





2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

HENRY COUNTY GA
1821

Henry County, Georgia
Year Ended June 30, 2013

Pictured Above, Top Left: Henry County Transit Building
Top Right: Fire Station Number 9, Rock Quarry Road, Stockbridge
Bottom Right: Bridge Over Rock Quarry

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:
Fredric L. Auletta,
Financial Services Director

INTRODUCTORY SECTION

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Table of Contents	i - iii
Letter of Transmittal	iv - ix
GFOA Certificate of Achievement	x
Organizational Chart	xi
List of Principal Officials	xii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 18
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19 and 20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22 and 23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24 and 25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	27 - 30
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33 and 34
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	35
Notes to Financial Statements	36 - 97

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	Page Number
FINANCIAL SECTION (Continued)	
Required Supplementary Information:	
Schedule of Funding Progress	**98 and 99**
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	**100 and 101**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	**102 and 103**
Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	**104 - 109**
Debt Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	**110**
Neighborhood Stabilization Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	**111**
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2002 Issue	**112**
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2008 Issue	**113**
Combining Statement of Assets and Liabilities – Agency Funds	**114 and 115**
Combining Statement of Changes in Assets and Liabilities – Agency Funds	**116 - 118**
Balance Sheet – Component Unit – Library System	**119**
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Library System	**120**
STATISTICAL SECTION	
Net Position by Component – Last Ten Fiscal Years	**121**
Changes in Net Position – Last Ten Fiscal Years	**122 and 123**
Fund Balances, Governmental Funds – Last Ten Fiscal Years	**124**
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	**125 and 126**

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	Page Number
STATISTICAL SECTION (Continued)	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	127
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	128
Principal Property Taxpayers – Current Year and Nine Years Ago	129
Property Tax Levies and Collections – Last Ten Fiscal Years	130
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	131
Legal Debt Margin Information – Last Ten Fiscal Years	132
Demographic and Economic Statistics – Last Ten Fiscal Years	133
Principal Employers – Current Year and Thirteen Years Ago	134
Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years	135
Operating Indicators by Function – Last Ten Calendar Years	136
Capital Asset Statistics by Function – Last Ten Fiscal Years	137
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	138 - 140
Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required By OMB Circular A-133	141 - 143
Schedule of Expenditures of Federal Awards	144 - 146
Schedule of Findings and Questioned Costs	147 - 153
Schedule of Prior Year Findings	154

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Board of Commissioners

Tommy N. Smith
Chairman

William "Bo" Moss
District I

Brian Preston
District II

Gary Barham
District III

Reid A. Bowman, Sr.
District IV

Bruce Holmes
District V

Michael Harris
Interim County Manager

Shay Mathis
County Clerk

140 Henry Parkway
McDonough, GA 30253
770.288-6435
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www.co.henry.ga.us

January 24, 2014

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, 2013. 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 complete 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 date 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, 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 audits 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 audits have issued an unqualified opinion of Henry County's financial statements for the year ended June 30, 2013. 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 25 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 approximately 210,000. 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 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 April. The Board of Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than May 31, thirty days prior to Henry County's fiscal year end. 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. During 2013 Southern Crescent Technical College broke ground on the first building of a proposed eight-building campus in McDonough and Henry County Schools celebrated its Academy for Advanced Studies, a Charter College, and Career Academy that opened in the fall of 2013. These educational programs will better prepare Henry County Students for college and careers after high school, which in turn will provide a skilled work force for our existing and future employers.

In addition to the permanent residents and businesses of Henry County, the County hosts major sporting events each year aiding in the export of our tax burden through our Local and Special Local Option Sales Taxes. Over the Labor Day Holiday, the National Association of Stock Car 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 34 hotel and motel facilities provide over 2,290 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 SPLOST referendum was passed by Henry County citizens in November 2013 to be effective April 2014. Until then the county will be working through the 6 year SPLOST program passed November 2007 and became effective in April 2008. In prior years of the current program, the Henry County Board of Commissioners, together with the SPLOST Department, 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. Many Capital projects were completed in the Fiscal Year 2013. 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 completed projects include Fire Station #9, Heritage Park, Moseley Park, Sandy Ridge Park, North Forty Park, and North Mt. Carmel Soccer Complex. In June, more than 200 people came out for a groundbreaking ceremony on two transformative projects that will change the face of the Fairview area, serving to improve access to healthcare, stimulate commerce in the area, and improve commute times for citizens. In August, County Officials celebrated the completion of Phase I of the airport runway expansion, which improved both the safety and accessibility of the airport, and most importantly, is expected to stimulate economic growth in the community.

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 $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 use 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 SunTrust 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.

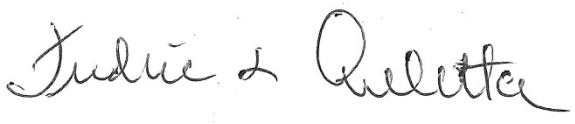
Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henry County, Georgia for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the eighth year that 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 7th 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 completion of the associated audit of this report. The cooperation of various Elected Officials, 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,



Fredric L. Auletta
Financial Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henry County

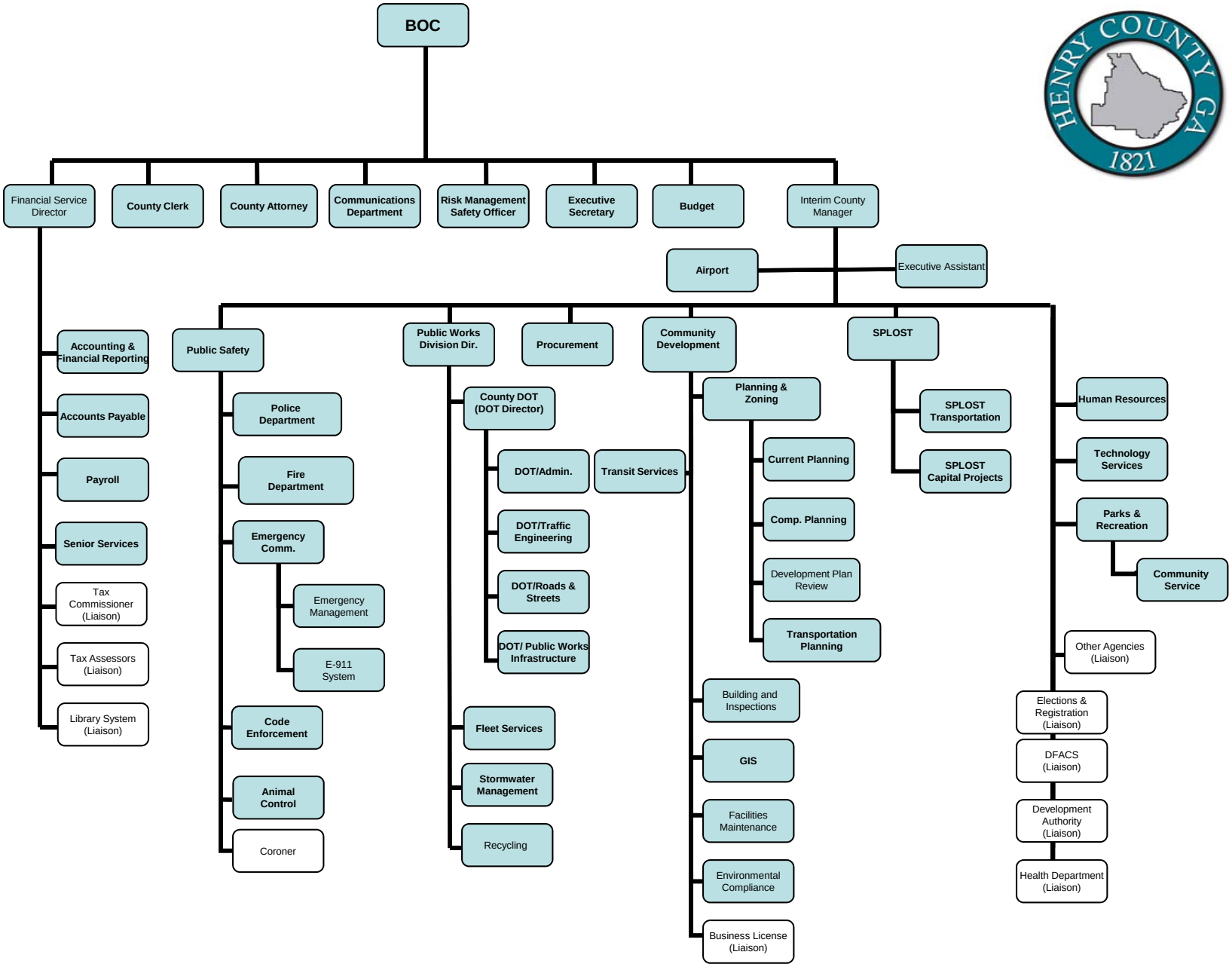
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Henry County Board of Commissioners



Approved Feb. 6, 2007 / Unofficially Updated September 1, 2013

HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013

Elected Officials

Chairman, At Large	**Tommy N. Smith**
District 1	**William "Bo" Moss**
District 2	**Brian Preston**
District 3	**Gary Barham**
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	**James L. Wright, III**
Solicitor	**Trea Pipkin**

Principal Officials

Interim County Manager	**Michael Harris**
County Attorney	**LaTonya Wiley**
County Clerk	**Shay Mathis**
Fire Chief	**William Lacy**
Police Chief	**Keith Nichols**
Voting Registrar	**Janet Shellnut**
Director of Financial Services	**Fredric L. Auletta**
Public Works Division Director	**Terry McMickle**
Director of Human Resources	**Tara Eberhart**
Interim Community Development and Housing Division Director	**Cheri Hobson-Mathews**

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FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise Henry County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 represent 0.1 percent, 0.1 percent, and 0.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Henry County Department of Public Health, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No's 14 and 34)* and Statement No. 63*, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 18 and Schedule of Funding Progress on pages 98 and 99 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry County, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 basic financial statements of Henry County, Georgia.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014 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* in considering Henry County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 24, 2014

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, 2013. 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, 2013, by $664,035,317 (net position) which is an increase of $21,558,779 over the previous year. Of the $664,035,317, $20,141,437 (unassigned net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2013, the County's General Fund reported a total fund balance of $43,503,132, an increase of $6,140,748, or 16.4%, from our last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated total revenues of $32,254,180 during fiscal year 2013.
- The Henry County Neighborhood Stabilization Program (NSP) Fund received $2,174,981 in revenues and had expenditures of $2,688,326 which created a decrease in fund balance of $513,345 leaving $1,191,325 in fund balance at fiscal yearend 2013.
- During fiscal year 2013, Henry County's Airport Fund recognized its first complete fiscal year of operations with aggregate revenues and capital contributions of $3,083,870, offset by expenses of $875,056.
- During fiscal year 2013, Henry County's Stormwater fund, had $2,988,384 in operating revenues and $2,053,165 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 position and the statement of activities, which are described below.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as Net Position. A review of annual increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 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 Library System and the Henry County Water 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 19-21 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, CDBG Fund, Juvenile Assistance Fund, Grant Fund, and Henry First Fund); **Capital Projects** (Development Authority Fund, Capital Asset Fund, 2002 SPLOST Fund, 2008 SPLOST Fund, Lease Purchase Fund, and Impact Fees Fund); and **Debt Service**. As major funds, 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, Neighborhood Stabilization Fund, Debt Service Fund, and 2008 SPLOST Fund. 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 27-30 of this report.

The basic Governmental Fund Financial Statements can be found on page 22 – 30. Budgetary comparison schedules have also been included in the combining statements for other governmental funds with legally adopted annual budgets.

Proprietary Funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements and are reported as Proprietary Funds. Henry County maintains two enterprise funds. 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 (non-major fund).

The basic proprietary fund financial statements can be found on pages 31 – 34 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 35 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 36 – 97 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Required Supplementary Information, Schedule of Funding Progress.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Henry County, assets exceed liabilities by $664,035,317 at the close of the June 30, 2013 fiscal year.

The following analysis provides a breakdown of the County's net position in a condensed format presenting current and non-current amounts for the governmental activities as well as for the business-type activities.

Henry County's Net Position

	Governmental Activities		Business-type Activities		Total		
	2013	2012	2013	2012	2013	2012	Variance
Current and other assets	$ 124,085,838	$ 117,911,143	$ 2,176,593	$ 2,588,617	$ 126,262,431	$ 120,499,760	$ 5,762,671
Capital assets	637,299,181	646,583,677	20,954,950	18,208,602	658,254,131	664,792,279	(6,538,148)
Total assets	761,385,019	764,494,820	23,131,543	20,797,219	784,516,562	785,292,039	(775,477)
Current liabilities	13,860,165	15,931,070	850,659	1,485,842	14,710,824	17,416,912	(2,706,088)
Long-term liabilites	105,770,421	113,635,303	-	-	105,770,421	113,635,303	(7,864,882)
Total liabilities	119,630,586	129,566,373	850,659	1,485,842	120,481,245	131,052,215	(10,570,970)
Net position:							
Net investment in capital assets	555,860,846	558,373,309	20,954,950	18,208,602	576,815,796	576,581,911	233,885
Restricted	67,078,084	66,329,286	-	-	67,078,084	66,329,286	748,798
Unrestricted	18,815,503	10,225,852	1,325,934	1,102,775	20,141,437	11,328,627	8,812,810
Total net position	$ 641,754,433	$ 634,928,447	$ 22,280,884	$ 19,311,377	$ 664,035,317	$ 654,239,824	$ 9,795,493

By far the largest portion of the County's net position (86.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Henry County's net position ($67,078,084 or 10.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($20,141,437 or 3.0%) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase in current and other assets of $5,762,671 and a decrease in capital assets of $6,538,148 creating a total decrease of $775,477 in total assets. The primary reason for the decrease in capital assets is the recognition of $22,890,888 of depreciation expense as compared to net capital asset additions of $16,508,743 during the fiscal year ended June 30, 2013. Most of the capital asset additions were the result of the County's SPLOST program as well as grant moneys applied to the airport improvements. The increase in current and other assets was primarily from an increase in Cash and the Inventory in NSP.

Long-term liabilities decreased by $20,050,882 offset by the addition of the Development Authority revenue bonds in the amount of $12,186,000 (as required by the implementation of new financial reporting standards). Current liabilities decreased by $2,706,088. The total decrease in liabilities amounted to $10,570,970. The long-term liabilities primarily decreased due to the debt service payment on the SPLOST bonds together with other forms of indebtedness, and the current liabilities decreased due to a reduction in SPLOST money due to Cities and a reduction in the amount due to Clayton County for the purchase of the Airport.

There was a small increase in restricted net position reported in connection with Henry County‘s governmental activities. The restrictions are primarily for capital projects, debt service, 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 net position related to the business-type activities.

Governmental activities. Governmental activities increased the County’s Net Position by $18,589,272.

Key elements of the increase in governmental activities are noted in the following analysis which represents a condensed statement of activities and changes in net position:

Henry County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Variance
	2013	2012	2013	2012	2013	2012	Pos. (Neg.)
Program revenues:							
Charges for services	$ 25,559,125	$ 23,358,598	$ 3,866,358	$ 3,764,544	$ 29,425,483	$ 27,123,142	$ 2,302,341
Grants and contributions:							
Operating	10,407,091	6,211,598	-	-	10,407,091	6,211,598	4,195,493
Capital	3,968,265	13,491,079	2,205,618	15,255,658	6,173,883	28,746,737	(22,572,854)
General revenues:							
Property taxes	67,973,001	62,637,760	-	-	67,973,001	62,637,760	5,335,241
Sales taxes	51,091,371	49,142,578	-	-	51,091,371	49,142,578	1,948,793
Other taxes	9,472,356	8,842,283	-	-	9,472,356	8,842,283	630,073
Unrestricted investment earnings	79,422	85,356	2,776	2,639	82,198	87,995	(5,797)
Gain on sale of capital assets	-	-	37,377	-	37,377	-	37,377
Total revenues	168,550,631	163,769,252	6,112,129	19,022,841	174,662,760	182,792,093	(8,129,333)
Expenses, by function:							
General government	30,586,221	34,975,466	-	-	30,586,221	34,975,466	4,389,245
Judicial	15,218,800	15,055,740	-	-	15,218,800	15,055,740	(163,060)
Public safety	67,677,868	67,175,789	-	-	67,677,868	67,175,789	(502,079)
Public works	12,528,288	12,446,599	-	-	12,528,288	12,446,599	(81,689)
Health and welfare	6,465,665	6,147,579	-	-	6,465,665	6,147,579	(318,086)
Culture and recreation	7,062,545	7,317,595	-	-	7,062,545	7,317,595	255,050
Housing and development	8,166,587	5,086,200	-	-	8,166,587	5,086,200	(3,080,387)
Interest on long-term debt	2,469,786	3,260,616	-	-	2,469,786	3,260,616	790,830
Stormwater	-	-	2,053,165	1,848,896	2,053,165	1,848,896	(204,269)
Airport	-	-	875,056	774,400	875,056	774,400	(100,656)
Total expenses	150,175,760	151,465,584	2,928,221	2,623,296	153,103,981	154,088,880	984,899
Increase in net position before transfers	18,374,871	12,303,668	3,183,908	16,399,545	21,558,779	28,703,213	(7,144,434)
Transfers	214,401	302,579	(214,401)	(302,579)	-	-	-
Increase in net position	18,589,272	12,606,247	2,969,507	16,096,966	21,558,779	28,703,213	$ (7,144,434)
Net position, beginning of year, restated for new standards in fiscal year 2013	623,165,161	622,322,200	19,311,377	3,214,411	642,476,538	625,536,611	
Net position, end of year	$ 641,754,433	$ 634,928,447	$ 22,280,884	$ 19,311,377	$ 664,035,317	$ 654,239,824	

Operating grants increased by $4,195,493 (or 67.5%). Most of the increase is due to increased NSP and NSP3 activity. However, capital grants decreased by $22,572,854 (or 78.5%) during the year. This is mainly due to the winding down of the Federal Government grant for a major road project as well as the purchase and improvements at the airport.

