





2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

HENRY COUNTY GA 1821

Henry County, Georgia
Year Ended June 30, 2012

Pictured Above, Top Left: J.P. Moseley Playground
Top Right: E-911 Communications Center
Bottom Right: Public Safety Firing Range

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared By:
Mike Bush,
Financial Services Director

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Board of Commissioners

Elizabeth "B.J." Mathis
Chairman

Warren E. Holder
District I

Brian Preston
District II

Randy Stamey
District III

Reid A. Bowman, Sr.
District IV

Bruce Holmes
District V

Frederick Auletta
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 12, 2012

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, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Henry County. To provide a reasonable basis for making these representations, Henry County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of Henry County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Henry County's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Our auditors have issued an unqualified opinion on Henry County's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

PROFILE OF THE GOVERNMENT

Henry County was formed in 1821 from Creek Indian Lands. Georgia's 50th county is located in the north central portion of the State of Georgia, approximately 30 miles southeast of the City of Atlanta, and is considered part of the metropolitan Atlanta area. Henry County currently occupies 322.7 square miles of land and serves a population of more than 200,000. Henry County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

Henry County provides a full range of services, including law enforcement; corrections; the construction and maintenance of buildings, parks, streets, highways, bridges, storm water drainage facilities, and other associated infrastructure; parks and recreational activities; 911 emergency

communications; voter registration and election; court systems; tax assessment and collection; building inspections; geographic information system; planning and zoning; recycling; and general administrative and support activities. The County also provides fire protection and emergency medical services to the incorporated and unincorporated areas within its boundaries with the exception of the City of McDonough.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. Henry County is strategically located along I-75 with a total of seven interchanges within its borders. 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 7th in overall job growth stating a 60.5% job growth between 2000 and 2008.

In addition to the permanent residents and businesses of Henry County, the County hosts a major sporting event 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 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 bring a half billion dollars to the region each year. Currently more than 21 hotel and motel facilities provide over 2,100 guest rooms throughout the County.

Major Initiatives. Henry County's Capital Improvement Program will continue to benefit from revenue provided by the Special Purpose Local Option Sales Tax (SPLOST). The most recent special-purpose local-option sales tax referendum was passed by Henry County citizens in November 2007 and became effective in April 2008. During this program, the Henry County Board of Commissioners, together with the SPLOST Department, have completed many projects that have greatly benefited the citizens of Henry County including the Judicial Center Parking Deck, the Locust Grove Senior Center, the Domestic Violence Center, Warren Holder Park, North Mt. Carmel Park, the Hampton Library, the Locust Grove Recreation Center, and the Fairview Recreation Center. There are also many Capital projects currently underway that will prove to be valuable assets to Henry County in the future. Of these current projects, the Emergency Operations center is the most notable as it will serve as the centralized hub for all emergencies that happen within the County. Other projects currently underway throughout Henry County are Fire Station #9, Heritage Park, Moseley Park, Sandy Ridge Park, North Forty Park, North Mt. Carmel Park, and the Soccer Complex.

As part of the Metropolitan North Georgia Water Planning District (MNGWPD) Model Floodplain Management/Flood Damage Prevention Ordinance, the Henry County Stormwater Department is continuing with updating a comprehensive mapping process. The maps 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 are able to learn if parts of their property are in a flood plain. The findings and resulting data is free to the public.

The Henry County Board of Commissioners continues to implement a program to help local businesses and bolster our local economy. The 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 this $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, 2011. This was the sixth year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the county had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, Henry County also received our 6th GFOA Award for Outstanding Achievement in Popular Financial Reporting (PAFR). In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, the County had to publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The active involvement and professional support of Mauldin & Jenkins CPAs, LLC, Miller Edwards, Partner, and the auditing staff have been instrumental to the prompt completion of the associated audit of this report. The cooperation of the various elected officials and appointed management and the finance department staff 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

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

Henry County
Georgia

for the Fiscal Year Ended

June 30, 2011

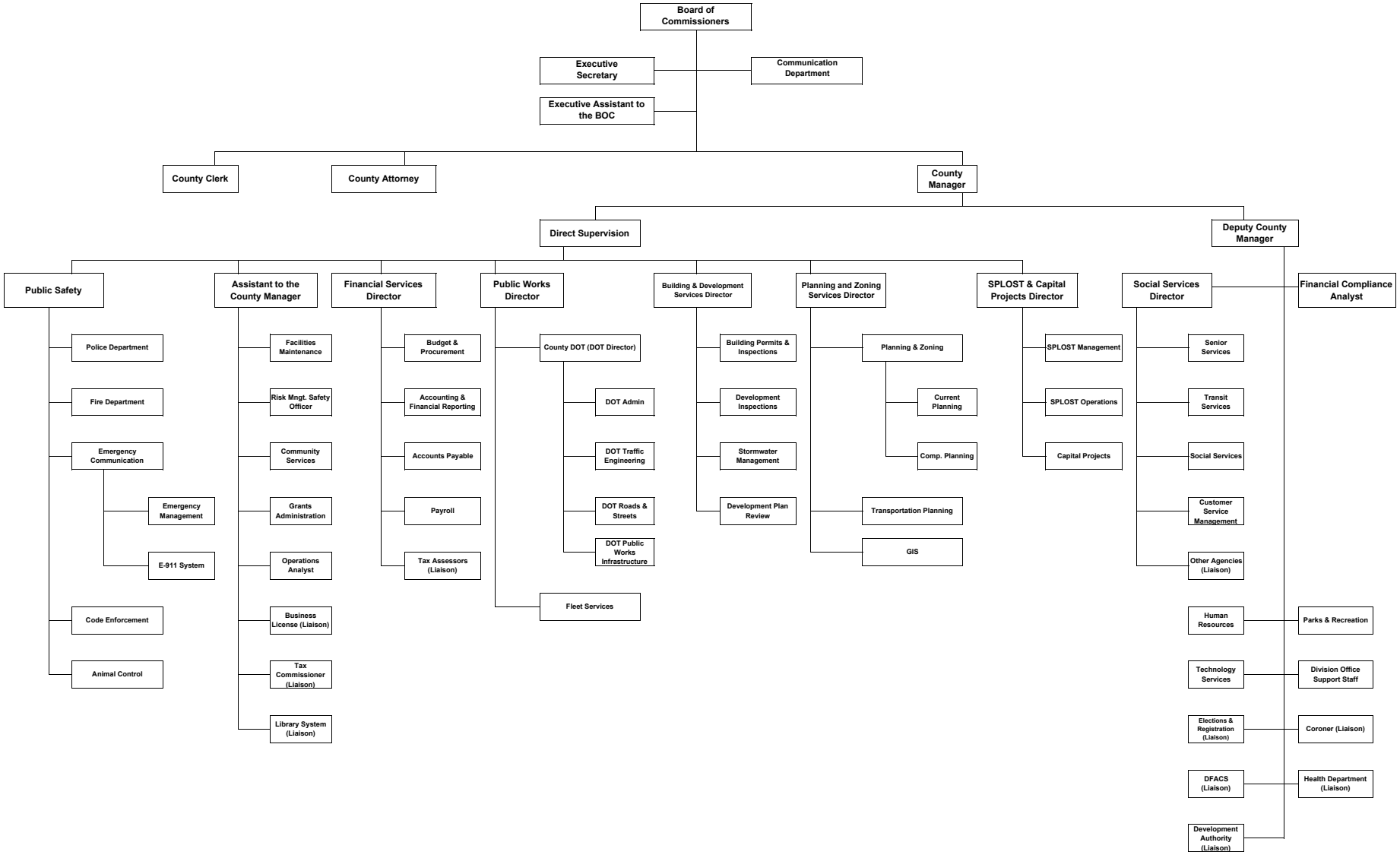


Christopher P. Morrill
President

Jeffrey L. Esser
Executive Director

HENRY COUNTY, GEORGIA

ORGANIZATIONAL CHART



HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012

Elected Officials

Chairman, At Large	**Elizabeth (B.J.) Mathis**
District 1	**Warren E. Holder**
District 2	**Fred Auletta**
District 3	**Randy Stamey**
District 4, Vice Chairman	**Reid A. Bowman, Sr.**
District 5	**Bruce Holmes**
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 C. Sanders**
County Attorney	**LaTonya Wiley**
County Clerk	**Shay Mathis**
Fire Chief	**William Lacy**
Police Chief	**Keith Nichols**
Voting Registrar	**Janet Shellnut**
Director of Financial Services	**Mike Bush**
Public Works Division Director	**Terry McMickle**
Director of Human Resources	**Tara Eberhart**
Economic Development Division Director	**Michael Harris**

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** (the "County"), as of and for the year ended June 30, 2012, 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 totals assets of $1,021,838 as of June, 30 2012, and total revenues of $1,756,908 for the year then ended. Those financial statements were audited by other auditors whose repots have been furnished to us, and our opinion on the basic financial statements, insofar as it related to the amounts included in the Henry County Departments of Public Health in the component unit's columns is based on the repots 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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, 2012, 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 13, 2012 on our consideration of Henry County, Georgia's internal control over financial reporting and on 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the Schedule of Funding Progress on page 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry County, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. 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 48-8-21 and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes 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. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected

to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2012

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, 2012. 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, 2012, by $654,239,823 (net assets) which is an increase of $28,703,212 over the previous year. Of the $654,239,823, $11,328,627 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2012, the County's General Fund reported an unassigned fund balance of $31,764,728 an increase of $8,308, or .03%, from the last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated collections of $29,736,517 during fiscal year 2012.
- The Henry County Neighborhood Stabilization Program (NSP) Fund received $1,755,093 in revenues and had expenditures of $2,079,344 which created a decrease in fund balance of $380,499 leaving $1,704,670 in fund balance for fiscal year 2012.
- During fiscal year 2012, Henry County's Stormwater fund, had $3,006,424 in operating revenues and $1,848,896 in operating expenses.
- The Airport Fund for fiscal year 2012 had $758,120 in operating revenues and $774,400 in operating expenses.

Overview of the Financial Statements

This Discussion and Analysis is 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 activities of Henry County are the Airport Fund and the Stormwater Utility Fund.

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

The government-wide financial statements can be found on pages 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, Neighborhood Stabilization 3 Fund, Law Enforcement Fund, Grant Fund, Juvenile Assistance Fund, and Henry First Fund); Capital Projects (Capital Asset 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, Impact Fee 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 24-28 of this report.

The basic governmental fund financial statements can be found on page 18 – 28. 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 two enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Airport Fund and the Stormwater Fund were 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 Airport Fund (major fund) and the Stormwater Fund (nonmajor).

The basic proprietary fund financial statements can be found on pages 29 – 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 – 94 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 $654,239,823 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (88.1%) 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 117,911,143	$ 136,130,778	$ 2,588,617	$ 2,837,147	$ 120,499,760	$ 138,967,925
Capital assets	646,583,676	639,759,322	18,208,602	420,441	664,792,278	640,179,763
Total assets	764,494,819	775,890,100	20,797,219	3,257,588	785,292,038	779,147,688
Long-term liabilites outstanding	113,635,303	133,311,075	-	-	113,635,303	133,311,075
Other liabilities	15,931,070	20,256,825	1,485,842	43,177	17,416,912	20,300,002
Total liabilities	129,566,373	153,567,900	1,485,842	43,177	131,052,215	153,611,077
Net assets:						
Invested in capital assets, net of related debt	558,373,308	541,151,869	18,208,602	420,441	576,581,910	541,572,310
Restricted	66,329,286	74,194,079	-	-	66,329,286	74,194,079
Unrestricted	10,225,852	6,976,252	1,102,775	2,793,970	11,328,627	9,770,222
Total net assets	$ 634,928,446	$ 622,322,200	$ 19,311,377	$ 3,214,411	$ 654,239,823	$ 625,536,611

An additional portion of Henry County's net assets (10.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($11,328,627) or (1.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, there was a decrease in current and other assets of $18,219,635 and an increase in capital assets of $6,824,354 creating a total decrease of $11,395,281 in total assets. The reason for the decrease in current and other assets and the increase in capital assets was the issuance of SPLOST bonds in previous years being used up. We have been spending down the cash and in return increasing the capital assets with finished road and capital projects. The increase in capital assets was mainly caused by the continuation of finished projects in the SPLOST program.

Long-term liabilities decreased by $19,675,772 while other liabilities decreased by $4,325,755 with the total decrease in liabilities of $24,001,527. The long-term liabilities decreased due to the debt service payment on the SPLOST bonds, and the other liabilities decreased due to Henry County decreasing the due to due from categories in each fund.

There was a decrease of $7,864,793 in restricted net assets reported in connection with the Henry County's governmental activities. These restrictions were 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.

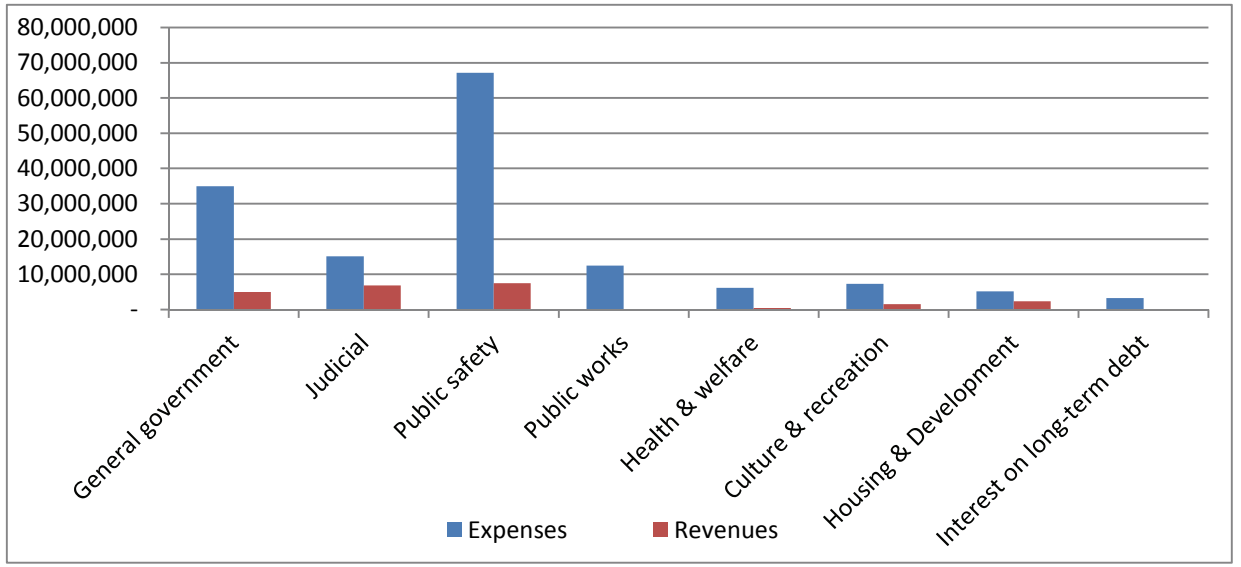
Governmental activities. Governmental activities increased the County's net assets by $12,606,246. Key elements of this increase are as follows:

Henry County's Changes in Net Assets

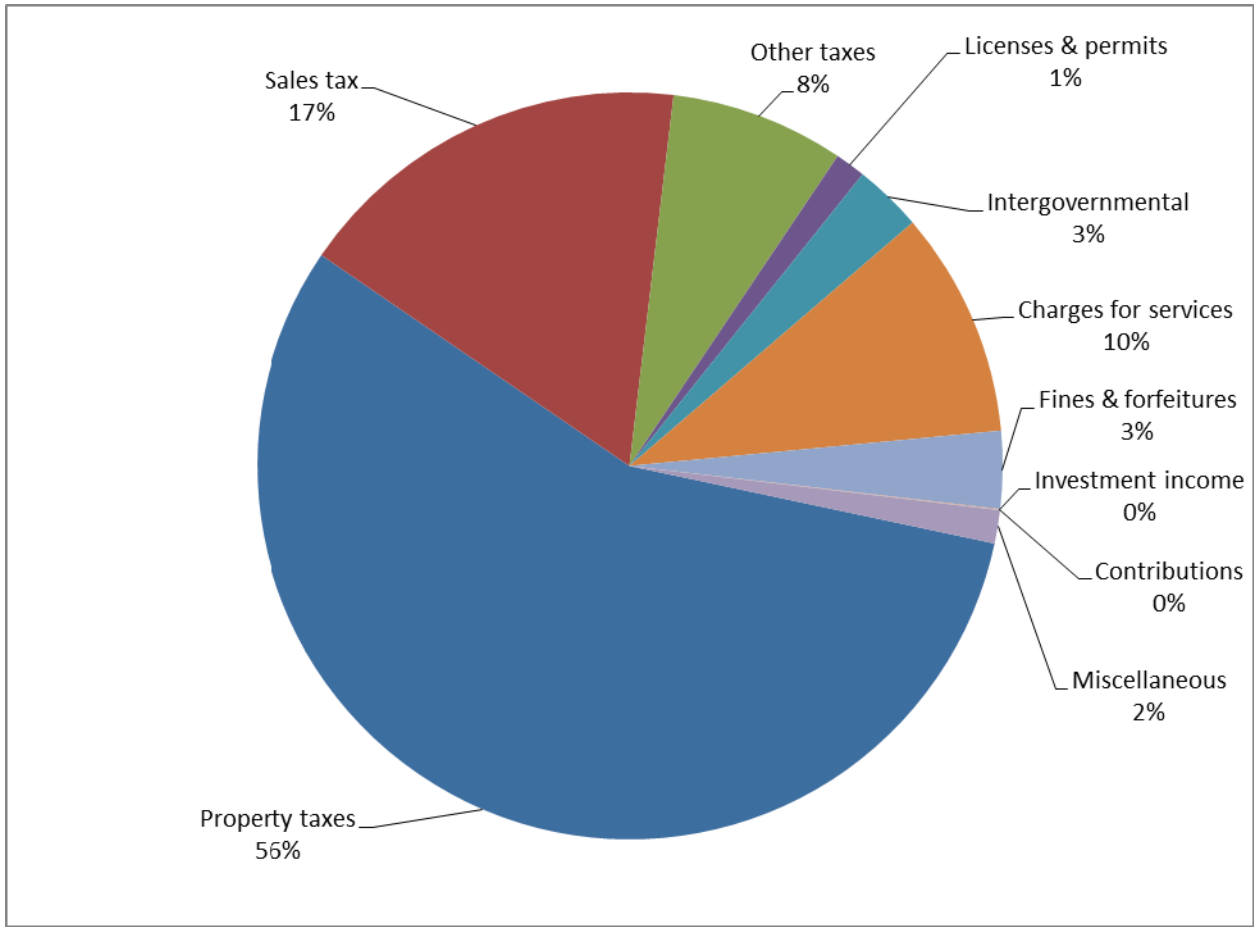
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services	$ 23,358,598	$ 24,963,037	$ 3,764,544	$ 2,996,834	$ 27,123,142	$ 27,959,871
Grants and contributions:						
Operating	6,211,598	4,805,003	-	-	6,211,598	4,805,003
Capital	13,491,079	13,660,391	15,255,658	-	28,746,737	13,660,391
General revenues:						
Property taxes	62,637,760	67,065,940	-	-	62,637,760	67,065,940
Sales taxes	49,142,578	44,805,989	-	-	49,142,578	44,805,989
Other taxes	8,842,283	7,277,498	-	-	8,842,283	7,277,498
Unrestricted investment earnings	85,356	122,805	2,639	4,089	87,995	126,894
Total revenues	163,769,252	162,700,663	19,022,841	3,000,923	182,792,093	165,701,586
Expenses						
General government	34,975,466	26,348,081	-	-	34,975,466	26,348,081
Judicial	15,055,740	15,705,199	-	-	15,055,740	15,705,199
Public safety	67,175,789	69,943,800	-	-	67,175,789	69,943,800
Public works	12,446,599	20,545,804	-	-	12,446,599	20,545,804
Health and welfare	6,147,579	7,780,437	-	-	6,147,579	7,780,437
Culture and recreation	7,317,595	6,003,414	-	-	7,317,595	6,003,414
Housing and development	5,086,200	5,801,955	-	-	5,086,200	5,801,955
Interest on long-term debt	3,260,617	4,123,448	-	-	3,260,617	4,123,448
Stormwater	-	-	1,848,896	1,835,134	1,848,896	1,835,134
Airport	-	-	774,400	-	774,400	-
Total expenses	151,465,585	156,252,138	2,623,296	1,835,134	154,088,881	158,087,272
Increase in net assets before transfers	12,303,667	6,448,525	16,399,545	1,165,789	28,703,212	7,614,314
Transfers	302,579	301,187	(302,579)	(301,187)	-	-
Increase in net assets	12,606,246	6,749,712	16,096,966	864,602	28,703,212	7,614,314
Net assets, beginning of year	622,322,200	615,572,488	3,214,411	2,349,809	625,536,611	617,922,297
Net assets, end of year	$ 634,928,446	$ 622,322,200	$ 19,311,377	$ 3,214,411	$ 654,239,823	$ 625,536,611

- Property Taxes decreased by $4,428,180 (6.6%) 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 $4,336,589 (9.7%) during the year. This is mainly due to a slight upturn in the local economy.
- Unrestricted investment earnings decreased by $37,449 (30.5%) during the year because of the fall of interest rates due to the economic downturn.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities. Henry County started an enterprise fund, the Stormwater Utility Fund, during fiscal year 2007 for the purpose of fairly allocating the costs of Stormwater Management to all properties. Specifically the fund allows for the conservation, management, protection, control, use, and enhancement of stormwater within the County's corporate jurisdiction, and for the planning, acquisition, construction, installation, management, operation, maintenance, regulation, extension, and improvement of the stormwater control systems. In fiscal year 2012, the Stormwater Fund realized operating revenues of $3,006,424 and incurred expenses of $1,848,896 thus creating an operating income of $1,157,528. Operating revenues increased by $9,590 due mainly to increased collection of this fee over the previous years. Operating expenses increased from the prior year by $13,762 due mainly to tighter watch on expenditures.

Henry County's Airport Fund was created in fiscal year 2012 with the acquisition of Tara Field Airport. With the acquisition, Henry County aimed to enhance its economy by "leveling the playing field" with other communities that have already invested in enhanced aviation infrastructure. Within 4 months, the airport name was changed to Atlanta South Regional Airport (ASR). By 2014, Henry County plans to have completed the improvements first advocated by the FAA in its Environmental Assessment report to Clayton County in 2006. Those recommended improvements, which will be funded almost entirely (95%) by GDOT and the Federal Aviation Administration (FAA), call for installing an instrument landing system and other improvements that will bring the facility up to the safety standards recommended for the size and type of aircrafts that are currently flying into ASR, enabling pilots to take off and land safely in all kinds of weather. In fiscal year 2012, the Airport Fund realized operating revenues of $758,120 and incurred expenses of $774,400 thus creating an operating loss of $16,280.

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, unassigned 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 $100,781,067, a decrease of $13,382,329 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 2008 SPLOST Fund had a decrease in fund balance because of the construction cost of all the jobs currently being constructed under the SPLOST program. Additionally, the 2002 SPLOST Fund is nearing completion and doesn't have revenues to offset the expenditures which is consistent with these type programs. Approximately 27% of the ending fund balance ($26,853,755) constitutes unassigned fund balance, which is available for spending at the government's discretion. An additional $5,579,848 is classified as non-spendable for prepaid expenses and advances to other funds, and the remaining fund balance totaling $68,347,464 is classified as restricted to indicate that it is not available for new spending because it has already been committed for Capital Projects ($36,067,022), for drug abuse treatment ($1,230,591), for federal and state grants ($2,262,425), for law enforcement purposes ($5,872,055), for public safety purposes ($4,282,437),and for debt service payments ($18,632,934).

The General Fund is the chief operating fund of Henry County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $31,764,728, while total fund balance reached $37,362,384. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 29.8% of total General Fund expenditures, while total fund balance represents 35.0% of that same amount. Henry County's nonspendable and restricted fund balances are small and represents reserved for fire safety, prepaid items, and advances to other funds.

Fund balance of the County's General Fund increased by $1,138,988 during the current fiscal year, due to the increase in revenues in LOST and Insurance Premium Tax revenues. The original budget did not use fund balance.

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 2012 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $30,439,172, a decrease of $6,430,608 from the prior year. The decrease in fund balance is due to large projects continuing to be built each year. As the large projects continue to be built, we will see a decrease in the fund balance over the life of the SPLOST program.

The Debt Service Fund has a total fund balance of $18,632,934, all of which is reserved for payment of debt service. Interest revenue for the current year was $15,936. Total expenditures in the Debt Service Fund were $27,183,536, which included principle retirements of $23,073,807 and interest and fiscal charges of $4,109,729. The net increase in fund balance during the current year in the Debt Service Fund was $314,114. 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 issued 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 two enterprise funds: the Airport Fund and the Stormwater Utility Fund. At the end of the current fiscal year, the County's proprietary funds reported ending net assets of $19,311,377, an increase of $15,239,592 in the Airport Fund and $857,374 in the Stormwater Fund in comparison with the prior year. This Stormwater Fund has begun to generate revenues to offset its expenses. There are currently no restrictions on the Stormwater Utility Fund net assets.

General Fund Budgetary Highlights

During the year there was a decrease of $409,854 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – ($402,782) due to the distribution of unallocated funds originally budgeted for vacancies, new positions.
- Decrease in judicial functions – ($30,157) all major courts, Superior, State, Magistrate, Probate and Juvenile reduced their expenditures from previous years.
- Decrease in public safety functions – $703,688 due to distribution of unallocated funds originally budgeted for vacancies and new positions.
- Increase in public works services and related capital assets – $53,789 due to adding paving funding of paving crews added back to the General Fund budget that were not originally funded for annual and sick time.
- Increase in health and welfare – $708,863 due to increase in our Transit department where we received grants to purchase equipment and two buildings.
- Increase in culture and recreation – $570,573 is the result of additional personnel for after school and summer camp programs along with additional programs being run by the recreation department.
- Increase in housing and development – ($213,256) due to increase in the Human Services department where we received a grant for landscaping improvements.

The total General Fund actual expenditures were $1,244,436 less than the final amended budget, with each function under budget. This was due to a combined effort on the part of all of the departments to tightly manage their spending.

Capital Asset and Debt Administration

Capital assets. Henry County's investment in capital assets for its governmental activities as of June 30, 2012, amounts to $646,583,676 (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	
	2012	2011	2012	2011	2012	2011
Land	$ 86,516,665	$ 85,404,477	$ -	$ -	$ 86,516,665	$ 85,404,477
Construction in progress	62,717,296	54,880,717	17,826,536	-	80,543,832	54,880,717
Buildings and improvements	138,221,925	134,135,163	9,757	-	138,231,682	134,135,163
Machinery and equipment	11,989,394	13,785,020	356,206	420,441	12,345,600	14,205,461
Infrastructure	347,138,396	351,553,945	16,103	-	347,154,499	351,553,945
Total	$ 646,583,676	$ 639,759,322	$ 18,208,602	$ 420,441	$ 664,792,278	$ 640,179,763

Governmental assets installed during the year totaled $29,473,987. 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
- Acquisition of airport

The largest portion of the increase came from the construction in progress. Henry County's SPLOST program is currently building capital and road projects that are at the peak of construction. Construction continues on a replacement Fire Station, an additional Police Precinct, and a Domestic Violence Center. We are also constructing additional roads adding turn lanes, traffic signals and many other items that will help with the transportation needs throughout Henry County.

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

Long-term debt. At the end of the current fiscal year, Henry County had total bonded debt outstanding of $55,959,818 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 54,530,000	$ 71,485,000	$ -	$ -	$ 54,530,000	$ 87,240,000
Total	$ 54,530,000	$ 71,485,000	$ -	$ -	$ 54,530,000	$ 87,240,000

The $54,530,000 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. Henry County's Special Purpose Local Option Sales Tax (SPLOST) program is to be paid back during fiscal years 2010, 2011, 2012, 2013, and 2014. Current year interest payments were made in July and December in the amount of $2,180,888 and principal payments were made in July in the amount of $16,955,000. 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 & 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 $526,242,758 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 9.5%, which is 1.4% lower than the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2012, is 9.0%. A very large sector of Henry County's working population was in construction, and we have seen a large decrease in construction in Henry County as well as Georgia.
- 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. In fiscal year 2011, monthly collections decreased by 1.0% over 2010. In fiscal year 2012, monthly collections increased by 7.4% over 2011.

- To help offset rising cost of the County Jail, Henry County Court System has created several accountability courts. We have a mental health court, a DUI Court, and a Drug Court. The most impressive part of adding additional courts is that the Court System has done all the work without creating a burden on the General Fund.
- Based on the 2010 census, Henry County has become an Entitlement County. Henry County applied for the yearly allocation of money given to Entitlement Counties and was awarded $850,000. In the past we had to compete against other non-entitlement groups for grants up to $500,000. Now we will not compete, but we will have to follow rigorous guidelines to make sure we are considered for the yearly allocations.
- The Neighborhood Stabilization Program has continued to prosper and has once again met all requirements to continue the program. Once again we will be able to continue to purchase, rehab, and sell currently foreclosed properties to individuals who qualify for the program. Based on the success of this program, Henry County has been awarded two additional grants to do the same thing we are doing under the original program. One grant is run by HUD, the other grant is also run by HUD, but comes through the Georgia Department of Community Affairs.
- During 2012 and going forward, Henry County is doing its part to try and secure outside funding sources such as grants and other bonding opportunities to continue to construct roads and capital projects that would have been otherwise postponed due to the SPLOST collections being reduced due to the sluggish economy. Based on collections of outside money, Henry County has been able to build roads and come under budget to the point where other roads that were postponed are now being built.

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:

Henry County Board of Commissioners
Finance Department
140 Henry Parkway
McDonough, Georgia 30253.

