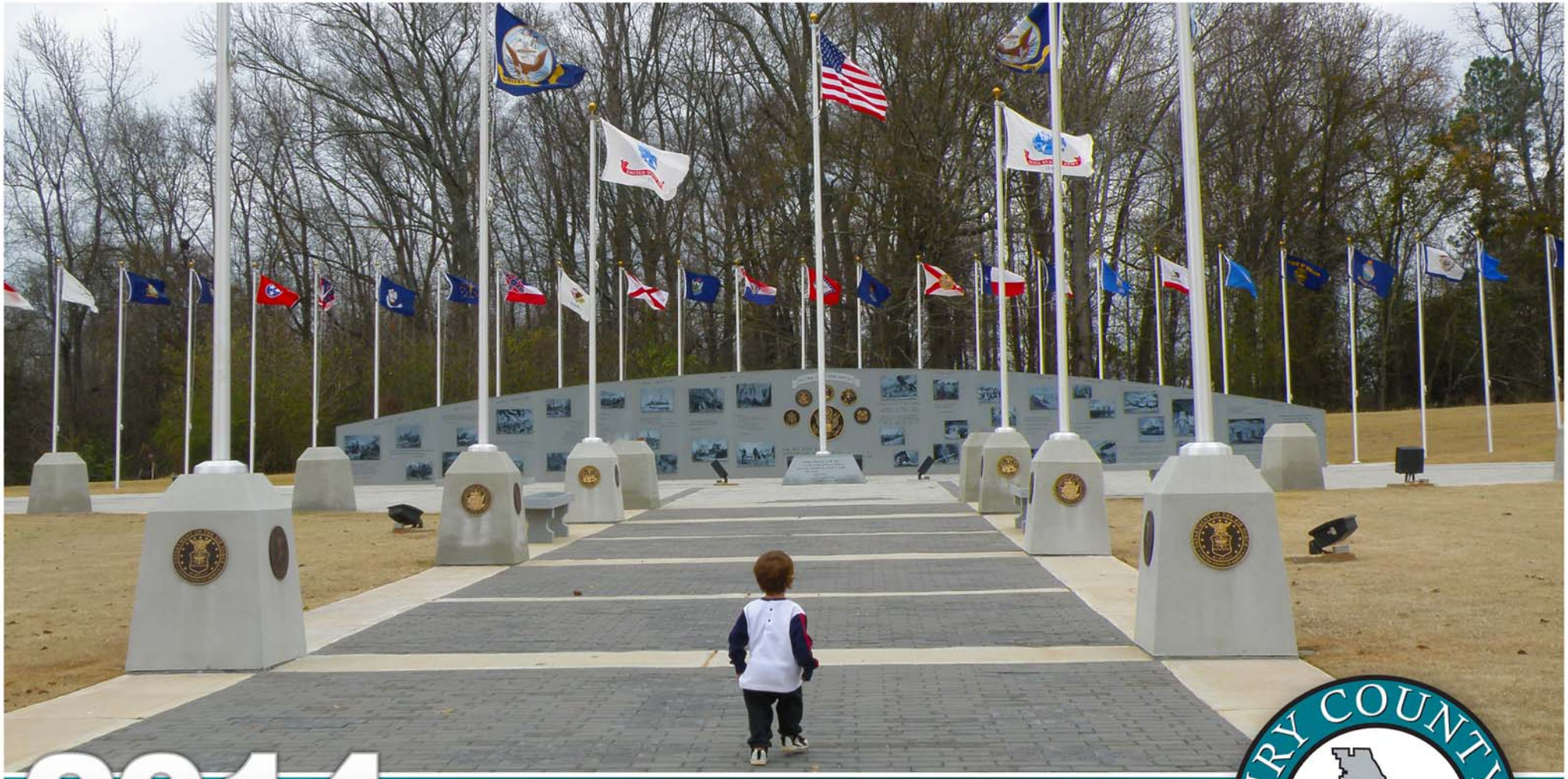


2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

HENRY COUNTY GA
1821

Henry County, Georgia
Year Ended June 30, 2014
Pictured Above, Veterans Wall of Honor
Heritage Park, McDonough, Ga.

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
Fredric L. Auletta,
Financial Services Director

INTRODUCTORY SECTION

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Table of Contents	i - iii
Letter of Transmittal	iv - x
GFOA Certificate of Achievement	xi
Organizational Chart	xii
List of Principal Officials	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	21 and 22
Statement of Activities	23
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24 and 25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	28 - 30
Neighborhood Stabilization Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	31
Neighborhood Stabilization 3 Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	34

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (Continued)

	Page Number
FINANCIAL SECTION (Continued)	
Basic Financial Statements (Continued):	
Fund Financial Statements (Continued):	
Statement of Cash Flows – Proprietary Funds	**35 and 36**
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	**37**
Notes to Financial Statements	**38 - 99**
Required Supplementary Information:	
Schedule of Funding Progress	**100 and 101**
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	**102 and 103**
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	**104 and 105**
Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	**106 - 110**
Debt Service 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**
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2014 Issue	**114**
Combining Statement of Assets and Liabilities – Agency Funds	**115 and 116**
Combining Statement of Changes in Assets and Liabilities – Agency Funds	**117 - 119**
Balance Sheet – Component Unit – Library System	**120**
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit – Library System	**121**

HENRY COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (Continued)

	Page Number
STATISTICAL SECTION	
Net Position by Component – Last Ten Fiscal Years	122
Changes in Net Position – Last Ten Fiscal Years	123 and 124
Fund Balances, Governmental Funds – Last Ten Fiscal Years	125
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	126 and 127
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	128
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	129
Principal Property Taxpayers – Current Year and Nine Years Ago	130
Property Tax Levies and Collections – Last Ten Fiscal Years	131
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	132
Legal Debt Margin Information – Last Ten Fiscal Years	133
Demographic and Economic Statistics – Last Ten Fiscal Years	134
Principal Employers – Current Year and Thirteen Years Ago	135
Full-Time Equivalent County Government Employees by Function – Last Ten Fiscal Years	136
Operating Indicators by Function – Last Ten Calendar Years	137
Capital Asset Statistics by Function – Last Ten Fiscal Years	138

Board of Commissioners

Tommy N. Smith
Chairman

Bo Moss
District I

Brian Preston
District II

Gary Barham
District III

Reid A. Bowman
District IV

Bruce B. Holmes
District V

Jim Walker
County Manager

Cheri Hobson-Matthews
Assistant County Manager

Shay Mathis
County Clerk

140 Henry Parkway
McDonough, Georgia 30253
770.288-6001
FAX 770.288-6026
www.co.henry.ga.us

December 18, 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, 2014. 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 data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of Henry County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Henry County's financial statements have been 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 auditors have issued an unqualified opinion of Henry County's financial statements for the year ended June 30, 2014. 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. The 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 214,000. 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,

County clerk 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 May. The Board of Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of Henry County's fiscal year. The appropriated budget is prepared by fund and department. The County Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and the appropriation of additional funds, however, require the special approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part

of the Basic Financial Statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy. Henry County is strategically located along I-75 with a total of seven interchanges within its borders. Henry County is just minutes from Atlanta, the business capital of the American South, and Hartsfield-Jackson Atlanta International Airport, the World's busiest. Our outstanding labor force, abundant higher education opportunities, and high quality but affordable housing continue to make Henry County a powerful choice to live, work and play. State and national economic indicators still place Henry County in an enviable position as one of the nation's fastest-growing communities. Henry County has a rich variety of retail establishments, from large stores in outlying shopping centers to small mom and pop shops that serve the downtown areas. In fact, the Tanger Factory Outlet in Locust Grove draws more than 2 million shoppers annually. According to CNNMoney.com, "Henry County is a thriving commerce center mixed with big-box retail, abundant health care services and a nurturing attitude toward small businesses." CNN Money ranked Henry County 7th in overall job growth stating a 60.5% job growth between 2000 and 2008. In the fall of 2014 Southern Crescent Technical College opened the first building of a proposed eight-building campus in McDonough and Henry County which will serve as an Academy for Advanced Studies, a Charter College, and a Career Academy. 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 37 hotel and motel facilities provide over 2,492 guest rooms throughout the County.

Major Initiatives. Discussions were held prior to year end on two debt obligations to refinance almost $15,000,000 concluding with a $850,000 savings to the county. In Fiscal Year 2014, the citizens of Henry County passed a referendum for the next phase of the Special Purpose Local Option Sales Tax (SPLOST) program. The SPLOST IV program, which began in April of 2014 and will end in April of 2020, is expected to collect over $190,000,000 in revenue and will be used to enhance the overall social well-being of the County through various transportation and capital projects. Among the most notable of the capital projects include Bellamy Memorial Park, the construction of 3 new fire stations, Kellytown Park, and the District II Senior Center. Some of the major transportation projects that will be completed in the SPLOST IV program include the widening of East Atlanta and Rock Quarry Road, the extension of McDonough Parkway, Hemphill Rd at SR138, and West Panola Rd. Many of these proposed projects will also make Henry County a more attractive place to do business. Bringing new companies to the area will create new jobs and bolstering the local economy. The County also continues to work on major projects from the SPLOST III program which began in April of 2008 and ended in April of 2014. Although the revenue stream for this program has been collected, the remaining funds are being used to complete many vital projects including Fairview Road and Campground Road. In prior years, the Henry County Board of Commissioners, together with the SPLOST Department, have completed many projects that have proved to greatly benefit the citizens of Henry County, including the Judicial Center Parking Deck, the Locust Grove Senior Center, the Domestic Violence Center, the Emergency Operations center, Warren Holder Park, North Mt. Carmel Park, the Hampton Library, the Locust Grove Recreation Center, and the Fairview Recreation Center. Among the projects completed were also many major transportation projects that have greatly improved Henry County's flow of traffic including Eagles Landing Parkway, the Rock Quarry Road Bridge, and East Lake Road.