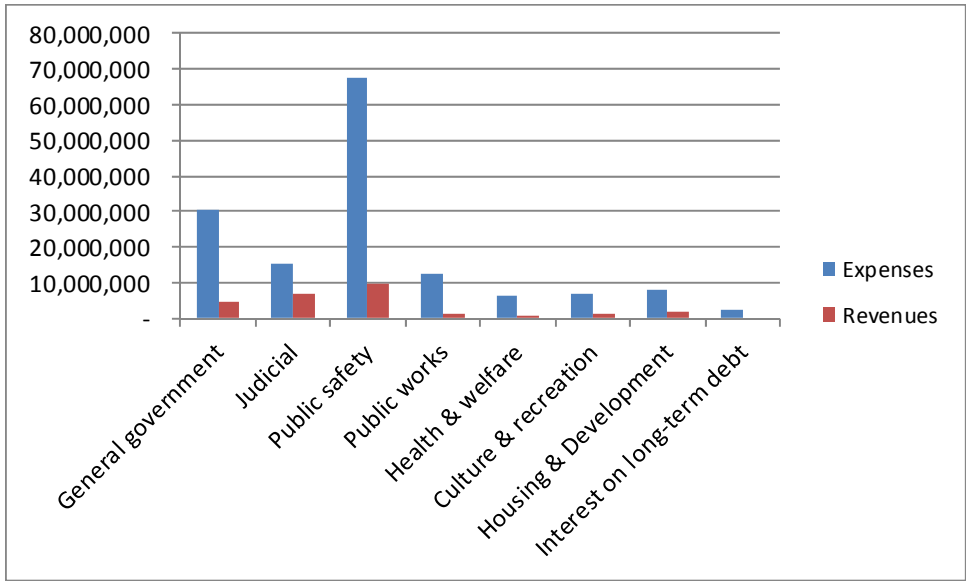
Property Taxes increased by $5,335,241 (or 8.5%) during the year. Most of this increase is due to a millage increase being put in place to stop the prior years' reductions in taxes from reductions in property values due to the County having to include foreclosures and bank sales in calculating the tax values of all properties.

Sales taxes increased by $1,948,793 (or 4.0%) during the year. This is mainly due to an increase in retail activity.

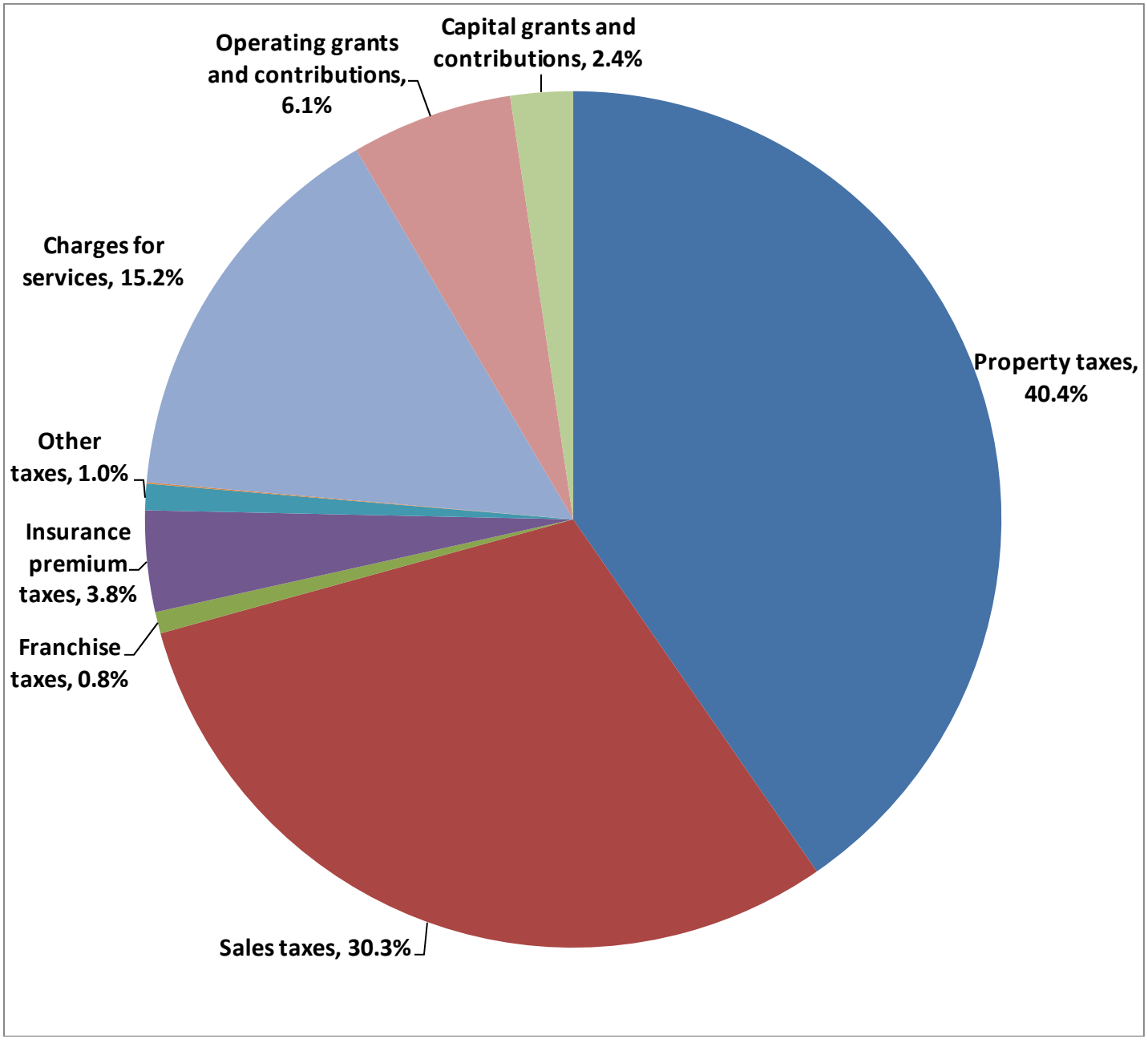
Overall, governmental expenses were $984,899 (or .6%) lower than the prior fiscal year. Biggest areas of change were in the functional areas of:

- General government decreased by $4,389,245 (or 12.5%). This is mainly due to reduced SPLOST 3 capital outlay expenditures.
- Housing and development increased by $3,080,387 (or 60.6%). Most of this increase is from increased activity in both NSP and NSP3 as well as recognition of activities at the Development Authority.

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 with in 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 2013, the Stormwater Fund realized operating revenues of $2,988,384 and incurred expenses of $2,053,165 thus creating an operating income of $935,219. Operating revenues decreased by $18,040 due mainly to decreased collection of fees over the previous years. Operating expenses increased from the prior year by $204,269 due mainly from increased supplies and material cost.

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 of purchase, the BOC requested the airport name be changed to Atlanta South Regional Airport (ASR). While awaiting the FAA approval for this change, the BOC requested the name be changed instead to Henry County Airport. The County is awaiting final approval of that change. Over the next 5 years, 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 enhancements and improvements continue to be funded almost entirely (95%), by the Federal Aviation Administration (FAA) (90%) and GDOT (5%). Some of these improvements call for installing an instrument landing system that will bring the facility up to the safety standards recommended for the size and type of aircrafts that are currently flying into ASR. During fiscal year 2013, capital contributions related to the grant funds utilized to enhance and improve the airport amounted to $2,205,618. In fiscal year 2013, the Airport Fund realized operating revenues of $877,974 and incurred expenses of $875,056, creating operating income of $2,918.

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 $109,486,983 as compared to the previous fiscal year (as restated for new standards) which amounted to $101,203,782, an increase of $8,283,201 (or 8.2%).

There are several factors that came together to create the increase in fund balance within the governmental funds. This is primarily due to excess revenues over expenditures during the fiscal year ended June 30, 2013.

Approximately $35,458,260 (or 32.4%) of the ending governmental fund balances constitute unassigned fund balance, which is available for spending at the government's discretion. An additional $3,563,909 is classified as non-spendable for prepaid items, inventories and advances to other funds. Assigned fund balance of $3,016,357 represents amounts appropriated for the 2014 fiscal year for budget purposes. The remaining fund balances totaling $67,448,457 is classified as restricted to indicate that it is not available for new spending because it has already been restricted for: capital projects ($35,075,085); debt service ($18,876,436); and other requirements ($13,496,936).

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 $35,501,521, while total fund balance reached $43,503,132. 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 33.6% of total General Fund expenditures, while total fund balance represents 41.2% of that same amount. The General Fund's nonspendable and restricted fund balances are relatively small and represent reserved for fire safety, prepaid items, and advances to other funds.

Fund balance of the County's General Fund increased by $6,140,748 during the current fiscal year, due to increased revenues over expenditures offset by a transfer out to the Impact Fees Fund.

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 capital projects and road improvements throughout the County. At the end of the 2013 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $30,281,909, a decrease of $157,263 from the prior year. The decrease in fund balance is due to large projects continuing to be built each year as compared to the offsetting revenues. 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 $18,876,436, all of which is reserved for payment of debt service. Interest revenue for the current year was $21,243. Total expenditures in the Debt Service Fund were $27,188,223, which included principal retirements of $23,870,927 and interest and fiscal charges of $3,317,296. The net increase in fund balance during the current year in the Debt Service Fund was $243,502. This increase was due to the County transferring funds from the 2008 SPLOST Fund in preparation of making the necessary July 1, 2013 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 Fund. At the end of the current fiscal year, the County's proprietary funds reported ending net position of $22,280,884, an increase of $2,208,814 in the Airport Fund and $760,693 in the Stormwater Fund from fiscal year end 2012. The Stormwater Fund continues to generate revenues to offset its expenses. There are currently no restrictions on the Stormwater Fund net position.

General Fund Budgetary Highlights

During the year there was an increase of $6,976,197 in appropriations between the original and final amended budget and can be summarized as follows:

- Increase in General Government Activities – $560,529 made up primarily in two departments; Technology Services ($371,631) requiring more money for repairs and maintenance and small equipment; Tax Assessors ($126,925) requiring additional personnel for greater appraisal and appeal work required.
- Increase in Judicial functions – $573,067 Clerk of Superior Court ($105,103) for additional personnel with higher work load; Public Defender ($71,143) required personnel for higher case load; State Court ($197,265) bigger cases required more outside professional fees.
- Increase in Public Safety functions – $2,585,902 Police ($663,471) higher budget for gas; Support Services ($446,051) additional budget for small equipment; Fire ($864,189) majority of increase for salaries and benefits; Sheriff ($313,754) majority of requested budget increase for automobile parts and gas.

- Increase in Public Works services – $979,697 DOT ($687,080) majority for Tires, Batteries, Parts; Maintenance Shop ($166,616) primarily for small equipment and fuel and oil.
- Increase in Health and Welfare – $1,080,852 primarily Transit ($1,051,175) equipment and building unbudgeted but paid for by grants.
- Increase in Culture and Recreation – $1,058,189 Recreation ($1,058,028) to add unbudgeted programs (offset by additions to budgeted revenues) and Tire, Batteries, Parts and gas.
- Increase in Housing and Development – $115,806 primarily Planning & Zoning Services, salaries and benefits for building activity (offset higher permit fees).

Although the final budget was amended upward from the original budget, cost controls in other expenses, brought the General Fund actual expenditures $10,885,966 less than the final amended 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 as of June 30, 2013, amounts to $658,254,131 (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	
	2013	2012	2013	2012	2013	2012
Land	$ 88,509,366	$ 86,516,665	$ 17,826,536	$ 17,826,536	$ 106,335,902	$ 104,343,201
Construction in progress	44,914,940	62,717,296	2,769,133	-	47,684,073	62,717,296
Building and improvements	139,427,715	138,221,925	9,060	9,757	139,436,775	138,231,682
Machinery and equipment	11,075,867	11,989,394	335,305	356,206	11,411,172	12,345,600
Infrastructure	353,371,293	347,138,396	14,916	16,103	353,386,209	347,154,499
Total	$ 637,299,181	$ 646,583,676	$ 20,954,950	$ 18,208,602	$ 658,254,131	$ 664,792,278

Governmental activities depreciable capital assets increased by $29,341,319 with transfers from construction in progress to depreciable capital assets accounting for $27,586,936. Depreciation expense of governmental capital assets amounted to $22,814,379.

Major projects consisted of the following:

- Acquisition of land for right of ways
- Acquisition of land for parks
- Upgrading of various County fleets
- Addition of completed roads
- Equipment for parks

- Equipment for public safety and public works
- Computer servers and equipment
- Improvements to 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 these major road projects. 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.

Business-type activities capital assets increased by $2,857,803 offset by depreciation expense of $76,509. The largest element of the capital asset additions was the enhancements and improvements at the airport.

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 $37,599,907, including premiums, 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 Activites		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Debt	$ 37,599,907	$ 55,959,818	$ -	$ -	$ 37,599,907	$ 55,959,818
Total	$ 37,599,907	$ 55,959,818	$ -	$ -	$ 37,599,907	$ 55,959,818

The general obligation bonds are the result of two different issues. The series A bonds were issued in October 2008 for $19,950,000. This issuance was on behalf of the four cities in Henry County. This will allow the cities to construct road projects, capital buildings and improvements. The Series B bonds were issued in March 2009 for $67,290,000. This bond issuance has allowed the County to construct capital buildings and improvements. These Special Purpose Local Option Sales Tax (SPLOST) bonds are to be paid back during fiscal years 2010, 2011, 2012, 2013, 2014, and 2015. The bonds will be paid off with proceeds from the monthly collection of 2008 SPLOST revenue. Henry County's enterprise funds which are 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 $464,102,711 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 at June 30, 2013 is 8.0%, which is 1.5% lower than the rate a year ago. The unemployment rate for the State of Georgia at June 30, 2013, is 8.5%. A very large sector of Henry County's working population was in construction. Just as the State of Georgia has seen a large decrease in construction, so has Henry County. After years of being higher than the state in the unemployment rate, this year the County has achieved a lesser rate.
- 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. In fiscal year 2013, monthly collections increased by 4.45% over 2012. It is anticipated that FY 2014 will see another increase over 2013 to continue the upward trend in collections.
- The BOC was able to slightly reduce its County's millage rate for 2013, as the County appears to have hit bottom from successive prior years' falling property values. The FY 2014 budget process focused on balancing the budget with this slight millage rate reduction.
- Henry County is currently in its second program year as a participating jurisdiction receiving Community Development Block Grant (CDBG) Program funds. In FY2012 the County received $850,267 and in FY2013 another $971,360. The primary objective of CDBG funding is to assist the County's and its municipalities' Low- to- Moderate Income persons and households with their housing and community development needs. By the close of the 2012 Program year, services and housing assistance had been provided to over 1,870 persons. This grant allows the County to benefit these households without the use of the General Fund.
- Henry County NSP has been a leader in the NSP program with the Department of Community Affairs for the last two years. Henry County met within the first 3 months of our program, their goal to use 25% of grant funds within the first 18 months of the program for the area 30%-50% median income residents. In three years, the NSP program has purchased and sold 197 homes, and have another 16 under contract. This benefits not only the new owners who may not have been able to enjoy home ownership, but to the surrounding communities that will find enhanced values from the improvements made to these properties. This will stop falling home values in these areas and continue to enhance property values for years to come. We have had 4 Audits and Inspections and have not received any findings with DCA/HUD. Since we have only drawn down less than ½ of our grant funds and can continue to use those returning funds from sales, sufficient additional funding remains to continue this worthwhile community program for years to come.
- During 2013 and going forward, Henry County will continue to do its best to try to secure outside funding sources, such as grants and private participation, 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 in the past and management of project cost to come in under budget, Henry County has been able to build roads that may otherwise have had to have been postponed.