BASIC FINANCIAL STATEMENTS

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
Cash and cash equivalents	$ 57,978,441	$ 3,253,478	$ 61,231,919	$ 927,756	$ 150,888	$ 440,324	$ 2,080,414
Investments	42,013,649	-	42,013,649	-	280,000	28,682	-
Receivables, net of allowances for uncollectibles	4,565,482	583,183	5,148,665	30,295	-	-	6,895,129
Due from other governments	7,347,101	269,398	7,616,499	62,667	-	-	-
Internal balances	1,559,904	(1,559,904)	-	-	-	-	-
Inventory	1,742,448	41,970	1,784,418	-	-	-	728,185
Prepaid items	292,008	492	292,500	-	-	-	685
Restricted assets:							
Cash and cash equivalents	2,018,178	-	2,018,178	-	-	-	37,772,331
Investments	-	-	-	-	-	-	29,916,214
Deferred charges	393,932	-	393,932	-	-	-	4,108,132
Capitalized lease receivable	-	-	-	-	12,188,586	-	-
Other non-current assets	-	-	-	-	-	-	4,294,986
Capital assets, non-depreciable	149,233,961	17,826,536	167,060,497	-	-	10,251	85,692,123
Capital assets, depreciable (net of accumulated depreciation)	497,349,715	382,066	497,731,781	1,120	-	1,448,018	362,365,108
Total assets	764,494,819	20,797,219	785,292,038	1,021,838	12,619,474	1,927,275	533,853,307

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
LIABILITIES							
Accounts payable	$ 3,826,757	$ 45,286	$ 3,872,043	$ -	$ 8,174	$ 72,795	$ 1,853,245
Accrued liabilities	3,964,892	30,903	3,995,795	-	2,586	26,638	526,713
Due to other governments	6,255,970	1,409,653	7,665,623	39,479	-	-	-
Unearned revenue	766,821	-	766,821	-	-	-	-
Payable from restricted assets:							
Customer deposits payable	-	-	-	-	-	-	2,235,044
Revenue bonds payable	-	-	-	-	-	-	5,130,000
Accrued interest payable	1,116,630	-	1,116,630	-	-	-	3,203,266
Non-current liabilities:							
Due within one year	28,573,485	-	28,573,485	34,633	-	36,362	7,725,249
Due in more than one year	79,441,622	-	79,441,622	105,531	12,186,000	-	260,401,088
Net pension obligation due in more than one year	2,750,991	-	2,750,991	-	-	-	-
OPEB obligation due in more than one year	2,869,205	-	2,869,205	-	-	-	4,515,767
Total liabilities	129,566,373	1,485,842	131,052,215	179,643	12,196,760	135,795	285,590,372
NET ASSETS							
Invested in capital assets, net of related debt	558,373,308	18,208,602	576,581,910	1,120	-	1,458,269	205,280,042
Restricted for:							
Capital projects	34,048,844	-	34,048,844	-	-	-	-
Federal and State grants	2,262,425	-	2,262,425	-	-	-	-
Citizens welfare	1,230,591	-	1,230,591	-	-	-	-
Law enforcement purposes	5,872,055	-	5,872,055	-	-	-	-
Public safety purposes	4,282,437	-	4,282,437	-	-	-	-
Debt service	18,632,934	-	18,632,934	-	-	-	34,946,383
Health and welfare	-	-	-	413,516	-	-	-
Unrestricted	10,225,852	1,102,775	11,328,627	427,559	422,714	333,211	8,036,510
Total net assets	$ 634,928,446	$ 19,311,377	$ 654,239,823	$ 842,195	$ 422,714	$ 1,791,480	$ 248,262,935

The accompanying notes are an integral part of these financial statements

HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	$ 34,975,466	$ 4,910,433	$ 7,906	$ 739	$ (30,056,388)	$ -	$ (30,056,388)	$ -	$ -	$ -	$ -
Judicial	15,055,740	6,825,478	228,507	-	(8,001,755)	-	(8,001,755)	-	-	-	-
Public safety	67,175,789	7,454,139	660,952	56,654	(59,004,044)	-	(59,004,044)	-	-	-	-
Public works	12,446,599	5,030	904,274	13,430,093	1,892,798	-	1,892,798	-	-	-	-
Health and welfare	6,147,579	385,421	1,969,983	-	(3,792,175)	-	(3,792,175)	-	-	-	-
Culture and recreation	7,317,595	1,497,666	-	3,593	(5,816,336)	-	(5,816,336)	-	-	-	-
Housing and development	5,086,200	2,280,431	2,439,976	-	(365,793)	-	(365,793)	-	-	-	-
Interest on long-term debt	3,260,617	-	-	-	(3,260,617)	-	(3,260,617)	-	-	-	-
Total governmental activities	151,465,585	23,358,598	6,211,598	13,491,079	(108,404,310)	-	(108,404,310)	-	-	-	-
Business-type activities:											
Stormwater	1,848,896	3,006,424	-	-	-	1,157,528	1,157,528	-	-	-	-
Airport	774,400	758,120	-	15,255,658	-	15,239,378	15,239,378	-	-	-	-
Total business-type activities	2,623,296	3,764,544	-	15,255,658	-	16,396,906	16,396,906	-	-	-	-
Total primary government	$ 154,088,881	$ 27,123,142	$ 6,211,598	$ 28,746,737	(108,404,310)	16,396,906	(92,007,404)	-	-	-	-
Component units:											
Health Department	$ 1,773,007	$ 852,132	$ 902,263	$ -	-	-	-	(18,612)	-	-	-
Development Authority	468,509	24,800	298,272	5,000	-	-	-	-	(140,437)	-	-
Library System	2,075,629	-	1,952,810	-	-	-	-	-	-	(122,819)	-
Water & Sewerage Authority	65,973,686	45,967,528	-	3,386,921	-	-	-	-	-	-	(16,619,237)
Total component units	$ 70,290,831	$ 46,844,460	$ 3,153,345	$ 3,391,921	-	-	-	(18,612)	(140,437)	(122,819)	(16,619,237)
General revenues:											
Property taxes					62,637,760	-	62,637,760	-	-	-	11,951,771
Sales taxes					49,142,578	-	49,142,578	-	-	-	-
Franchise taxes					1,241,669	-	1,241,669	-	-	-	-
Insurance premium taxes					6,015,213	-	6,015,213	-	-	-	-
Other taxes					1,585,401	-	1,585,401	-	-	-	-
Unrestricted investment earnings					85,356	2,639	87,995	2,513	5,465	572	14,044
Transfers					302,579	(302,579)	-	-	-	-	-
Total general revenues and transfers					121,010,556	(299,940)	120,710,616	2,513	5,465	572	11,965,815
Change in net assets					12,606,246	16,096,966	28,703,212	(16,099)	(134,972)	(122,247)	(4,653,422)
Net assets, beginning of year					622,322,200	3,214,411	625,536,611	858,294	557,686	1,913,727	252,916,357
Net assets, end of year					$ 634,928,446	$ 19,311,377	$ 654,239,823	$ 842,195	$ 422,714	$ 1,791,480	$ 248,262,935

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

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 12,954,691	$ 70,729	$ 27,156,667	$ 376,867	$ 17,419,487	$ 57,978,441
Investments	17,795,852	18,562,205	5,655,079	-	513	42,013,649
Receivables, net of allowances for uncollectibles	3,567,311	-	255,814	-	742,357	4,565,482
Due from other governments	2,120,321	-	4,481,491	-	745,289	7,347,101
Due from other funds	3,458,634	-	-	-	1,032,794	4,491,428
Inventory	231,294	-	-	-	1,511,154	1,742,448
Prepaid items	292,008	-	-	-	-	292,008
Restricted cash	-	-	-	-	2,018,178	2,018,178
Advances to other funds	5,287,840	-	-	-	-	5,287,840
Total assets	$ 45,707,951	$ 18,632,934	$ 37,549,051	$ 376,867	$ 23,469,772	$ 125,736,575
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,623,851	$ -	$ 816,681	$ -	$ 1,386,225	$ 3,826,757
Accrued liabilities	3,883,141	-	33,376	-	48,375	3,964,892
Due to other governments	-	-	6,255,970	-	-	6,255,970
Due to other funds	254,921	-	3,852	-	2,672,751	2,931,524
Deferred revenue	2,583,654	-	-	-	104,871	2,688,525
Advances from other funds	-	-	-	5,287,840	-	5,287,840
Total liabilities	8,345,567	-	7,109,879	5,287,840	4,212,222	24,955,508

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

LIABILITIES AND FUND BALANCES (Continued)	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Prepaids	292,008	-	-	-	-	292,008
Advances to other funds	5,287,840	-	-	-	-	5,287,840
Restricted:						
Capital projects	-	-	30,439,172	-	5,627,850	36,067,022
Federal and State grants	-	-	-	-	2,262,425	2,262,425
Citizen welfare	-	-	-	-	1,230,591	1,230,591
Law enforcement purposes	-	-	-	-	5,872,055	5,872,055
Public safety purposes	17,808	-	-	-	4,264,629	4,282,437
Debt service	-	18,632,934	-	-	-	18,632,934
Unassigned:						
General fund	31,764,728	-	-	-	-	31,764,728
Capital projects funds	-	-	-	(4,910,973)	-	(4,910,973)
Total fund balances (deficit)	37,362,384	18,632,934	30,439,172	(4,910,973)	19,257,550	100,781,067
Total liabilities and fund balances	$ 45,707,951	$ 18,632,934	$ 37,549,051	$ 376,867	$ 23,469,772	
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.						646,583,676
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						1,921,704
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(108,737,805)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(2,869,205)
Net pension obligation is not due and payable in the current period and, therefore, is not reported in the funds.						(2,750,991)
Net assets of governmental activities						$ 634,928,446

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, 2012

	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 90,722,120	$ -	$ 29,736,517	$ -	$ 417,055	$ 120,875,692
Licenses and permits	1,476,904	-	-	305,584	-	1,782,488
Intergovernmental	3,317,959	-	8,677,354	-	3,532,674	15,527,987
Charges for services	10,953,336	-	106	-	3,384,501	14,337,943
Fines and forfeitures	3,744,628	-	-	-	2,578,436	6,323,064
Investment income	43,915	15,936	27,075	704	27,286	114,916
Contributions	18,557	-	-	-	200,000	218,557
Miscellaneous	1,606,655	-	22	-	240,874	1,847,551
Total revenues	111,884,074	15,936	38,441,074	306,288	10,380,826	161,028,198
Expenditures:						
Current:						
General government	14,155,953	-	17,151	-	111,198	14,284,302
Judicial	13,770,103	-	-	-	726,929	14,497,032
Public safety	57,406,603	-	-	-	4,466,767	61,873,370
Public works	7,573,243	-	-	-	-	7,573,243
Health and welfare	5,622,576	-	-	-	36,537	5,659,113
Culture and recreation	5,515,947	-	-	-	6,238	5,522,185
Housing and development	2,693,445	-	-	-	2,298,765	4,992,210
Intergovernmental	-	-	2,951,666	-	-	2,951,666
Capital outlay	-	-	24,156,192	-	6,594,070	30,750,262
Debt service:						
Principal retirement	-	23,073,807	-	-	-	23,073,807
Interest and fiscal charges	-	4,109,729	-	-	-	4,109,729
Total expenditures	106,737,870	27,183,536	27,125,009	-	14,240,504	175,286,919
Excess (deficiency) of revenues over (under) expenditures	5,146,204	(27,167,600)	11,316,065	306,288	(3,859,678)	(14,258,721)

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Transfers in	$ 1,644,076	$ 27,481,714	$ 1,757,833	$ -	$ 2,225,608	$ 33,109,231
Transfers out	(5,652,954)	-	(19,504,506)	(2,454,498)	(5,194,694)	(32,806,652)
Capital leases	-	-	-	-	569,151	569,151
Proceeds from sale of capital assets	1,662	-	-	-	3,000	4,662
Total other financing sources (uses)	(4,007,216)	27,481,714	(17,746,673)	(2,454,498)	(2,396,935)	876,392
Net change in fund balances	1,138,988	314,114	(6,430,608)	(2,148,210)	(6,256,613)	(13,382,329)
Fund balances (deficit), beginning of year	36,223,396	18,318,820	36,869,780	(2,762,763)	25,514,163	114,163,396
Fund balances (deficit), end of year	$ 37,362,384	$ 18,632,934	$ 30,439,172	$ (4,910,973)	$ 19,257,550	$ 100,781,067

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, 2012

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

Net change in fund balances - total governmental funds	$ (13,382,329)
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.	3,856,241
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	2,968,113
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(253,071)
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.	22,559,451
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.	(3,142,159)
	$ 12,606,246

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 62,168,063	$ 62,899,705	$ 62,890,831	$ (8,874)
Sales tax	18,437,312	19,406,062	19,406,061	(1)
Other taxes	6,699,100	8,426,530	8,425,228	(1,302)
Licenses and permits	1,350,746	1,478,160	1,476,904	(1,256)
Intergovernmental	2,054,677	3,365,361	3,317,959	(47,402)
Charges for services	13,771,673	10,967,996	10,953,336	(14,660)
Fines and forfeitures	4,566,471	3,746,117	3,744,628	(1,489)
Investment income	76,000	44,000	43,915	(85)
Contributions	-	18,787	18,557	(230)
Miscellaneous	1,227,794	1,635,328	1,606,655	(28,673)
Total revenues	110,351,836	111,988,046	111,884,074	(103,972)
Expenditures:				
General government:				
Board of commissioners	588,817	683,501	681,348	2,153
County clerk	94,883	95,253	91,537	3,716
Public relations	333,969	337,486	336,654	832
County manager	226,599	266,559	263,780	2,779
County attorney	572,009	514,165	505,772	8,393
Tax commissioner	1,935,964	1,957,791	1,952,614	5,177
Finance	983,604	942,201	932,753	9,448
Information systems	2,744,425	2,653,229	2,642,900	10,329
Human resources	506,245	514,875	510,553	4,322
Risk management	1,281,479	931,965	914,557	17,408
Purchasing	310,196	256,816	243,262	13,554
Tax assessor	1,853,319	1,768,695	1,746,992	21,703
Elections	639,015	739,644	692,552	47,092
Public buildings	2,180,605	2,668,193	2,640,679	27,514
Other - unclassified	482,026	-	-	-
Total general government	14,733,155	14,330,373	14,155,953	174,420

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 458,588	$ 449,841	$ 425,117	$ 24,724
Clerk of superior court	1,611,966	1,639,096	1,624,365	14,731
Court reporter	229,233	160,233	156,093	4,140
Jury/bailiff	221,000	221,294	214,500	6,794
District attorney	1,395,148	1,418,359	1,413,076	5,283
Victim/witness	-	1,005	1,005	-
Public defender	1,015,674	1,049,835	1,047,841	1,994
Juvenile court	1,763,176	1,725,574	1,698,562	27,012
Community outreach	75,000	14,850	14,850	-
State court	2,088,819	2,055,544	2,044,313	11,231
State court solicitor	1,908,949	1,879,049	1,866,544	12,505
Clerk of state court	1,272,085	1,215,744	1,204,728	11,016
DUI court	57,857	57,857	55,839	2,018
Judges	3,200	3,200	2,756	444
Magistrate court	945,384	941,379	924,654	16,725
Probate court	746,340	844,634	827,232	17,402
Probate resource court	184,272	178,952	158,540	20,412
Criminal justice liaison	-	90,088	90,088	-
Total judicial	13,976,691	13,946,534	13,770,103	176,431
Public safety:				
Police	1,960,600	2,167,227	2,156,902	10,325
Criminal investigation division	2,592,931	2,423,665	2,387,366	36,299
Narcotics	708,412	606,412	515,863	90,549
Support service	1,291,665	1,275,484	1,269,332	6,152
Uniform patrol division	10,547,232	9,934,873	9,880,037	54,836
Fire	19,274,592	19,526,067	19,408,674	117,393
E911 / Emergency management	122,048	246,416	243,839	2,577
Communications	625,018	617,018	617,018	-
Sheriff	8,423,605	8,302,604	8,161,709	140,895
Jail	11,654,589	11,355,589	11,233,837	121,752
Early release	283,957	301,069	296,746	4,323
Coroner	172,635	173,385	167,745	5,640
Code enforcement	390,182	401,320	400,268	1,052
Animal control	656,163	668,812	667,267	1,545
Total public safety	58,703,629	57,999,941	57,406,603	593,338