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, Public Funds Interest Money Market Accounts and the Georgia Fund One, 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, 2013. This was the ninth year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish

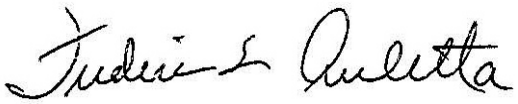
an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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 8th 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

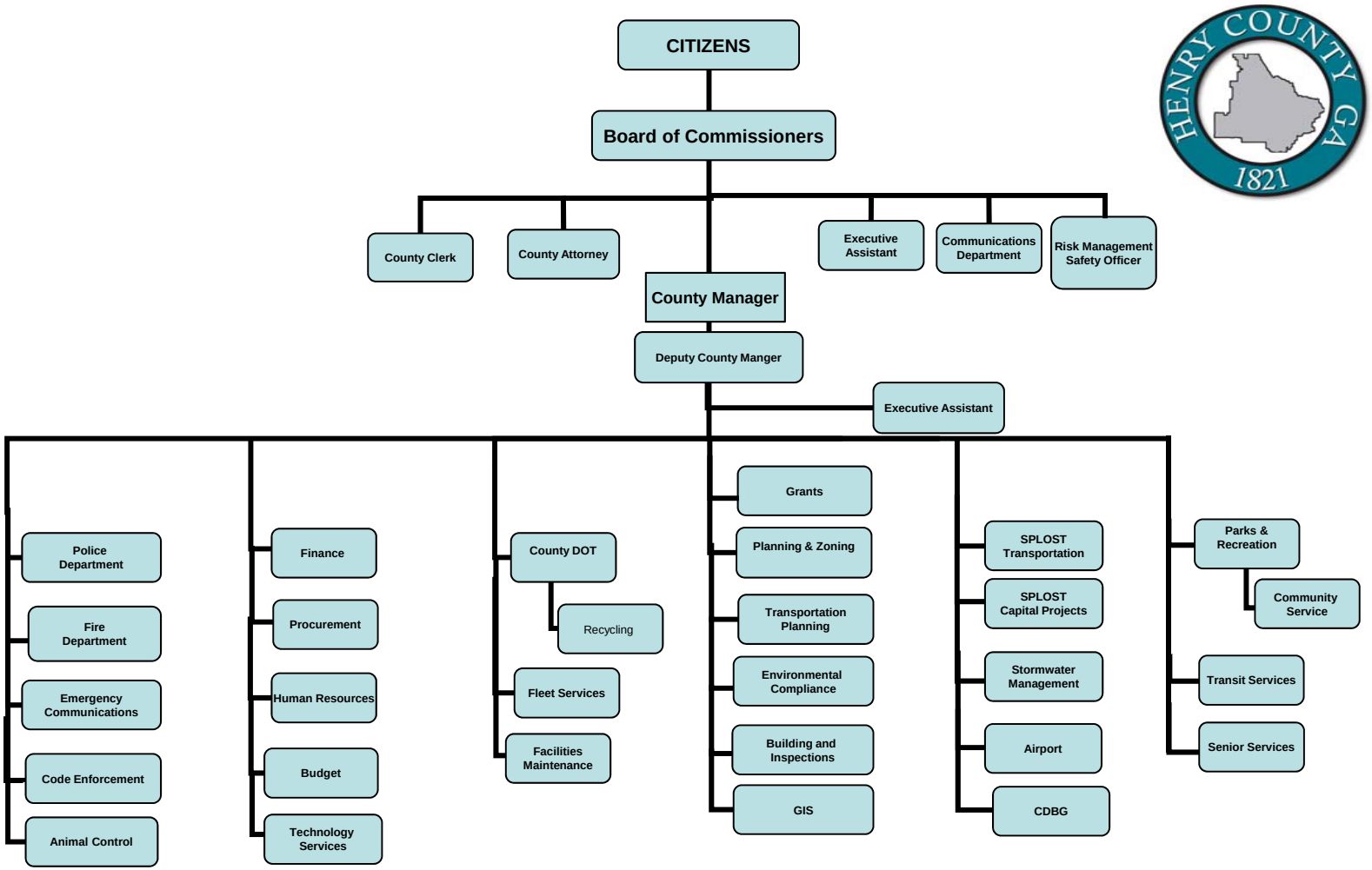
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Henry County Board of Commissioners



HENRY COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014

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

County Manager	**Jim Walker**
Assistant County Manager	**Cheri Hobson-Matthews**
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	**Nedra Swift**
Community Development and Housing Division Director	**Daunte Gibbs**

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, 2014, 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 0.3 percent, 0.5 percent, and 3.1 percent, respectively, of the assets and deferred outflows of resources, 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 of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, the Neighborhood Stabilization Fund and the Neighborhood Stabilization 3 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. 65*, Items Previously Reported as Assets and Liabilities,* as of July 1, 2013. 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 20 and Schedule of Funding Progress on pages 100 and 101 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 48-8-121, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, and the schedules of expenditures of special purpose local option sales tax proceeds 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, and the schedules of expenditures of special purpose local option sales tax proceeds 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 December 18, 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
December 18, 2014

HENRY COUNTY, GEORGIA

MANAGEMENT'S DISCUSSIONS & ANALYSIS
JUNE 30, 2014

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, 2014. 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, 2014, by $696,502,102 (net position) which is an increase of $20,522,577 over the previous year. Of the $696,502,102, $26,405,026 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2014, the County's General Fund reported a total fund balance of $42,823,833, a decrease of $679,299, or 1.56%, from our last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated total revenues of $24,546,199 during fiscal year 2014.
- The Henry County Neighborhood Stabilization Program (NSP) funds received $7,234,237 in revenues and had expenditures of $8,374,124 which created a decrease in fund balances of $1,139,887 leaving $961,843 in fund balances at fiscal year end 2014.
- During fiscal year 2014, Henry County's Airport Fund recognized its second complete fiscal year of operations with aggregate revenues and capital contributions of $1,439,251, offset by expenses of $865,506.
- During fiscal year 2014, Henry County's Stormwater fund, had $2,983,539 in operating revenues and $2,683,451 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 21 - 23 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, 2014 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, Neighborhood Stabilization 3 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 page 28 of this report.

The basic Governmental Fund Financial Statements can be found on page 24 – 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 33 – 36 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 37 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 38 – 99 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 $696,502,102 at the close of the June 30, 2014 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		
	2014	2013	2014	2013	2014	2013	Variance
Current and other assets	$ 128,352,011	$ 124,085,838	$ 4,785,420	$ 2,176,593	$ 133,137,431	$ 126,262,431	$ 6,875,000
Capital assets	626,752,363	637,299,181	21,550,115	20,954,950	648,302,478	658,254,131	(9,951,653)
Total assets	755,104,374	761,385,019	26,335,535	23,131,543	781,439,909	784,516,562	(3,076,653)
Current liabilities	14,451,075	13,860,165	324,029	850,659	14,775,104	14,710,824	64,280
Long-term liabilites	70,162,703	93,581,835	-	-	70,162,703	93,581,835	(23,419,132)
Total liabilities	84,613,778	107,442,000	324,029	850,659	84,937,807	108,292,659	(23,354,852)
Net position:							
Net investment in capital assets	581,339,331	568,049,432	21,550,115	20,954,950	602,889,446	589,004,382	13,885,064
Restricted	67,207,630	67,078,084	-	-	67,207,630	67,078,084	129,546
Unrestricted	21,943,635	18,815,503	4,461,391	1,325,934	26,405,026	20,141,437	6,263,589
Total net position	$ 670,490,596	$ 653,943,019	$ 26,011,506	$ 22,280,884	$ 696,502,102	$ 676,223,903	$ 20,278,199

By far the largest portion of the County's net position (86.6%) 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 ($67,207,630 or 9.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($26,405,026 or 3.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase in current and other assets of $6,875,000 and a decrease in capital assets of $9,951,653 creating a total decrease of $3,076,653 in total assets. The primary reason for the decrease in capital assets is the recognition of $23,080,553 of depreciation expense as compared to net capital asset additions of $13,349,347 during the fiscal year ended June 30, 2014. 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 $23,419,132. Current liabilities increased by $64,280. The total decrease in liabilities amounted to $23,254,852. 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.

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 $16,791,955.

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
	2014	2013	2014	2013	2014	2013	Pos. (Neg.)
Program revenues:							
Charges for services	$ 29,959,980	$ 25,559,125	$ 3,891,783	$ 3,866,358	$ 33,851,763	$ 29,425,483	$ 4,426,280
Grants and contributions:							
Operating	13,159,806	10,407,091	-	-	13,159,806	10,407,091	2,752,715
Capital	4,881,467	3,968,265	530,038	2,205,618	5,411,505	6,173,883	(762,378)
General revenues:							
Property taxes	67,371,942	67,973,001	-	-	67,371,942	67,973,001	(601,059)
Sales taxes	53,611,106	51,091,371	-	-	53,611,106	51,091,371	2,519,735
Other taxes	9,803,331	9,472,356	-	-	9,803,331	9,472,356	330,975
Unrestricted investment earnings	63,944	79,422	3,285	2,776	67,229	82,198	(14,969)
Gain on sale of capital assets	-	-	-	37,377	-	37,377	(37,377)
Total revenues	178,851,576	168,550,631	4,425,106	6,112,129	183,276,682	174,662,760	8,613,922
Expenses, by function:							
General government	31,870,194	30,586,221	-	-	31,870,194	30,586,221	(1,283,973)
Judicial	15,033,248	15,218,800	-	-	15,033,248	15,218,800	185,552
Public safety	69,770,025	67,677,868	-	-	69,770,025	67,677,868	(2,092,157)
Public works	17,273,896	12,528,288	-	-	17,273,896	12,528,288	(4,745,608)
Health and welfare	5,173,914	6,465,665	-	-	5,173,914	6,465,665	1,291,751
Culture and recreation	6,818,383	7,062,545	-	-	6,818,383	7,062,545	244,162
Housing and development	11,721,615	8,166,587	-	-	11,721,615	8,166,587	(3,555,028)
Interest on long-term debt	1,543,873	2,469,786	-	-	1,543,873	2,469,786	925,913
Stormwater	-	-	2,683,451	2,053,165	2,683,451	2,053,165	(630,286)
Airport	-	-	865,506	875,056	865,506	875,056	9,550
Total expenses	159,205,148	150,175,760	3,548,957	2,928,221	162,754,105	153,103,981	(9,650,124)
Increase in net position before transfers	19,646,428	18,374,871	876,149	3,183,908	20,522,577	21,558,779	(1,036,202)
Transfers	(2,854,473)	214,401	2,854,473	(214,401)	-	-	-
Increase in net position	16,791,955	18,589,272	3,730,622	2,969,507	20,522,577	21,558,779	$ (1,036,202)
Net position, beginning of year, restated for new standards in fiscal year 2014	653,698,641	635,353,747	22,280,884	19,311,377	675,979,525	654,665,124	
Net position, end of year	$ 670,490,596	$ 653,943,019	$ 26,011,506	$ 22,280,884	$ 696,502,102	$ 676,223,903	

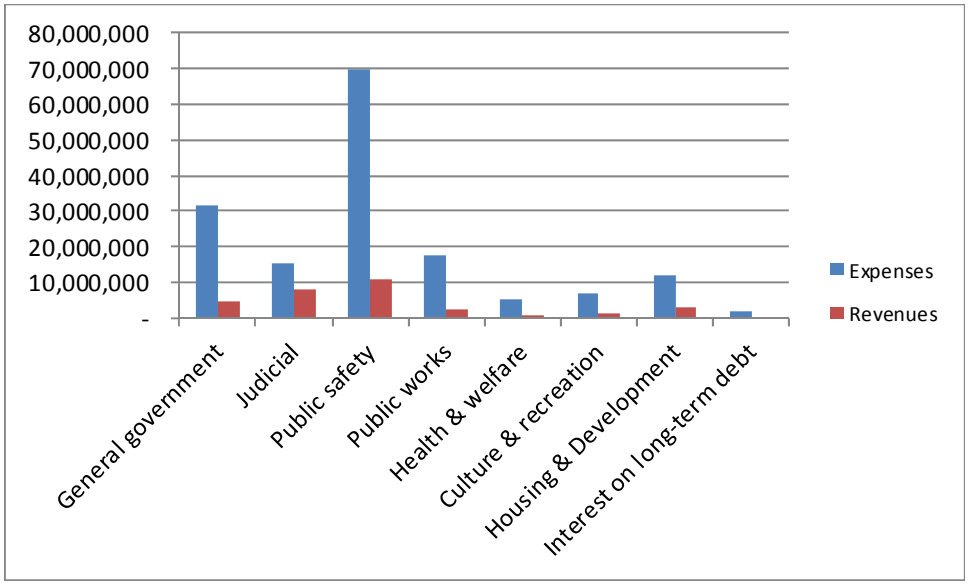
Operating grants increased by $2,752,715 (or 26.5%). Most of the increase is due to increased NSP and NSP3 activity. However, capital grants decreased by $762,378 (or 12.4%) during the year. This is mainly due to the improvements at the airport.