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 POSITION
JUNE 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Health Department	Library System	Water Authority
ASSETS						
Cash and cash equivalents	$ 72,958,531	$ 5,654,660	$ 78,613,191	$ 1,049,246	$ 437,667	$ 2,830,855
Investments	31,545,904	-	31,545,904	-	28,727	-
Receivables, net of allowances for uncollectibles	4,082,820	678,207	4,761,027	414	-	6,700,438
Due from other governments	6,034,424	1,085,365	7,119,789	-	-	-
Internal balances	5,307,055	(5,307,055)	-	-	-	-
Inventory	3,325,070	64,909	3,389,979	-	-	752,539
Prepaid items	217,283	507	217,790	-	-	685
Restricted assets:						
Cash and cash equivalents	370,373	-	370,373	-	-	27,708,512
Investments	-	-	-	-	-	43,069,004
Deferred charges	244,378	-	244,378	-	-	2,849,127
Capitalized lease receivable	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	4,926,739
Capital assets, non-depreciable	133,424,306	20,595,669	154,019,975	-	10,251	39,253,450
Capital assets, depreciable (net of accumulated depreciation)	503,874,875	359,281	504,234,156	5,835	1,277,207	386,781,005
Total assets	761,385,019	23,131,543	784,516,562	1,055,495	1,753,852	514,872,354

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Health Department	Library System	Water Authority
LIABILITIES						
Accounts payable	$ 4,065,012	$ 417,999	$ 4,483,011	$ -	$ 55,039	$ 1,112,446
Accrued liabilities	3,310,092	29,257	3,339,349	-	24,781	3,957,134
Due to other governments	4,419,510	403,403	4,822,913	-	-	-
Unearned revenue	1,231,074	-	1,231,074	-	-	-
Payable from restricted assets:						
Revenue bonds payable	-	-	-	-	-	9,515,000
Accrued interest payable	834,477	-	834,477	-	-	3,119,183
Non-current liabilities:						
Due within one year	29,420,144	-	29,420,144	45,945	47,912	2,441,216
Due in more than one year	68,354,951	-	68,354,951	85,680	-	247,719,288
Net pension obligation due in more than one year	4,422,111	-	4,422,111	-	-	-
OPEB obligation due in more than one year	3,573,215	-	3,573,215	-	-	5,161,435
Total liabilities	119,630,586	850,659	120,481,245	131,625	127,732	273,025,702
NET POSITION						
Net investment in capital assets	555,860,846	20,954,950	576,815,796	5,835	1,287,458	200,409,094
Restricted for:						
Capital projects	34,704,712	-	34,704,712	-	-	-
Housing and development	497,567	-	497,567	-	-	-
Federal and State grants	2,101,730	-	2,101,730	-	-	-
Citizens welfare	1,177,312	-	1,177,312	-	-	-
Law enforcement purposes	4,851,228	-	4,851,228	-	-	-
Public safety purposes	4,869,099	-	4,869,099	-	-	-
Debt service	18,876,436	-	18,876,436	-	-	33,595,825
Health and welfare	-	-	-	577,410	-	-
Unrestricted	18,815,503	1,325,934	20,141,437	340,625	338,662	7,841,733
Total Net Position	$ 641,754,433	$ 22,280,884	$ 664,035,317	$ 923,870	$ 1,626,120	$ 241,846,652

The accompanying notes are an integral part of these financial statements

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HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Health Department	Component Units: Library System	Component Units: Water Authority
Primary government:										
Governmental activities:										
General government	$ 30,586,221	$ 4,503,567	$ 29,414	$ 723	$ (26,052,517)	$ -	$ (26,052,517)	$ -	$ -	$ -
Judicial	15,218,800	6,921,623	91,602	-	(8,205,575)	-	(8,205,575)	-	-	-
Public safety	67,677,868	9,609,647	990,560	1,404,743	(55,672,918)	-	(55,672,918)	-	-	-
Public works	12,528,288	1,433,139	80,297	2,559,906	(8,454,946)	-	(8,454,946)	-	-	-
Health and welfare	6,465,665	365,383	3,511,875	-	(2,588,407)	-	(2,588,407)	-	-	-
Culture and recreation	7,062,545	959,165	-	2,893	(6,100,487)	-	(6,100,487)	-	-	-
Housing and development	8,166,587	1,766,601	5,703,343	-	(696,643)	-	(696,643)	-	-	-
Interest on long-term debt	2,469,786	-	-	-	(2,469,786)	-	(2,469,786)	-	-	-
Total governmental activities	150,175,760	25,559,125	10,407,091	3,968,265	(110,241,279)	-	(110,241,279)	-	-	-
Business-type activities:										
Stormwater	2,053,165	2,988,384	-	-	-	935,219	935,219	-	-	-
Airport	875,056	877,974	-	2,205,618	-	2,208,536	2,208,536	-	-	-
Total business-type activities	2,928,221	3,866,358	-	2,205,618	-	3,143,755	3,143,755	-	-	-
Total primary government	$ 153,103,981	$ 29,425,483	$ 10,407,091	$ 6,173,883	(110,241,279)	3,143,755	(107,097,524)	-	-	-
Component units:										
Health Department	$ 1,712,575	$ 704,156	$ 1,089,411	$ -	-	-	-	80,992	-	-
Library System	2,118,618	-	1,952,631	-	-	-	-	-	(165,987)	-
Water Authority	64,718,752	46,381,388	-	1,220,653	-	-	-	-	-	(17,116,711)
Total component units	$ 68,549,945	$ 47,085,544	$ 3,042,042	$ 1,220,653	-	-	-	80,992	(165,987)	(17,116,711)
General revenues:										
Property taxes					67,973,001	-	67,973,001	-	-	10,623,066
Sales taxes					51,091,371	-	51,091,371	-	-	-
Franchise taxes					1,367,495	-	1,367,495	-	-	-
Insurance premium taxes					6,426,151	-	6,426,151	-	-	-
Other taxes					1,678,710	-	1,678,710	-	-	-
Unrestricted investment earnings					79,422	2,776	82,198	683	627	70,592
Gain on sale of capital assets					-	37,377	37,377	-	-	6,770
Transfers					214,401	(214,401)	-	-	-	-
Total general revenues and transfers					128,830,551	(174,248)	128,656,303	683	627	10,700,428
Change in net position					18,589,272	2,969,507	21,558,779	81,675	(165,360)	(6,416,283)
Net position, beginning of year, restated					623,165,161	19,311,377	642,476,538	842,195	1,791,480	248,262,935
Net position, end of year					$ 641,754,433	$ 22,280,884	$ 664,035,317	$ 923,870	$ 1,626,120	$ 241,846,652

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

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	General Fund	Neighborhood Stabilization Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 29,340,390	$ 1,134,659	$ 41,292	$ 28,957,049	$ 13,485,141	$ 72,958,531
Investments	6,479,565	-	18,835,144	3,559,462	2,671,733	31,545,904
Receivables, net of allowances for uncollectibles	3,218,468	-	-	203,675	660,677	4,082,820
Due from other governments	2,304,145	-	-	3,287,398	442,881	6,034,424
Due from other funds	7,006,458	379	-	16,640	663,555	7,687,032
Inventory	190,966	2,021,957	-	-	1,112,147	3,325,070
Prepaid items	217,283	-	-	-	-	217,283
Restricted cash	-	-	-	-	370,373	370,373
Advances to other funds	3,155,660	-	-	-	-	3,155,660
Total assets	$ 51,912,935	$ 3,156,995	$ 18,876,436	$ 36,024,224	$ 19,406,507	$ 129,377,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 2,074,634	$ 58,529	$ -	$ 1,323,894	$ 607,955	$ 4,065,012
Accrued liabilities	3,232,433	1,080	-	29,250	47,329	3,310,092
Due to other governments	232,893	-	-	4,186,617	-	4,419,510
Due to other funds	683,205	1,906,061	-	2,554	2,943,817	5,535,637
Unearned revenue	1,522,540	-	-	200,000	173,225	1,895,765
Total liabilities	7,745,705	1,965,670	-	5,742,315	3,772,326	19,226,016
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	497,847	-	-	-	-	497,847
Unavailable revenue - period of availability	166,251	-	-	-	-	166,251
Total deferred inflows of resources	664,098	-	-	-	-	664,098

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (CONTINUED)	General Fund	Neighborhood Stabilization Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Prepaids	$ 217,283	$ -	$ -	$ -	$ -	$ 217,283
Inventories	190,966	-	-	-	-	190,966
Advances to other funds	3,155,660	-	-	-	-	3,155,660
Restricted:						
Capital projects	1,403,537	-	-	30,281,909	3,389,639	35,075,085
Housing and development	-	-	-	-	497,567	497,567
Federal and State grants	-	1,191,325	-	-	910,405	2,101,730
Citizen welfare	-	-	-	-	1,177,312	1,177,312
Law enforcement purposes	-	-	-	-	4,851,228	4,851,228
Public safety purposes	17,808	-	-	-	4,851,291	4,869,099
Debt service	-	-	18,876,436	-	-	18,876,436
Assigned:						
Fiscal year 2014 budget	3,016,357	-	-	-	-	3,016,357
Unassigned:						
General fund	35,501,521	-	-	-	-	35,501,521
Special revenue funds	-	-	-	-	(43,261)	(43,261)
Total fund balances	43,503,132	1,191,325	18,876,436	30,281,909	15,634,181	109,486,983
Total liabilities, deferred inflows of resources and fund balances	$ 51,912,935	$ 3,156,995	$ 18,876,436	$ 36,024,224	$ 19,406,507	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						637,299,181
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						1,328,789
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(98,365,194)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(3,573,215)
Net pension obligation is not due and payable in the current period and, therefore, is not reported in the funds.						(4,422,111)
Net position of governmental activities						$ 641,754,433

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, 2013

	General Fund	Neighborhood Stabilization Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 98,675,592	$ -	$ -	$ 30,821,219	$ 463,774	$ 129,960,585
Licenses and permits	1,929,217	-	-	-	549,740	2,478,957
Intergovernmental	4,463,882	1,957,481	-	1,367,197	4,481,694	12,270,254
Charges for services	12,476,908	-	-	2,700	3,678,233	16,157,841
Fines and forfeitures	4,166,156	-	-	-	1,172,390	5,338,546
Investment income	40,294	-	21,243	22,783	19,213	103,533
Contributions	75,896	-	-	-	100,986	176,882
Miscellaneous	1,583,781	217,500	-	40,281	140,394	1,981,956
Total revenues	123,411,726	2,174,981	21,243	32,254,180	10,606,424	168,468,554
Expenditures:						
Current:						
General government	14,202,761	111,731	-	37,724	44,100	14,396,316
Judicial	13,970,959	-	-	-	758,129	14,729,088
Public safety	57,112,276	-	-	-	4,571,135	61,683,411
Public works	7,236,563	-	-	-	-	7,236,563
Health and welfare	5,899,710	-	-	-	-	5,899,710
Culture and recreation	5,171,578	-	-	-	1,333	5,172,911
Housing and development	2,054,500	2,576,595	-	-	3,454,309	8,085,404
Intergovernmental	-	-	-	3,264,382	-	3,264,382
Capital outlay	-	-	-	11,047,930	1,838,431	12,886,361
Debt service:						
Principal retirement	-	-	23,870,927	-	-	23,870,927
Interest and fiscal charges	-	-	3,317,296	-	-	3,317,296
Total expenditures	105,648,347	2,688,326	27,188,223	14,350,036	10,667,437	160,542,369
Excess (deficiency) of revenues over (under) expenditures	17,763,379	(513,345)	(27,166,980)	17,904,144	(61,013)	7,926,185

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Neighborhood Stabilization Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):						
Transfers in	$ 897,102	$ -	$ 27,410,482	$ 1,556,576	$ 8,830,240	$ 38,694,400
Transfers out	(12,660,268)	-	-	(19,617,983)	(6,201,748)	(38,479,999)
Proceeds from sale of capital assets	140,535	-	-	-	2,080	142,615
Total other financing sources (uses)	(11,622,631)	-	27,410,482	(18,061,407)	2,630,572	357,016
Net change in fund balances	6,140,748	(513,345)	243,502	(157,263)	2,569,559	8,283,201
Fund balances, beginning of year, restated	37,362,384	1,704,670	18,632,934	30,439,172	13,064,622	101,203,782
Fund balances, end of year	$ 43,503,132	$ 1,191,325	$ 18,876,436	$ 30,281,909	$ 15,634,181	$ 109,486,983

The accompanying notes are an integral part of these financial statements

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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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	8,283,201
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 depreciation exceeded capital outlay in the current period.		(9,838,431)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		553,936
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(592,915)
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.		(2,320,000)
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 position. 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.		23,923,112
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.		(1,419,631)
	$	18,589,272

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 61,203,395	$ 69,397,619	$ 69,396,858	$ (761)
Sales tax	19,052,129	20,270,154	20,270,152	(2)
Other taxes	8,401,213	9,008,584	9,008,582	(2)
Licenses and permits	1,344,920	1,930,771	1,929,217	(1,554)
Intergovernmental	1,910,734	3,077,583	4,463,882	1,386,299
Charges for services	12,886,027	12,484,882	12,476,908	(7,974)
Fines and forfeitures	3,979,958	4,167,316	4,166,156	(1,160)
Investment income	37,750	40,294	40,294	-
Contributions	-	75,898	75,896	(2)
Miscellaneous	1,496,233	1,563,348	1,583,781	20,433
Total revenues	110,312,359	122,016,449	123,411,726	1,395,277
Expenditures:				
General government:				
Board of commissioners	553,347	541,734	521,677	20,057
County clerk	94,831	100,291	97,934	2,357
Public relations	355,832	358,849	353,777	5,072
County manager	248,254	251,578	241,537	10,041
County attorney	521,942	525,932	437,422	88,510
Tax commissioner	2,024,313	2,046,002	2,024,718	21,284
Finance	810,952	880,829	872,010	8,819
Information systems	2,725,241	3,096,872	3,044,901	51,971
Human resources	525,636	532,258	462,622	69,636
Risk management	1,154,913	2,218,145	1,059,514	1,158,631
Purchasing	258,995	295,276	291,019	4,257
Tax assessor	1,898,014	2,024,939	1,840,809	184,130
Elections	1,000,131	1,006,594	831,758	174,836
Public buildings	2,182,951	2,156,582	2,123,063	33,519
Other - unclassified	1,120,000	-	-	-
Total general government	15,475,352	16,035,881	14,202,761	1,833,120

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 498,198	$ 522,129	$ 504,405	$ 17,724
Clerk of superior court	1,671,337	1,776,440	1,681,937	94,503
Court reporter	178,914	178,914	141,885	37,029
Jury/bailiff	220,500	220,500	216,846	3,654
District attorney	1,427,547	1,479,278	1,464,645	14,633
Public defender	1,072,197	1,143,340	1,139,981	3,359
Juvenile court	1,753,786	1,782,366	1,661,164	121,202
State court	2,003,441	2,200,706	2,077,216	123,490
State court solicitor	1,925,066	1,949,233	1,923,028	26,205
Clerk of state court	1,266,758	1,292,761	1,242,921	49,840
DUI court	58,550	59,368	33,403	25,965
Judges	2,800	2,800	2,368	432
Magistrate court	912,967	937,193	914,123	23,070
Probate court	818,528	826,165	808,090	18,075
Probate resource court	176,624	189,087	158,947	30,140
Total judicial	13,987,213	14,560,280	13,970,959	589,321
Public safety:				
Police	1,954,432	2,617,903	2,102,379	515,524
Criminal investigation division	2,763,292	2,799,285	2,432,131	367,154
Narcotics	570,616	575,667	441,401	134,266
Support service	1,300,260	1,746,311	1,360,313	385,998
Uniform patrol division	10,721,509	10,859,966	9,925,188	934,778
Fire	19,803,699	20,667,888	19,535,959	1,131,929
E911 / Emergency management	119,880	167,169	153,159	14,010
Communications	616,754	572,724	511,728	60,996
Sheriff	8,590,151	8,903,905	8,015,906	887,999
Jail	12,257,917	12,303,814	11,170,931	1,132,883
Early release	261,463	252,168	232,811	19,357
Coroner	164,029	168,983	163,254	5,729
Code enforcement	388,514	413,109	384,878	28,231
Animal control	678,576	728,102	682,238	45,864
Total public safety	60,191,092	62,776,994	57,112,276	5,664,718

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
Director of public works	$ 112,390	$ 114,039	$ 67,503	$ 46,536
DOT	3,191,815	3,878,895	3,240,807	638,088
Construction and roads	3,122,059	3,145,906	2,701,875	444,031
Waste management	154,832	255,337	206,475	48,862
Maintenance shop	1,126,737	1,293,353	1,019,903	273,450
Total public works	7,707,833	8,687,530	7,236,563	1,450,967
Health and welfare:				
General health	553,904	555,404	555,404	-
Department of family and children services	180,432	180,589	180,589	-
Family connection	133,741	144,288	139,618	4,670
Transit system	1,475,334	2,526,509	2,405,970	120,539
Senior services	2,684,819	2,702,292	2,618,129	84,163
Total health and welfare	5,028,230	6,109,082	5,899,710	209,372
Culture and recreation:				
Recreation	3,537,315	4,595,343	3,689,636	905,707
Libraries	1,481,792	1,481,953	1,481,942	11
Total culture and recreation	5,019,107	6,077,296	5,171,578	905,718
Housing and development:				
Director of human and community services	136,076	177,036	159,692	17,344
Conservation	237,104	239,175	229,043	10,132
Conservation - NRCS	48,884	50,816	48,835	1,981
Building department	650,106	698,890	674,512	24,378
Planning and zoning	573,345	582,608	457,362	125,246