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
Director of public works	$ 109,073	$ 109,073	$ 98,248	$ 10,825
DOT	3,303,630	3,364,896	3,348,535	16,361
Construction and roads	2,903,126	2,849,051	2,807,895	41,156
Scraping and hauling	-	7,312	7,312	-
Waste management	174,329	177,459	163,053	14,406
Maintenance shop	1,145,822	1,181,978	1,148,200	33,778
Total public works	7,635,980	7,689,769	7,573,243	116,526
Health and welfare:				
General health	650,205	650,205	648,107	2,098
Department of family and children services	200,479	200,581	200,581	-
Family connection	144,528	144,528	93,813	50,715
Transit system	1,345,759	2,064,097	2,068,146	(4,049)
Senior services	2,685,149	2,675,572	2,611,929	63,643
Total health and welfare	5,026,120	5,734,983	5,622,576	112,407
Culture and recreation:				
Recreation	3,508,685	4,073,108	4,034,155	38,953
Libraries	1,475,642	1,481,792	1,481,792	-
Total culture and recreation	4,984,327	5,554,900	5,515,947	38,953
Housing and development:				
Director of human and community services	132,319	306,927	306,355	572
Conservation	239,167	243,561	235,152	8,409
Conservation - NRCS	48,432	48,432	47,160	1,272
Building department	661,201	686,036	679,489	6,547
Planning and zoning	586,741	600,020	590,644	9,376

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Housing and development: (continued)				
GIS mapping	$ 272,135	$ 279,455	$ 277,491	$ 1,964
Development plan review	256,439	263,259	259,632	3,627
Economic development authority	316,116	298,116	297,522	594
Total housing and development	2,512,550	2,725,806	2,693,445	32,361
Total expenditures	107,572,452	107,982,306	106,737,870	1,244,436
Excess of revenues over expenditures	2,779,384	4,005,740	5,146,204	1,140,464
Other financing sources (uses):				
Transfers in	2,075,607	1,646,207	1,644,076	(2,131)
Transfers out	(4,879,991)	(5,653,947)	(5,652,954)	993
Proceeds from sale of capital assets	25,000	2,000	1,662	(338)
Total other financing sources (uses)	(2,779,384)	(4,005,740)	(4,007,216)	(1,476)
Net change in fund balances	-	-	1,138,988	1,138,988
Fund balances, beginning of year	36,223,396	36,223,396	36,223,396	-
Fund balances, end of year	$ 36,223,396	$ 36,223,396	$ 37,362,384	$ 1,138,988

The accompanying notes are an integral part of these financial statements

HENRY COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 14,300	$ 3,239,178	$ 3,253,478
Accounts receivable, net of allowances	29,632	553,551	583,183
Inventory	41,970	-	41,970
Prepaids	492	-	492
Due from other governments	269,398	-	269,398
Due from other funds	-	-	-
Total current assets	355,792	3,792,729	4,148,521
NONCURRENT ASSETS			
Capital assets, nondepreciable	17,821,536	5,000	17,826,536
Capital assets, depreciable, net of accumulated depreciation	38,303	343,763	382,066
Total noncurrent assets	17,859,839	348,763	18,208,602
Total assets	$ 18,215,631	$ 4,141,492	$ 22,357,123
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 20,150	$ 25,136	$ 45,286
Accrued liabilities	1,758	29,145	30,903
Due to other funds	1,544,478	15,426	1,559,904
Due to other governments	1,409,653	-	1,409,653
Total current liabilities	2,976,039	69,707	3,045,746
Total liabilities	2,976,039	69,707	3,045,746
NET ASSETS			
Invested in capital assets	17,859,839	348,763	18,208,602
Unrestricted	(2,620,247)	3,723,022	1,102,775
Total net assets	$ 15,239,592	$ 4,071,785	$ 19,311,377

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Operating revenues:			
Charges for services:			
Airport fees	$ 754,489	$ -	$ 754,489
Stormwater fees	-	3,006,424	3,006,424
Miscellaneous revenue	3,631	-	3,631
Total operating revenues	758,120	3,006,424	3,764,544
Operating expenses:			
Salaries and benefits	69,739	1,313,733	1,383,472
Purchased/contracted services	159,121	157,476	316,597
Supplies and materials	542,475	289,705	832,180
Depreciation	3,065	87,982	91,047
Total operating expenses	774,400	1,848,896	2,623,296
Operating income (loss)	(16,280)	1,157,528	1,141,248
Nonoperating revenues:			
Investment income	214	2,425	2,639
Total nonoperating revenues	214	2,425	2,639
Income (loss) before capital contributions and transfers	(16,066)	1,159,953	1,143,887
Capital contributions	15,255,658	-	15,255,658
Transfers out	-	(302,579)	(302,579)
Change in net assets	15,239,592	857,374	16,096,966
Net assets, beginning of year	-	3,214,411	3,214,411
Net assets, end of year	$ 15,239,592	$ 4,071,785	$ 19,311,377

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

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Enterprise Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 728,488	$ 2,964,763	$ 3,693,251
Payments to suppliers and service providers	820,570	(426,054)	394,516
Payments to employees	(67,981)	(1,303,880)	(1,371,861)
Net cash provided by operating activities	1,481,077	1,234,829	2,715,906
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(302,579)	(302,579)
Grant received		-	-
Net cash used in noncapital financing activities		(302,579)	(302,579)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(16,453,251)	(16,304)	(16,469,555)
Proceeds from capital grants	14,986,260	-	14,986,260
Net cash used in capital and related financing activities	(1,466,991)	(16,304)	(1,483,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	214	2,425	2,639
Net cash provided by investing activities	214	2,425	2,639
Net increase in cash and cash equivalents	14,300	918,371	932,671
Cash and cash equivalents:			
Beginning of year	-	2,320,807	2,320,807
End of year	$ 14,300	$ 3,239,178	$ 3,253,478

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Enterprise Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ (16,280)	$ 1,157,528	$ 1,141,248
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	3,065	87,982	91,047
Increase in accounts receivable	(29,632)	(41,661)	(71,293)
Increase in inventory	(41,970)	-	(41,970)
Increase in prepaids	(492)	-	(492)
Decrease in due from other funds	-	4,450	4,450
Increase in accounts payable	20,150	1,251	21,401
Increase in accrued liabilities	1,758	9,853	11,611
Increase in due to other funds	1,544,478	15,426	1,559,904
Net cash provided by operating activities	$ 1,481,077	$ 1,234,829	$ 2,715,906
Noncash investing, capital, and financing activities:			
Transfer of capital assets from other funds		$ 0	
Total noncash investing, capital and financing activities		$ 0	

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

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 3,617,471
Taxes receivable	7,930,848
Total assets	$ 11,548,319
LIABILITIES	
Due to component unit	$ 57,888
Due to others	11,490,431
Total liabilities	$ 11,548,319

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units

Henry County Department of Public Health

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

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

Henry County Development Authority

The Henry County Development Authority is governed by a five-member board, all 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 Units

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 resell foreclosed properties to qualified citizens of Henry County. This is done through the Neighborhood Stabilization Program which is identified in separate special revenue funds, the Neighborhood Stabilization Fund and Neighborhood Stabilization 3 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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability in incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary fund:

The ***Airport Fund*** is used to account for the revenues and expenses relating to the operation of the airport.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

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

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 & Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of the Treasurer 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 back trending.

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
Infrastructure	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 prior fiscal 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 his or her 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

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

Fund balances are classified as follows:

- **Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- **Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment. No amounts have been determined to be committed as of June 30, 2012.

- **Assigned** - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted or committed. No amounts have been determined to be assigned as of June 30, 2012.

- **Unassigned** - Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

Fund Balance Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Assets

As noted previously, equity for government-wide and proprietary fund financial statements is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Consists of capital assets included restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted net assets - Consists of net assets with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The County applies restricted resources first when as expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 $108,737,805 difference are as follows:

Capital leases payable	$	(46,598,728)
General obligation bonds payable		(54,530,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		393,932
Plus: Issuance premium (to be amortized against interest expense)		(1,429,818)
Compensated absences		(4,900,669)
Landfill postclosure costs		(555,892)
Accrued interest		(1,116,630)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(108,737,805)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $3,856,241 difference are as follows:

Capital outlay	$ 26,479,862
Depreciation expense	(22,623,621)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 3,856,241

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 $2,968,113 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.	$	2,994,125
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.		(26,012)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets of governmental activities*	$	2,968,113

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 $22,559,451 difference are as follows:

Debt incurred:		
Capital lease financing	$	(569,151)
Principal repayments:		
Capital leases		6,118,807
Bonds payable		16,955,000
Landfill postclosure costs		54,795
Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities*	$	22,559,451

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 $3,142,159 difference are as follows:

Compensated absences	$	(225,267)
Amortization of issuance costs		(149,554)
Amortization of premium on general obligation bonds		714,911
Accrued interest		283,755
Net pension obligation		(3,143,672)
Net post employment benefit obligation		(622,332)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$	(3,142,159)

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, 2012, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Transit system	$ 4,049

These overexpenditures were funded through underexpenditures in other departments in the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2012 are summarized as follows:

Balances per statement of net assets:	
Cash - Primary government	$ 61,231,919
Cash - Health Department	927,756
Cash - Development Authority	150,888
Cash - Library System	440,324
Cash - Water & Sewerage Authority	2,080,414
Investments - Primary government	42,013,649
Investments - Development Authority	280,000
Investments - Library System	28,682
Restricted assets:	
Cash - Primary government	2,018,178
Cash - Water & Sewerage Authority	37,772,331
Investments - Water & Sewerage Authority	29,916,214
Balances per statement of fiduciary net assets:	
Cash - Agency funds	3,617,471
	$ 180,477,826
Cash deposited with financial institutions	$ 108,519,281
Cash deposited with Georgia Fund 1	71,958,545
	$ 180,477,826

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, 2012, the investments in the Georgia Fund 1 were rated AAAm by Standard & Poor's.

At June 30, 2012, the County had the following investments:

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	48 day weighted average	$ 42,042,331
		$ 42,042,331
Component units:		
Georgia Fund 1	48 day weighted average	$ 29,916,214
Certificates of Deposit	21 day weighted average	280,000
		$ 30,196,214

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, 2012, 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, 2012 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	2008 SPLOST Fund	Airport Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Receivables:						
Taxes	$ 2,794,343	$ 2,529,405	$ -	$ 30,998	$ -	$ 5,354,746
Accounts	13,506,826	255,814	45,032	643,217	691,660	15,142,549
Other	2,120,321	1,952,086	269,398	813,431	224	5,155,460
Gross receivables	18,421,490	4,737,305	314,430	1,487,646	691,884	25,652,755
Less allowance for uncollectibles	12,733,858	-	15,400	-	138,333	12,887,591
Net total receivables	$ 5,687,632	$ 4,737,305	$ 299,030	$ 1,487,646	$ 553,551	$ 12,765,164

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2012 of $6,895,129, which is net of an allowance for uncollectibles of $718,870.

Property taxes attached as an enforceable lien on property as of February 7, 2012. Property taxes were levied on July 28, 2011, billed on August 26, 2011, and payable on or before November 16, 2011. The County bills and collects its own property taxes. Property taxes levied for 2011 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, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 85,404,477	$ -	$ -	$ 1,112,188	$ 86,516,665
Construction in progress	54,880,717	25,670,447	(26,012)	(17,807,856)	62,717,296
Total	140,285,194	25,670,447	(26,012)	(16,695,668)	149,233,961
Capital assets, being depreciated:					
Buildings and improvements	161,575,716	-	-	8,460,737	170,036,453
Machinery and equipment	61,813,109	1,186,151	(132,363)	1,508,292	64,375,189
Infrastructure	535,139,540	2,617,389	-	6,726,639	544,483,568
Total	758,528,365	3,803,540	(132,363)	16,695,668	778,895,210
Less accumulated depreciation for:					
Buildings and improvements	(27,440,553)	(4,373,975)	-	-	(31,814,528)
Machinery and equipment	(48,028,089)	(4,490,069)	132,363	-	(52,385,795)
Infrastructure	(183,585,595)	(13,759,577)	-	-	(197,345,172)
Total	(259,054,237)	(22,623,621)	132,363	-	(281,545,495)
Total capital assets, being depreciated, net	499,474,128	(18,820,081)	-	16,695,668	497,349,715
Governmental activities capital assets, net	$ 639,759,322	$ 6,850,366	$ (26,012)	$ -	$ 646,583,676

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					-
Land	$ -	17,826,536	-	-	$ 17,826,536
Total	-	17,826,536	-	-	17,826,536
Capital assets, being depreciated:					
Buildings	$ -	$ 10,454	$ -	$ -	$ 10,454
Machinery and equipment	933,153	24,928	-	-	958,081
Infrastructure	-	17,290	-	-	17,290
Total	933,153	52,672	-	-	985,825
Less accumulated depreciation for:					
Buildings	-	(697)	-	-	(697)
Machinery and equipment	(512,712)	(89,163)	-	-	(601,875)
Infrastructure	-	(1,187)	-	-	(1,187)
Total	(512,712)	(91,047)	-	-	(603,759)
Capital assets being depreciated, net	420,441	(38,375)	-	-	382,066
Business-type activities capital assets, net	$ 420,441	$ 17,788,161	$ -	$ -	$ 18,208,602

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	$	10,568,690
Judicial		123,047
Public safety		3,711,457
Public works		5,871,452
Health and welfare		457,187
Culture and recreation		1,887,932
Housing and development		3,856
Total depreciation expense - governmental activities	$	22,623,621
Business-type activities:		
Airport	$	3,065
Stormwater		87,982
Total depreciation expense - business-type activities	$	91,047

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, 2012, 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	(122,059)	(3,573)	-	(125,632)
Total capital assets, net	$ 4,693	$ (3,573)	$ -	$ 1,120

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, 2012 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	85,395	-	-	85,395
Equipment	520,322	-	-	520,322
Books and materials	3,833,092	136,307	(96,740)	3,872,659
Total	4,438,809	136,307	(96,740)	4,478,376
Less accumulated depreciation for:				
Buildings and improvements	(84,147)	(1,247)	-	(85,394)
Equipment	(105,456)	(43,725)	-	(149,181)
Books and materials	(2,687,497)	(205,026)	96,740	(2,795,783)
Total	(2,877,100)	(249,998)	96,740	(3,030,358)
Total capital assets, being depreciated, net	1,561,709	(113,691)	-	1,448,018
Total capital assets, net	$ 1,571,960	$ (113,691)	$ -	$ 1,458,269

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, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 35,495,474	$ -	$ -	$ -	$ 35,495,474
Construction in progress	51,259,097	6,242,282	-	(7,304,730)	50,196,649
Total	86,754,571	6,242,282	-	(7,304,730)	85,692,123
Capital assets, being depreciated:					
Buildings	13,171,941	-	-		13,171,941
Improvements other than buildings	590,676,758	465,647	(1,419)	7,042,974	598,183,960
Machinery and equipment	7,869,488	326,660	(282,335)	261,756	8,175,569
Vehicles	3,709,102	175,916	(51,398)	-	3,833,620
Total	615,427,289	968,223	(335,152)	7,304,730	623,365,090
Less accumulated depreciation for:					
Buildings	(4,411,344)	(621,305)	-	-	(5,032,649)
Improvements other than buildings	(219,255,153)	(25,805,973)	190	-	(245,060,936)
Machinery and equipment	(7,228,520)	(332,160)	282,335	-	(7,278,345)
Vehicles	(3,551,416)	(128,034)	51,398	-	(3,628,052)
Total	(234,446,433)	(26,887,472)	333,923	-	(260,999,982)
Total capital assets, being depreciated, net	380,980,856	(25,919,249)	(1,229)	7,304,730	362,365,108
Total capital assets, net	$ 467,735,427	$ (19,676,967)	$ (1,229)	$ -	$ 448,057,231

