and Urban Development** | | | |
| Neighborhood Stabilization Program-Total CDBG-State-Administered Small Cities Program Cluster | 14.228 | 08-NS-5065 | 7,256,206 |
| **Total U.S. Department of Housing and Urban Development** | | | 7,256,206 |
| **Total Expenditures of Federal Awards** | | | $ 15,738,713 |

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, 2010

### SECTION I
### SUMMARY OF AUDIT RESULTS

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unqualified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | X yes ____ no |
| Significant deficiencies identified not considered to be material weaknesses? | ____ 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)? | X yes ___ no |

Identification of major program:

| CFDA Number | Name of Federal Program |
|---|---|
| 14.228 | U.S. Department of Housing and Urban Development-<br>Neighborhood Stabilization Program |
| 20.205 | U.S. Department of Transportation-<br>Highway Planning and Construction Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $472,161 |
| Auditee qualified as low-risk auditee? | X yes ____ no |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2010

### SECTION II
### FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

**2010-1. Recording of Accounts Payable**

| | |
|---|---|
| Criteria: | Generally accepted accounting principles require reporting of all current liabilities when goods have been received or services have been performed. |
| Condition: | The County did not properly address the above criteria as of June 30, 2010 as it relates to accounts payable in the SPLOST III Fund at June 30, 2010. |
| Context: | We addressed this matter with County officials and they were able to determine the amount of accounts payable that should be recorded in this fund as of June 30, 2010. |
| Effect: | An audit adjustment in the amount of $2,403,649 was required to reduce payables associated with the cities' portion of the SPLOST 2008 bond proceeds and associated SPLOST receivables at June 30, 2010. |
| Recommendation: | We recommend the County begin recognizing and recording accounts payable as required, and record the necessary adjustments to reflect the accounts payable balances at the conclusion of each financial reporting cycle. |
| Views of Responsible Officials and Planned Corrective Action: | Management concurs with this finding. Reconciliation of the various receivable accounts will be performed during fiscal year 2011 by appropriate finance personnel. |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2010

**2010-2. Grants Receivable**

| | |
|---|---|
| Criteria: | Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. This includes revenue associated with grants awarded to the County. |
| Condition: | The County did not properly record a year-end receivable for a Department of Transportation grant as of June 30, 2010. |
| Context: | We addressed this matter with the County and they were able to determine the appropriate grant receivable that should be recorded as of June 30, 2010. |
| Effect: | An audit adjustment in the amount of $391,276 was required to increase grant receivables. |
| Recommendation: | We recommend the County begin recognizing and recording all necessary accounts receivable adjustments at the end of each financial reporting cycle. |
| Views of Responsible Officials and Planned Corrective Action: | Management concurs with this finding. Reconciliation of the grant receivable accounts will be performed during fiscal year 2011 by appropriate finance personnel. |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2010

### SECTION III
### FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

| | |
|---|---|
| Federal Program Information: | CFDA No. 20.205<br>Transportation Enhancement Activities<br>U.S. Department of Transportation (DOT)<br>Grant No.'s Project ID #332945 and Project ID #343500 |

**SA 2010-1. Monitoring of the Davis-Bacon Act**

| | |
|---|---|
| Criteria: | As a recipient of the Transportation Enhancement Activities Grant, the County is required to monitor contractors for compliance with the Davis-Bacon Act. |
| Condition: | The County did not monitor contractors for compliance with the Davis-Bacon Act. |
| Context: | During testing, we noted instances on two (2) separate projects where the certified payrolls were not being obtained from the contractors as the project progressed. |
| Effect: | Without proper review, it is possible the contractors were not in compliance with the Davis-Bacon Act during the year. |
| Questioned Costs: | None. |
| Recommendation: | We recommend the County take appropriate measures in regard to future projects to monitor contractors for compliance with the Davis-Bacon Act. |
| Views of Responsible Officials and Planned | Management concurs with this finding. We will take appropriate measures in regard to future projects to appropriately monitor contractors for compliance with the Davis-Bacon Act. |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS
## FOR THE YEAR ENDED JUNE 30, 2010

**None reported**

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, 2010, 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-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, 2010, 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 20, 2010

## 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<br>**Current Year Activity** | COLUMN 2<br>**Cumulative Grant Activity** |
|---|---|---|---|
| | | For the Year Ended: | Through the Year Ended: |
| G | | June 30, 2010 | June 30, 2010 |
| H | Balance - Prior Year<br>(Cash or Accrued or Deferred Revenue) | $100.33 | |
| I | Grant Receipts or Revenue Recognized | $0.00 | $10,000.00 |
| J | Grant Disbursements or Expenditures<br>EXCLUDING AUDIT FEES | $0.00 | $9,899.67 |
| K | Disbursements or Expenditures for Audit<br>Fees | $0.00 | $0.00 |
| L | Balance - Current Year<br>(Cash or Accrued or Deferred Revenue)<br>[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 12/20/10

Signature of Chief Financial Officer  Date 12/20/10