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Housing and development: (continued)				
GIS mapping	$ 273,947	$ 283,177	$ 277,526	$ 5,651
Development plan review	251,982	255,548	207,530	48,018
Total housing and development	2,171,444	2,287,250	2,054,500	232,750
Total expenditures	109,580,271	116,534,313	105,648,347	10,885,966
Excess of revenues over expenditures	732,088	5,482,136	17,763,379	12,281,243
Other financing sources (uses):				
Transfers in	1,228,903	910,856	897,102	(13,754)
Transfers out	(5,985,991)	(6,534,828)	(12,660,268)	(6,125,440)
Proceeds from sale of capital assets	25,000	140,536	140,535	(1)
Total other financing sources (uses)	(4,732,088)	(5,483,436)	(11,622,631)	(6,139,195)
Net change in fund balances	(4,000,000)	(1,300)	6,140,748	6,142,048
Fund balances, beginning of year	37,362,384	37,362,384	37,362,384	-
Fund balances, end of year	$ 33,362,384	$ 37,361,084	$ 43,503,132	$ 6,142,048

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

HENRY COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 1,702,518	$ 3,952,142	$ 5,654,660
Accounts receivable, net of allowances	66,782	611,425	678,207
Inventory	64,909	-	64,909
Prepaids	507	-	507
Due from other governments	1,085,365	-	1,085,365
Due from other funds	-	3,010	3,010
Total current assets	2,920,081	4,566,577	7,486,658
NONCURRENT ASSETS			
Capital assets, nondepreciable	20,590,669	5,000	20,595,669
Capital assets, depreciable, net of accumulated depreciation	35,238	324,043	359,281
Total noncurrent assets	20,625,907	329,043	20,954,950
Total assets	23,545,988	4,895,620	28,441,608
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	388,050	29,949	417,999
Accrued liabilities	2,737	26,520	29,257
Due to other funds	2,147,732	6,673	2,154,405
Due to other governments	403,403	-	403,403
Advances from other funds	3,155,660	-	3,155,660
Total current liabilities	6,097,582	63,142	6,160,724
Total liabilities	6,097,582	63,142	6,160,724
NET POSITION			
Invested in capital assets	20,625,907	329,043	20,954,950
Unrestricted	(3,177,501)	4,503,435	1,325,934
Total net position	$ 17,448,406	$ 4,832,478	$ 22,280,884

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

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Operating revenues:			
Charges for services:			
Airport fees	$ 809,336	$ -	$ 809,336
Operating grant revenues	62,597	-	62,597
Stormwater fees	-	2,988,384	2,988,384
Miscellaneous revenue	6,041	-	6,041
Total operating revenues	877,974	2,988,384	3,866,358
Operating expenses:			
Salaries and benefits	127,341	1,376,236	1,503,577
Purchased/contracted services	192,931	179,537	372,468
Supplies and materials	551,719	423,948	975,667
Depreciation	3,065	73,444	76,509
Total operating expenses	875,056	2,053,165	2,928,221
Operating income	2,918	935,219	938,137
Nonoperating revenues:			
Investment income	278	2,498	2,776
Gain on disposal of assets	-	37,377	37,377
Total nonoperating revenues	278	39,875	40,153
Income before capital contributions and transfers	3,196	975,094	978,290
Capital contributions	2,205,618	-	2,205,618
Transfers out	-	(214,401)	(214,401)
Change in net position	2,208,814	760,693	2,969,507
Net position, beginning of year	15,239,592	4,071,785	19,311,377
Net position, end of year	$ 17,448,406	$ 4,832,478	$ 22,280,884

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, 2013

	Major Enterprise Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 840,824	$ 2,930,510	$ 3,771,334
Payments to suppliers and service providers	3,359,210	(610,435)	2,748,775
Payments to employees	(126,362)	(1,378,861)	(1,505,223)
Net cash provided by operating activities	4,073,672	941,214	5,014,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	-	(214,401)	(214,401)
Net cash used in noncapital financing activities	-	(214,401)	(214,401)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(2,769,133)	(88,670)	(2,857,803)
Payments on amounts due to other governments for original purchase of airport	(1,006,250)	-	(1,006,250)
Proceeds from capital grants	1,389,651	-	1,389,651
Proceeds from sale of capital assets	-	72,323	72,323
Net cash used in capital and related financing activities	(2,385,732)	(16,347)	(2,402,079)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	278	2,498	2,776
Net cash provided by investing activities	278	2,498	2,776
Net increase in cash and cash equivalents	1,688,218	712,964	2,401,182
Cash and cash equivalents:			
Beginning of year	14,300	3,239,178	3,253,478
End of year	$ 1,702,518	$ 3,952,142	$ 5,654,660

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 2,918	$ 935,219	$ 938,137
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,065	73,444	76,509
(Increase) / decrease in:			
Accounts receivable	(37,150)	(57,874)	(95,024)
Inventory	(22,939)	-	(22,939)
Prepaids	(15)	-	(15)
Due from other funds	-	(3,010)	(3,010)
Increase / (decrease) in:			
Accounts payable	367,900	4,813	372,713
Accrued liabilities	979	(2,625)	(1,646)
Due to other funds and advances from other funds	3,758,914	(8,753)	3,750,161
Net cash provided by operating activities	$ 4,073,672	$ 941,214	$ 5,014,886

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

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 6,062,406
Taxes receivable	5,576,623
Total assets	$ 11,639,029
LIABILITIES	
Due to component unit	$ 74,558
Due to others	11,564,471
Total liabilities	$ 11,639,029

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

NOTES TO FINANCIAL STATEMENTS

GUIDE TO NOTES

Page

Note 1: Summary of Significant Accounting Policies 36

Note 2: Reconciliation of Government-wide Financial Statements and Fund Financial Statements 51

Note 3: Legal Compliance - Budgets 55

Note 4: Deposits and Investments 57

Note 5: Receivables 60

Note 6: Capital Assets 61

Note 7: Long-term Debt and Capital Leases 67

Note 8: Operating Leases 76

Note 9: Interfund Receivables, Payables and Transfers 76

Note 10: Defined Benefit Pension Plans 78

Note 11: Deferred Compensation Plan 85

Note 12: Other Postemployment Benefits 85

Note 13: Hotel/Motel Tax 92

Note 14: Risk Management 93

Note 15: Landfill Postclosure Care 94

Note 16: Commitments and Contingencies 95

Note 17: Joint Venture 96

Note 18: Restatement 97

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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 Library System, and the Henry County Water 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 Library System

The Henry County Library System is governed by a seven-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. 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 Authority

The Henry County Water Authority (the "Water 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 Authority is presented as a proprietary fund type component unit. Separate financial statements for the Henry County Water Authority may be obtained by writing to the Henry County Water Authority, 1695 Highway 20 West, McDonough, Georgia 30253.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units

Henry County Development Authority

The Henry County Development Authority is governed by a five-member board with all members appointed by the governing authority of the County. The County approves the annual operating budget for the Henry County Development Authority. Effective for the first time in fiscal year 2013, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*. The criteria determining whether a component unit should be blended or discretely presented has changed under this standard, most notably that if it is expected that the primary government will repay substantially all of the component unit's debt, then the component unit should be blended. Although it is legally separate from the County, the Henry County Development Authority is reported as if it were part of the primary government because of the intergovernmental agreement between the County and the Henry County Development Authority through capital lease arrangements relative to the Henry County Development Authority's currently outstanding long-term debts. 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 Henry County Development Authority are reported as a form of the County's debt and assets. All debt service activity of the Henry County Development Authority will be reported as debt service activity of the County. Separate financial statements are not prepared for the Henry County Development Authority.

Henry County Governmental Finance Corporation

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 Governmental Finance Corporation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Henry County Office/Industrial Park Corporation

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.

Henry County Governmental Services Authority

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, the 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

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 Position and the Statement of Activities) report information on all of the non-fiduciary 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 is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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.

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, Juvenile Court, and Flint Drug Task Force.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 AAAf rated money market funds and is regulated by the Georgia Office of State Treasurer. 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 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 position 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 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	5-40
Machinery and equipment	3-10
Infrastructure	40-50

I. Deferred Outflows / Inflows of Resources and Net Position

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012. This new standard establishes accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows / Inflows of Resources and Net Position (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category. These items arise only under modified accrual basis of accounting. Accordingly, these items, unavailable revenue from property taxes and unavailable revenue due to the period of availability, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

J. 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. The County no longer pays out sick leave to retirees. The accumulated sick leave is added to the employee's years of service when determining his or her retirement payout.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 position. 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.

L. 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 position."

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)

L. 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.

- **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 nor committed. The County has assigned $3,016,357 of the General Fund's June 30, 2013 fund balance for the fiscal year 2014 budget purposes.

- **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. The County reported negative unassigned fund balance of $43,261 in the CDBG Fund for the year ended June 30, 2013 due to the timing of grant reimbursements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 Position

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

- Net investment in capital assets - 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 position - Consists of net position 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 position is 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)

L. Fund Equity (Continued)

- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

M. 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 Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 $86,179,194 difference are as follows:

Capital leases payable	$	(40,372,801)
General obligation bonds payable		(36,885,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		244,378
Plus: Issuance premium (to be amortized against interest expense)		(714,907)
Compensated absences		(4,792,680)
Claims and judgments		(2,320,000)
Landfill postclosure costs		(503,707)
Accrued interest		(834,477)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(86,179,194)

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 position 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 $9,838,432 difference are as follows:

Capital outlay	$	12,975,947
Depreciation expense		(22,814,379)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(9,838,432)

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 position." The details of this $553,936 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	$	674,992
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 position differs from the change in fund balance by the net book value of the capital assets sold.		(121,056)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	553,936

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 position. 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 $23,923,112 difference are as follows:

Principal repayments:		
Capital leases	$	6,225,927
Bonds payable		17,645,000
Landfill postclosure costs		52,185
Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net position - governmental activities*	$	23,923,112

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 $1,419,631 difference are as follows:

Compensated absences	$	107,989
Amortization of issuance costs		(149,554)
Amortization of premium on general obligation bonds		714,911
Accrued interest		282,153
Net pension obligation		(1,671,120)
Net post employment benefit obligation		(704,010)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(1,419,631)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

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

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

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

   The supplementary budgetary appropriations made were not material.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2013 are summarized as follows:

Balances per statement of net position:		
Cash - Primary government	$	78,613,191
Cash - Health Department		1,049,246
Cash - Library System		437,667
Cash - Water Authority		2,830,855
Investments - Primary government		31,545,904
Investments - Library System		28,727
Restricted assets:		
Cash - Primary government		370,373
Cash - Water Authority		27,708,512
Investments - Water Authority		43,069,004
Balances per statement of fiduciary net position:		
Cash - Agency funds		6,062,406
	$	191,715,885
Cash deposited with financial institutions	$	119,772,196
Cash deposited with Georgia Fund 1		71,943,689
	$	191,715,885

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, 2013, the investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

At June 30, 2013, the County had the following investments:

Note4.

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	48 day weighted average	$ 28,874,685
Certificates of Deposit	24 month weighted average	2,671,219
		$ 31,545,904
Component units:		
Georgia Fund 1	48 day weighted average	$ 43,097,731

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, 2013, all of the deposits of the County, Health Department, Library System, and Water 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, 2013 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	$ 2,108,392	$ 2,508,618	$ -	$ 61,619	$ -	$ 4,678,629
Accounts	15,398,645	203,675	122,182	674,593	764,281	17,163,376
Other	2,304,145	778,780	1,085,365	459,633	-	4,627,923
Gross receivables	19,811,182	3,491,073	1,207,547	1,195,845	764,281	26,469,928
Less allowance for uncollectibles	14,288,569	-	55,400	92,287	152,856	14,589,112
Net total receivables	$ 5,522,613	$ 3,491,073	$ 1,152,147	$ 1,103,558	$ 611,425	$ 11,880,816

The Henry County Water Authority had accounts receivable at June 30, 2013 of $6,700,438, which is net of an allowance for uncollectibles of $503,965.

Property taxes attached as an enforceable lien on property as of January 1, 2013. Property taxes were levied on August 1, 2012, billed on August 13, 2012, and payable on or before November 16, 2012. The County bills and collects its own property taxes. Property taxes levied for 2012 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, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 86,516,665	$ -	$ -	$ 1,992,701	$ 88,509,366
Construction in progress	62,717,296	11,896,557	(119,276)	(29,579,637)	44,914,940
Total	149,233,961	11,896,557	(119,276)	(27,586,936)	133,424,306
Capital assets, being depreciated:					
Buildings and improvements	170,036,453	-	-	5,719,586	175,756,039
Machinery and equipment	64,375,189	1,079,391	(1,650,626)	2,294,401	66,098,355
Infrastructure	544,483,568	674,992	-	19,572,949	564,731,509
Total	778,895,210	1,754,383	(1,650,626)	27,586,936	806,585,903
Less accumulated depreciation for:					
Buildings and improvements	(31,814,528)	(4,513,796)	-	-	(36,328,324)
Machinery and equipment	(52,385,795)	(4,285,539)	1,648,846	-	(55,022,488)
Infrastructure	(197,345,172)	(14,015,044)	-	-	(211,360,216)
Total	(281,545,495)	(22,814,379)	1,648,846	-	(302,711,028)
Total capital assets, being depreciated, net	497,349,715	(21,059,996)	(1,780)	27,586,936	503,874,875
Governmental activities capital assets, net	$ 646,583,676	$ (9,163,439)	$ (121,056)	$ -	$ 637,299,181

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2013 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
Construction in Progress	-	2,769,133	-	-	2,769,133
Total	17,826,536	2,769,133	-	-	20,595,669
Capital assets, being depreciated:					
Buildings	10,454	-	-	-	10,454
Machinery and equipment	958,081	88,670	(51,904)	-	994,847
Infrastructure	17,290	-	-	-	17,290
Total	985,825	88,670	(51,904)	-	1,022,591
Less accumulated depreciation for:					
Buildings	(697)	(697)	-	-	(1,394)
Machinery and equipment	(601,875)	(74,625)	16,958	-	(659,542)
Infrastructure	(1,187)	(1,187)	-	-	(2,374)
Total	(603,759)	(76,509)	16,958	-	(663,310)
Capital assets being depreciated, net	382,066	12,161	(34,946)	-	359,281
Business-type activities capital assets, net	$ 18,208,602	$ 2,781,294	$ (34,946)	$ -	$ 20,954,950

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	$ 10,443,484
Judicial	116,086
Public safety	3,702,614
Public works	6,236,857
Health and welfare	480,929
Culture and recreation	1,833,097
Housing and development	1,312
Total depreciation expense - governmental activities	$ 22,814,379
Business-type activities:	
Airport	$ 3,065
Stormwater	73,444
Total depreciation expense - business-type activities	$ 76,509

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, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 126,752	$ 6,672	$ -	$ 133,424
Less accumulated depreciation for:				
Machinery and equipment	(125,632)	(1,957)	-	(127,589)
Total capital assets, net	$ 1,120	$ 4,715	$ -	$ 5,835

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, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,251	$ -	$ -	$ 10,251
Construction in progress	-	-	-	-
Total	10,251	-	-	10,251
Capital assets, being depreciated:				
Buildings and improvements	85,395	-	-	85,395
Equipment	520,322	-	-	520,322
Books and materials	3,872,659	75,600	(25,482)	3,922,777
Total	4,478,376	75,600	(25,482)	4,528,494
Less accumulated depreciation for:				
Buildings and improvements	(85,394)	(1)	-	(85,395)
Equipment	(149,181)	(39,738)	-	(188,919)
Books and materials	(2,795,783)	(206,672)	25,482	(2,976,973)
Total	(3,030,358)	(246,411)	25,482	(3,251,287)
Total capital assets, being depreciated, net	1,448,018	(170,811)	-	1,277,207
Total capital assets, net	$ 1,458,269	$ (170,811)	$ -	$ 1,287,458

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Discretely Presented Component Unit – Water Authority