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, 2012, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	3.75%-6.15%	2020	$ 12,250,000
Water and Sewerage Authority	4.90%-6.00%	2020	7,905,000
Water and Sewerage Authority	5.00%	2026	29,785,000
Water and Sewerage Authority	2.00%-5.38%	2030	21,705,000
Water and Sewerage Authority	2.00%-5.00%	2030	17,950,000
Water and Sewerage Authority	3.00%-5.25%	2030	46,770,000
			136,365,000
	Plus unamortized premiums		10,268,012
	Less unamortized discounts		(112,512)
	Less unamortized deferred charges - refunding		(6,004,782)
			$ 140,515,718

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
2013	$ 5,130,000	$ 6,904,430
2014	5,390,000	6,661,510
2015	5,665,000	6,378,808
2016	5,955,000	6,082,696
2017	6,240,000	5,769,959
2018-2022	34,055,000	23,688,510
2023-2027	41,815,000	14,768,413
2028-2030	32,115,000	3,295,363
Total	$ 136,365,000	$ 73,549,689

The Development Authority's revenue bonds outstanding as of June 30, 2012, 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, 2012, are as follows:

Fiscal year ending June 30,	Principal	Interest
2013	$ -	$ 464,419
2014	-	464,419
2015	-	464,419
2016	451,050	456,961
2017	513,214	438,002
2018-2022	2,932,567	1,872,341
2023-2027	3,653,406	1,248,924
2028-2032	4,550,593	472,412
2033-2037	85,170	268
Total	$ 12,186,000	$ 5,882,165

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 $2,005, 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, 2012, 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	$ 12,330,000
Various construction projects within the County	4.00% - 4.385%	6 years	2015	$ 67,290,000	42,200,000
			Plus unamortized premium		1,429,818
					$ 55,959,818

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

Fiscal year ending June 30,	Principal	Interest
2013	$ 17,645,000	$ 1,562,350
2014	18,190,000	1,039,681
2015	18,695,000	394,538
Total	$ 54,530,000	$ 2,996,569

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. These notes are as follows at June 30, 2012:

Interest Rate	Term	Due Date	Amount
3.70%	20 years	2021	$ 8,602,964
3.49%	20 years	2022	12,181,025
3.00%	20 years	2026	31,651,854
3.00%	20 years	2027	21,082,653
3.00%	20 years	2028	16,490,568
3.00%	20 years	2030	19,043,743
3.00%	20 years	2032	1,731,373
3.00%	20 years	2033	21,016,187
			$ 131,800,367

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

Fiscal year ending June 30,	Principal	Interest
2013	$ 6,987,586	$ 3,970,918
2014	7,208,378	3,750,126
2015	7,439,031	3,519,472
2016	7,674,840	3,283,664
2017	7,925,021	3,033,482
2018-2022	42,547,613	11,211,718
2023-2027	36,827,057	5,156,337
2028-2032	15,190,841	846,350
Total	$ 131,800,367	$ 34,772,067

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

Capital Leases:

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

The following is an analysis of assets leased under capital leases as of June 30, 2012:

Land	$	32,696,901
Construction in progress		18,325,000
Buildings and improvements		15,246,010
Vehicles		2,850,000
Equipment		4,510,815
	$	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, 2012:

Fiscal year ending June 30,		
2013	$	7,981,685
2014		6,807,640
2015		5,796,666
2016		5,488,160
2017		4,092,233
2018-2022		16,806,654
2023-2027		5,952,221
2028-2032		5,023,004
2033		85,439
Total minimum lease payments		58,033,702
Less amount representing interest		11,434,974
Present value of future minimum lease payments	$	46,598,728

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, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 71,485,000	$ -	$ 16,955,000	$ 54,530,000	$ 17,645,000
Plus unamortized premium	2,144,729	-	714,911	1,429,818	-
General obligation bonds, net	73,629,729	-	17,669,911	55,959,818	17,645,000
Capital lease obligations	52,148,384	569,151	6,118,807	46,598,728	6,173,697
Landfill postclosure costs	610,687	-	54,795	555,892	27,000
Net pension obligation (asset)	(392,681)	6,693,858	3,550,186	2,750,991	-
Other post employment benefits	2,246,873	1,142,959	520,627	2,869,205	-
Compensated absences	4,675,402	6,371,219	6,145,952	4,900,669	4,727,788
	$ 132,918,394	$ 14,777,187	$ 34,060,278	$ 113,635,303	$ 28,573,485

For governmental activities, landfill postclosure costs, net pension obligation (asset), 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, 2012:

	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, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 141,960,000	$ 17,950,000	$ 23,545,000	$ 136,365,000	$ 5,130,000
Plus unamortized premiums	9,548,237	2,072,921	1,353,146	10,268,012	-
Less unamortized discounts	(127,349)	-	(14,837)	(112,512)	-
Less unamortized deferred charges	(5,695,417)	(765,342)	(455,977)	(6,004,782)	-
Revenue bonds, net	145,685,471	19,257,579	24,427,332	140,515,718	5,130,000
Notes payable	135,834,524	2,339,289	6,373,446	131,800,367	6,987,586
OPEB liability	3,727,948	787,819	-	4,515,767	-
Compensated absences	942,667	700,121	702,536	940,252	737,663
	$ 286,190,610	$ 23,084,808	$ 31,503,314	$ 277,772,104	$ 12,855,249

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, 2012, amounted to $21,890.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012 is as follows:

Interfund receivables and payables:

	Payable Fund						
Receivable Fund	General Fund	2008 SPLOST Fund	Impact Fee Fund	Airport Fund	Nonmajor Enterprise Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ 3,852	$ 5,287,840	$ 1,544,478	$ 15,426	$ 1,894,878	$ 8,746,474
Nonmajor governmental funds	254,921	-	-	-	-	777,873	1,032,794
Total	$ 254,921	$ 3,852	$ 5,287,840	$ 1,544,478	$ 15,426	$ 2,672,751	$ 9,779,268

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.

Advances. Included in the above interfund balances is an amount due from the Impact Fee Fund to the General Fund in the amount of $5,287,840, and this amount is considered to be an advance to the Impact Fee Fund from the General Fund and considered to be long-term in its nature and repayment plan. Therefore, this amount is segregated on the balance sheet from other interfund balances.

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

SPLOST. In the ordinary course of managing the multiple projects entered into by the County, oftentimes certain projects are funded from multiple SPLOST programs and supplemented by the General Fund. Additionally, the County does an accounting of all projects throughout each fiscal year, and analyzes the relationships between such funds. Amounts due from the General Fund to the 2008 SPLOST Fund represent a combination of additional funding anticipated by the General Fund as well as the ongoing accounting of addressing the correct level of certain costs to be charged between these funds. All amounts due from the General Fund to the respective SPLOST funds were satisfied in a timely manner after the close of the fiscal year.

Interfund transfers:

	Transfers Out					
Transfers In	General Fund	2008 SPLOST Fund	Impact Fee Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 40,966	$ -	$ 302,579	$ 1,300,531	$ 1,644,076
Debt Service Fund	4,068,112	19,463,540	2,300,587	-	1,649,475	27,481,714
2008 SPLOST Fund	-	-	-	-	1,757,833	1,757,833
Nonmajor governmental funds	1,584,842	-	153,911	-	486,855	2,225,608
Total	$ 5,652,954	$ 19,504,506	$ 2,454,498	$ 302,579	$ 5,194,694	$ 33,109,231

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:

	2012	2011
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 6,698,097	$ 6,666,813
Interest on Net Pension Obligation	60,564	(183,425)
Amortization of Net Pension Obligation	(64,803)	196,260
Annual Pension Cost	$ 6,693,858	$ 6,679,648

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2012	$ 6,693,858
Actual Contributions to Plan for Fiscal Year 2012	3,550,186
Increase (Decrease) in Net Pension Obligation	3,143,672
Net Pension Obligation (Asset) as of June 30, 2011	(392,681)
Net Pension Obligation (Asset) as of June 30, 2012	$ 2,750,991

Basis of Valuation	
Current Valuation Date	January 1, 2012
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)
7/1/11	$ 6,693,858	$ 3,550,186	53 %	$ 2,750,991
7/1/10	6,679,648	3,264,595	49	(392,681)
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)

As of the most recent valuation date, January 1, 2012, 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
12/31/2011	$ 79,037,421	$ 123,797,511	$ 44,760,090	63.8 %	$ 67,410,519	66.4 %

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

NOTE 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 Employees (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 Georgia Municipal Employees Benefit System Plan (The GMA Plan), an agent multiple-employer pension plan administered by The Segal Group, Inc. GMA, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The GMA Plan. The Authority has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan. Complete financial statements for the Georgia Municipal Association (GMA) Defined Benefit Pension Plan can be obtained from 201 Pryor Street, Atlanta, Georgia 30303-3606.

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 Segal Company 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 percentage at June 30, 2012, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2012 are as follows:

Derivation of Net Pension Obligation		
Annual Pension Cost for Fiscal Year 2012	$	1,272,307
Actual Contributions to Plan for Fiscal Year 2012		1,702,935
Increase (Decrease) in Net Pension Obligation		(430,628)
Net Pension Obligation (Asset) as of June 30, 2011		(3,864,358)
Net Pension Obligation (Asset) as of June 30, 2012	$	(4,294,986)

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, 2012
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.50% plus age and service based merit increase
Expected Annual Inflation	1.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining liability
Remaining Amortization Period	28

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)
7/1/12	$ 1,272,307	$ 1,702,935	134 %	$ (4,294,986)
7/1/11	1,298,844	1,724,047	133	(3,864,358)
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)

As of the most recent valuation date, January 1, 2012, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2011	$ 16,361,499	$ 24,234,961	$ 7,873,462	67.5 %	$ 10,276,891	76.6 %

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, 2012. 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, 2012, there were 75 retired employees receiving health care benefits. For the year ended June 30, 2012, the County paid $416,502 for these benefits, which was net of $104,125 of retiree contributions.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Contributions

The County contributed $520,627 to the OPEB Health Care Plan in fiscal year 2012. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Board of Commissioners. The Board of Commissioners established and may amend the funding policy for the OPEB Health Care Plan.

Schedule of Employer Costs and Contributions

Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
7/1/11	$ 1,142,959	$ 520,627	46 %	$ 2,869,205
7/1/10	1,060,675	414,974	39	2,246,873
7/1/09	1,317,718	467,538	35	1,601,172
7/1/08	1,235,768	484,776	39	750,992

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

Annual required contribution	$ 1,155,699
Interest on Net OPEB obligation	168,515
Adjustment to Annual Required Contribution	(181,255)
Annual OPEB cost	1,142,959
Contributions made or accrued	(520,627)
Increase in Net Obligation	622,332
Net OPEB obligation (BOY)	2,246,873
Net OPEB obligation (EOY)	$ 2,869,205

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

As of the most recent valuation date, June, 30 2012, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	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
07/01/10	-	8,151,019	8,151,019	-	51,336,002	15.9
07/01/11	-	9,200,635	9,200,635	-	53,646,122	17.0

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, 2011. The assumptions used in the July 1, 2011 actuarial valuation are as follows:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2011
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% decreasing linearly each year to an ultimate annual
Year of Ultimate Medical Cost Trend Rate	2012
Amortization Method	Level Percent of Pay (Open)
Remaining Amortization Period	30 years
Payroll Inflation Rate	3.5%

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 assets is increasing or decreasing over time relative to the actuarial accrued liability.

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, 2011.

Active participants	208
Retirees and beneficiaries	19
Total	227

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

Contributions

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

Fiscal Year	Annual OPEB Cost	Actual County Contribution	Percentage of AOPEBC Contributed	Net OPEB Asset End of Year
2012	$ 922,957	$ 135,138	15 %	$ 4,515,767
2011	1,387,139	84,840	6	3,727,948
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 obligation for the current year were as follows:

Annual required contribution	$ 984,063
Interest from net OPEB obligation	167,758
Adjustment of net OPEB obligation	(228,864)
Annual OPEB cost	922,957
Actual contributions to the plan	(135,138)
Decrease in net OPEB liability	787,819
Net OPEB obligation as of July 1, 2011	3,727,948
Net OPEB obligation as of June 30, 2012	$ 4,515,767

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water & Sewerage Authority – Component Unit (Continued)

OPEB Plan

As of the most recent valuation date, July 1, 2011, 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
6/30/2012	$ -	$ 6,797,083	$ 6,797,083	0%	$ 10,524,399	64.6%

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 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, 2011. The assumptions used in the July 1, 2011, 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, 2011
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Discount rate for benefit obligations	4.50%
Heathcare cost trend rates	9.0% graded by .5% per year to an ultimate rate of 5%
Amortization method	Level dollar amount over 30 years based on an open group
Remaining Amortization Period	30 years
Mortality	RP-2000 Combined Healthy Mortality Table, using project scale AA for males and females
Plan participation	100% of future eligible retirees are assumed to elect coverage for themselves and their spouses

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 assets is increasing or decreasing over time relative to the actuarial accrued liability

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, 2012, the County collected $417,055 of hotel/motel taxes. Of this amount, $205,620, or 49.30%, was given to the Chamber. The remaining funds of $211,472, or 50.71%, are kept by the County and used for other activities promoting tourism.

NOTE 14. RISK MANAGEMENT

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

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pools' agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 14. RISK MANAGEMENT (CONTINUED)

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

The basis for estimating the liabilities for unpaid claims is an incurred, but not reported calculation as established by an actuary. The County is not aware of any claims for which the County is liable for the deductible amount which were outstanding and unpaid as of June 30, 2012. No provisions have been made in the financial statements for the year ended June 30, 2012, 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 after receiving its closure certification. The County received its closure certification on October 26, 1996. As of June 30, 2012, the County has a remaining 15 years of monitoring. Engineering studies estimate postclosure costs of approximately $555,892 over the 15-year period. These costs are based on what it would cost to perform all postclosure care in 1996, 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, 2012, the County has contractual commitments on uncompleted contracts of approximately $4,806,344.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of $390,000.

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, 2012, the total amount outstanding under these revenue certificates amounted to $45,289,625.

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, 2012, the County paid $203,100 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. SUBSEQUENT EVENT

Henry County Water and Sewerage Authority Bond Resolution:

In November 2012, a Resolution was passed authorizing the issuance of the Henry County Water and Sewerage 2012A Bonds in an amount not to exceed $17,465,000 at a net interest cost of .64% for the purpose of refunding the remaining portion of the 2002A Bonds which have the same final maturity date of 2018. The sole purpose of the 2012A Bonds is to reduce debt service payments. The 2012A Bonds have been validated and were issued prior to the date of this report but subsequent to the year ended June 30, 2012.

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
12/31/2011	$ 79,037,421	$ 123,797,511	$ 44,760,090	63.8 %	$ 67,410,519	66.4 %
12/31/2010	71,980,333	114,000,143	42,019,810	63.1	70,662,103	59.5
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

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
12/31/2011	$ 16,361,499	$ 24,234,961	$ 7,873,462	67.5 %	$ 10,276,891	76.6 %
12/31/2010	14,049,501	21,619,929	7,570,428	65.0	10,346,469	73.2
12/31/2009	11,295,607	17,180,226	5,884,619	65.7	10,685,904	55.1
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.

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.