Property Taxes decreased by $601,059 (or .9%) during the year. Most of this decrease is due to the timing of collections. Sales taxes increased by $2,519,735 (or 5%) during the year. This is mainly due to an increase in retail activity.

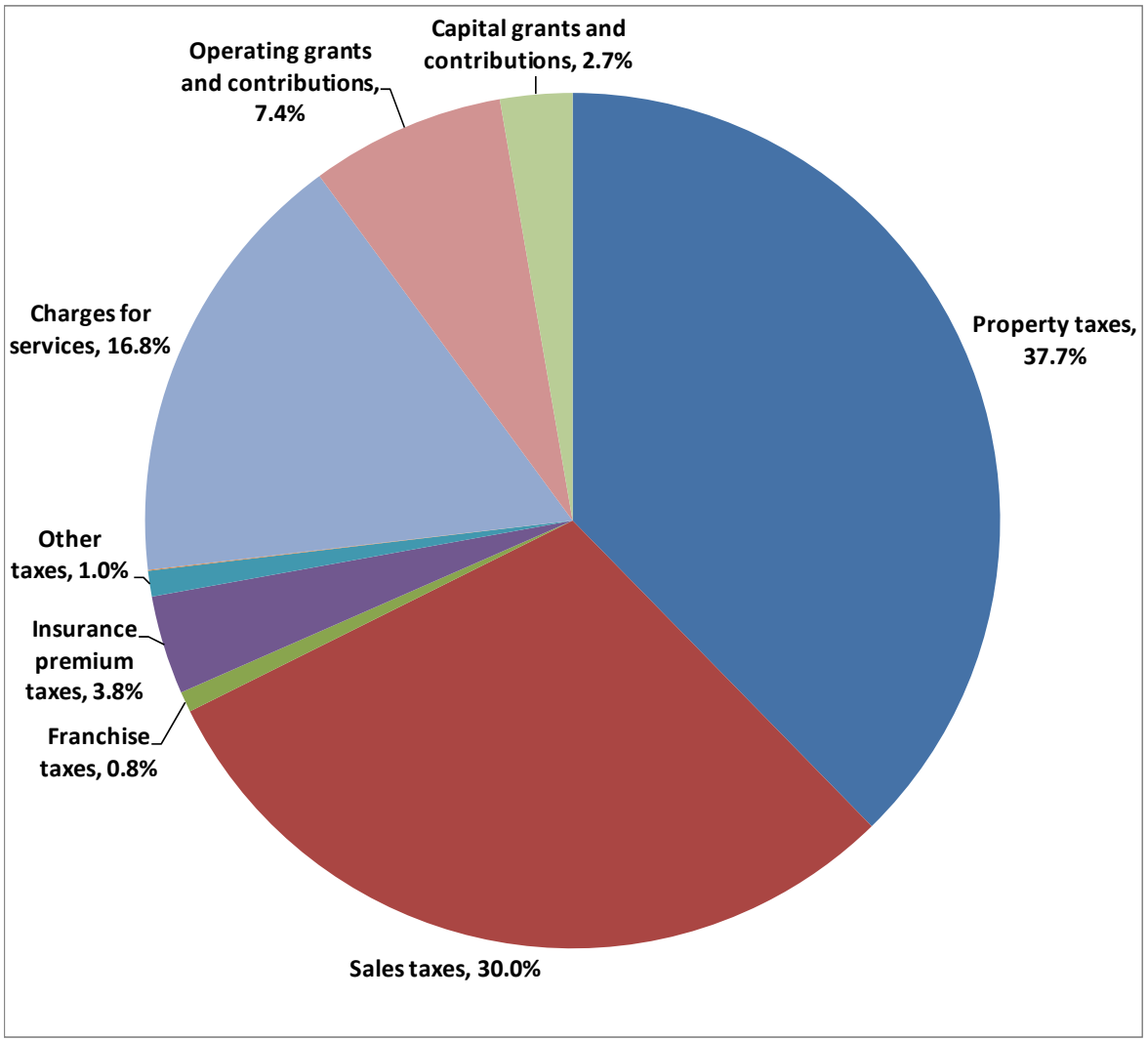
Overall, governmental expenses were $9,650,124 (or 6.3%) higher than the prior fiscal year. Biggest areas of change were in the functional areas of:

- Public works increased by $4,745,608 (or 37.9%). This is mainly due to maintenance on roads of the LMIG projects.
- Housing and development increased by $3,555,028 (or 43.5%). Most of this increase is from increased activity in both NSP and NSP3 as well as recognition of activities at the Development Authority.
- Public Safety increased by $2,092,157 (or 3%). This is mainly due to the purchase of capital items.

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 2014, the Stormwater Fund realized operating revenues of $2,983,539 and incurred expenses of $2,683,451 thus creating an operating income of $300,088. Operating revenues decreased by $4,845 due mainly to decreased collection of fees over the previous years. Operating expenses increased from the prior year by $630,286 due mainly for new personnel and technical contracted services.

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 four 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 five 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 2014, capital contributions related to the grant funds utilized to enhance and improve the airport amounted to $530,038. In fiscal year 2014, the Airport Fund realized operating revenues of $908,244 and incurred expenses of $865,506, creating operating income of $42,738.

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 $109,280,154 as compared to the previous fiscal year which amounted to $109,486,983, a decrease of $206,829 (or .2%).

Approximately $41,290,935 (or 37.8%) of the ending governmental fund balances constitute unassigned fund balance, which is available for spending at the government's discretion. An additional $586,609 is classified as non-spendable for prepaid items and inventories, and another $194,980 is assigned. The remaining fund balances totaling $67,207,630 is classified as restricted to indicate that it is not available for new spending because it has already been restricted for: capital projects ($35,936,614); debt service ($19,120,465); and other requirements ($12,150,551).

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 $41,608,532, while total fund balance reached $42,823,833. 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 36.0% of total General Fund expenditures, while total fund balance represents 37% 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 decreased by $679,299 during the current fiscal year, due to a transfer out to the Airport 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 2014 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $26,013,837, a decrease of $4,268,072 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 $19,120,465, all of which is reserved for payment of debt service. Interest revenue for the current year was $16,654. Total expenditures in the Debt Service Fund were $26,035,603, which included principal retirements of $23,492,183 and interest and fiscal charges of $2,543,420. The net increase in fund balance during the current year in the Debt Service Fund was $244,029. This increase was due to the County transferring funds from the 2008 SPLOST Fund in preparation of making the necessary July 1, 2014 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 $26,011,506, an increase of $3,729,405 in the Airport Fund and $1,217 in the Stormwater Fund from fiscal year end 2014. 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

Although the final budget was amended upward from the original budget, cost controls in other expenses, brought the General Fund actual expenditures $2,361,267 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; as summarized below.

- General Government Activities actual spending were $793,028 less than the final budget. The most significant savings was in the risk management function, with a savings of $492,372.
- Judicial services actual spending was $138,938 less than the final budget.
- Public Safety functions actual expenditures was less than final budget by $546,530. Most of the savings were in the uniform patrol division of $201,969 followed by the criminal investigation division of $154,960.
- Public Works services had actual spending of $126,339 less than the final budget. Savings of $44,078 was from the DOT function, followed by the Construction and roads of $36,774.
- Health and Welfare actual expenditures were less than the final budget by $300,271. The most significant savings was in the senior services of $150,897; followed by $141,709 from the transit system.
- Culture and Recreation actual expenditures were $175,864 less than the final budget due mostly to the recreation function savings of $169,563.
- Housing and Development had actual expenditures less than the final budget by $279,297. Most of the savings were in the GIS mapping function of $94,487; followed by $88,099 in the building department.

Capital Asset and Debt Administration

Capital assets. Henry County's investment in capital assets as of June 30, 2014, amounts to $626,752,363 (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	
	2014	2013	2014	2013	2014	2013
Land	$ 90,156,502	$ 88,509,366	$ 17,826,536	$ 17,826,536	$ 107,983,038	$ 106,335,902
Construction in progress	39,140,651	44,914,940	3,126,333	2,769,133	42,266,984	47,684,073
Building and improvements	135,489,836	139,427,715	8,363	9,060	135,498,199	139,436,775
Machinery and equipment	10,046,186	11,075,867	575,154	335,305	10,621,340	11,411,172
Infrastructure	351,919,188	353,371,293	13,729	14,916	351,932,917	353,386,209
Total	$ 626,752,363	$ 637,299,181	$ 21,550,115	$ 20,954,950	$ 648,302,478	$ 658,254,131

Governmental activities depreciable capital assets decreased by $10,546,818, with transfers from construction in progress to depreciable capital assets accounting for an increase of $14,787,456. Depreciation expense of governmental capital assets amounted to $23,008,315.

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 $595,165 offset by depreciation expense of $72,238. 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 $18,695,000, including premiums, and this debt is backed by the full faith and credit of the government.

Henry County's Outstanding Debt
General Obligation Bonds

Henry County's Outstanding Debt
General Obligation Bonds

	Governmental Activities		Business-type Activites		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Debt	$ 18,695,000	$ 37,599,907	$ -	$ -	$ 18,695,000	$ 37,599,907
Total	$ 18,695,000	$ 37,599,907	$ -	$ -	$ 18,695,000	$ 37,599,907

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 $471,522,077 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, 2014 is 7.5%, which is .6% lower than the rate a year ago. The unemployment rate for the State of Georgia at June 30, 2014, is 7.5%. 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 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. In fiscal year 2014, monthly collections increased by 4.07% over 2013. It is anticipated that FY 2015 will see another increase over 2014 to continue the upward trend in collections.
- The BOC was able to slightly reduce its County's millage rate for 2014, as the County appears to have hit bottom from successive prior years' falling property values. The FY 2015 budget process focused on balancing the budget with this slight millage rate reduction.
- Henry County is designated a Community Development Block Grant (CDBG) Program entitlement urban county by the U.S. Department of Housing and Urban Development. The County is currently implementing its first five-year Consolidated Plan; it completed its second program year on June 30, 2014. Since FY2012, the County has been granted CDBG funds totaling $2,824,264. 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 2013 Program year, services and housing assistance had been provided to over 11,780 persons and nine households with the completion of two public facility improvements.
- Henry County has administered the Neighborhood Stabilization Program (NSP) since 2009. The County is a recipient of NSP 1 and NSP 3 funds. Combined, the County has received nearly $8,000,000 in NSP funds directly from the U.S. Department of Housing and Urban Development (HUD) and the Georgia Department of Community Affairs (DCA). The Neighborhood Stabilization Program supports state and local governments in the acquisition, rehabilitation, and disposition of foreclosed, bank owned, vacant and abandoned properties. NSP homes must be sold at or below market appraisal price to Low and Moderate income homebuyers. One objective of the NSP is to make home buying more affordable for income eligible buyers. The other objectives are to return foreclosed, bank owned, vacant and abandoned properties back to owner occupied homes ultimately stabilizing the housing market. With the assistance of NSP funding Henry County has benefited 262 households; of this total, 65 homes were sold in the last fiscal year.