Capital asset activity for the Water Authority for the year ended June 30, 2013 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	50,196,649	5,141,055	-	(51,579,728)	3,757,976
Total	85,692,123	5,141,055	-	(51,579,728)	39,253,450
Capital assets, being depreciated:					
Buildings	13,171,941	-	-	2,874,238	16,046,179
Improvements other than buildings	598,183,960	746,387	(1,896,323)	42,162,690	639,196,714
Machinery and equipment	8,175,569	277,934	(14,985)	6,542,800	14,981,318
Vehicles	3,833,620	139,221	(211,482)	-	3,761,359
Total	623,365,090	1,163,542	(2,122,790)	51,579,728	673,985,570
Less accumulated depreciation for:					
Buildings	(5,032,649)	(631,951)	-	-	(5,664,600)
Improvements other than buildings	(245,060,936)	(25,838,201)	698,529	-	(270,200,608)
Machinery and equipment	(7,278,345)	(522,377)	14,985	-	(7,785,737)
Vehicles	(3,628,052)	(137,050)	211,482	-	(3,553,620)
Total	(260,999,982)	(27,129,579)	924,996	-	(287,204,565)
Total capital assets, being depreciated, net	362,365,108	(25,966,037)	(1,197,794)	51,579,728	386,781,005
Total capital assets, net	$ 448,057,231	$ (20,824,982)	$ (1,197,794)	$ -	$ 426,034,455

NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

Revenue Bonds:

The Water 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, 2013, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	3.75%-6.15%	2020	$ 12,140,000
Water and Sewerage Authority	4.90%-6.00%	2020	7,105,000
Water and Sewerage Authority	3.00%-5.25%	2030	46,335,000
Water and Sewerage Authority	5.00%	2026	29,785,000
Water and Sewerage Authority	2.00%-5.00%	2030	17,865,000
Water and Sewerage Authority	1.50%-4.00%	2018	17,465,000
Water and Sewerage Authority	2.16%	2028	70,100,000
			200,795,000
	Plus unamortized premiums		10,013,993
	Less unamortized discounts		(97,676)
	Less unamortized deferred charges - refunding		(7,073,102)
			$ 203,638,215

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

Revenue Bonds: (Continued)

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 9,515,000	$ 7,687,046
2015	10,875,000	7,513,966
2016	11,165,000	7,206,785
2017	11,490,000	6,837,543
2018	11,790,000	6,484,758
2019-2023	61,705,000	25,529,905
2024-2028	62,285,000	13,791,650
2029-2030	21,970,000	1,658,625
Total	$ 200,795,000	$ 76,710,278

The Development Authority's revenue bonds outstanding as of June 30, 2013, 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 $2,186,000 in variable-rate revenue bonds during 2008. The estimated annual requirements to amortize the bonds payable as of June 30, 2013, are as follows:

Fiscal year ending June 30,	Principal	Interest
2014	$ -	$ 464,419
2015	-	464,419
2016	451,050	456,961
2017	513,214	438,002
2018	536,256	418,059
2019-2023	3,064,258	1,758,362
2024-2028	3,817,437	1,106,956
2029-2033	3,803,785	310,568
Total	$ 12,186,000	$ 5,417,746

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. 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, 2013, 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	$ 8,350,000
Various construction projects within the County	4.00% - 4.385%	6 years	2015	67,290,000	28,535,000
			Plus unamortized premium		714,907
					$ 37,599,907

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 18,190,000	$ 1,039,681
2015	18,695,000	394,538
Total	$ 36,885,000	$ 1,434,219

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

Other Long-Term Debt:

The Water 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, 2013:

Interest Rate	Term	Due Date	Amount
3.00%	20 years	2028	$ 15,792,438
3.00%	20 years	2030	18,237,523
3.00%	20 years	2032	1,665,765
3.00%	20 years	2033	20,215,316
			$ 55,911,042

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 2,441,216	$ 1,644,006
2015	2,515,468	1,569,754
2016	2,590,528	1,494,694
2017	2,672,185	2,752,049
2018	2,752,049	1,333,174
2019-2023	15,067,846	5,358,267
2024-2028	17,502,674	2,923,439
2029-2033	10,369,076	461,789
Total	$ 55,911,042	$ 17,537,172

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, 2013:

Land	$ 32,696,901
Construction in progress	18,325,000
Buildings and improvements	15,246,010
Vehicles	2,850,000
Equipment	4,276,114
	$ 73,394,025

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, 2013:

Fiscal year ending June 30,	
2014	$ 6,806,667
2015	5,790,089
2016	5,479,513
2017	4,092,233
2018	3,825,553
2019-2023	15,006,230
2024-2028	4,924,393
2029-2033	4,127,876
Total minimum lease payments	50,052,554
Less amount representing interest	9,679,753
Present value of future minimum lease payments	$ 40,372,801

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, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 54,530,000	$ -	$ 17,645,000	$ 36,885,000	$ 18,190,000
Plus unamortized premium	1,429,818	-	714,911	714,907	-
General obligation bonds, net	55,959,818	-	18,359,911	37,599,907	18,190,000
Development Authority revenue bonds	12,186,000	-	-	12,186,000	-
Capital lease obligations	46,598,728	-	6,225,927	40,372,801	5,298,618
Landfill postclosure costs	555,892	-	52,185	503,707	27,000
Net pension obligation	2,750,991	7,037,422	5,366,302	4,422,111	-
Workers compensation	-	2,320,000	-	2,320,000	1,030,000
Other post employment benefits	2,869,205	1,614,430	910,420	3,573,215	-
Compensated absences	4,900,669	6,442,994	6,550,983	4,792,680	4,874,526
	$ 125,821,303	$ 17,414,846	$ 37,465,728	$ 105,770,421	$ 29,420,144

For governmental activities, landfill post-closure costs, net pension obligation, workers compensation, 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 Water Authority for the year ended June 30, 2013:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 136,365,000	$ 87,565,000	$ 23,135,000	$ 200,795,000	$ 9,515,000
Plus unamortized premiums	10,268,012	1,345,548	1,599,567	10,013,993	-
Less unamortized discounts	(112,512)	-	(14,836)	(97,676)	-
Less unamortized deferred charges	(6,004,782)	(2,195,368)	(1,127,048)	(7,073,102)	-
Revenue bonds, net	140,515,718	86,715,180	23,592,683	203,638,215	9,515,000
Notes payable	131,800,367	-	75,889,325	55,911,042	2,441,216
OPEB liability	4,515,767	645,668	-	5,161,435	-
Compensated absences	940,252	731,737	754,020	917,969	791,722
	$ 277,772,104	$ 88,092,585	$ 100,236,028	$ 265,628,661	$ 12,747,938

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, 2013, amounted to $22,658.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of June 30, 2013 are as follows:

	Payable Fund						
Receivable Fund	General Fund	Neighborhood Stabilization Fund	2008 SPLOST Fund	Airport Fund	Nonmajor Enterprise Fund	Nonmajor governmental funds	Total
General Fund	$ -	$ 1,906,061	$ 2,554	$ 5,303,392	$ 6,673	$ 2,943,438	$ 10,162,118
Neighborhood Stabiliz. Fund	-	-	-	-	-	379	379
2008 SPLOST Fund	16,640	-	-	-	-	-	16,640
Nonmajor enterprise funds	3,010	-	-	-	-	-	3,010
Nonmajor governmental funds	663,555	-	-	-	-	-	663,555
Total	$ 683,205	$ 1,906,061	$ 2,554	$ 5,303,392	$ 6,673	$ 2,943,817	$ 10,845,702

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 Airport Fund to the General Fund in the amount of $3,155,660. This amount is considered to be an advance to the Airport Fund from the General Fund and is considered to be long-term in its nature and repayment plan. Therefore, this amount is segregated on the balance sheet from other interfund balances and its effect on fund balance of the General Fund is to be classified as nonspendable fund balance.

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 for the year ended June 30, 2013 are as follows:

	Transfers Out				
Transfers In	General Fund	2008 SPLOST Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 214,401	$ 682,701	$ 897,102
Debt Service Fund	4,001,336	19,459,084	-	3,950,062	27,410,482
2008 SPLOST Fund	-	-	-	1,556,576	1,556,576
Nonmajor governmental funds	8,658,932	158,899	-	12,409	8,830,240
Total	$ 12,660,268	$ 19,617,983	$ 214,401	$ 6,201,748	$ 38,694,400

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:

	2013	2012
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 7,052,214	$ 6,698,097
Interest on Net Pension Obligation	209,954	60,564
Amortization of Net Pension Obligation	(224,646)	(64,803)
Annual Pension Cost	$ 7,037,522	$ 6,693,858

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2013	$ 7,037,422
Actual Contributions to Plan for Fiscal Year 2013	5,366,302
Increase (Decrease) in Net Pension Obligation	1,671,120
Net Pension Obligation (Asset) as of June 30, 2012	2,750,991
Net Pension Obligation (Asset) as of June 30, 2013	$ 4,422,111

Basis of Valuation	
Current Valuation Date	January 1, 2013
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0% - 6.5%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level 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)
7/1/12	$ 7,037,422	$ 5,366,302	76 %	$ 4,422,111
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)

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
12/31/2012	$ 87,417,096	$ 133,436,603	$ 46,019,507	65.5 %	$ 62,818,141	73.3 %

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

NOTE 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 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 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 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, 2013, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2013 are as follows:

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year 2013	$ 1,307,720
Actual Contributions to Plan for Fiscal Year 2013	1,939,473
(Increase) Decrease in Net Pension Obligation	(631,753)
Net Pension Obligation (Asset) as of June 30, 2012	(4,294,986)
Net Pension Obligation (Asset) as of June 30, 2013	$ (4,926,739)

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water Authority – Component Unit (Continued)

Annual Pension Cost

Basis of Valuation	
Current Valuation Date	January 1, 2013
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.50% plus age and service based merit increase
Expected Annual Inflation	1.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining liability
Remaining Amortization Period	29

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water Authority – Component Unit (Continued)

As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
7/1/13	$ 1,307,720	$ 1,939,473	148 %	$ (4,926,739)
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)

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.

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
12/31/2012	$ 14,049,501	$ 21,619,929	$ 7,570,428	65.0 %	$ 10,346,469	73.2 %

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 participants 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, 2013. 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, 2013, there were approximately 75 retired employees receiving health care benefits. For the year ended June 30, 2013, the County paid $543,170 for these benefits, which was net of $135,792 of retiree contributions.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Contributions

The County contributed $678,962 to the OPEB Health Care Plan in fiscal year 2013. 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 OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
7/1/12	$ 1,382,971	$ 678,962	49 %	$ 3,573,215
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	$ 1,399,240
Interest on Net OPEB obligation	215,190
Adjustment to Annual Required Contribution	(231,458)
Annual OPEB cost	1,382,972
Contributions made or accrued	(678,962)
Increase in Net Obligation	704,010
Net OPEB obligation (BOY)	2,869,205
Net OPEB obligation (EOY)	$ 3,573,215

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

As of the most recent valuation date, July 1, 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	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
07/01/08	$ -	$ 10,496,736	$ 10,496,736	- %	$ 51,035,000	20.6 %
07/01/09	-	11,511,890	11,511,890	-	53,332,000	21.6
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
07/01/12	-	12,650,960	12,650,960	-	48,242,720	26.2

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, 2012. The assumptions used in the July 1, 2012 actuarial valuation are as follows:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2012
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 increase of 5%
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 Authority – Component Unit

Plan Description

The Henry County Water 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 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 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, 2012.

Active participants	208
Retirees and beneficiaries	19
Total	227

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water Authority – Component Unit (Continued)

Contributions

Henry County Water 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 Annual OPEB Cost Contributed	Net OPEB Asset End of Year
2013	$ 792,968	$ 147,300	18.58 %	$ 5,161,435
2012	922,957	135,138	14.64	4,515,767
2011	1,387,139	84,840	6.12	3,727,948
2010	1,286,743	77,667	6.04	2,425,649
2009	1,292,062	64,106	4.96	1,227,956

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

Annual required contribution	$ 866,988
Interest from net OPEB obligation	203,210
Adjustment of net OPEB obligation	(277,230)
Annual OPEB cost	792,968
Actual contributions to the plan	(147,300)
Increase in net OPEB obligation	645,668
Net OPEB obligation as of July 1, 2012	4,515,767
Net OPEB obligation as of June 30, 2013	$ 5,161,435

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water Authority – Component Unit (Continued)

OPEB Plan

As of the most recent valuation date, July 1, 2012, 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
6/30/2013	$ -	$6,189,591	$6,189,591	0%	$10,840,131	57.1%

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, 2012. The assumptions used in the July 1, 2012, actuarial valuation are as follows:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water Authority – Component Unit (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2012
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 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, 2013, the County collected $463,774 of hotel/motel taxes. Of this amount, $228,491, or 49.26%, was given to the Chamber. The remaining funds of $235,283, or 50.74%, 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 the first $300,000 (in the form of a 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's liability of $2,320,000 as of June 30, 2013 is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The County pays an annual premium to GIRMA and GSIWCF for the above referenced 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, 2013, the County has an estimated 14 years of monitoring remaining. Engineering studies estimate postclosure costs of approximately $503,707 over the 14-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, 2013, the County has contractual commitments on uncompleted contracts of approximately $3,858,818.

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. Net of an aggregation of insurance coverage currently in place, and relative to any and all outstanding litigation faced by the County as of June 30, 2013, it is considered to be reasonably possible for the County to incur some form of obligation ranging from approximately $850,000 to $1,350,000.

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:

Henry County had previously entered into a contract with the Hospital Authority of Henry County (the "Hospital Authority") which obligated Henry 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 certain bonds. Since that time, Piedmont Hospital has affiliated its hospital with Henry Medical Center, thereby making it known as Piedmont Henry Medical Center. Henry County is still contractually liable to guaranty the bond debt per its original contract with the Hospital Authority. However, Piedmont agreed to reimburse the County through a separate "Guaranty/Reimbursement Agreement" it has with Henry Medical Center. This agreement provides the County with the guaranty that Piedmont "economically holds the County harmless" from both the debt service payments and the indigent care payments under the original contract. Therefore, Piedmont is contractually obligated to "repay" Henry County any amount the County is obligated to pay under the original contract. Henry County still serves as the guarantor of the bond debt for as long as the bonds are outstanding.

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, 2013, the County paid $210,650 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. RESTATEMENT

As noted previously in Note 1 to the financial statements, Henry County implemented the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*. In accordance with the new standard is the requirement to report a component unit as a blended component unit if it is expected that the primary government will repay substantially all of the component unit's debt. Consequently, a restatement of opening net position of the governmental activities and the opening fund balance of the non-major governmental funds and total governmental funds was required. Please see the following elements of the respective restatements:

	Non-Major Governmental Funds	Total Governmental Funds	Governmental Activities
Fund balance, or net position, respectivley, as previously reported as of June 30, 2012	$ 12,641,908	$ 100,781,068	$ 634,928,447
Restatement:			
Cash	150,888	150,888	150,888
Investments	280,000	280,000	280,000
Accounts payable	(8,174)	(8,174)	(8,174)
Bonds payable	-	-	(12,186,000)
	422,714	422,714	(11,763,286)
Fund balance, or net position, respectively, as restated as of June 30, 2012	$ 13,064,622	$ 101,203,782	$ 623,165,161

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
12/31/2012	$ 87,417,096	$ 133,436,603	$ 46,019,507	65.5 %	$ 62,818,141	73.3 %
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

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

HENRY COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Water 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
12/31/2012	$ 14,049,501	$ 21,619,929	$ 7,570,428	65.0 %	$ 10,346,469	73.2 %
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 3 Fund – This fund is used to account for grant funds received for the Neighborhood Stabilization 3 Program.

CDBG Fund – This fund is used to account for grant monies received to fund qualified programs to benefit the underprivileged.

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)

Grant Fund – This fund is used to account for grant funds received for various 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.