Neighborhood Stabilization 3 Fund – This fund is used to account for grant funds received for the Neighborhood Stabilization 3 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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

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

Henry First Fund – This fund is used to account for revenues received relative to the Henry First initiative and 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.

Capital Projects Funds

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.

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.

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

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue							
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**	**Neighborhood Stabilization Fund**	**Neighborhood Stabilization 3 Fund**
Cash and cash equivalents	$ 5,337,955	$ 4	$ 3,707,125	$ 365,081	$ 1,343,446	$ 91,879	$ 1,041,435	$ 86,362
Investments	-	-	-	-	-	-	-	-
Accounts receivable	-	30,998	623,260	-	-	-	-	-
Inventory	-	-	-	-	-	-	953,901	557,253
Due from other governments	13,312	-	-	-	99,645	-	-	435,600
Due from other funds	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total assets	$ 5,351,267	$ 31,002	$ 4,330,385	$ 365,081	$ 1,443,091	$ 91,879	$ 1,995,336	$ 1,079,215
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 266,673	$ 15,322	$ 27,339	$ -	$ 87	$ -	$ 1,167	$ 24,980
Accrued liabilities	-	-	38,288	-	6,531	-	2,926	-
Due to other funds	343	15,680	129	6,000	193,606	-	286,573	496,480
Deferred revenue	-	-	-		5,604	-	-	-
Total liabilities	267,016	31,002	65,756	6,000	205,828	-	290,666	521,460
FUND BALANCES								
Restricted								
Capital projects	-	-	-	-	6,672	91,879	-	-
Federal and State grants	-	-	-	-	-	-	1,704,670	557,755
Citizen welfare	-	-	-	-	1,230,591	-	-	-
Law enforcement purposes	5,084,251	-	-	359,081	-	-	-	-
Public safety purposes	-	-	4,264,629	-	-	-	-	-
Total fund balances	5,084,251	-	4,264,629	359,081	1,237,263	91,879	1,704,670	557,755
Total liabilities and fund balances	$ 5,351,267	$ 31,002	$ 4,330,385	$ 365,081	$ 1,443,091	$ 91,879	$ 1,995,336	$ 1,079,215

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue			Capital Projects			
ASSETS	**Juvenile Assistance Fund**	**Law Enforcement Grant Fund**	**Henry First Fund**	**Capital Asset Fund**	**2002 SPLOST Fund**	**Lease Purchase Fund**	**Total**
Cash and cash equivalents	$ 340,624	$ -	$ 17,486	$ 2,850,846	$ 2,237,244	-	$ 17,419,487
Investments	-	-	-	-	513	-	513
Accounts receivable	88,099	-	-	-	-	-	742,357
Inventory	-	-	-	-	-	-	1,511,154
Due from other governments	-	97,750	-	-	98,982	-	745,289
Due from other funds	-	-	-	1,032,794	-	-	1,032,794
Restricted cash	-	-	-	-	-	2,018,178	2,018,178
Total assets	$ 428,723	$ 97,750	$ 17,486	$ 3,883,640	$ 2,336,739	$ 2,018,178	$ 23,469,772
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 125	$ -	$ 903,956	$ 146,576	-	$ 1,386,225
Accrued liabilities	-	-	-	-	630	-	48,375
Due to other funds	-	9,606	6,238	777,875	805	879,416	2,672,751
Deferred revenue	-	88,019	11,248	-	-	-	104,871
Total liabilities	-	97,750	17,486	1,681,831	148,011	879,416	4,212,222
FUND BALANCES							
Restricted							
Capital projects	-	-	-	2,201,809	2,188,728	1,138,762	5,627,850
Federal and State grants	-	-	-	-	-	-	2,262,425
Citizen welfare	-	-	-	-	-	-	1,230,591
Law enforcement purposes	428,723	-	-	-	-	-	5,872,055
Public safety purposes	-	-	-	-	-	-	4,264,629
Total fund balances	428,723	-	-	2,201,809	2,188,728	1,138,762	19,257,550
Total liabilities and fund balances	$ 428,723	$ 97,750	$ 17,486	$ 3,883,640	$ 2,336,739	2,018,178	$ 23,469,772

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue							
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund	Neighborhood Stabilization Fund	Neighborhood Stabilization 3 Fund
Revenues								
Taxes	$ -	$ 417,055	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	48,506	-	109,992	-	112,278	-	1,597,586	645,695
Charges for services	-	-	3,384,501	-	-	-	-	-
Fines and forfeitures	1,606,463	-	-	128,987	714,182	74,911	-	-
Investment income	3,584	37	7,443	3,628	1,102	109	-	-
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	7,661	-	213	-	-	-	177,507	-
Total revenues	1,666,214	417,092	3,502,149	132,615	827,562	75,020	1,775,093	645,695
Expenditures								
Current:								
General government	-	-	5,146	-	-	-	68,500	805
Judicial	-	-	-	127,129	457,151	80,061	-	-
Public safety	1,278,120	-	2,550,904	-	14,078	-	-	-
Housing and development	-	205,620	-	-	-	-	2,010,844	82,301
Health and welfare	-	-	-	-	36,537	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,278,120	205,620	2,556,050	127,129	507,766	80,061	2,079,344	83,106
Excess (deficiency) of revenues over (under) expenditures	388,094	211,472	946,099	5,486	319,796	(5,041)	(304,251)	562,589
Other financing sources (uses)								
Transfers in	-	-	-	-	149,419	-	-	-
Transfers out	(9,108)	(211,472)	(2,578,082)	-	(1,064,950)	-	(76,248)	(4,834)
Capital leases	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	3,000	-	-	-	-	-	-	-
Total other financing sources (uses)	(6,108)	(211,472)	(2,578,082)	-	(915,531)	-	(76,248)	(4,834)
Net change in fund balances	381,986	-	(1,631,983)	5,486	(595,735)	(5,041)	(380,499)	557,755
Fund balances, beginning of year	4,702,265	-	5,896,612	353,595	1,832,998	96,920	2,085,169	-
Fund balances, end of year	$ 5,084,251	$ -	$ 4,264,629	$ 359,081	$ 1,237,263	$ 91,879	$ 1,704,670	$ 557,755

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue			Capital Projects			
	Juvenile Assistance Fund	Law Enforcement Grant Fund	Henry First Fund	Capital Asset Fund	2002 SPLOST Fund	Lease Purchase Fund	Total
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 417,055
Intergovernmental	-	438,798	-	-	579,819	-	3,532,674
Charges for services	-	-	-	-	-	-	3,384,501
Fines and forfeitures	53,893	-	-	-	-	-	2,578,436
Investment income	264	-	1	2,439	2,485	6,194	27,286
Contributions	-	-	-	200,000	-	-	200,000
Miscellaneous	-	-	42,984	12,509	-	-	240,874
Total revenues	54,157	438,798	42,985	214,948	582,304	6,194	10,380,826
Expenditures							
Current:							
General government	-	-	36,747	-	-	-	111,198
Judicial	62,588	-	-	-	-	-	726,929
Public safety	-	623,665	-	-	-	-	4,466,767
Housing and development	-	-	-	-	-	-	2,298,765
Health and welfare	-	-	-	-	-	-	36,537
Culture and recreation	-	-	6,238	-	-	-	6,238
Capital outlay	-	-	-	2,089,986	2,559,938	1,944,146	6,594,070
Total expenditures	62,588	623,665	42,985	2,089,986	2,559,938	1,944,146	14,240,504
Excess (deficiency) of revenues over (under) expenditures	(8,431)	(184,867)	-	(1,875,038)	(1,977,634)	(1,937,952)	(3,859,678)
Other financing sources (uses)							
Transfers in	-	184,867	-	1,891,322	-	-	2,225,608
Transfers out	-	-	-	(1,250,000)	-	-	(5,194,694)
Capital leases	-	-	-	-	-	569,151	569,151
Proceeds from sale of capital assets	-	-	-	-	-	-	3,000
Total other financing sources (uses)	-	184,867	-	641,322	-	569,151	(2,396,935)
Net change in fund balances	(8,431)	-	-	(1,233,716)	(1,977,634)	(1,368,801)	(6,256,613)
Fund balances, beginning of year	437,154	-	-	3,435,525	4,166,362	2,507,563	25,514,163
Fund balances, end of year	$ 428,723	$ -	$ -	$ 2,201,809	$ 2,188,728	$ 1,138,762	$ 19,257,550

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, 2012

	Confiscated Assets Fund			Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 417,721	$ 417,055	$ (666)
Intergovernmental	35,194	48,506	13,312	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	1,606,463	1,606,463	-	-	-	-
Investment income	3,584	3,584	-	246	37	(209)
Miscellaneous	7,661	7,661	-	-	-	-
Total revenues	1,652,902	1,666,214	13,312	417,967	417,092	(875)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	1,646,794	1,278,120	368,674	-	-	-
Housing and development	-	-	-	205,620	205,620	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,646,794	1,278,120	368,674	205,620	205,620	-
Excess (deficiency) of revenues over (under) expenditures	6,108	388,094	381,986	212,347	211,472	(875)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(9,108)	(9,108)	-	(212,347)	(211,472)	875
Proceeds from sale of capital assets	3,000	3,000	-	-	-	-
Total other financing sources (uses)	(6,108)	(6,108)	-	(212,347)	(211,472)	875
Net change in fund balances	-	381,986	381,986	-	-	-
Fund balances, beginning of year	4,702,265	4,702,265	-	-	-	-
Fund balances, end of year	$ 4,702,265	$ 5,084,251	$ 381,986	$ -	$ -	$ -

(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, 2012

	E-911 Fund			Law Library Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	109,993	109,992	(1)	-	-	-
Charges for services	3,386,091	3,384,501	(1,590)	-	-	-
Fines and forfeitures	-	-	-	129,182	128,987	(195)
Investment income	7,443	7,443	-	3,630	3,628	(2)
Miscellaneous	214	213	(1)	-	-	-
Total revenues	3,503,741	3,502,149	(1,592)	132,812	132,615	(197)
Expenditures						
Current:						
General government	5,147	5,146	1	-	-	-
Judicial	-	-	-	132,812	127,129	5,683
Public safety	2,473,391	2,550,904	(77,513)	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	109,993	-	109,993			
Total expenditures	2,588,531	2,556,050	32,481	132,812	127,129	5,683
Excess (deficiency) of revenues over (under) expenditures	915,210	946,099	30,889	-	5,486	5,486
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(2,578,205)	(2,578,082)	123	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(2,578,205)	(2,578,082)	123	-	-	-
Net change in fund balances	(1,662,995)	(1,631,983)	31,012	-	5,486	5,486
Fund balances, beginning of year	5,896,612	5,896,612	-	353,595	353,595	-
Fund balances, end of year	$ 4,233,617	$ 4,264,629	$ 31,012	$ 353,595	$ 359,081	$ 5,486

(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, 2012

	Court Fund			Technology Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	112,278	112,278	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	717,166	714,182	(2,984)	81,500	74,911	(6,589)
Investment income	1,372	1,102	(270)	200	109	(91)
Miscellaneous	-	-	-	-	-	-
Total revenues	830,816	827,562	(3,254)	81,700	75,020	(6,680)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	463,110	457,151	5,959	81,700	80,061	1,639
Public safety	14,973	14,078	895	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	37,107	36,537	570	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	515,190	507,766	7,424	81,700	80,061	1,639
Excess (deficiency) of revenues over (under) expenditures	315,626	319,796	4,170	-	(5,041)	(5,041)
Other financing sources (uses)						
Transfers in	149,419	149,419	-	-	-	-
Transfers out	(1,065,260)	(1,064,950)	310	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(915,841)	(915,531)	310	-	-	-
Net change in fund balances	(600,215)	(595,735)	4,480	-	(5,041)	(5,041)
Fund balances, beginning of year	1,832,998	1,832,998	-	96,920	96,920	-
Fund balances, end of year	$ 1,232,783	$ 1,237,263	$ 4,480	$ 96,920	$ 91,879	$ (5,041)

(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, 2012

	Neighborhood Stabilization Fund			Neighborhood Stabilization 3 Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	2,302,594	1,597,586	(705,008)	656,667	645,695	(10,972)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	177,508	177,507	(1)	-	-	-
Total revenues	2,480,102	1,775,093	(705,009)	656,667	645,695	(10,972)
Expenditures						
Current:						
General government	68,546	68,500	46	559,881	805	559,076
Judicial	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Housing and development	2,335,308	2,010,844	324,464	91,952	82,301	9,651
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	2,403,854	2,079,344	324,510	651,833	83,106	568,727
Excess (deficiency) of revenues over (under) expenditures	76,248	(304,251)	(380,499)	4,834	562,589	557,755
Other financing (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(76,248)	(76,248)	-	(4,834)	(4,834)	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing (uses)	(76,248)	(76,248)	-	(4,834)	(4,834)	-
Net change in fund balances	-	(380,499)	(380,499)	-	557,755	557,755
Fund balances, beginning of year	2,085,169	2,085,169	-	-	-	-
Fund balances, end of year	$ 2,085,169	$ 1,704,670	$ (380,499)	$ -	$ 557,755	$ 557,755

(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, 2012

	Juvenile Assistance Fund			Law Enforcement Grant Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	440,150	438,798	(1,352)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	53,894	53,893	(1)	-	-	-
Investment income	399	264	(135)	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	54,293	54,157	(136)	440,150	438,798	(1,352)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	62,589	62,588	1	-	-	-
Public safety	-	-	-	625,019	623,665	1,354
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	62,589	62,588	1	625,019	623,665	1,354
Excess (deficiency) of revenues over (under) expenditures	(8,296)	(8,431)	(135)	(184,869)	(184,867)	2
Other financing sources (uses)						
Transfers in	-	-	-	184,869	184,867	(2)
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	184,869	184,867	(2)
Net change in fund balances	(8,296)	(8,431)	(135)	-	-	-
Fund balances, beginning of year	437,154	437,154	-	-	-	-
Fund balances, end of year	$ 428,858	$ 428,723	$ (135)	$ -	$ -	$ -

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, 2012

	Henry First Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	1	1
Miscellaneous	42,986	42,984	(2)
Total revenues	42,986	42,985	(1)
Expenditures			
Current:			
General government	36,748	36,747	1
Judicial	-	-	-
Public safety	-	-	-
Housing and development	-	-	-
Health and welfare	-	-	-
Culture and recreation	6,238	6,238	-
Capital outlay	-	-	-
Total expenditures	42,986	42,985	1
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	-	-	-
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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 16,000	$ 15,936	$ (64)
Total revenues	16,000	15,936	(64)
Expenditures			
Debt service:			
Principal	23,375,391	23,073,807	301,584
Interest and fiscal charges	4,122,399	4,109,729	12,670
Total expenditures	27,497,790	27,183,536	314,254
Deficiency of revenues under expenditures	(27,481,790)	(27,167,600)	314,190
Other financing sources			
Transfers in	27,481,790	27,481,714	(76)
Total other financing sources	27,481,790	27,481,714	(76)
Net change in fund balances	-	314,114	314,114
Fund balance, beginning of year	18,318,820	18,318,820	-
Fund balance, end of year	$ 18,318,820	$ 18,632,934	$ 314,114

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	3,200,511	-	3,200,511
Park and recreational facilities	12,000,000	12,475,000	9,985,392	251,012	10,236,404
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	83,160,461	230,637	83,391,098
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	8,772,800	2,078,289	10,851,089
	$ 140,000,000	$ 140,000,000	$ 146,518,017	$ 2,559,938	$ 149,077,955