During 2014 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, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Health Department	Library System	Water Authority
ASSETS						
Cash and cash equivalents	$ 57,079,566	$ 4,542,124	$ 61,621,690	$ 1,075,802	$ 435,972	$ 1,596,513
Investments	45,857,981	-	45,857,981	-	28,749	-
Receivables, net of allowances for uncollectibles	3,620,303	769,604	4,389,907	1,763	3,550	6,440,264
Due from other governments	8,673,213	175,648	8,848,861	184,766	-	-
Internal balances	778,585	(778,585)	-	-	-	-
Inventory	11,985,956	76,088	12,062,044	-	-	681,716
Prepaid items	356,407	541	356,948	-	-	29,304
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	26,372,536
Investments	-	-	-	-	-	54,625,194
Other non-current assets	-	-	-	-	-	5,856,003
Capital assets, non-depreciable	129,297,153	20,952,869	150,250,022	-	10,251	37,895,455
Capital assets, depreciable (net of accumulated depreciation)	497,455,210	597,246	498,052,456	21,078	1,175,208	357,700,473
Total assets	755,104,374	26,335,535	781,439,909	1,283,409	1,653,730	491,197,458
DEFERRED OUTFLOWS OF RESOURCES						
Deferred refunding charges	-	-	-	-	-	6,488,060
Total deferred outflows of resources	-	-	-	-	-	6,488,060

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Health Department	Library System	Water Authority
LIABILITIES						
Accounts payable	$ 4,812,083	$ 324,029	$ 5,136,112	$ -	$ 69,505	$ 647,594
Accrued liabilities	3,651,847	-	3,651,847	-	36,109	3,599,235
Due to other governments	4,778,372	-	4,778,372	63,059	-	-
Unearned revenue	658,936	-	658,936	-	-	-
Payable from restricted assets:						
Revenue bonds payable	-	-	-	-	-	10,875,000
Accrued interest payable	549,837	-	549,837	-	-	3,130,819
Non-current liabilities:						
Due within one year	29,109,683	-	29,109,683	56,805	55,886	3,262,730
Due in more than one year	32,437,158	-	32,437,158	93,655	-	239,979,421
Net pension obligation due in more than one year	4,371,475	-	4,371,475	-	-	-
OPEB obligation due in more than one year	4,244,387	-	4,244,387	-	-	5,922,709
Total liabilities	84,613,778	324,029	84,937,807	213,519	161,500	267,417,508
NET POSITION						
Net investment in capital assets	581,339,331	21,550,115	602,889,446	21,078	1,185,459	177,774,021
Restricted for:						
Capital projects	35,936,614	-	35,936,614	-	-	-
Housing and development	515,012	-	515,012	-	-	-
Federal and State grants	961,843	-	961,843	-	-	-
Citizens welfare	599,576	-	599,576	-	-	-
Law enforcement purposes	4,290,367	-	4,290,367	-	-	-
Public safety purposes	5,783,753	-	5,783,753	-	-	-
Debt service	19,120,465	-	19,120,465	-	-	42,450,453
Health and welfare	-	-	-	727,022	-	-
Unrestricted	21,943,635	4,461,391	26,405,026	321,790	306,771	10,043,536
Total Net Position	$ 670,490,596	$ 26,011,506	$ 696,502,102	$ 1,069,890	$ 1,492,230	$ 230,268,010

The accompanying notes are an integral part of these financial statements

HENRY COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$ 30,746,741	$ 4,437,315	$ 6,204	$ 504	$ (26,302,718)	$ -	$ (26,302,718)	$ -	$ -	$ -
Judicial	15,033,248	7,714,363	88,434	-	(7,230,451)	-	(7,230,451)	-	-	-
Public safety	69,770,025	11,047,407	602,191	841	(58,119,586)	-	(58,119,586)	-	-	-
Public works	18,392,672	2,623,050	132,054	4,878,105	(10,759,463)	-	(10,759,463)	-	-	-
Health and welfare	5,173,914	345,702	1,340,575	-	(3,487,637)	-	(3,487,637)	-	-	-
Culture and recreation	6,823,060	1,104,514	-	2,017	(5,716,529)	-	(5,716,529)	-	-	-
Housing and development	11,721,615	2,687,629	10,990,348	-	1,956,362	-	1,956,362	-	-	-
Interest on long-term debt	1,543,873	-	-	-	(1,543,873)	-	(1,543,873)	-	-	-
Total governmental activities	159,205,148	29,959,980	13,159,806	4,881,467	(111,203,895)	-	(111,203,895)	-	-	-
Business-type activities:										
Stormwater	2,683,451	2,983,539	-	-	-	300,088	300,088	-	-	-
Airport	865,506	908,244	-	530,038	-	572,776	572,776	-	-	-
Total business-type activities	3,548,957	3,891,783	-	530,038	-	872,864	872,864	-	-	-
Total primary government	$ 162,754,105	$ 33,851,763	$ 13,159,806	$ 5,411,505	(111,203,895)	872,864	(110,331,031)	-	-	-
Component units:										
Health Department	$ 1,838,602	$ 914,225	$ 1,069,839	$ -	-	-	-	145,462	-	-
Library System	2,204,413	-	2,069,679	-	-	-	-	-	(134,734)	-
Water Authority	73,101,329	48,489,781	-	4,443,957	-	-	-	-	-	(20,167,591)
Total component units	$ 77,144,344	$ 49,404,006	$ 3,139,518	$ 4,443,957	-	-	-	145,462	(134,734)	(20,167,591)
General revenues:										
Property taxes					67,371,942	-	67,371,942	-	-	10,682,615
Sales taxes					53,611,106	-	53,611,106	-	-	-
Franchise taxes					1,391,586	-	1,391,586	-	-	-
Insurance premium taxes					6,678,950	-	6,678,950	-	-	-
Other taxes					1,732,795	-	1,732,795	-	-	-
Unrestricted investment earnings					63,944	3,285	67,229	558	845	29,962
Transfers					(2,854,473)	2,854,473	-	-	-	-
Total general revenues and transfers					127,995,850	2,857,758	130,853,608	558	845	10,712,577
Change in net position					16,791,955	3,730,622	20,522,577	146,020	(133,889)	(9,455,014)
Net position, beginning of year, restated					653,698,641	22,280,884	675,979,525	923,870	1,626,119	239,723,024
Net position, end of year					$ 670,490,596	$ 26,011,506	$ 696,502,102	$ 1,069,890	$ 1,492,230	$ 230,268,010

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

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS	General Fund	Neighborhood Stabilization Fund	Neighborhood Stabilization 3 Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 10,513,172	$ 1,094,491	$ 1,032,987	$ 16,743	$ 27,221,307	$ 17,200,866	$ 57,079,566
Investments	20,692,725	-	-	19,106,178	2,834,886	3,224,192	45,857,981
Receivables, net of allowances for uncollectibles	2,735,465	-	-	-	205,208	679,630	3,620,303
Due from other governments	2,157,222	2,445,873	701,029	-	-	3,369,089	8,673,213
Due from other funds	15,477,192	379	-	-	2	574,520	16,052,093
Inventory	230,202	8,022,313	3,733,441	-	-	-	11,985,956
Prepaid items	280,807	-	-	-	-	75,600	356,407
Total assets	$ 52,086,785	$ 11,563,056	$ 5,467,457	$ 19,122,921	$ 30,261,403	$ 25,123,897	$ 143,625,519
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 2,809,512	$ 223,163	$ 54,944	$ 2,456	$ 1,202,241	$ 519,767	$ 4,812,083
Accrued liabilities	3,651,847	-	-	-	-	-	3,651,847
Due to other governments	232,780	-	-	-	2,834,885	1,710,707	4,778,372
Due to other funds	557,106	8,625,088	4,018,573	-	10,440	2,062,301	15,273,508
Unearned revenue	410,825	-	-	-	-	248,111	658,936
Total liabilities	7,662,070	8,848,251	4,073,517	2,456	4,047,566	4,540,886	29,174,746
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	1,338,278	-	-	-	-	-	1,338,278
Unavailable revenue - period of availability	262,604	2,445,873	701,029	-	200,000	222,835	3,832,341
Total deferred inflows of resources	1,600,882	2,445,873	701,029	-	200,000	222,835	5,170,619

(Continued)

HENRY COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Neighborhood Stabilization Fund	Neighborhood Stabilization 3 Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (Continued)							
FUND BALANCES							
Nonspendable:							
Prepaids	$ 280,807	$ -	$ -	$ -	$ -	$ 75,600	$ 356,407
Inventories	230,202	-	-	-	-	-	230,202
Restricted:							
Capital projects	491,504	-	-	-	26,013,837	9,431,273	35,936,614
Housing and development	-	-	-	-	-	515,012	515,012
Federal and State grants	-	268,932	692,911	-	-	-	961,843
Citizen welfare	-	-	-	-	-	599,576	599,576
Law enforcement purposes	-	-	-	-	-	4,290,367	4,290,367
Public safety purposes	17,808	-	-	-	-	5,765,945	5,783,753
Debt service	-	-	-	19,120,465	-	-	19,120,465
Assigned:							
Public safety purposes	194,980	-	-	-	-	-	194,980
Unassigned (Deficit):							
General fund	41,608,532	-	-	-	-	-	41,608,532
Special revenue funds	-	-	-	-	-	(317,597)	(317,597)
Total fund balances	42,823,833	268,932	692,911	19,120,465	26,013,837	20,360,176	109,280,154
Total liabilities, deferred inflows of resources and fund balances	$ 52,086,785	$ 11,563,056	$ 5,467,457	$ 19,122,921	$ 30,261,403	$ 25,123,897	
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.							626,752,363
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.							5,170,619
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.							(62,096,678)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.							(4,244,387)
Net pension obligation is not due and payable in the current period and, therefore, is not reported in the funds.							(4,371,475)
Net position of governmental activities							$ 670,490,596

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, 2014

	General Fund	Neighborhood Stabilization Fund	Neighborhood Stabilization 3 Fund	Debt Service Fund	2008 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 97,020,604	$ -	$ -	$ -	$ 24,261,152	$ 8,664,995	$ 129,946,751
Licenses and permits	2,213,921	-	-	-	-	1,128,877	3,342,798
Intergovernmental	2,670,724	4,841,254	1,843,712	-	-	2,550,124	11,905,814
Charges for services	13,324,240	-	-	-	900	3,974,945	17,300,085
Fines and forfeitures	4,694,355	-	-	-	-	1,640,062	6,334,417
Investment income	34,573	-	-	16,654	16,104	13,423	80,754
Contributions	155,162	-	-	-	-	14,000	169,162
Miscellaneous	2,969,596	549,250	21	-	268,043	136,380	3,923,290
Total revenues	123,083,175	5,390,504	1,843,733	16,654	24,546,199	18,122,806	173,003,071
Expenditures:							
Current:							
General government	15,254,188	53,951	16,472	-	-	22,331	15,346,942
Judicial	14,034,176	-	-	-	-	689,801	14,723,977
Public safety	61,950,437	-	-	-	-	4,942,005	66,892,442
Public works	11,888,381	-	-	-	-	-	11,888,381
Health and welfare	4,880,925	-	-	-	-	-	4,880,925
Culture and recreation	5,439,156	-	-	-	-	-	5,439,156
Housing and development	2,226,908	6,258,946	2,044,755	-	-	1,190,050	11,720,659
Intergovernmental	-	-	-	-	2,354,873	-	2,354,873
Capital outlay	-	-	-	-	7,369,945	3,740,987	11,110,932
Debt service:							
Principal retirement	-	-	-	23,492,183	-	-	23,492,183
Interest and fiscal charges	-	-	-	2,543,420	-	-	2,543,420
Total expenditures	115,674,171	6,312,897	2,061,227	26,035,603	9,724,818	10,585,174	170,393,890
Excess (deficiency) of revenues over (under) expenditures	7,409,004	(922,393)	(217,494)	(26,018,949)	14,821,381	7,537,632	2,609,181
Other financing sources (uses):							
Transfers in	1,054,001	-	-	26,262,978	394,622	625,394	28,336,995
Transfers out	(9,180,767)	-	-	-	(19,484,075)	(2,526,626)	(31,191,468)
Proceeds from sale of capital assets	38,463	-	-	-	-	-	38,463
Total other financing sources (uses)	(8,088,303)	-	-	26,262,978	(19,089,453)	(1,901,232)	(2,816,010)
Net change in fund balances	(679,299)	(922,393)	(217,494)	244,029	(4,268,072)	5,636,400	(206,829)
Fund balances, beginning of year	43,503,132	1,191,325	910,405	18,876,436	30,281,909	14,723,776	109,486,983
Fund balances, end of year	$ 42,823,833	$ 268,932	$ 692,911	$ 19,120,465	$ 26,013,837	$ 20,360,176	$ 109,280,154