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

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue								
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**	**Neighborhood Stabiliz. 3 Fund**	**CDBG Fund**	**Henry First Fund**
Cash and cash equivalents	$ 1,795,238	$ 2	$ 4,340,694	$ 369,697	$ 1,162,876	$ 106,740	$ 1,211,118	$ 49,264	$ 25,990
Investments	2,391,219	-	-	-	-	-	-	-	-
Accounts receivable	-	61,619	586,494	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	1,112,147	-	-
Due from other governments	-	-	-	-	42,823	-	90,471	123,572	-
Due from other funds	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-
Total assets	$ 4,186,457	$ 61,621	$ 4,927,188	$ 369,697	$ 1,205,699	$ 106,740	$ 2,413,736	$ 172,836	$ 25,990
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ 62,896	$ 24,170	$ 24,196	$ -	$ 22	$ -	$ 88,668	$ 39,378	$ -
Accrued liabilities	-	-	38,716	-	5,879	-	360	1,300	-
Due to other funds	-	25,012	1,517	-	-	-	1,323,832	175,419	499
Deferred revenue	-	12,439	11,468	-	5,604	-	90,471	-	25,491
Total liabilities	62,896	61,621	75,897	-	11,505	-	1,503,331	216,097	25,990
FUND BALANCES									
Restricted									
Capital projects	-	-	-	-	1,137	106,740	-	-	-
Housing and development	-	-	-	-	-	-	-	-	-
Federal and State grants	-	-	-	-	-	-	910,405	-	-
Citizen welfare	-	-	-	-	1,177,312	-	-	-	-
Law enforcement purposes	4,123,561	-	-	369,697	15,745	-	-	-	-
Public safety purposes	-	-	4,851,291	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(43,261)	-
Total fund balances	4,123,561	-	4,851,291	369,697	1,194,194	106,740	910,405	(43,261)	-
Total liabilities and fund balances	$ 4,186,457	$ 61,621	$ 4,927,188	$ 369,697	$ 1,205,699	$ 106,740	$ 2,413,736	$ 172,836	$ 25,990

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue		Capital Projects					
ASSETS	**Juvenile Assistance Fund**	**Grant Fund**	**Development Auth. Fund**	**Capital Asset Fund**	**2002 SPLOST Fund**	**Lease Purchase Fund**	**Impact Fees Fund**	**Total**
Cash and cash equivalents	$ 329,661	$ -	$ 225,739	$ 2,134,336	$ 1,475,304	$ -	$ 258,482	$ 13,485,141
Investments	-	-	280,000	-	514	-	-	2,671,733
Accounts receivable	12,564	-	-	-	-	-	-	660,677
Inventory	-	-	-	-	-	-	-	1,112,147
Due from other governments	-	186,015	-	-	-	-	-	442,881
Due from other funds	-	189,509	332,060	141,986	-	-	-	663,555
Restricted cash	-	-	-	-	-	370,373	-	370,373
Total assets	$ 342,225	$ 375,524	$ 837,799	$ 2,276,322	$ 1,475,818	$ 370,373	$ 258,482	$ 19,406,507
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 8,752	$ 32,541	$ 324,331	$ 3,001	$ -	$ -	$ 607,955
Accrued liabilities	-	1,074	-	-	-	-	-	47,329
Due to other funds	-	337,946	307,691	566,808	4,699	200,394	-	2,943,817
Deferred revenue	-	27,752	-	-	-	-	-	173,225
Total liabilities	-	375,524	340,232	891,139	7,700	200,394	-	3,772,326
FUND BALANCES								
Restricted								
Capital projects	-	-	-	1,385,183	1,468,118	169,979	258,482	3,389,639
Housing and development	-	-	497,567	-	-	-	-	497,567
Federal and state grants	-	-	-	-	-	-	-	910,405
Citizen welfare	-	-	-	-	-	-	-	1,177,312
Law enforcement purposes	342,225	-	-	-	-	-	-	4,851,228
Public safety purposes	-	-	-	-	-	-	-	4,851,291
Unassigned	-	-	-	-	-	-	-	(43,261)
Total fund balances	342,225	-	497,567	1,385,183	1,468,118	169,979	258,482	15,634,181
Total liabilities and fund balances	$ 342,225	$ 375,524	$ 837,799	$ 2,276,322	$ 1,475,818	$ 370,373	$ 258,482	$ 19,406,507

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue								
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund	Neighborhood Stabiliz. 3 Fund	CDBG Fund	Henry First Fund
Revenues									
Taxes	$ -	$ 463,774	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	141,389	-	30,524	-	-	-	2,973,113	172,836	-
Charges for services	-	-	3,583,792	-	-	93,708	-	-	-
Fines and forfeitures	129,803	-	-	151,533	816,862	-	-	-	-
Investment income	4,029	34	3,828	46	834	65	-	-	74
Contributions	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	9,144
Total revenues	275,221	463,808	3,618,144	151,579	817,696	93,773	2,973,113	172,836	9,218
Expenditures									
Current:									
General government	-	-	10,963	-	-	-	27,032	-	6,105
Judicial	-	-	-	140,964	377,286	78,912	-	-	-
Public safety	1,237,991	-	2,622,808	-	-	-	-	-	1,780
Housing and development	-	228,491	-	-	-	-	2,593,431	216,097	-
Culture and recreation	-	-	-	-	-	-	-	-	1,333
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	1,237,991	228,491	2,633,771	140,964	377,286	78,912	2,620,463	216,097	9,218
Excess (deficiency) of revenues over (under) expenditures	(962,770)	235,317	984,373	10,615	440,410	14,861	352,650	(43,261)	-
Other financing sources (uses)									
Transfers in	-	-	-	-	87,802	-	-	-	-
Transfers out	-	(235,317)	(397,712)	-	(571,280)	-	-	-	-
Proceeds from sale of capital assets	2,080	-	-	-	-	-	-	-	-
Total other financing sources (uses)	2,080	(235,317)	(397,712)	-	(483,478)	-	-	-	-
Net change in fund balances	(960,690)	-	586,661	10,615	(43,068)	14,861	352,650	(43,261)	-
Fund balances, beginning of year, restated	5,084,251	-	4,264,630	359,082	1,237,262	91,879	557,755	-	-
Fund balances, end of year	$ 4,123,561	$ -	$ 4,851,291	$ 369,697	$ 1,194,194	$ 106,740	$ 910,405	$ (43,261)	$ -

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue		Capital Projects					
	Juvenile Assistance Fund	Grant Fund	Development Auth. Fund	Capital Asset Fund	2002 SPLOST Fund	Lease Purchase Fund	Impact Fees Fund	Total
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 463,774
Licenses and permits	-	-	-	-	-	-	549,740	549,740
Intergovernmental	-	705,685	-	458,147	-	-	-	4,481,694
Charges for services	-	-	733	-	-	-	-	3,678,233
Fines and forfeitures	74,192	-	-	-	-	-	-	1,172,390
Investment income	277	-	4,514	1,818	1,328	2,187	179	19,213
Contributions	-	-	22,586	78,400	-	-	-	100,986
Miscellaneous	-	-	131,250	-		-	-	140,394
Total revenues	74,469	705,685	159,083	538,365	1,328	2,187	549,919	10,606,424
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	44,100
Judicial	160,967	-	-	-	-	-	-	758,129
Public safety	-	708,556	-	-	-	-	-	4,571,135
Housing and development	-	-	416,290	-	-	-	-	3,454,309
Culture and recreation	-	-	-	-	-	-	-	1,333
Capital outlay	-	-	-	612,449	255,012	970,970	-	1,838,431
Total expenditures	160,967	708,556	416,290	612,449	255,012	970,970	-	10,667,437
Excess (deficiency) of revenues over (under) expenditures	(86,498)	(2,871)	(257,207)	(74,084)	(253,684)	(968,783)	549,919	(61,013)
Other financing sources (uses)								
Transfers in	-	2,871	332,060	884,458	158,899	-	7,364,150	8,830,240
Transfers out	-	-	-	(1,627,000)	(625,825)	-	(2,744,614)	(6,201,748)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	2,080
Total other financing sources (uses)	-	2,871	332,060	(742,542)	(466,926)	-	4,619,536	2,630,572
Net change in fund balances	(86,498)	-	74,853	(816,626)	(720,610)	(968,783)	5,169,455	2,569,559
Fund balances, beginning of year, restated	428,723	-	422,714	2,201,809	2,188,728	1,138,762	(4,910,973)	13,064,622
Fund balances, end of year	$ 342,225	$ -	$ 497,567	$ 1,385,183	$ 1,468,118	$ 169,979	$ 258,482	$ 15,634,181

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, 2013

	Confiscated Assets Fund			Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 476,214	$ 463,774	$ (12,440)
Intergovernmental	141,390	141,389	(1)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	134,516	129,803	(4,713)	-	-	-
Investment income	4,030	4,029	(1)	208	34	(174)
Miscellaneous	-	-	-	-	-	-
Total revenues	279,936	275,221	(4,715)	476,422	463,808	(12,614)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	1,237,998	1,237,991	7	-	-	-
Housing and development	-	-	-	228,492	228,491	1
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,237,998	1,237,991	7	228,492	228,491	1
Excess (deficiency) of revenues over (under) expenditures	(958,062)	(962,770)	(4,708)	247,930	235,317	(12,613)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(247,930)	(235,317)	12,613
Proceeds from sale of capital assets	2,080	2,080	-	-	-	-
Total other financing sources (uses)	2,080	2,080	-	(247,930)	(235,317)	12,613
Net change in fund balances	(955,982)	(960,690)	(4,708)	-	-	-
Fund balances, beginning of year	5,084,251	5,084,251	-	-	-	-
Fund balances, end of year	$ 4,128,269	$ 4,123,561	$ (4,708)	$ -	$ -	$ -

(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, 2013

	E-911 Fund			Law Library Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	30,524	30,524	-	-	-	-
Charges for services	3,596,253	3,583,792	(12,461)	-	-	-
Fines and forfeitures	-	-	-	151,534	151,533	(1)
Investment income	3,862	3,828	(34)	62	46	(16)
Miscellaneous	-	-	-	-	-	-
Total revenues	3,630,639	3,618,144	(12,495)	151,596	151,579	(17)
Expenditures						
Current:						
General government	10,965	10,963	2	-	-	-
Judicial	-	-	-	151,596	140,964	10,632
Public safety	3,248,570	2,622,808	625,762	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-			
Total expenditures	3,259,535	2,633,771	625,764	151,596	140,964	10,632
Excess (deficiency) of revenues over (under) expenditures	371,104	984,373	613,269	-	10,615	10,615
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(552,584)	(397,712)	154,872	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(552,584)	(397,712)	154,872	-	-	-
Net change in fund balances	(181,480)	586,661	768,141	-	10,615	10,615
Fund balances, beginning of year	4,264,630	4,264,630	-	359,082	359,082	-
Fund balances, end of year	$ 4,083,150	$ 4,851,291	$ 768,141	$ 359,082	$ 369,697	$ 10,615

(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, 2013

	Court Fund			Technology Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	94,000	93,708	(292)
Fines and forfeitures	816,863	816,862	(1)	-	-	-
Investment income	840	834	(6)	200	65	(135)
Miscellaneous	-	-	-	-	-	-
Total revenues	817,703	817,696	(7)	94,200	93,773	(427)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	536,266	377,286	158,980	94,200	78,912	15,288
Public safety	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	536,266	377,286	158,980	94,200	78,912	15,288
Excess (deficiency) of revenues over (under) expenditures	281,437	440,410	158,973	-	14,861	14,861
Other financing sources (uses)						
Transfers in	87,802	87,802	-	-	-	-
Transfers out	(715,538)	(571,280)	144,258	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(627,736)	(483,478)	144,258	-	-	-
Net change in fund balances	(346,299)	(43,068)	303,231	-	14,861	14,861
Fund balances, beginning of year	1,237,262	1,237,262	-	91,879	91,879	-
Fund balances, end of year	$ 890,963	$ 1,194,194	$ 303,231	$ 91,879	$ 106,740	$ 14,861

(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, 2013

	Neighborhood Stabilization 3 Fund			Juvenile Assistance Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	3,065,960	2,973,113	(92,847)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	61,628	74,192	12,564
Investment income	-	-	-	399	277	(122)
Miscellaneous	-	-	-	-	-	-
Total revenues	3,065,960	2,973,113	(92,847)	62,027	74,469	12,442
Expenditures						
Current:						
General government	378,023	27,032	350,991	-	-	-
Judicial	-	-	-	72,869	160,967	(88,098)
Public safety	-	-	-	-	-	-
Housing and development	2,687,937	2,593,431	94,506	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	3,065,960	2,620,463	445,497	72,869	160,967	(88,098)
Excess (deficiency) of revenues over (under) expenditures	-	352,650	352,650	(10,842)	(86,498)	(75,656)
Other financing (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-	-
Net change in fund balances	-	352,650	352,650	(10,842)	(86,498)	(75,656)
Fund balances, beginning of year	-	557,755	557,755	428,723	428,723	-
Fund balances, end of year	$ -	$ 910,405	$ 910,405	$ 417,881	$ 342,225	$ (75,656)

(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, 2013

	Grant Fund			CDBG Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	531,432	705,685	174,253	216,110	172,836	(43,274)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	531,432	705,685	174,253	216,110	172,836	(43,274)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	848,263	708,556	139,707	-	-	-
Housing and development	-	-	-	216,110	216,097	13
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-		-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	848,263	708,556	139,707	216,110	216,097	13
Excess (deficiency) of revenues over (under) expenditures	(316,831)	(2,871)	313,960	-	(43,261)	(43,261)
Other financing sources (uses)						
Transfers in	316,831	2,871	(313,960)	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	316,831	2,871	(313,960)	-	-	-
Net change in fund balances	-	-	-	-	(43,261)	(43,261)
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -	$ (43,261)	$ (43,261)

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, 2013

	Henry First Fund		
	Final Budget	Actual	Variance With Final Budget
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	74	74	-
Miscellaneous	8,850	9,144	294
Total revenues	8,924	9,218	294
Expenditures			
Current:			
General government	6,105	6,105	-
Judicial	-	-	-
Public safety	1,781	1,780	1
Housing and development	-	-	-
Health and welfare	-	-	-
Culture and recreation	1,334	1,333	1
Capital outlay	-	-	-
Total expenditures	9,220	9,218	2
Excess (deficiency) of revenues over (under) expenditures	(296)	-	296
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(296)	-	296
Fund balances, beginning of year	-	-	-
Fund balances, end of year	$ (296)	$ -	$ 296

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, 2013

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 21,242	$ 21,243	$ 1
Total revenues	21,242	21,243	1
Expenditures			
Debt service:			
Principal	23,916,302	23,870,927	45,375
Interest and fiscal charges	3,520,509	3,317,296	203,213
Total expenditures	27,436,964	27,188,223	248,741
Deficiency of revenues under expenditures	(27,415,722)	(27,166,980)	248,742
Other financing sources			
Transfers in	27,415,722	27,410,482	(5,240)
Total other financing sources	27,415,722	27,410,482	(5,240)
Net change in fund balances	-	243,502	243,502
Fund balance, beginning of year	18,632,934	18,632,934	-
Fund balance, end of year	$ 18,632,934	$ 18,876,436	$ 243,502

HENRY COUNTY, GEORGIA
NEIGHBORHOOD STABILIZATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual	Variance With Final Budget
Revenues			
Intergovernmental revenues	$ 1,957,481	$ 1,957,481	$ -
Miscellaneous	217,501	217,500	(1)
Total revenues	2,174,982	2,174,981	(1)
Expenditures			
General government	113,739	111,731	2,008
Housing and development	2,673,128	2,576,595	96,533
Total expenditures	2,787,020	2,688,326	98,694
Deficiency of revenues under expenditures	(612,038)	(513,345)	98,693
Other financing sources			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(612,038)	(513,345)	98,693
Fund balance, beginning of year	1,704,670	1,704,670	-
Fund balance, end of year	$ 1,092,632	$ 1,191,325	$ 98,693

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	10,236,404	107,371	10,343,775
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	83,391,098	124,860	83,515,958
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	10,851,089	22,781	10,873,870
	$ 140,000,000	$ 140,000,000	$ 149,077,955	$ 255,012	$ 149,332,967

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Project	Original Estimated Cost (2)	Current Estimated Cost (2)	Prior Years (2)	Current Year	Total
Senior citizens center	$ 4,590,000	$ 2,706,763	$ 2,687,890	$ -	$ 2,687,890
Social services facilities	2,142,000	2,000,000	1,709,063	-	1,709,063
Parking deck	4,500,000	3,500,000	3,375,657	-	3,375,657
Library facilities	2,895,000	2,895,000	2,473,397	-	2,473,397
Civic center and performing arts center	1,000,000	-	70	-	70
Public safety facilities	8,768,000	2,939,409	5,249,250	108,658	5,357,908
Park and recreational facilities	11,250,000	8,009,156	10,597,964	16,919	10,614,883
Land acquisition	17,235,000	17,235,000	17,231,729	-	17,231,729
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	120,500,000	92,125,000	67,368,930	10,418,481	77,787,411
City of Hampton	6,120,000	4,545,305	3,934,249	134,920	4,069,169
City of Locust Grove	6,120,000	4,545,305	4,024,178	67,038	4,091,216
City of McDonough	21,474,000	15,948,671	12,784,398	1,150,793	13,935,191
City of Stockbridge	26,286,000	19,960,719	14,853,371	1,911,631	16,765,002
Program management	7,120,000	3,590,000	2,617,224	541,596	3,158,820
	$ 240,000,000	$ 180,000,328	148,907,370	14,350,036	163,257,406
Transfers to the Debt Service Fund for the purpose of repayment of principal and interest on debt. **(1)**			58,650,697	19,617,983	78,268,680
Total 2008 SPLOST Fund expenditures for the prior years and the current fiscal year			$ 207,558,067	$ 33,968,019	$ 241,526,086

Note (1): Amount previously misreported on SPLOST schedule and represents transfers to Debt Service Fund for payment of principal and interest on SPLOST revenue bonds.

Note (2): Management has amended the previously reported amounts for the "original estimated cost" and "current estimated cost" columns, and management has reclassified certain expenditures in prior years to more appropriately reflect the outflows by project.

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AGENCY FUNDS

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

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

Flint Drug Task Force – This fund is used to account for the monies received by the task force.