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	$ 5,737,500	$ 4,590,000	$ 2,609,282	$ 47,593	$ 2,656,875
Social services facilities	2,677,500	2,142,000	1,655,946	11,082	1,667,028
Parking deck	5,625,000	4,500,000	3,274,695	29,332	3,304,027
Library facilities	3,618,750	2,895,000	2,417,702	-	2,417,702
Civic center and performing arts center	1,250,000	1,000,000	70	-	70
Public safety facilities	10,960,000	8,768,000	1,650,000	3,458,087	5,108,087
Park and recreational facilities	14,062,500	11,250,000	9,685,565	710,709	10,396,274
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	45,499,967	15,601,573	61,101,540
City of Hampton	7,650,000	6,120,000	3,829,953	104,296	3,934,249
City of Locust Grove	7,650,000	6,120,000	4,004,891	19,287	4,024,178
City of McDonough	26,842,500	21,474,000	11,739,326	1,045,072	12,784,398
City of Stockbridge	32,857,500	26,286,000	13,070,360	1,783,011	14,853,371
Program management	8,900,000	7,120,000	5,246,660	4,314,967	9,561,627
Interest	-	-	2,823,688	-	2,823,688
	$ 300,000,000	$ 240,000,000	$ 124,606,049	$ 27,125,009	$ 151,731,058
Repayment of principal on debt via a transfer to the Debt Service Fund. Proceeds included in projects above.				19,504,506	
Total 2008 SPLOST Fund expenditures				$ 46,629,515	

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, 2012

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	State Court	Juvenile Court	Flint Drug Task Force	Total
Cash and cash equivalents	$ 1,136,985	$ 1,702,177	$ 79,287	$ 91,748	$ 101,856	$ 310,891	$ 6,442	$ 188,085	$ 3,617,471
Taxes receivable	7,930,848	-	-	-	-	-	-	-	7,930,848
Total assets	$ 9,067,833	$ 1,702,177	$ 79,287	$ 91,748	$ 101,856	$ 310,891	$ 6,442	$ 188,085	$ 11,548,319
LIABILITIES									
Due to component unit	$ 44,813	$ 13,075	$ -	$ -	$ -	$ -	$ -	$ -	$ 57,888
Due to others	9,023,020	1,689,102	79,287	91,748	101,856	310,891	6,442	188,085	11,490,431
Total liabilities	$ 9,067,833	$ 1,702,177	$ 79,287	$ 91,748	$ 101,856	$ 310,891	$ 6,442	$ 188,085	$ 11,548,319

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 868,513	$ 156,313,977	$ 156,045,505	$ 1,136,985
Taxes receivable	8,916,383	7,930,848	8,916,383	7,930,848
	$ 9,784,896	$ 164,244,825	$ 164,961,888	$ 9,067,833
LIABILITIES				
Due to component unit	$ 46,264	$ 11,893,286	$ 11,894,737	$ 44,813
Due to others	9,738,632	152,351,539	153,067,151	9,023,020
	$ 9,784,896	$ 164,244,825	$ 164,961,888	$ 9,067,833
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 3,049,702	$ 4,649,647	$ 5,997,172	$ 1,702,177
LIABILITIES				
Due to component unit	$ 13,512	$ 145,970	$ 146,407	$ 13,075
Due to others	3,036,190	4,503,677	5,850,765	1,689,102
	$ 3,049,702	$ 4,649,647	$ 5,997,172	$ 1,702,177

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 170,772	$ 203,431	$ 294,916	$ 79,287
LIABILITIES				
Due to others	$ 170,772	$ 203,431	$ 294,916	$ 79,287
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 100,172	$ 988,518	$ 996,942	$ 91,748
LIABILITIES				
Due to others	$ 100,172	$ 988,518	$ 996,942	$ 91,748
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 90,947	$ 2,748,724	$ 2,737,815	$ 101,856
LIABILITIES				
Due to others	$ 90,947	$ 2,748,724	$ 2,737,815	$ 101,856

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 443,106	$ 3,349,482	$ 3,481,697	$ 310,891
LIABILITIES				
Due to others	$ 443,106	$ 3,349,482	$ 3,481,697	$ 310,891
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 8,917	$ 69,018	$ 71,493	$ 6,442
LIABILITIES				
Due to others	$ 8,917	$ 69,018	$ 71,493	$ 6,442
FLINT DRUG TASK FORCE				
ASSETS				
Cash and cash equivalents	$ -	$ 421,266	$ 233,181	$ 188,085
LIABILITIES				
Due to others	$ -	$ 421,266	$ 233,181	$ 188,085

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 4,732,129	$ 168,744,063	$ 169,858,721	$ 3,617,471
Taxes receivable	8,916,383	7,930,848	8,916,383	7,930,848
	$ 13,648,512	$ 176,674,911	$ 178,775,104	$ 11,548,319
LIABILITIES				
Due to component unit	$ 59,776	$ 12,039,256	$ 12,041,144	$ 57,888
Due to others	13,588,736	164,635,655	166,733,960	11,490,431
	$ 13,648,512	$ 176,674,911	$ 178,775,104	$ 11,548,319

COMPONENT UNITS

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DEVELOPMENT AUTHORITY
JUNE 30, 2012

ASSETS		
Cash and cash equivalents	$	150,888
Investments		280,000
Total assets	$	430,888
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	8,174
Total liabilities		8,174
FUND BALANCE		
Unassigned		422,714
Total fund balance		422,714
Total liabilities and fund balance	$	430,888

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - DEVELOPMENT AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenues		
Charges for services	$	24,800
Investment income		5,465
Grant revenue		5,000
Contributions		298,272
Total revenues		333,537
Expenditures		
Housing and development		468,509
Total expenditures		468,509
Net change in fund balance		(134,972)
Fund balance, beginning of year		557,686
Fund balance, end of year	$	422,714

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - LIBRARY SYSTEM
JUNE 30, 2012

ASSETS		
Cash and cash equivalents	$	440,324
Investments		28,682
Total assets	$	469,006
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	72,795
Accrued liabilities		26,638
Total liabilities		99,433
FUND BALANCE		
Unassigned		369,573
Total fund balance		369,573
Total liabilities and fund balance	$	469,006

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - LIBRARY SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenues		
Intergovernmental	$	1,854,030
Investment income		572
Contributions		6,955
Other revenues		91,825
Total revenues		1,953,382
Expenditures		
Culture and recreation		1,964,064
Total expenditures		1,964,064
Net change in fund balance		(10,682)
Fund balance, beginning of year		380,255
Fund balance, end of year	$	369,573

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 ..... **118 - 123**

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 ..... **124 - 127**

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

Debt Capacity ..... **128 and 129**

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 ..... **130 and 131**

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 ..... **132 - 134**

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

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

HENRY COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 541,151,869	$ 558,373,308
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	74,194,079	66,329,286
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	6,976,252	10,225,852
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	$ 622,322,200	$ 634,928,446
Business-type activities:										
Invested in capital assets, net of related debt	$ -	$ -	$ -	$ -	$ 394,018	$ 450,152	$ 454,613	$ 530,211	$ 420,441	$ 18,208,602
Restricted	-	-	-	-	-	-	-	-	-	
Unrestricted	-	-	-	-	(861,503)	388,233	1,351,941	1,819,598	2,793,970	1,102,775
Total governmental activities net assets	$ -	$ -	$ -	$ -	$ (467,485) (2)	$ 838,385	$ 1,806,554	$ 2,349,809	$ 3,214,411	$ 19,311,377
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	$ 541,572,310	$ 576,581,910
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	74,194,079	66,329,286
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	9,770,222	11,328,627
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	$ 625,536,611	$ 654,239,823

(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 TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009 (6)	2010 (7)	2011	2012
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	$ 26,348,081	$ 34,975,466
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	15,705,199	15,055,740
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	69,943,800	67,175,789
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	20,545,804	12,446,599
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	7,780,437	6,147,579
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	6,003,414	7,317,595
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	5,801,955	5,086,200
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	4,123,448	3,260,617
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	156,252,138	151,465,585
Business-type activities:										
Stormwater	-	-	-	-	1,358,397 (4)	1,681,065	1,899,938	2,041,355	1,835,134	1,848,896
Airport	-	-	-	-	-	-	-	-	-	774,400
Total business-type activities expenses	-	-	-	-	1,358,397	1,681,065	1,899,938	2,041,355	1,835,134	2,623,296
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	$ 158,087,272	$ 154,088,881
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	$ 279,625	$ 305,584
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	1,863,436	1,974,847
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	5,535,436	4,910,433
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	7,462,382	6,825,478
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	7,843,410	7,454,139
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	1,978,748	1,888,117
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	4,805,003	6,211,598
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	13,660,391	13,491,079
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	43,428,431	43,061,275
Business-type activities:										
Charges for services-Stormwater	-	-	-	-	2,591,018 (4)	2,912,155	2,855,662	2,942,581	2,996,834	3,006,424
Operating grants and contributions-Stormwater	-	-	-	-	-	-	-	835	-	-
Capital grants and contributions-Stormwater	-	-	-	-	-	-	-	22,500	-	-
Charges for services-Airport	-	-	-	-	-	-	-	-	-	758,120
Capital grants and contributions-Airport	-	-	-	-	-	-	-	-	-	15,255,658
Total business-type activities program revenues	-	-	-	-	2,591,018	2,912,155	2,855,662	2,965,916	2,996,834	19,020,202
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	$ 46,425,265	$ 62,081,477

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	$ (112,823,707)	$ (108,404,310)
Business-type activities	-	-	-	-	1,232,621	1,231,090	955,724	924,561	1,161,700	16,396,906
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)	$ (111,662,007)	$ (92,007,404)
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	$ 67,065,940	$ 62,637,760
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	44,805,989	49,142,578
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	7,277,498	8,842,283
Unrestricted investment earnings	788,508	740,368	2,553,397	5,309,584 (3)	6,593,296	3,419,841	922,392	150,481	122,805	85,356
Gain on sale of capital assets	117,208	-	142,935	-	218,233	-	-	-	-	-
Transfers	-	-	-	-	1,768,921	-	-	384,381	301,187	302,579
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	119,573,419	121,010,556
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	68,815	74,780	12,445	3,075	4,089	2,639
Transfers	-	-	-	-	(1,768,921)	-	-	(384,381)	(301,187)	(302,579)
Total business-type activities	-	-	-	-	(1,700,106)	74,780	12,445	(381,306)	(297,098)	(299,940)
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	$ 119,276,321	$ 120,710,616
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	$ 6,749,712	$ 12,606,246
Business-type activities	-	-	-	-	(467,485)	1,305,870	968,169	543,255	864,602	16,096,966
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	$ 7,614,314	$ 28,703,212

(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.
(7) Increase in 2010 program revenues was substantially due to the ARRA funding provided for various projects.

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (2)	2012
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		-
Nonspendable:										
Prepaids	-	-	-	-	-	-	-	-	374,262	292,008
Advances to other funds	-	-	-	-	-	-	-	-	4,071,741	5,287,840
Restricted:										
Public safety purposes	-	-	-	-	-	-	-	-	20,973	17,808
Debt service										
Unassigned	-	-	-	-	-	-	-	-	31756420	31,764,728
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	$ 36,223,396	$ 37,362,384
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		-
Restricted:										
Capital projects	-	-	-	-	-	-	-	-	47,575,333	36,067,022
Federal and State grants	-	-	-	-	-	-	-	-	2,085,169	2,262,425
Citizen welfare	-	-	-	-	-	-	-	-	1,285,148	1,230,591
Law enforcement purposes	-	-	-	-	-	-	-	-	5,541,681	5,872,055
Public safety purposes	-	-	-	-	-	-	-	-	5,896,612	4,264,629
Debt service	-	-	-	-	-	-	-	-	18,318,820	18,632,934
Committed	-	-	-	-	-	-	-	-		-
Assigned	-	-	-	-	-	-	-	-		-
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	-		-
Capital projects funds	-	-	-	-	-	-	-	-	(2,762,763)	(4,910,973)
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	$ 77,940,000	$ 63,418,683

(1) The decrease from the prior period is due to the elimination of the use of encumbrance rollovers for fiscal years 2004 and 2005.
(2) Beginning July 1, 2010, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 120,367,567	$ 120,875,692
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	1,746,290	1,782,488
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 (15)	11,128,485	15,527,987
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	13,248,419	14,337,943
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	8,969,504	6,323,064
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)	208,600	114,916
Contributions	605,826 (12)	3,116	65,282	42,416	80,310	165,752	125,886	62,356	65,416	218,557
Miscellaneous	1,193,941	766,220	1,101,401	1,468,558	2,576,636	1,494,457	2,353,065	2,177,306	1,906,379	1,847,551
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	$ 157,640,660	$ 161,028,198
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	$ 15,051,731	$ 14,284,302
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	15,007,861	14,497,032
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	63,053,313	61,873,370
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	8,081,124	7,573,243
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	5,731,958	5,659,113
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	6,538,889	5,522,185
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	5,652,700	4,992,210
Intergovernmental	-	-	-	-	-	1,812,307	25,896,678 (13)	2,523,364	2,412,181	2,951,666
Capital outlay	- (4)	- (4)	31,765,378	49,655,242	73,201,545	76,417,535	31,337,084	41,606,362	39,907,052	26,479,862
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	21,881,414	23,073,807
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	4,921,323	4,109,729
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	188,239,546	171,016,519
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)	(30,598,886)	(9,988,321)

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ -	$ -	$ 5,559,590	$ 569,151
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	33,096,106	33,109,231
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)	(32,794,919)	(32,806,652)
Proceeds from sale of capital assets	225,869	155,971	240,853	3,987,510	273,880	102,550	61,677	42,379	63,500	4,662
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	5,924,277	876,392
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)	$ (24,674,609)	$ (9,111,929)
Debt service as a percentage of noncapital expenditures	5.6%	5.0%	7.5%	10.4%	13.4%	14.0%	18.7%	7.6%	17.5%	18.8%

(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.
(15) Revenues increased in 2010 substantially due increased ARRA funding for various projects.