The accompanying notes are an integral part of these financial statements

HENRY COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(206,829)
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.		(12,333,046)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		1,786,228
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,841,830
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.		(30,000)
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.		23,541,884
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.		191,888
	$	16,791,955

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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 66,307,678	$ 66,552,582	$ 66,532,314	$ (20,268)
Sales tax	19,635,000	21,182,982	21,177,532	(5,450)
Other taxes	8,855,000	9,311,498	9,310,758	(740)
Licenses and permits	1,406,611	2,233,138	2,213,921	(19,217)
Intergovernmental	1,979,998	2,189,859	2,670,724	480,865
Charges for services	12,166,440	13,347,047	13,324,240	(22,807)
Fines and forfeitures	3,947,556	4,699,274	4,694,355	(4,919)
Investment income	44,600	34,600	34,573	(27)
Contributions	4,000	437,582	155,162	(282,420)
Miscellaneous	3,403,789	2,978,906	2,969,596	(9,310)
Total revenues	117,750,672	122,967,468	123,083,175	115,707
Expenditures:				
General government:				
Board of commissioners	440,571	523,533	518,490	5,043
County clerk	102,886	108,697	107,054	1,643
Public relations	349,422	306,422	298,442	7,980
County manager	248,880	283,274	280,983	2,291
County attorney	450,241	360,241	348,490	11,751
Tax commissioner	2,045,800	2,087,263	2,063,977	23,286
Finance	971,284	933,792	879,599	54,193
Information systems	2,752,496	2,752,496	2,742,252	10,244
Human resources	532,260	2,303,285	2,255,742	47,543
Risk management	1,147,505	1,192,569	700,197	492,372
Purchasing	342,684	352,189	352,010	179
Tax assessor	2,002,061	2,002,061	1,961,522	40,539
Elections	708,827	768,355	747,406	20,949
Public buildings	2,069,768	2,073,039	1,998,024	75,015
Other - unclassified	3,801,150	-	-	-
Total general government	17,965,835	16,047,216	15,254,188	793,028

(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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Judicial:				
Judge of superior court	$ 447,569	$ 354,696	$ 347,651	$ 7,045
Clerk of superior court	1,763,586	1,773,583	1,755,860	17,723
Court reporter	161,285	151,971	146,264	5,707
Jury/bailiff	220,500	220,500	216,149	4,351
Drug court	-	7,286	7,284	2
District attorney	1,462,214	1,482,561	1,470,370	12,191
Public defender	1,067,163	966,578	962,304	4,274
Juvenile court	1,792,689	1,709,689	1,696,097	13,592
State court	2,003,803	2,155,771	2,125,003	30,768
State court solicitor	1,940,599	1,993,297	1,986,915	6,382
Clerk of state court	1,294,019	1,345,057	1,337,881	7,176
DUI court	79,693	8,518	6,150	2,368
Judges	11,948	11,948	4,995	6,953
Magistrate court	910,378	944,326	933,846	10,480
Probate court	843,301	868,302	862,615	5,687
Probate resource court	179,031	179,031	174,792	4,239
Total judicial	14,177,778	14,173,114	14,034,176	138,938
Public safety:				
Police	2,147,475	2,093,475	2,077,989	15,486
Criminal investigation division	2,809,222	2,801,222	2,646,262	154,960
Narcotics	572,084	370,084	357,837	12,247
Support service	1,457,296	1,453,741	1,436,576	17,165
Uniform patrol division	10,740,011	11,061,316	10,859,347	201,969
Fire	20,443,244	21,163,891	21,128,726	35,165
E911 / Emergency management	166,293	267,312	267,161	151
Communications	616,754	608,754	607,996	758
Sheriff	8,880,087	8,978,281	8,961,222	17,059
Jail	12,567,742	12,096,185	12,042,467	53,718
Early release	268,524	283,445	272,626	10,819
Coroner	173,136	191,259	182,842	8,417
Code enforcement	412,528	419,569	414,042	5,527
Animal control	695,775	708,433	695,344	13,089
Total public safety	61,950,171	62,496,967	61,950,437	546,530

(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, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures: (Continued)				
Public works:				
DOT	$ 3,427,419	$ 3,487,758	$ 3,443,680	$ 44,078
Construction and roads	5,405,539	6,415,818	6,379,044	36,774
Waste management	210,499	966,476	947,792	18,684
Maintenance shop	1,138,651	1,145,668	1,117,865	27,803
Total public works	10,182,108	12,015,720	11,888,381	127,339
Health and welfare:				
General health	540,144	540,145	540,144	1
Department of family and children services	124,177	124,914	124,913	1
Family connection	141,974	121,236	113,573	7,663
Transit system	1,483,722	1,645,089	1,503,380	141,709
Senior services	2,680,245	2,749,812	2,598,915	150,897
Total health and welfare	4,970,262	5,181,196	4,880,925	300,271
Culture and recreation:				
Recreation	3,559,878	4,133,077	3,963,514	169,563
Libraries	1,481,942	1,481,943	1,475,642	6,301
Total culture and recreation	5,041,820	5,615,020	5,439,156	175,864
Housing and development:				
Director of human and community services	137,283	138,598	92,705	45,893
Conservation	242,909	254,229	249,459	4,770
Conservation - NRCS	49,466	52,288	52,087	201
Building department	720,956	873,117	785,018	88,099
Planning and zoning	1,183,572	558,572	516,421	42,151
GIS mapping	388,187	388,187	293,700	94,487
Development plan review	228,481	241,214	237,518	3,696
Total housing and development	2,950,854	2,506,205	2,226,908	279,297
Total expenditures	117,238,828	118,035,438	115,674,171	2,361,267
Excess of revenues over expenditures	511,844	4,932,030	7,409,004	2,476,974
Other financing sources (uses):				
Transfers in	1,255,913	1,054,985	1,054,001	(984)
Transfers out	(4,840,006)	(9,181,675)	(9,180,767)	908
Proceeds from sale of capital assets	55,000	39,000	38,463	(537)
Total other financing sources (uses)	(3,529,093)	(8,087,690)	(8,088,303)	(613)
Net change in fund balances	(3,017,249)	(3,155,660)	(679,299)	2,476,361
Fund balances, beginning of year	43,503,132	43,503,132	43,503,132	-
Fund balances, end of year	$ 40,485,883	$ 40,347,472	$ 42,823,833	$ 2,476,361

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

HENRY COUNTY, GEORGIA

NEIGHBORHOOD STABILIZATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 3,906,413	$ 5,756,929	$ 4,841,254	$ (915,675)
Miscellaneous	0	529,151	549,250	20,099
Total revenues	3,906,413	6,286,080	5,390,504	(895,576)
Expenditures:				
General government	53,613	58,224	53,951	4,273
Housing and development	3,852,800	6,258,973	6,258,946	27
Total expenditures	3,906,413	6,317,197	6,312,897	4,300
Net change in fund balances	-	(31,117)	(922,393)	(891,276)
Fund balances, beginning of year	1,191,325	1,191,325	1,191,325	-
Fund balances, end of year	$ 1,191,325	$ 1,160,208	$ 268,932	$ (891,276)

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

HENRY COUNTY, GEORGIA

NEIGHBORHOOD STABILIZATION 3 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 2,703,098	$ 1,846,437	$ 1,843,712	$ (2,725)
Miscellaneous	-	21	21	-
Total revenues	2,703,098	1,846,458	1,843,733	(2,725)
Expenditures:				
General government	-	16,603	16,472	131
Housing and development	2,703,098	1,942,395	2,044,755	(102,360)
Total expenditures	2,703,098	1,958,998	2,061,227	(102,229)
Net change in fund balances	-	(112,540)	(217,494)	(104,954)
Fund balances, beginning of year	910,405	910,405	910,405	-
Fund balances, end of year	$ 910,405	$ 797,865	$ 692,911	$ (104,954)

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

HENRY COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash	$ 692,038	$ 3,850,086	$ 4,542,124
Accounts receivable, net of allowances	85,091	684,513	769,604
Inventory	76,088	-	76,088
Prepaids	541	-	541
Due from other governments	175,648	-	175,648
Total current assets	1,029,406	4,534,599	5,564,005
NONCURRENT ASSETS			
Capital assets, nondepreciable	20,947,869	5,000	20,952,869
Capital assets, depreciable, net of accumulated depreciation	47,129	550,117	597,246
Total noncurrent assets	20,994,998	555,117	21,550,115
Total assets	22,024,404	5,089,716	27,114,120
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	153,536	170,493	324,029
Due to other funds	693,057	85,528	778,585
Total current liabilities	846,593	256,021	1,102,614
Total liabilities	846,593	256,021	1,102,614
NET POSITION			
Invested in capital assets	20,994,998	555,117	21,550,115
Unrestricted	182,813	4,278,578	4,461,391
Total net position	$ 21,177,811	$ 4,833,695	$ 26,011,506

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, 2014

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Operating revenues:			
Charges for services:			
Airport fees	$ 885,131	$ -	$ 885,131
Stormwater fees	-	2,983,539	2,983,539
Miscellaneous revenue	23,113	-	23,113
Total operating revenues	908,244	2,983,539	3,891,783
Operating expenses:			
Salaries and benefits	160,535	1,595,845	1,756,380
Purchased/contracted services	73,976	596,074	670,050
Supplies and materials	624,573	425,716	1,050,289
Depreciation	6,422	65,816	72,238
Total operating expenses	865,506	2,683,451	3,548,957
Operating income	42,738	300,088	342,826
Nonoperating revenues:			
Investment income	969	2,316	3,285
Total nonoperating revenues	969	2,316	3,285
Income before capital contributions and transfers	43,707	302,404	346,111
Capital contributions	530,038	-	530,038
Transfers in	3,155,660	-	3,155,660
Transfers out	-	(301,187)	(301,187)
Change in net position	3,729,405	1,217	3,730,622
Net position, beginning of year	17,448,406	4,832,478	22,280,884
Net position, end of year	$ 21,177,811	$ 4,833,695	$ 26,011,506

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, 2014

	Major Enterprise Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 889,934	$ 2,910,451	$ 3,800,385
Payments to suppliers and service providers	(5,554,611)	(799,381)	(6,353,992)
Payments to employees	(163,272)	(1,622,365)	(1,785,637)
Net cash provided by (used in) operating activities	(4,827,949)	488,705	(4,339,244)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	3,155,660	-	3,155,660
Transfers out	-	(301,187)	(301,187)
Net cash provided by (used in) noncapital financing activities	3,155,660	(301,187)	2,854,473
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of property and equipment	(375,512)	(291,890)	(667,402)
Payments on amounts due to other governments for original purchase of airport	(403,403)	-	(403,403)
Proceeds from capital grants	1,439,755	-	1,439,755
Proceeds from sale of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	660,840	(291,890)	368,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	969	2,316	3,285
Net cash provided by investing activities	969	2,316	3,285
Net decrease in cash and cash equivalents	(1,010,480)	(102,056)	(1,112,536)
Cash and cash equivalents:			
Beginning of year	1,702,518	3,952,142	5,654,660
End of year	$ 692,038	$ 3,850,086	$ 4,542,124