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.**

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HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

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	$ 2,723,282	$ 2,548,513	$ 57,314	$ 98,897	$ 152,914	$ 343,413	$ 8,675	$ 129,398	$ 6,062,406
Taxes receivable	5,576,623	-	-	-	-	-	-	-	5,576,623
Total assets	$ 8,299,905	$ 2,548,513	$ 57,314	$ 98,897	$ 152,914	$ 343,413	$ 8,675	$ 129,398	$ 11,639,029
LIABILITIES									
Due to component unit	$ 57,100	$ 17,458	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,558
Due to others	8,242,805	2,531,055	57,314	98,897	152,914	343,413	8,675	129,398	11,564,471
Total liabilities	$ 8,299,905	$ 2,548,513	$ 57,314	$ 98,897	$ 152,914	$ 343,413	$ 8,675	$ 129,398	$ 11,639,029

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 1,136,985	$ 134,155,013	$ 132,568,716	$ 2,723,282
Taxes receivable	7,930,848	5,576,623	7,930,848	5,576,623
	$ 9,067,833	$ 139,731,636	$ 140,499,564	$ 8,299,905
LIABILITIES				
Due to component unit	$ 44,813	$ 10,583,113	$ 10,570,826	$ 57,100
Due to others	9,023,020	129,148,523	129,928,738	8,242,805
	$ 9,067,833	$ 139,731,636	$ 140,499,564	$ 8,299,905
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 1,702,177	$ 6,521,582	$ 5,675,246	$ 2,548,513
LIABILITIES				
Due to component unit	$ 13,075	$ 205,360	$ 200,977	$ 17,458
Due to others	1,689,102	6,316,222	5,474,269	2,531,055
	$ 1,702,177	$ 6,521,582	$ 5,675,246	$ 2,548,513

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 79,287	$ 334,893	$ 356,866	$ 57,314
LIABILITIES				
Due to others	$ 79,287	$ 334,893	$ 356,866	$ 57,314
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 91,748	$ 983,572	$ 976,423	$ 98,897
LIABILITIES				
Due to others	$ 91,748	$ 983,572	$ 976,423	$ 98,897
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 101,856	$ 2,788,873	$ 2,737,815	$ 152,914
LIABILITIES				
Due to others	$ 101,856	$ 2,788,873	$ 2,737,815	$ 152,914

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 310,891	$ 3,535,792	$ 3,503,270	$ 343,413
LIABILITIES				
Due to others	$ 310,891	$ 3,535,792	$ 3,503,270	$ 343,413
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 6,442	$ 38,647	$ 36,414	$ 8,675
LIABILITIES				
Due to others	$ 6,442	$ 38,647	$ 36,414	$ 8,675
FLINT DRUG TASK FORCE				
ASSETS				
Cash and cash equivalents	$ 188,085	$ 114,988	$ 173,675	$ 129,398
LIABILITIES				
Due to others	$ 188,085	$ 114,988	$ 173,675	$ 129,398

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 3,617,471	$ 148,473,360	$ 146,028,425	$ 6,062,406
Taxes receivable	7,930,848	5,576,623	7,930,848	5,576,623
	$ 11,548,319	$ 154,049,983	$ 153,959,273	$ 11,639,029
LIABILITIES				
Due to component unit	$ 57,888	$ 10,788,473	$ 10,771,803	$ 74,558
Due to others	11,490,431	143,261,510	143,187,470	11,564,471
	$ 11,548,319	$ 154,049,983	$ 153,959,273	$ 11,639,029

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COMPONENT UNITS

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - LIBRARY SYSTEM
JUNE 30, 2013

ASSETS		
Cash and cash equivalents	$	437,667
Investments		28,727
Total assets	$	466,394
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	55,039
Accrued liabilities		24,781
Total liabilities		79,820
FUND BALANCE		
Unassigned		386,574
Total fund balance		386,574
Total liabilities and fund balance	$	466,394

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - LIBRARY SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues		
Intergovernmental	$	1,843,923
Investment income		627
Contributions		6,221
Other revenues		102,487
Total revenues		1,953,258
Expenditures		
Culture and recreation		1,936,257
Total expenditures		1,936,257
Net change in fund balance		17,001
Fund balance, beginning of year		369,573
Fund balance, end of year	$	386,574

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 ..... **121 - 126**

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 ..... **127 - 130**

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

Debt Capacity ..... **131 and 132**

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 ..... **133 and 134**

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 ..... **135 - 137**

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

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

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HENRY COUNTY, GEORGIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	$ 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	$ 555,860,846
Restricted	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	67,078,084
Unrestricted	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	18,815,503
Total governmental activities net position	$ 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	$ 641,754,433
Business-type activities:										
Net investment in capital assets	$ -	$ -	$ -	$ 394,018	$ 450,152	$ 454,613	$ 530,211	$ 420,441	$ 18,208,602	$ 20,954,950
Restricted	-	-	-	-	-	-	-	-	-	
Unrestricted	-	-	-	(861,503)	388,233	1,351,941	1,819,598	2,793,970	1,102,775	1,325,934
Total governmental activities net position	$ -	$ -	$ -	$ (467,485) (2)	$ 838,385	$ 1,806,554	$ 2,349,809	$ 3,214,411	$ 19,311,377	$ 22,280,884
Primary government:										
Net investment in capital assets	$ 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	$ 576,815,796
Restricted	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	67,078,084
Unrestricted	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	20,141,437
Total governmental activities net position	$ 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	$ 664,035,317

(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 POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009 (5)	2010 (6)	2011	2012	2013
Expenses										
Governmental activities:										
General government	$ 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	$ 30,586,221
Judicial	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	15,218,800
Public safety	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	67,677,868
Public works	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	12,528,288
Health and welfare	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	6,465,665
Culture and recreation	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	7,062,545
Housing and development	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	8,166,587
Interest on long-term debt	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	2,469,786
Total governmental activities expenses	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	150,175,760
Business-type activities:										
Stormwater	-	-	-	1,358,397 (4)	1,681,065	1,899,938	2,041,355	1,835,134	1,848,896	2,053,165
Airport	-	-	-	-	-	-	-	-	774,400	875,056
Total business-type activities expenses	-	-	-	1,358,397	1,681,065	1,899,938	2,041,355	1,835,134	2,623,296	2,928,221
Total primary government expenses	$ 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	$ 153,103,981
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	$ 549,740
Other housing and development	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	1,216,861
General government	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	4,503,567
Judicial	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	6,921,623
Public safety	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	9,609,647
Other activities	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	2,757,687
Operating grants and contributions	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	10,407,091
Capital grants and contributions	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	3,968,265
Total governmental activities program revenues	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	39,934,481
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	2,988,384
Operating grants and contributions-Stormwater	-	-	-	-	-	-	835	-	-	-
Capital grants and contributions-Stormwater	-	-	-	-	-	-	22,500	-	-	-
Charges for services-Airport	-	-	-	-	-	-	-	-	758,120	877,974
Capital grants and contributions-Airport	-	-	-	-	-	-	-	-	15,255,658	2,205,618
Total business-type activities program revenues	-	-	-	2,591,018	2,912,155	2,855,662	2,965,916	2,996,834	19,020,202	6,071,976
Total primary government program revenues	$ 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	$ 46,006,457

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009 (5)	2010 (6)	2011	2012	2013
Net (expense)/revenue:										
Governmental activities	$ (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)	$ (110,241,279)
Business-type activities	-	-	-	1,232,621	1,231,090	955,724	924,561	1,161,700	16,396,906	3,143,755
Total primary government net expense	$ (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)	$ (107,097,524)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 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	$ 67,973,001
Sales taxes	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	51,091,371
Other taxes	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	9,472,356
Unrestricted investment earnings	740,368	2,553,397	5,309,584 (3)	6,593,296	3,419,841	922,392	150,481	122,805	85,356	79,422
Gain on sale of capital assets	-	142,935	-	218,233	-	-	-			-
Transfers	-	-	-	1,768,921	-	-	384,381	301,187	302,579	214,401
Total governmental activities	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	128,830,551
Business-type activities:										
Unrestricted investment earnings	-	-	-	68,815	74,780	12,445	3,075	4,089	2,639	2,776
	-	-	-	-	-	-	-	-	-	37,377
Transfers	-	-	-	(1,768,921)	-	-	(384,381)	(301,187)	(302,579)	(214,401)
Total business-type activities	-	-	-	(1,700,106)	74,780	12,445	(381,306)	(297,098)	(299,940)	(174,248)
Total primary government	$ 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	$ 128,656,303
Change in Net Position										
Governmental activities	$ 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	$ 18,589,272
Business-type activities	-	-	-	(467,485)	1,305,870	968,169	543,255	864,602	16,096,966	2,969,507
Total primary government	$ 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	$ 21,558,779

(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) 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.
(6) 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									
	2004	2005	2006	2007	2008	2009	2010	2011 (2)	2012	2013
General Fund										
Reserved	$ 78,968 (1)	$ 71,972 (1)	$ 2,679,818	$ 1,458,960	$ 318,171	$ 431,226	$ 317,909	$ -	$ -	$ -
Unreserved	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	217,283
Inventories	-	-	-	-	-	-	-	-	-	190,966
Advances to other funds	-	-	-	-	-	-	-	4,071,741	5,287,840	3,155,660
Restricted:										
Capital projects										1,403,537
Public safety purposes	-	-	-	-	-	-	-	20,973	17,808	17,808
Assigned	-	-	-	-	-	-	-	-	-	3,016,357
Unassigned	-	-	-	-	-	-	-	31,756,420	31,764,728	35,501,521
Total General Fund	$ 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	$ 43,503,132
All Other Governmental Funds										
Reserved	$ 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	1,808,182	1,663,902	461,283	5,366,870	6,217,414	7,893,812	11,026,010	-	-	-
Debt service funds	1,016,842	4,604,604	13,164,213	13,424,334	9,828,838	486,479	17,447,416	-	-	-
Capital projects funds	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	33,671,548
Housing and development	-	-	-	-	-	-	-	-	-	497,567
Federal and State grants	-	-	-	-	-	-	-	2,085,169	2,262,425	2,101,730
Citizen welfare	-	-	-	-	-	-	-	1,285,148	1,230,591	1,177,312
Law enforcement purposes	-	-	-	-	-	-	-	5,541,681	5,872,055	4,851,228
Public safety purposes	-	-	-	-	-	-	-	5,896,612	4,264,629	4,851,291
Debt service	-	-	-	-	-	-	-	18,318,820	18,632,934	18,876,436
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	-	-	(43,261)
Capital projects funds	-	-	-	-	-	-	-	(2,762,763)	(4,910,973)	-
Total all other governmental funds	$ 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	$ 65,983,851

(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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$ 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	$ 129,960,585
Licenses and permits	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	2,478,957
Intergovernmental	1,968,513	2,392,949	2,380,601	7,760,021 (9)	3,599,103	6,699,402	23,150,424 (14)	11,128,485	15,527,987	12,270,254
Charges for services	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	16,157,841
Fines and forfeitures	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	5,338,546
Administrative fees	704,317	1,208,416	-	-	-	-	-	-	-	-
Investment income	740,368	2,553,397 (1)	5,309,584 (7)	6,593,296	3,419,841	922,392	328,794 (13)	208,600	114,916	103,533
Contributions	3,116	65,282	42,416	80,310	165,752	125,886	62,356	65,416	218,557	176,882
Miscellaneous	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	1,981,956
Total revenues	$ 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	$ 168,468,554
Expenditures										
General government	$ 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	$ 14,396,316
Judicial	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	14,729,088
Public safety	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	61,683,411
Public works	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	7,236,563
Health and welfare	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	5,899,710
Culture and recreation	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	5,172,911
Housing and development	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	8,085,404
Intergovernmental	-	-	-	-	1,812,307	25,896,678 (12)	2,523,364	2,412,181	2,951,666	3,264,382
Capital outlay	- (4)	31,765,378	49,655,242	73,201,545	76,417,535	31,337,084	41,606,362	39,907,052	30,750,262	12,886,361
Debt service:										
Principal retirement	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	23,870,927
Interest and fiscal charges	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	3,317,296
Issuance costs	365,555	-	-	-	131,701	757,501	-			-
Total expenditures	109,187,176	126,096,314	167,190,919	198,859,671	217,774,333	219,315,873	184,918,994	188,239,546	175,286,919	160,542,369
Excess (deficiency) of revenues over (under) expenditures	11,414,667	8,156,903	(12,564,820)	(30,885,571)	(55,161,873)	(61,040,087)	(6,538,677)	(30,598,886)	(14,258,721)	7,926,185

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Capital leases	$ 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	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	38,694,400
Transfers out	(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)	(38,479,999)
Proceeds from sale of capital assets	155,971	240,853	3,987,510	273,880	102,550	61,677	42,379	63,500	4,662	142,615
Total other financing sources (uses)	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	357,016
Net change in fund balances	$ 43,576,498	$ 24,965,115	$ 12,725,513	$ (21,255,881)	$ (8,545,204)	$ 30,014,871	$ (6,111,917)	$ (24,674,609)	$ (13,382,329)	$ 8,283,201
Debt service as a percentage of noncapital expenditures	5.0%	7.5%	10.4%	13.4%	14.0%	18.7%	7.6%	17.5%	18.3%	20.3%

(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) 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.
(13) Interest earned on SPLOST funds are reported as program income-capital grants and contributions- beginning in 2010.
(14) Revenues increased in 2010 substantially due to 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)					
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%
2013	3,022,034,746	2,386,381,854	478,457,190	8,195,509	1,254,042,188	4,641,027,111	14.50	11,602,567,778	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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Henry County rates										
Maintenance & Operations										
Unincorporated	14.13	14.06	14.13	14.13	14.37	13.89	13.71	14.89	18.52	18.71
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	2.77	2.71	2.56	2.51	2.45	2.59	2.59	3.45	4.39	4.39
Stockbridge	-	-	-	-	-	-	-	-		
Hampton	-	-	-	-	-	-	-	-		
Locust Grove	-	-	-	-	-	-	-	-		
LOST Reduction	(2.89)	(2.82)	(2.89)	(2.93)	(3.17)	(2.92)	(2.92)	(3.14)	(4.02)	(4.21)
Protection	-	-	-	-	-	-	-	1.72	1.91	1.94
Fire Protection	2.39	2.02	1.18	1.21	1.16	1.22	1.22	1.15	1.02	0.68
Planning and Development	-	-	-	-	-	-	-	0.23	0.14	0.10
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	-	-
Board of Education										
Maintenance & Operations	18.90	18.90	19.40	20.00	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	3.63	3.63
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20	0.15
Total Unincorporated	36.45	36.45	36.95	37.51	37.51	37.28	37.28	38.06	40.33	40.28
Total Municipalities (3), (4)										
McDonough	35.02	35.33	37.03	37.48	37.58	38.14	38.14	38.42	41.65	41.58
Stockbridge	36.45	36.45	36.95	37.47	37.51	37.02	37.02	38.06	40.33	40.28
Hampton	34.67	34.67	35.65	36.23	36.29	36.17	36.17	36.35	38.34	38.29
Locust Grove	34.80	34.80	35.67	35.69	36.29	35.87	35.87	36.11	38.28	38.08
Total Direct Tax Rate	11.74	12.04	11.24	11.20	11.20	10.97	10.97	11.75	14.50	14.50

Source: Henry County Tax Commissioner

(1) Insurance reduction is applied only to unincorporated rates

(2) Fire protection included in City of McDonough rate

(3) Beginning in 2000, all cities except Stockbridge received a reduction for police services

(4) Beginning in 2006, the cities of McDonough and Hampton receive a rollback for Planning and Development

HENRY COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Value	2004 Rank	2004 Percentage of Total Taxable Assessed Value
Georgia Power Company	$ 35,581,290	1	0.77 %	$ 19,154,273	5	0.44 %
Henry Co Development Authority	32,028,938	2	0.69	-	-	-
Kens Foods, INC	28,358,252	3	0.61	13,930,393	7	0.32
Atlanta Motor Speedway	24,699,200	4	0.53	20,309,250	3	0.47
Georgia Crown	21,908,164	5	0.47	-	-	-
Norfolk Southern Combined	20,798,542	6	0.45	-	-	-
US Industrial Reit II	18,738,600	7	0.40	-	-	-
Inland Western McDonough	17,590,440	8	0.38	-	-	-
Trees of Avalon LLC	17,289,143	9	0.37	-	-	-
Georgia Transmission Corp	16,602,700	10	0.36	-	-	-
Cardinal Health 103, Inc.	-	-	-	85,650,029	1	1.98
Bellsouth	-	-	-	21,705,319	4	0.50
Toys R Us	-	-	-	28,690,420	2	0.66
Henry Town Center, LLC ET AL	-	-	-	18,864,440	6	0.44
Istar Financial, Inc.	-	-	-	13,587,200	8	0.31
Weeks Realty LP	-	-	-	13,058,360	9	0.30
TRU Properties, Inc.	-	-	-	12,028,760	10	0.28
Totals	$ 233,595,269		5.03 %	$ 246,978,444		5.70 %

The fiscal year 2013 total taxable assessed value is: 4,641,027,111
The fiscal year 2004 total taxable assessed value is: 4,332,578,950