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)					
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%
2011	4,148,277,699	2,295,735,115	450,888,710	10,241,711	1,195,578,627	5,709,564,608	11.75	14,273,911,520	40%
2012	3,761,782,236	2,289,954,941	458,020,740	9,796,885	1,257,127,218	5,262,427,584	11.75	13,156,068,960	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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Henry County rates										
Maintenance & Operations										
Unincorporated	14.25	14.13	14.06	14.13	14.13	14.37	13.89	13.71	14.89	18.52
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	2.84	2.77	2.71	2.56	2.51	2.45	2.59	2.59	3.45	4.39
Stockbridge	-	-	-	-	-	-	-	-	-	
Hampton	-	-	-	-	-	-	-	-	-	
Locust Grove	-	-	-	-	-	-	-	-	-	
LOST Reduction	(3.01)	(2.89)	(2.82)	(2.89)	(2.93)	(3.17)	(2.92)	(2.92)	(3.14)	(4.02)
Protection	-	-	-	-	-	-	-	-	1.72	1.91
Fire Protection	2.56	2.39	2.02	1.18	1.21	1.16	1.22	1.22	1.15	1.02
Planning and Development	-	-	-	-	-	-	-	-	0.23	0.14
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	-
Board of Education										
Maintenance & Operations	17.65	18.90	18.90	19.40	20.00	20.00	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	3.63
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20
Total Unincorporated	35.20	36.45	36.45	36.95	37.51	37.51	37.28	37.28	38.06	40.33
Total Municipalities (3), (4)										
McDonough	33.33	35.02	35.33	37.03	37.48	37.58	38.14	38.14	38.42	41.65
Stockbridge	35.04	36.45	36.45	36.95	37.47	37.51	37.02	37.02	38.06	40.33
Hampton	33.38	34.67	34.67	35.65	36.23	36.29	36.17	36.17	36.35	38.34
Locust Grove	33.47	34.80	34.80	35.67	35.69	36.29	35.87	35.87	36.11	38.28
Total Direct Tax Rate	11.69	11.74	12.04	11.24	11.20	11.20	10.97	10.97	11.75	11.75

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

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Henry Co Development Authority	$ 35,260,440	1	0.67 %	$		%
Georgia Power Company	32,696,007	2	0.62	16,859,740	3	0.44
Inland Western McDonough	18,897,760	3	0.36	-		-
Cardinal Health 110, INC	47,245,598	4	0.90	-		-
Norfolk Southern Combined	20,238,870	5	0.38	9,932,165	9	0.26
US Industrial Reit II	19,965,960	6	0.38	-		-
Trees of Avalon LLC	17,504,465	7	0.33	-		-
Kens Foods, INC	27,568,447	8	0.52	-		-
Georgia Transmission Corp	16,750,044	9	0.32	-		-
Prologis NA2 US LLC	14,924,520	10	0.28	-		-
Atlanta Motor Speedway	-		-	20,306,170	1	0.53
Bellsouth	-		-	19,318,675	2	0.50
TRU Properties Inc.	-		-	14,046,320	4	0.37
Toys R Us	-		-	44,135,750	5	1.15
Goodyear	-		-	13,587,200	6	0.35
Atlanta Gas Light	-		-	10,543,056	7	0.27
Space Center Atlanta Inc.	-		-	10,354,160	8	0.27
Chater Communications, II, LP	-		-	9,269,753	10	0.24
Totals	$ 251,052,111		4.10 %	$ 168,352,989		4.39 %

The fiscal year 2012 total taxable assessed value is: 5,262,427,584
The fiscal year 2003 total taxable assessed value is: 3,835,575,285

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
2003	114,849,885	110,386,263	96.1	4,463,622	114,849,885	100.0
2004	127,299,079	124,071,710	97.5	3,227,369	127,299,079	100.0
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
2011	205,764,434	193,893,667	94.2	11,764,074	205,657,741	99.9
2012	190,525,178	181,582,275	95.3	8,481,108	190,063,383	99.8

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)
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
2011	71,485,000		0.50	344.01	-	52,148,384	123,633,384	1.85	594.96
2012	54,530,000		0.41	260.29	-	46,598,728	101,128,728	1.54	482.71

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 383,557,529	$ 433,257,895	$ 471,476,643	$ 512,359,234	$ 563,433,936	$ 621,258,956	$ 676,119,465	$ 672,167,162	$ 570,956,461	$ 526,242,758
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	71,485,000	54,530,000
Legal debt margin	$ 383,557,529	$ 408,257,895	$ 446,476,643	$ 487,359,234	$ 546,513,936	$ 605,612,808	$ 588,879,465	$ 584,927,162	$ 499,471,461	$ 471,712,758
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%	12.52%	10.36%

Legal Debt margin Calculation for Fiscal Year 2011

Assessed value	$ 5,262,427,584
Debt limit (10% of assessed value)	526,242,758
Debt applicable to limit:	
General obligation bonds	54,530,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	54,530,000
Legal debt margin	$ 471,712,758

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)
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
2011	207,800	6,678,127	46,818	31.0	40,951	10.9
2012	209,500	6,548,536	30,218	35.3	40,290	9.5

(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 and Atlanta Regional Commission

NOTE: 2011 and 2012 per capita and personal income are estimates based on past regional trends.

HENRY COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND THIRTEEN YEARS AGO

	2012			2000		
Taxpayer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Henry County Board of Education	4,800	1	4.98 %	2,400	1	3.91 %
Henry Medical Center	1,645	2	1.71	850	3	1.38
Henry County Board of Commissioners	1,595	3	1.66	830	4	1.35
Wal-Mart Supercenter	1,373	4	1.43	550	5	0.90
Federal Aviation Administration	800	5	0.83	-		-
Georgia Power Company	592	6	0.61			
Briggs & Stratton/fka/Snapper	578	7	0.60	-		-
Symcor	500	8	0.52	-		-
Southern States, Inc.	400	9	0.42	-		-
Luxottica Retail Group	325	10	0.34	-		-
Toys R Us	-		-	1,000	2	1.63
Ford Motor Company	-		-	350	6	0.57
Dowling Textile Mfg. Co.	-		-	300	7	0.49
Smead Manufacturing, Inc.	-		-	280	8	0.46
Pep Boys	-		-	270	9	0.44
NEC Technologies	-		-	250	10	0.41
Totals	12,608		13.09 %	7,080		11.53 %

(1) Source: Henry County Development Authority
(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 61,412 (1999) 96,291 (2012)
(3) Source: Hospital Authority of Henry County Revenue Certificates Series 1999

Note: Information on the principal employers was not readily available for fiscal years 2000 - 2003.

HENRY COUNTY, GEORGIA

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

	Full-time Equivalent Employees as of June 30,									
Function	**2003 (3)**	**2004 (3)**	**2005 (3)**	**2006 (4)**	**2007 (4)**	**2008 (4)**	**2009 (4)**	**2010 (4)**	**2011 (4)**	**2012 (4)**
General Government	535	550	581	605	598	582	576	639	615	591
Public Safety										
Police & Sheriff										
Officers	161	169	188	211	262	256	302	368	296	281
Civilians	35	35	33	59	57	54	53	53	53	57
Corrections	158 (1)	168	109	117	122	153	160	157	163	162
Fire										
Firefighters	230	231	245	257	267	300	264	265	260	242
Civilians	9	9	9	8	12	9	27	27	27	27
Highways and streets										
Engineering	25	21	26	22	21	24	24	19	19	16
Maintenance	66	92 (2)	84	80	83	90	84	80	74	66
Social services	-	-	-	-	-	78	100	101	73	82
Culture and recreation	23	28	30	36	44	56	71	66	50	58
Total	1,242	1,303	1,305	1,395	1,466	1,602	1,661	1,775	1,630	1,582

(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	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Police										
Physical arrest	3,739	3,984	3,959	5,394	6,482	7,119	6,715	6,652	6,498	5,556
Parking violations	60	51	35	51	19	16	83	20	58	44
Traffic violations	24,184	21,981	36,662	52,921	67,728	70,045	65,394	66,061	65,105	50,492
Fire										
Calls answered	12,007	13,263	14,704	17,059	18,065	18,471	19,240	20,245	21,581	23,902
Inspections	3,001	4,739	4,163	4,070	3,827	6,698	8,431	11,856	8,382	7,335
Highways and streets										
Street resurfacing	n/a	55	25	45	30	27	56	56	65	40
Culture and recreation										
Athletic field permits issued	21,020	15,464	5,155	19,191	48,896	105,184	121,576	125,544	151,826	61,578
Community center admissions	65,092	34,331	11,444	30,631	45,198	74,656	79,143	79,876	59,473	77,307

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	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Police										
Stations	2	2	2	4	4	4	4	5	5	4
Patrol Units	158	195	232	232	288	282	310	230	196	196
Patrol Zones	11	11	11	20	20	20	20	20	20	20
Fire Stations	12	12	12	12	13	13	13	13	13	13
Public Works										
Streets (miles)	1,244	1,281	1,318	1,163	1,172	1,195	1,221	1,230	1,236	1,238
Traffic Signals	15	15	15	23	24	24	27	30	32	32
Culture and Recreation										
Park Acreage	756.9	836.9	836.9	1,162.9	1,162.9	1,162.9	1,258.2	1,268.7	1,271	1,271
Playgrounds	18	18	18	22	22	33	33	33	33	33
Baseball/Softball Diamonds	66	66	66	66	67	74	74	74	73	73
Soccer/Football Fields	16	17	17	18	24	27	27	us	33	33
Community Centers	3	3	3	4	6	9	9	10	10	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.

Source: Various County departments.

COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Georgia as of and for the year ended June 30, 2012, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 13, 2012. 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 Heath, as described in our report on Henry County, Georgia's financial statements. This report does not include the results of the other auditor's 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

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

A *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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Henry County, Georgia, in a separate letter dated December 13, 2012

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 13, 2012

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, 2012. 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 $2,339,289 in federal awards, which are not included in the schedule of expenditures of federal awards of Henry County, Georgia for the year ended June 30, 2012. 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 compliance 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, 2012.

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 to determine the 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 over compliance 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.

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 13, 2012

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	Title III B Subcontractor	$ 47,700
Community Care Services Program - Title III, Part C	93.045	GA DHR 10 IIIC Subcontractor	238,150
Nutrition Services Incentive Program	93.053	GA DHR 10 AOA NSIP	36,818
Total Aging Cluster			322,668
Community Care Services Program - Title III, Part E (National Family Caregiver Support)	93.052	GA DHR 10 III E Subcontract	28,825
Temporary Assistance for Needy Families	93.558	427-67-14251	29,697
Community Services Block Grant	93.569	42700-040-0000006788	131,613
Community Services Block Grant	93.569	42700-040-0000003672	20,402
Total Community Services Block Grant (CSBG) Cluster			152,015
Social Services Block Grant	93.667	GA DHR SSBG	56,916
Total U.S. Department of Health and Human Services			590,121
U.S. Department of Justice			
Pass Through Program - Department of Juvenile Justice			
Purchase of Services for Juvenile Offenders	16.523	JB-08ST-002	7,225
			7,225
Bulletproof Vest Grant	16.607	2009-BOBX-09048586	2,151
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2008-MO-BX-0020	54,053
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2008-CK-WX-0782	102,926
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2009-CK-WX-0501	109,992
			212,918

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Justice (Continued)			
State Criminal Alien Assistance Program (SCAAP)	16.606	2010-AP-BX-0335	$ 12,942
Pass Through Program - Criminal Justice Coordinating Council			
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-059	45,760
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-061	42,867
			88,627
ARRA - Edward Byrne Memorial Justice Assistance Grant Local Program	16.804	2009-SB-B9-1730	3,329
Criminal Intelligence Unit Grant	16.738	2010-DJBX-1663	10,300
Total JAG Program Cluster			102,256
Pass Through Program - Criminal Justice Coordinating Council			
Violence Against Women Formula Grant	16.588	W09-8-058	92,249
Violence Against Women Formula Grant	16.588	W10-8-058	88,000
			180,249
Total U.S. Department of Justice			571,794
U.S. Department of Homeland Security			
Citizen Corps Grant	97.053	2009-SS-T9-0047	8,618
Citizen Corps Grant	97.053	2008-GE-T8-0017	8,101
			16,719
Buffer Zone Protection Program	97.078	2010-BF-T0-0009	48,506
Office of Domestic Preparedness Management Performance	97.042	P09-9-077	13,778
Total U.S. Department of Homeland Security			79,003
U.S. Department of Transportation			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA 2010-75-00385	50,021
State and Community Highway Safety	20.600	GA 2011-75-00389	16,074
Total Highway Safety Cluster			66,095
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-65-379001	118,359
Total Transit Services Program Cluster			118,359

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	$ 98,678
Federal Transit Formula Grants	20.507	GA-90-X263-00	336,886
Total Transit Federal Transit Cluster			435,564
ARRA - Transportation Enhancement Activities	20.205	Project ID #332945	7,965,675
Total Highway Planning & Construction Cluster			7,965,675
Intermodal Programs	20.509	GA-18-4031	416,173
Intermodal Programs	20.509	GA-86-X001	238,140
			654,313
Federal Aviation Administration	20.106	3-13-062-018-2012	4,957,750
Federal Aviation Administration	20.106	3-13-062-018-2012	8,685,000
Total Federal Aviation Administration			13,642,750
Pass Through Program - Georgia Department of Transportation	20.106	AP012-9015-11	1,400,000
Total U.S. Department of Transportation			24,282,756
U.S. Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002192	481,281
Total U.S. Department of Energy			481,281
U.S. Department of Education			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services-Total Vocational Rehabilitation Cluster	84.126	427-11-420001	6,304
Total U.S. Department of Education			6,304
U.S. Department of Housing and Urban Development			
CDBG Entitlement Grants	14.218	B-11-UN-13-0008	241,055
Total U.S. Department of Housing and Urban Development			241,055
Total Expenditures of Federal Awards			$ 26,252,314

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, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

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

Identification of major program:

CFDA Number	Name of Federal Program
20.205	Highway Planning and Construction Cluster
20.106	Airport Improvement Program

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Federal Awards (Continued)

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

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

NONE REPORTED

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

NONE REPORTED

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

FS 2011-1 Allowance for Doubtful Accounts

Criteria — Generally accepted accounting principles require allowances for doubtful accounts to be recorded and recognized in the accounting period in which a receivable becomes doubtful for collection.

Condition: — We noted the County did not properly address and record a sufficient allowance for doubtful accounts (bad debts) as of June 30, 2011 in the General Fund for the ambulance billing receivables. During fiscal year 2009, the responsibility for collecting prior year ambulance billing receivables was given to the County's Fire Department. During fiscal year 2011, very little activity was noted in the collection of such receivables, and upon inquiry it was noted that very little, if any, efforts to collect had been made by those responsible parties.

Auditee Response/Status: — Resolved

SA 2011-1 Unallowable Costs

Federal Program Information: — CFDA No. #93.044, #93.045, and #93.053
Aging Cluster
Title III, Part B-Grants for Supporting Services and Senior Centers, Title III, Part C-Special Programs for the Aging, Nutrition Services, and the Nutrition Services Incentive Program

Criteria: — As a recipient of the Title III, Parts C and B and the NSIP grants, the County is required to submit a rate calculation report to the Atlanta Regional Commission (ARC) on an annual basis prior to the start of the new fiscal year. This report computes the rate upon which the County is reimbursed for meals and services provided to participants. The calculation of the rate includes variables such as wages and benefits, administrative costs, square footage of the building(s), total units of service/meals provided, and expenditures for staff travel, vehicles, building and utilities, capital equipment maintenance and depreciation, supplies, service contracts (temporary workers), food, etc.

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SA 2011-1 Unallowable Costs (Continued)

Condition: The rate calculation report submitted to the ARC included full-time salaries for a majority of the part-time employees assigned to work at Senior Services, specifically the meals on wheels program.

Auditee Response/Status: Resolved

SA 2011-2. Program Income

Federal Program Information: CFDA No. #93.044, #93.045, and #93.053
Aging Cluster
Title III, Part B-Grants for Supporting Services and Senior Centers, Title III, Part C-Special Programs for the Aging, Nutrition Services, and the Nutrition Services Incentive Program

Criteria: The County is able to charge participants in the grant program for services received (i.e., meals and/or service hours received). The rate a participant is charged is based on the number of eligible participants in the household and the stated annual income. These two (2) variables determine where the participant(s) fall on the sliding scales. Separate sliding scales exist for congregate meals, home delivered meals (meals on wheels), and personal care/homemaker services. Payment is not required under the grant; however, the participants are encouraged to make “contributions” for services received.

Condition: Per a sample of participants across all service areas covered under the grant, several instances were noted where participants were not being charged the correct rate per the number in the household and the stated annual income. Some participants tested were being overcharged where others were not being charged enough. Additionally, we noted that income and household assessments were not being performed in a timely manner. A new congregate sliding scale was put into place in November of 2010; however, per our testing, several participants were still being charged an amount taken from the old congregate sliding scale

Auditee Response/Status: Resolved