(Continued)

HENRY COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Major Enterprise Fund Airport Fund	Non-Major Enterprise Fund Stormwater Fund	Totals
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	$ 42,738	$ 300,088	$ 342,826
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	6,422	65,816	72,238
(Increase) / decrease in:			
Accounts receivable	(18,310)	(73,088)	(91,398)
Inventory	(11,179)	-	(11,179)
Prepaids	(34)	-	(34)
Due from other funds	-	3,010	3,010
Increase / (decrease) in:			
Accounts payable	(234,514)	140,544	(93,970)
Accrued liabilities	(2,737)	(26,520)	(29,257)
Due to other funds and advances from other funds	(4,610,335)	78,855	(4,531,480)
Net cash provided by (used in) operating activities	$ (4,827,949)	$ 488,705	$ (4,339,244)

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

HENRY COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 7,870,620
Taxes receivable	4,097,503
Total assets	$ 11,968,123
LIABILITIES	
Due to component unit	$ 75,224
Due to others	11,892,899
Total liabilities	$ 11,968,123

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 38

Note 2: Reconciliation of Government-wide Financial Statements and Fund Financial Statements 53

Note 3: Legal Compliance - Budgets 57

Note 4: Deposits and Investments 59

Note 5: Receivables 62

Note 6: Capital Assets 63

Note 7: Long-term Debt and Capital Leases 69

Note 8: Operating Leases 78

Note 9: Interfund Receivables, Payables and Transfers 78

Note 10: Defined Benefit Pension Plans 80

Note 11: Deferred Compensation Plan 87

Note 12: Other Postemployment Benefits 87

Note 13: Hotel/Motel Tax 94

Note 14: Risk Management 95

Note 15: Landfill Postclosure Care 96

Note 16: Commitments and Contingencies 97

Note 17: Joint Venture 98

Note 18: Restatement 99

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. 61, *The Financial Reporting Entity: Omnibus (An Amendment to GASB No.'s 14 and 34)*, 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. 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*** and the ***Neighborhood Stabilization 3 Fund*** are used to account for grant funds received relative to amounts received and expended for the Neighborhood Stabilization Program and the Neighborhood Stabilization 3 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 ***Capital Projects Funds*** are used to account for specific revenues that are legally restricted to capital 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)

Effective July 1, 2013, the County also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Adoption of this pronouncement required the County and the Henry County Water Authority (a component unit of Henry County, Georgia) to change their accounting treatment of debt issuance costs. See Note 18 for the effect on opening net position effective July 1, 2013.

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 primary government did not have any items that qualified for reporting in this category, but the component unit Water Authority did have deferred refunding charges.

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 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 expensed.

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 Board of Commissioners has designated themselves with the sole ability to assign fund balance.

- **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 $5,348 in the CDBG Fund and $312,249 in the Grant Fund for the year ended June 30, 2014 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 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.

N. Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the previously reported financial position or changes in 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 the County.

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 $62,096,678 difference are as follows:

Capital leases payable	$	(22,882,032)
General obligation bonds payable		(18,695,000)
Development Authority revenue bonds		(12,186,000)
Compensated absences		(4,979,803)
Claims and judgments		(2,350,000)
Landfill postclosure costs		(454,006)
Accrued interest		(549,837)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(62,096,678)

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 $12,333,046 difference are as follows:

Capital outlay	$	10,675,269
Depreciation expense		(23,008,315)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	(12,333,046)

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 $1,786,228 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.	$ 2,006,675
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.	(220,447)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 1,786,228

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 $23,541,884 difference are as follows:

Principal repayments:		
Capital leases	$	5,302,183
Bonds payable		18,190,000
Landfill postclosure costs		49,701
Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net position - governmental activities*	$	23,541,884

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 $191,888 difference are as follows:

Compensated absences	$	(187,123)
Amortization of premium on general obligation bonds		714,907
Accrued interest		284,640
Net pension obligation		50,636
Net post employment benefit obligation		(671,172)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	191,888

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

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

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

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

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

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

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

   The supplementary budgetary appropriations made were not material.

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

B. Fund Deficits

The County reported deficit fund balances in the CDBG Fund and the Grant Fund in the respective amounts of $5,348 and $312,249. The deficits are intended to be eliminated through future revenues.

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2014, expenditures exceeded the budget for the Neighborhood Stabilization 3 Fund in the amount of $102,360 relative to housing and development expenditures. Excess expenditures were funded by opening fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2014 are summarized as follows:

Balances per statement of net position:		
Cash - Primary government	$	61,621,690
Cash - Health Department		1,075,802
Cash - Library System		435,972
Cash - Water Authority		1,596,513
Investments - Primary government		45,857,981
Investments - Library System		28,749
Restricted assets:		
Cash - Water Authority		26,372,536
Investments - Water Authority		54,625,194
Balances per statement of fiduciary net position:		
Cash - Agency funds		7,870,620
	$	199,485,057
Cash deposited with financial institutions	$	101,113,133
Cash deposited with Georgia Fund 1		98,371,924
	$	199,485,057

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, 2014, the investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

At June 30, 2014, the County had the following investments:

Investment	Maturities	Fair Value
Primary government:		
Georgia Fund 1	62 day weighted average	$ 43,717,981
Certificates of Deposit	24 month weighted average	2,140,000
		$ 45,857,981
Component units:		
Georgia Fund 1	62 day weighted average	$ 54,653,943

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, 2014, 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, 2014 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	NSP Fund	NSP3 Fund	2008 SPLOST Fund	Airport Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Receivables:								
Taxes	$ 1,882,144	$ -	$ -	$ -	$ -	$ 2,760,353	$ -	$ 4,642,497
Accounts	17,344,774	-	-	205,208	173,226	723,805	853,514	19,300,527
Other	2,157,222	2,445,873	701,029	-	175,648	658,616	1,702	6,140,090
Gross receivables	21,384,140	2,445,873	701,029	205,208	348,874	4,142,774	855,216	30,083,114
Less allowance for uncollectibles	16,491,453	-	-	-	88,135	94,055	170,703	16,844,346
Net total receivables	$ 4,892,687	$ 2,445,873	$ 701,029	$ 205,208	$ 260,739	$ 4,048,719	$ 684,513	$ 13,238,768

The Henry County Water Authority had accounts receivable at June 30, 2014 of $6,440,264, which is net of an allowance for uncollectibles of $164,304.

Property taxes attached as an enforceable lien on property as of January 1, 2014. Property taxes were levied on July 23, 2013, billed on August 2, 2013, and payable on or before November 16, 2013. The County bills and collects its own property taxes. Property taxes levied for 2013 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, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 88,509,366	$ 15,186	$ -	$ 1,631,950	$ 90,156,502
Construction in progress	44,914,940	9,232,823	(219,656)	(14,787,456)	39,140,651
Total	133,424,306	9,248,009	(219,656)	(13,155,506)	129,297,153
Capital assets, being depreciated:					
Buildings and improvements	175,756,039	-	-	867,163	176,623,202
Machinery and equipment	66,098,355	1,376,898	(302,291)	1,289,009	68,461,971
Infrastructure	564,731,509	2,057,037	-	10,999,334	577,787,880
Total	806,585,903	3,433,935	(302,291)	13,155,506	822,873,053
Less accumulated depreciation for:					
Buildings and improvements	(36,328,324)	(4,805,042)	-	-	(41,133,366)
Machinery and equipment	(55,022,488)	(3,694,797)	301,500	-	(58,415,785)
Infrastructure	(211,360,216)	(14,508,476)	-	-	(225,868,692)
Total	(302,711,028)	(23,008,315)	301,500	-	(325,417,843)
Total capital assets, being depreciated, net	503,874,875	(19,574,380)	(791)	13,155,506	497,455,210
Governmental activities capital assets, net	$ 637,299,181	$ (10,326,371)	$ (220,447)	$ -	$ 626,752,363

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2014 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	357,200	-	-	3,126,333
Total	20,595,669	357,200	-	-	20,952,869
Capital assets, being depreciated:					
Buildings	10,454	-	-	-	10,454
Machinery and equipment	994,847	310,203	-	-	1,305,050
Infrastructure	17,290	-	-	-	17,290
Total	1,022,591	310,203	-	-	1,332,794
Less accumulated depreciation for:					
Buildings	(1,394)	(697)	-	-	(2,091)
Machinery and equipment	(659,542)	(70,354)	-	-	(729,896)
Infrastructure	(2,374)	(1,187)	-	-	(3,561)
Total	(663,310)	(72,238)	-	-	(735,548)
Capital assets being depreciated, net	359,281	237,965	-	-	597,246
Business-type activities capital assets, net	$ 20,954,950	$ 595,165	$ -	$ -	$ 21,550,115

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	$	10,739,418
Judicial		230,064
Public safety		3,188,223
Public works		6,867,345
Health and welfare		492,804
Culture and recreation		1,489,328
Housing and development		1,133
Total depreciation expense - governmental activities	$	23,008,315
Business-type activities:		
Airport	$	6,422
Stormwater		65,816
Total depreciation expense - business-type activities	$	72,238

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, 2014, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 133,424	$ 17,152	$ -	$ 150,576
Less accumulated depreciation for:				
Machinery and equipment	(127,589)	(1,909)	-	(129,498)
Total capital assets, net	$ 5,835	$ 15,243	$ -	$ 21,078

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, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,251	$ -	$ -	$ 10,251
Total	10,251	-	-	10,251
Capital assets, being depreciated:				
Buildings and improvements	85,395	-	-	85,395
Equipment	520,322	-	-	520,322
Books and materials	3,922,777	136,150	(33,372)	4,025,555
Total	4,528,494	136,150	(33,372)	4,631,272
Less accumulated depreciation for:				
Buildings and improvements	(85,395)	-	-	(85,395)
Equipment	(188,919)	(39,738)	-	(228,657)
Books and materials	(2,976,973)	(198,411)	33,372	(3,142,012)
Total	(3,251,287)	(238,149)	33,372	(3,456,064)
Total capital assets, being depreciated, net	1,277,207	(101,999)	-	1,175,208
Total capital assets, net	$ 1,287,458	$ (101,999)	$ -	$ 1,185,459

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, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 35,495,474	$ 29,194	$ (642,400)	$ -	$ 34,882,268
Construction in progress	3,757,976	3,550,233	-	(4,295,022)	3,013,187
Total	39,253,450	3,579,427	(642,400)	(4,295,022)	37,895,455
Capital assets, being depreciated:					
Buildings	16,046,179	41,710	-	99,446	16,187,335
Improvements other than buildings	639,196,714	1,123,416	(13,866,737)	2,520,817	628,974,210
Machinery and equipment	14,981,318	260,663	(65,584)	1,529,146	16,705,543
Vehicles	3,761,359	97,547	-	145,613	4,004,519
Total	673,985,570	1,523,336	(13,932,321)	4,295,022	665,871,607
Less accumulated depreciation for:					
Buildings	(5,664,600)	(765,096)	-	-	(6,429,696)
Improvements other than buildings	(270,200,608)	(27,649,086)	10,042,642	-	(287,807,052)
Machinery and equipment	(7,785,737)	(2,543,702)	65,584	145,613	(10,118,242)
Vehicles	(3,553,620)	(116,911)	-	(145,613)	(3,816,144)
Total	(287,204,565)	(31,074,795)	10,108,226	-	(308,171,134)
Total capital assets, being depreciated, net	386,781,005	(29,551,459)	(3,824,095)	4,295,022	357,700,473
Total capital assets, net	$ 426,034,455	$ (25,972,032)	$ (4,466,495)	$ -	$ 395,595,928