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
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
2013	171,146,444	165,774,289	96.9	5,372,155	171,146,444	100.0

Source: Henry County Tax Commissioner

HENRY COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt: General Obligation Bonds		Percentage of Actual Property Value (2)	Per Capita (3)	Other Governmental Activities Debt: Certificates of Participation	Other Governmental Activities Debt: Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
2004	$ 25,000,000	(1)	0.23 %	$ 157	-	$ 19,836,060	$ 44,836,060	1.05 %	$ 282
2005	25,000,000		0.21	149	-	30,806,811	55,806,811	1.24	332
2006	25,000,000		0.20	141	-	42,660,618	67,660,618	1.42	381
2007	16,920,000		0.12	91	-	42,866,616	59,786,616	1.19	321
2008	15,646,148		0.10	80	-	74,488,914	90,135,062	1.71	461
2009	87,240,000	(4)	0.52	433	-	58,362,818	145,602,818	2.63	723
2010	87,240,000		0.52	449	-	52,715,208	139,955,208	2.20	720
2011	71,485,000		0.50	344	-	52,148,384	123,633,384	1.85	595
2012	54,530,000		0.41	260	-	46,598,728	101,128,728	1.54	483
2013	36,885,000		0.32	176	-	40,372,801	77,257,801	1.13	370

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 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	$ 464,102,711
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	36,885,000
Legal debt margin	$ 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	$ 427,217,711
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%	7.95%

Legal Debt margin Calculation for Fiscal Year 2013

Assessed value	$ 4,641,027,111
Debt limit (10% of assessed value)	464,102,711
Debt applicable to limit:	
General obligation bonds	36,885,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	36,885,000
Legal debt margin	$ 427,217,711

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) (2)	Per Capita Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
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	26,876	33.4	37,350	4.4
2007	186,308	5,031,049	27,004	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	27,549	33.4	40,370	10.1
2010	194,400	6,360,121	32,717	33.4	40,791	10.0
2011	207,800	6,678,127	32,137	31.0	40,951	10.9
2012	209,500	6,548,536	31,258	35.3	40,290	9.5
2013	209,053	6,810,478	32,578	35.3	40,440	8.0

(1) Source: Bureau of Economic Analysis: Regional Economic Accounts 2004-2007, Atlanta Regional Commission 2008-2013
(2) Source: Bureau of Economic Analysis
(3) Source: U. S. Bureau of the Census, Census 2000 and 2010
(4) Source: Henry County Board of Education
(5) Source: Georgia Department of Labor

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

	2013			2004		
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	4.94 %	3,784	1	4.76 %
Piedmont Henry	1,561	2	1.61	1,287	2	1.62
Henry County Board of Commissioners	1,543	3	1.59	1,260	3	1.58
Wal-Mart Supercenter	1,373	4	1.41	1,010	4	1.27
Federal Aviation Administration	800	5	0.82	533	6	0.67
Georgia Power Company	592	6	0.61	458	7	0.58
Briggs & Stratton/fka/Snapper	523	7	0.54	457	8	0.57
Southern States, Inc.	380	8	0.39	-	-	-
Kens Foods	323	9	0.33	-	-	-
Luxottica Retail Group	302	10	0.31	-	-	-
SunTrust Bank	-	-	-	700	5	0.88
Toys R Us	-	-	-	450	9	0.57
Aero Plastics, Inc.	-	-	-	350	10	0.44
Totals	12,197		12.55 %	10,289		12.94 %

(1) Source: Henry County Development Authority
(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 79,506 (2004) 97,225 (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	**2004 (2)**	**2005 (2)**	**2006 (3)**	**2007 (3)**	**2008 (3)**	**2009 (3)**	**2010 (3)**	**2011 (3)**	**2012 (3)**	**2013 (3)**
General Government	550	581	605	598	582	576	639	615	591	411
Public Safety										
Police & Sheriff										
Officers	169	188	211	262	256	302	368	296	281	328
Civilians	35	33	59	57	54	53	53	53	57	53
Corrections	168	109	117	122	153	160	157	163	162	162
Fire										
Firefighters	231	245	257	267	300	264	265	260	242	270
Civilians	9	9	8	12	9	27	27	27	27	12
Highways and streets										
Engineering	21	26	22	21	24	24	19	19	16	15
Maintenance	92 (1)	84	80	83	90	84	80	74	66	68
Social services	-	-	-	-	78	100	101	73	82	62
Culture and recreation	28	30	36	44	56	71	66	50	58	36
Total	1,303	1,305	1,395	1,466	1,602	1,661	1,775	1,630	1,582	1,417

(1) The County added a third patching crew to the road maintenance department in 2004.
(2) Source: Henry County Human Resources Department.
(3) 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

Function	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Physical arrest	3,984	3,959	5,394	6,482	7,119	6,715	6,652	6,498	5,556	5,986
Parking violations	51	35	51	19	16	83	20	58	44	31
Traffic violations	21,981	36,662	52,921	67,728	70,045	65,394	66,061	65,105	50,492	71,254
Fire										
Calls answered	13,263	14,704	17,059	18,065	18,471	19,240	20,245	21,581	23,902	22,497
Inspections	4,739	4,163	4,070	3,827	6,698	8,431	11,856	8,382	7,335	6,731
Highways and streets										
Street resurfacing	55	25	45	30	27	56	56	65	40	34
Culture and recreation										
Athletic field permits issued	15,464	5,155	19,191	48,896	105,184	121,576	125,544	151,826	61,578	40,571
Community center admissions	34,331	11,444	30,631	45,198	74,656	79,143	79,876	59,473	77,307	16,923

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	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Police										
Stations	2	2	4	4	4	4	5	5	4	3
Patrol Units	195	232	232	288	282	310	230	196	196	314
Patrol Zones	11	11	20	20	20	20	20	20	20	20
Fire Stations	12	12	12	13	13	13	13	13	13	13
Public Works										
Streets (miles)	1,281	1,318	1,163	1,172	1,195	1,221	1,230	1,236	1,238	1,237
Traffic Signals	15	15	23	24	24	27	30	32	32	35
Culture and Recreation										
Park Acreage	836.9	836.9	1,162.9	1,162.9	1,162.9	1,258.2	1,268.7	1,271	1,271	1,271
Playgrounds	18	18	22	22	33	33	33	33	33	33
Baseball/Softball Diamonds	66	66	66	67	74	74	74	73	73	73
Soccer/Football Fields	17	17	18	24	27	27	us	33	33	33
Community Centers	3	3	4	6	9	9	10	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.

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COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

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

We have audited, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated January 24, 2014. Our report includes a reference to other auditors who audited the financial statements of the Henry County Department of Public Health, as described in our report on Henry County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henry County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Henry County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-1 through 2013-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henry County, Georgia's financial statements are free from 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*.

Henry County, Georgia's Responses to Findings

Henry County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Henry County, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
January 24, 2014

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Henry County, Georgia's compliance 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 Henry County, Georgia's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Henry County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Henry County, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, Henry County, Georgia complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Henry County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Henry County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
January 24, 2014

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	$ 60,646
Community Care Services Program - Title III, Part C	93.045	GA DHR 10 IIIC Subcontractor	270,903
Nutrition Services Incentive Program	93.053	GA DHR 10 AOA NSIP	37,446
Total Aging Cluster			368,995
Community Care Services Program - Title III, Part E (National Family Caregiver Support)	93.052	GA DHR 10 III E Subcontract	28,825
Community Services Block Grant	93.569	42700-040-00000013231	75,683
Community Services Block Grant	93.569	42700-040-00000009977	3,863
Total Community Services Block Grant (CSBG) Cluster			79,546
Social Services Block Grant	93.667	GA DHR SSBG	15,953
Total U.S. Department of Health and Human Services			493,319
U.S. Department of Housing and Urban Development			
Pass Through Program - Georgia Department of Community Affairs			
Neighborhood Stabilization Program 3	14.228		1,257,160
CDBG Entitlement Grants	14.218	B-12-UC-13-0007	216,097
CDBG Entitlement Grants	14.218	B-11-UN-13-0008	14,904
Total U.S. Department of Housing and Urban Development			1,488,161
U.S. Department of Justice			
Pass Through Program - Department of Juvenile Justice			
Purchase of Services for Juvenile Offenders	16.523	JB-08ST-004	3,575
Bulletproof Vest Grant	16.607	2013-BO-BX-13070169	2,802
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2009-CK-WX-0501	30,524
State Criminal Alien Assistance Program (SCAAP)	16.606	2012-AP-BX-1663	34,066
Pass Through Program - Criminal Justice Coordinating Council			
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-059	44,020
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-061	23,221
			67,241

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Justice (Continued)			
Edward Byrne Memorial Justice Assistance Grant Local Program	16.738	2012-DJ-BX-0488	$ 7,425
Edward Byrne Memorial Justice Assistance Grant Local Program (LEADS Online)	16.738	2011-DJ-BX-3131	14,866
Criminal Intelligence Unit Grant	16.738	2010-DJBX-1663	1,822
Total JAG Program Cluster			91,354
Pass Through Program - Criminal Justice Coordinating Council			
Violence Against Women Formula Grant	16.588	W11-8-077	49,857
Violence Against Women Formula Grant	16.588	W11-8-038	87,520
Violence Against Women Formula Grant	16.588	W12-8-34	29,323
			166,700
Total U.S. Department of Justice			329,021
U.S. Department of Homeland Security			
Citizen Corps Grant	97.053	2009-SS-T9-0047	3,031
Citizen Corps Grant	97.053	2009-SS-T9-0047 BW#2406	315
Citizen Corps Grant	97.053	2010-SS-T0-0034 BW#2510	10,028
			13,374
Buffer Zone Protection Program	97.078	2010-BF-T0-0009	141,389
Assistance to Firefighters Program	97.044	EMW-2011-SS-0081	10,436
Office of Domestic Preparedness Management Performance	97.042	P09-9-077	7,943
Total U.S. Department of Homeland Security			173,142
U.S. Department of Transportation			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA 2012-75-00366	12,781
State and Community Highway Safety	20.600	GA 2013-75-00388	36,795
Total Highway Safety Cluster			49,576

(Continued)

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Award Program	CFDA #	Grant I. D.	Expenditures
U.S. Department of Transportation (continued)			
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-65-379001	$ 148,582
Total Transit Services Program Cluster			148,582
Pass Through Program- Georgia Department of Transportation .			
ARRA - Federal Transit Formula Grants	20.507	GA-96-X001	19,437
Federal Transit Formula Grants	20.507	GA-90-X263-00	953,174
Total Federal Transit Cluster			972,611
ARRA - Transportation Enhancement Activities	20.205	Project ID #332945	433,167
Total Highway Planning & Construction Cluster			433,167
Intermodal Programs - Transit Operating Grant	20.509	GA-18-4023	424,337
			424,337
Federal Aviation Administration - Airport Improvement Program	20.106	AP012-9015-11	106,882
Federal Aviation Administration - Airport Improvement Program	20.106	3-13-062-018-2012	2,161,334
Total Federal Aviation Administration			2,268,216
Total U.S. Department of Transportation			4,296,489
U.S. Department of Energy			
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002192	29,414
Total U.S. Department of Energy			29,414
U.S. Department of Education			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services-Total Vocational Rehabilitation Cluster	84.126	42700-362-000013106	4,442
Total U.S. Department of Education			4,442
Total Expenditures of Federal Awards			$ 6,813,988

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, 2013

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies identified not considered to be material weaknesses?	____ yes X none reported
Type of auditor's report issued on compliance for major programs	Unmodified
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
14.228	Neighborhood Stabilization 3 Program
20.507	Federal Transit Cluster
20.509	Intermodal Programs – Transit Operating Grant

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2013-1. Accounting for Revenues, Allowances and Deferred Revenue

Criteria: Generally accepted accounting principles require entities to recognize revenues when they are considered to be earned and measurable. Further, governmental funds 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. Additionally, the County is required to determine an estimation of collectability of receivables on an on-going basis.

Condition: During our audit, we noted substantial adjustments were required relative to the County following the respective criteria for recognizing revenues, receivables, allowances for doubtful accounts and deferred revenues. This condition was noted in the revenue cycles of taxes, fees, and grant activities. Such adjustments were noted in the General Fund, the SPLOST III Fund, the Airport Fund, the Neighborhood Stabilization 3 Fund, Emergency 911 Fund, the Juvenile Assistance Fund, and the Hotel / Motel Tax Fund.

Context: We addressed our concerns relative to the above matters with County officials, and they were able to determine the amount of the revenues, receivables, allowances for doubtful accounts and deferred revenues that should be recorded in the respective funds as of and for the year ended June 30, 2013.

Effect: Audit adjustments affecting fund balances and net position were required to properly reflect the accounting of revenues, receivables, allowances for doubtful accounts and deferred revenues in the following funds:

- General Fund - net effect to increase fund balance by approximately $1,311,000;
- SPLOST III Fund - net effect to decrease fund balance by approximately $200,000;
- Emergency 911 Fund - net effect to decrease fund balance by approximately $11,000;

Effect: (Continued)

- Juvenile Assistance Fund - net effect to decrease fund balance by approximately $76,000;
- Hotel / Motel Tax Fund - net effect to decrease fund balance by approximately $12,000.

Further, adjustments were required to record receivables offset by deferred revenue in the following funds:

- General Fund - increase receivables and deferred revenues by approximately $26,000;
- Neighborhood Stabilization 3 Fund - increase receivables and deferred revenues by approximately $90,000.
- Grant Fund – decrease in receivables and deferred revenues by approximately $162,000.

Recommendation: We recommend the County better approach the concept of monthly reconciliations of all respective revenues, receivables, allowances and deferred revenue, and record all respective revenues when earned, measurable and available in accordance with relevant accounting standards.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management is working on an action plan that will record revenue, receivables, and allowances are earned. Management expects this matter to be completely addressed in the immediate future.

2013-2. Accounting for Interfund Transactions

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds whether external or internal to the County. As part of that process, the County should review the amounts included in due to/from accounts (interfund receivables and payables) in each fund to determine if amounts should instead be treated as operating transfers in/out during any given fiscal year.

Condition: During our audit, we noted substantial adjustments were required to record and reconcile amounts in various interfund accounts. Such adjustments affected interfund receivables and payables as well as operating transfers in and out to the following funds: the General Fund, the Grant Fund, the Hotel / Motel Tax Fund, and the Capital Assets Fund.

2013-2. Accounting for Interfund Transactions (Continued)

Context: We addressed our concerns relative to the above matters with County officials, and they were able to determine the amount of the interfund receivables and payables as well as operating transfers in and out as of and for the year ended June 30, 2013.

Effect: Audit adjustments were required to correct the reflection of interfund activities in each of the following funds:

- General Fund - increase receivables by approximately $339,000; increase payables by approximately $23,000; and, increase fund balance by approximately $316,000.
- Grant Fund - increase payables by approximately $314,000; and, decrease fund balance by approximately $314,000.
- Hotel / Motel Tax Fund - increase payables by approximately $25,000; and, decrease fund balance by approximately $25,000.
- Capital Assets Fund - increase receivables by approximately $20,000; and, increase fund balance by approximately $20,000.

Cause: Turnover in key accounting positions coupled with a general lack of monthly reconciliations of the respective interfund activities.

Recommendation: We recommend the County review all interfund receivables and payables on a monthly basis and consider the need for settlement between funds at that time via operating transfers in/out by the respective funds.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Management is in the process of addressing this issue. Monthly worksheets will be prepared at the close of each month to ensure Interfund receivables and payables are in agreement and funds are transferred when available to reduce or eliminate interfund balances.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

2013-3. Accounting for Inventory in the Neighborhood Stabilization Grant Funds

Criteria: Generally accepted accounting principles require the recording of inventory. Per the County's significant accounting policies, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method, and inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Condition: During our audit, we noted adjustments were required to record certain expenditures as inventory upon incurring the costs to purchase, repair, and rehabilitate homes reported and accounted for in the Neighborhood Stabilization Fund and the Neighborhood Stabilization 3 Fund.

Context: We addressed our concerns relative to the above matters with County officials, and they were able to determine the amount of the inventory which should be recorded in the respective funds as of June 30, 2013.

Effect: Audit adjustments were required to correct the recording of inventory in each of the following funds:

- Neighborhood Stabilization Fund - increase inventory by approximately $88,000.
- Neighborhood Stabilization 3 Fund - increase inventory by approximately $94,000.

Cause: A lack of proper analysis and determination of homes that were not sold as of June 30, 2013.

Recommendation: We recommend the County analyze and consider an inventory of all existing homes in the Neighborhood Stabilization Program (NSP) on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur with this finding. Greater attention will be provided monthly to tie out NSP home inventory to the general ledgers of NSP funds. Consideration is being given to pay for NSP inventory directly from NSP funds rather than General funds and then reimbursing it. This would eliminate the need for interfund transactions that may be timely missed.

HENRY COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

NONE REPORTED

HENRY COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

NONE REPORTED

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