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, 2014, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	3.75%-6.15%	2020	$ 12,030,000
Water and Sewerage Authority	4.90%-6.00%	2020	6,260,000
Water and Sewerage Authority	3.00%-5.25%	2030	45,870,000
Water and Sewerage Authority	5.00%	2026	29,785,000
Water and Sewerage Authority	2.00%-5.00%	2030	17,805,000
Water and Sewerage Authority	1.50%-4.00%	2018	13,630,000
Water and Sewerage Authority	2.16%	2028	65,900,000
			191,280,000
	Plus unamortized premiums		8,402,817
	Less unamortized discounts		(46,839)
			$ 199,635,978

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	Total
2015	$ 10,875,000	$ 7,513,966	$ 18,388,966
2016	11,165,000	7,206,785	18,371,785
2017	11,490,000	6,837,543	18,327,543
2018	11,790,000	6,484,758	18,274,758
2019	12,340,000	6,061,245	18,401,245
2020-2024	60,905,000	23,203,465	84,108,465
2025-2029	61,450,000	11,165,008	72,615,008
2030	11,265,000	550,461	11,815,461
Total	$ 191,280,000	$ 69,023,231	$ 260,303,231

The Development Authority's revenue bonds outstanding as of June 30, 2014, 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, 2014, are as follows:

Fiscal year ending June 30,	Principal	Interest
2015	$ -	$ 464,419
2016	451,050	456,961
2017	513,214	438,002
2018	536,256	418,059
2019	559,793	397,220
2020-2024	3,202,402	1,639,266
2025-2029	3,988,834	958,613
2030-2033	2,934,451	180,787
Total	$ 12,186,000	$ 4,953,327

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, 2014, 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	$ 4,250,000
Various construction projects within the County	4.00% - 4.385%	6 years	2015	67,290,000	14,445,000
					$ 18,695,000

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

Fiscal year ending June 30,	Principal	Interest
2015	$ 18,695,000	$ 394,538
Total	$ 18,695,000	$ 394,538

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, 2014:

Interest Rate	Term	Due Date	Amount
3.00%	20 years	2028	$ 15,073,873
3.00%	20 years	2030	17,407,706
3.00%	20 years	2032	19,390,086
3.00%	20 years	2033	1,598,160
			$ 53,469,825

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

Fiscal year ending June 30,	Principal	Interest	Total
2015	$ 2,515,468	$ 1,569,754	$ 4,085,222
2016	2,590,528	1,494,694	4,085,222
2017	2,672,185	1,413,038	4,085,223
2018	2,752,049	1,333,174	4,085,223
2019	2,835,755	1,249,468	4,085,223
2020-2024	15,525,422	4,900,691	20,426,113
2025-2029	18,035,987	2,390,126	20,426,113
2030-2033	6,542,431	203,211	6,745,642
Total	$ 53,469,825	$ 14,554,156	$ 68,023,981

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, 2014:

Land	$	32,696,901
Buildings and improvements		28,071,010
Vehicles		5,559,590
Equipment		4,276,114
Assets leased under capital leases before depreciation		70,603,615
Less accumulated depreciation		14,235,697
Net assets leased under capital leases	$	56,367,918

For the year ended June 30, 2014, depreciation expense related to assets leased under capital leases totaled $2,141,583.

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, 2014:

Fiscal year ending June 30,		
2015	$	5,325,670
2016		4,571,502
2017		3,141,017
2018		2,871,238
2019		2,871,238
2020-2024		7,321,365
Total minimum lease payments		26,102,030
Less amount representing interest		3,219,998
Present value of future minimum lease payments	$	22,882,032

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, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 36,885,000	$ -	$ 18,190,000	$ 18,695,000	$ 18,695,000
Plus unamortized premium	714,907	-	714,907	-	-
General obligation bonds, net	37,599,907	-	18,904,907	18,695,000	18,695,000
Development Authority revenue bonds	12,186,000	-	-	12,186,000	-
Capital lease obligations	28,184,215	-	5,302,183	22,882,032	4,491,373
Landfill postclosure costs	503,707	-	49,701	454,006	27,000
Net pension obligation	4,422,111	7,193,261	7,243,897	4,371,475	-
Workers compensation	2,320,000	1,550,117	1,520,117	2,350,000	1,050,000
Other post employment benefits	3,573,215	1,752,328	1,081,156	4,244,387	-
Compensated absences	4,792,680	6,980,343	6,793,220	4,979,803	4,846,310
	$ 93,581,835	$ 17,476,049	$ 40,895,181	$ 70,162,703	$ 29,109,683

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, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds	$ 200,795,000	$ -	$ 9,515,000	$ 191,280,000	$ 10,875,000
Plus unamortized premiums	10,013,993	-	1,611,176	8,402,817	-
Less unamortized discounts	(97,676)	-	(50,837)	(46,839)	-
Revenue bonds, net	210,711,317	-	11,075,339	199,635,978	10,875,000
Notes payable	55,911,042	-	2,441,217	53,469,825	2,515,468
OPEB liability	5,161,435	761,274	-	5,922,709	-
Compensated absences	917,969	805,057	711,678	1,011,348	747,262
	$ 272,701,763	$ 1,566,331	$ 14,228,234	$ 260,039,860	$ 14,137,730

The non-current liabilities reflected by the Health Department and the Library System represent amounts accrued for compensated absences.

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, 2014, amounted to $15,582.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of June 30, 2014 are as follows:

	Payable Fund							
Receivable Fund	General Fund	Neighborhood Stabilization Fund	Neighborhood Stabilization 3 Fund	2008 SPLOST Fund	Airport Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 8,625,088	$ 4,018,194	$ 10,440	$ 693,057	$ 68,112	$ 2,062,301	$ 15,477,192
Neighborhood Stabiliz. Fund	-	-	379	-	-	-	-	379
2008 SPLOST Fund	2	-	-	-	-	-	-	2
Nonmajor governmental funds	557,104	-	-	-	-	17,416	-	574,520
Total	$ 557,106	$ 8,625,088	$ 4,018,573	$ 10,440	$ 693,057	$ 85,528	$ 2,062,301	$ 16,052,093

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.

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, 2014 are as follows:

	Transfers Out				
Transfers In	General Fund	2008 SPLOST Fund	Nonmajor Enterprise Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 301,187	$ 752,814	$ 1,054,001
Debt Service Fund	5,399,713	19,484,075	-	1,379,190	26,262,978
2008 SPLOST Fund	-	-	-	394,622	394,622
Airport Fund	3,155,660	-	-	-	3,155,660
Nonmajor governmental funds	625,394	-	-	-	625,394
Total	$ 9,180,767	$ 19,484,075	$ 301,187	$ 2,526,626	$ 31,492,655

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:

	2014	2013
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 7,214,081	$ 7,052,214
Interest on Net Pension Obligation	265,865	209,954
Amortization of Net Pension Obligation	(286,685)	(224,646)
Annual Pension Cost	$ 7,193,261	$ 7,037,522
Derivation of Net Pension Obligation		
Annual Pension Cost for Fiscal Year 2014		$ 7,193,261
Actual Contributions to Plan for Fiscal Year 2014		7,243,897
Increase (Decrease) in Net Pension Obligation		(50,636)
Net Pension Obligation (Asset) as of June 30, 2013		4,422,111
Net Pension Obligation (Asset) as of June 30, 2014		$ 4,371,475
Basis of Valuation		
Current Valuation Date		January 1, 2014
Annual Return on Invested Plan Assets		7.50%
Projected Annual Salary Increases (based on age)		3.0% - 5.5%
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)
7/1/13	$ 7,193,261	$ 7,243,897	101 %	$ 4,371,475
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)

As of the most recent valuation date, January 1, 2014, 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
12/31/2013	$ 102,336,864	$ 143,822,094	$ 41,485,230	71.2 %	$ 63,307,617	65.5 %

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 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, 2014, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2014 are as follows:

Derivation of Net Pension Obligation	
Annual Pension Cost for Fiscal Year	$ 1,187,254
Actual Contributions to Plan for Fiscal Year	2,116,518
(Increase) Decrease in Net Pension Obligation	(929,264)
Net Pension Obligation (Asset) as of June 30, 2013	(4,926,739)
Net Pension Obligation (Asset) as of June 30, 2014	$ (5,856,003)

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water Authority – Component Unit (Continued)

Annual Pension Cost

Basis of Valuation	
Current Valuation Date	January 1, 2014
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	3.50%
Expected Annual Inflation	1.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Closed Level Dollar
Remaining Amortization Period	28

NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Water Authority – Component Unit (Continued)

As of the most recent valuation date, January 1, 2014, 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)
7/1/14	$ 1,187,254	$ 2,116,518	178 %	$ (5,856,003)
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)
7/1/06	563,210	995,869	177	(1,296,896)

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
12/31/2013	$ 21,959,738	$ 28,481,338	$ 6,521,600	77.1 %	$ 9,835,682	66.3 %

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, 2014. 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, 2014, there were approximately 75 retired employees receiving health care benefits. For the year ended June 30, 2014, the County paid $725,509 for these benefits, which was net of $181,377 of retiree contributions.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Contributions

The County contributed $906,886 to the OPEB Health Care Plan in fiscal year 2014. 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
7/1/13	$ 1,578,059	$ 906,886	57 %	$ 4,244,387
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

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

Annual required contribution	$ 1,484,337
Interest on Net OPEB obligation	267,990
Adjustment to Annual Required Contribution	(174,269)
Annual OPEB cost	1,578,058
Contributions made or accrued	(906,886)
Increase in Net Obligation	671,172
Net OPEB obligation (BOY)	3,573,215
Net OPEB obligation (EOY)	$ 4,244,387

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

As of the most recent measurement date of July 1, 2013, 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
07/01/13	$ -	$ 13,221,250	$ 13,221,250	- %	$ 53,010,490	24.9 %
07/01/12	-	12,650,960	12,650,960	-	48,242,720	26.2
07/01/11	-	9,200,635	9,200,635	-	53,646,122	17.0
07/01/10	-	8,151,019	8,151,019	-	51,336,002	15.9
07/01/09	-	11,511,890	11,511,890	-	53,332,000	21.6

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the annual required contributions of the employer are based on the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point and are subject to continual revision as actual results are compared with 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, 2013. The assumptions used in the July 1, 2013 actuarial valuation are as follows:

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Primary Government (Continued)

Basis of Valuation	
Valuation Date	July 1, 2012
Measurement Date	July 1, 2013
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	2013
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, 2013.

Active participants	213
Retirees and beneficiaries	27
Total	240

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
2014	$ 906,163	$ 144,889	15.99 %	$ 5,922,709
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

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

Annual required contribution	$ 990,766
Interest from net OPEB obligation	232,265
Adjustment of net OPEB obligation	(316,868)
Annual OPEB cost	906,163
Actual contributions to the plan	(144,889)
Increase in net OPEB obligation	761,274
Net OPEB obligation as of July 1, 2013	5,161,435
Net OPEB obligation as of June 30, 2014	$ 5,922,709

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water Authority – Component Unit (Continued)

OPEB Plan

As of the most recent valuation date, July 1, 2013, 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
6/30/2014	$ -	$6,983,441	$6,983,441	0%	$11,974,506	58.3%
6/30/2013	$ -	$6,189,591	$6,189,591	0%	$10,840,131	57.1%
6/30/2012	$ -	$6,797,083	$6,797,083	0%	$10,524,399	64.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the annual required contributions of the employer are based on the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point and are subject to continual revision as actual results are compared with 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, 2013. The assumptions used in the July 1, 2013 actuarial valuation are on the following page.

NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Water Authority – Component Unit (Continued)

Basis of Valuation	
Current Valuation Date	July 1, 2013
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	8.5% graded by .5% per year to an ultimate rate of 5.0%
Amortization method	Level dollar amount over 30 years based on open group
Remaining Amortization Period	28 years
Mortality	RP-2000 Combined Healthy Mortality Table, full generational using Scale AA
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, 2014, the County collected $492,573 of hotel/motel taxes. Of this amount, $243,117, or 49.36%, was given to the Chamber. The remaining funds of $249,456, or 50.64%, 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 $2,350,000 as of June 30, 2014 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, 2014, the County has an estimated 13 years of monitoring remaining. Engineering studies estimate postclosure costs of approximately $454,006 over the 13-year period. These costs are based on what it would cost to perform all postclosure care as of June 30, 2014. 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, 2014, the County has contractual commitments on uncompleted contracts of approximately $7,951,292.

Litigation:

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

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contract with the Hospital Authority of Henry County:

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, 2014, the County paid $212,400 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

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County and the Henry County Water Authority (a component unit of Henry County, Georgia) are required to change their accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatements were required to the June 30, 2014 beginning net position of the County and the Authority to properly recognize debt issuance costs as expenses in the periods in which they were incurred.

The County's beginning net position was restated as follows:

Net position, previously reported	$ 653,943,019
Recognition of issuance costs incurred in prior periods	(244,378)
Beginning net position, restated	$ 653,698,641

The Authority's beginning net position was restated as follows:

Net position, previously reported	$ 241,846,652
Recognition of issuance costs incurred in prior periods	(2,123,628)
Beginning net position, restated	$ 239,723,024

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
12/31/2013	$ 102,336,864	$ 143,822,094	$ 41,485,230	71.2 %	$ 63,307,617	65.5 %
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

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
12/31/2013	$ 21,959,738	$ 28,481,338	$ 6,521,600	77.1 %	$ 9,835,682	66.3 %
12/31/2012	18,907,964	26,130,856	7,222,892	72.4	9,840,892	73.4
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

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.

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.

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.

NONMAJOR GOVERNMENTAL FUNDS

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.

2014 SPLOST Fund – This fund is used to account for the revenue and expenditures relating to the 2014 one percent Special Purpose Local Option Sales Tax.

Development Authority Fund – This fund is a blended component unit and 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.

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, 2014

	Special Revenue							
ASSETS	**Confiscated Assets Fund**	**Hotel/Motel Tax Fund**	**E-911 Fund**	**Law Library Fund**	**Court Fund**	**Technology Fund**	**CDBG Fund**	**Henry First Fund**
Cash and cash equivalents	$ 1,563,968	$ 42,728	$ 5,259,604	$ 370,795	$ 1,735,822	$ 107,327	$ 134,805	$ 27,777
Investments	2,000,000	-	-	-	-	-	-	-
Accounts receivable	-	49,880	608,390	-	-	-	-	-
Due from other governments	1,000	-	-	-	27,023	-	210,536	-
Due from other funds	-	-	-	-	-	-	-	3,000
Prepaid items	-	-	-	-	-	-	-	-
Total assets	$ 3,564,968	$ 92,608	$ 5,867,994	$ 370,795	$ 1,762,845	$ 107,327	$ 345,341	$ 30,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 48,239	$ 44,082	$ 42,310	$ -	$ 21	$ -	$ 137,928	$ -
Due to other governments	-	-	-	-	-	-		
Due to other funds	133	48,526	49,448	-	543,407	-	212,761	-
Deferred revenue	-	-	-	-	5,604	-	-	30,777
Total liabilities	48,372	92,608	91,758	-	549,032	-	350,689	30,777
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - period of availability	-	-	10,291	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted								
Capital projects	-	-	-	-	537,797	107,327	-	-
Housing and development	-	-	-	-	-	-	-	-
Citizen welfare	-	-	-	-	599,576	-	-	-
Law enforcement purposes	3,516,596	-	-	370,795	76,440	-	-	-
Public safety purposes	-	-	5,765,945	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(5,348)	-
Total fund balances	3,516,596	-	5,765,945	370,795	1,213,813	107,327	(5,348)	-
Total liabilities, deferred inflows of resources and fund balances	$ 3,564,968	$ 92,608	$ 5,867,994	$ 370,795	$ 1,762,845	$ 107,327	$ 345,341	$ 30,777

(Continued)

HENRY COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue		Capital Projects						
ASSETS	**Juvenile Assistance Fund**	**Grant Fund**	**2014 SPLOST Fund**	**Development Auth. Fund**	**Capital Asset Fund**	**2002 SPLOST Fund**	**Lease Purchase Fund**	**Impact Fees Fund**	**Total**
Cash and cash equivalents	$ 308,668	$ 591,741	$ 4,029,988	$ 382,341	$ 564,742	$ 1,439,032	$ -	$ 641,528	$ 17,200,866
Investments	-	-	1,083,677	140,000	-	515	-	-	3,224,192
Accounts receivable	17,868	-	2,800	-	692	-	-	-	679,630
Due from other governments	-	249,320	2,710,473	-	170,737	-	-	-	3,369,089
Due from other funds	-	202,439	-	-	286,631	82,450	-	-	574,520
Prepaid items	-	-	-	75,600	-	-	-	75,600	151,200
Total assets	$ 326,536	$ 1,043,500	$ 7,826,938	$ 597,941	$ 1,022,802	$ 1,521,997	$ -	$ 717,128	$ 25,199,497
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ 19,348	$ 105,673	$ 7,329	$ 109,848	$ 4,989	$ -	$ -	$ 519,767
Due to other governments	-		1,710,707	-	-	-	-	-	1,710,707
Due to other funds	-	1,082,864	16,379	-	-	2,059	-	106,724	2,062,301
Unearned revenue	-	211,730	-	-	-	-	-	-	248,111
Total liabilities	-	1,313,942	1,832,759	7,329	109,848	7,048	-	106,724	4,540,886
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - period of availability	-	41,807	-	-	170,737	-	-	-	222,835
FUND BALANCES									
Nonspendable	-	-	-	75,600	-	-	-	-	75,600
Restricted									
Capital projects	-	-	5,994,179	-	742,217	1,514,949	-	534,804	9,431,273
Housing and development	-	-	-	515,012	-	-	-	-	515,012
Citizen welfare	-	-	-	-	-	-	-	-	599,576
Law enforcement purposes	326,536	-	-	-	-	-	-	-	4,290,367
Public safety purposes	-	-	-	-	-	-	-	-	5,765,945
Unassigned	-	(312,249)	-	-	-	-	-	-	(317,597)
Total fund balances	326,536	(312,249)	5,994,179	590,612	742,217	1,514,949	-	534,804	20,360,176
Total liabilities, deferred inflows of resources and fund balances	$ 326,536	$ 1,043,500	$ 7,826,938	$ 597,941	$ 1,022,802	$ 1,521,997	$ -	$ 641,528	$ 25,123,897

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue							
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund	CDBG Fund	Henry First Fund
Revenues								
Taxes	$ -	$ 492,573	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	535,462	-
Charges for services	-	-	3,860,721	-	-	113,724	-	-
Fines and forfeitures	399,296	-	-	164,626	1,014,340	-	-	-
Investment income	3,491	36	3,124	48	731	63	-	7
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	22,780	-	-	-	-	13,084	-	27,112
Total revenues	425,567	492,609	3,863,845	164,674	1,015,071	126,871	535,462	27,119
Expenditures								
Current:								
General government	-	-	-	-	-	-	-	22,331
Judicial	-	-	-	163,576	322,281	126,284	-	-
Public safety	1,032,532	-	2,599,970	-	-	-	-	4,788
Housing and development	-	243,117	-	-	-	-	497,549	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,032,532	243,117	2,599,970	163,576	322,281	126,284	497,549	27,119
Excess (deficiency) of revenues over (under) expenditures	(606,965)	249,492	1,263,875	1,098	692,790	587	37,913	-
Other financing sources (uses)								
Transfers in	-	-	-	-	35,228	-	-	-
Transfers out	-	(249,492)	(349,221)	-	(708,399)	-	-	-
Total other financing sources (uses)	-	(249,492)	(349,221)	-	(673,171)	-	-	-
Net change in fund balances	(606,965)	-	914,654	1,098	19,619	587	37,913	-
Fund balances, beginning of year	4,123,561	-	4,851,291	369,697	1,194,194	106,740	(43,261)	-
Fund balances, end of year	$ 3,516,596	$ -	$ 5,765,945	$ 370,795	$ 1,213,813	$ 107,327	$ (5,348)	$ -

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue		Capital Projects						
	Juvenile Assistance Fund	Grant Fund	2014 SPLOST Fund	Development Auth. Fund	Capital Asset Fund	2002 SPLOST Fund	Lease Purchase Fund	Impact Fees Fund	Total
Revenues									
Taxes	$ -	$ -	$ 8,172,422	$ -	$ -	$ -	$ -	$ -	$ 8,664,995
Licenses and permits	-	-	-	-	-	-	-	1,128,877	1,128,877
Intergovernmental	-	856,089	-	-	611,463	547,110	-	-	2,550,124
Charges for services	-	-	-	500	-	-	-	-	3,974,945
Fines and forfeitures	61,800	-	-	-	-	-	-	-	1,640,062
Investment income	171	-	77	3,536	949	629	277	284	13,423
Contributions	-	-	-	14,000	-	-	-	-	14,000
Miscellaneous	-	6,204	2,800	64,400	-	-	-	-	136,380
Total revenues	61,971	862,293	8,175,299	82,436	612,412	547,739	277	1,129,161	18,122,806
Expenditures									
Current:									
General government	-	-	-	-	-	-	-	-	22,331
Judicial	77,660	-	-	-	-	-	-	-	689,801
Public safety	-	1,304,715	-	-	-	-	-	-	4,942,005
Housing and development	-	-	-	449,384	-	-	-	-	1,190,050
Capital outlay	-	-	2,181,120	-	1,224,378	123,955	155,683	55,851	3,740,987
Total expenditures	77,660	1,304,715	2,181,120	449,384	1,224,378	123,955	155,683	55,851	10,585,174
Excess (deficiency) of revenues over (under) expenditures	(15,689)	(442,422)	5,994,179	(366,948)	(611,966)	423,784	(155,406)	1,073,310	7,537,632
Other financing sources (uses)									
Transfers in	-	130,173	-	459,993	-	-	-	-	625,394
Transfers out	-	-	-	-	(31,000)	(376,953)	(14,573)	(796,988)	(2,526,626)
Total other financing sources (uses)	-	130,173	-	459,993	(31,000)	(376,953)	(14,573)	(796,988)	(1,901,232)
Net change in fund balances	(15,689)	(312,249)	5,994,179	93,045	(642,966)	46,831	(169,979)	276,322	5,636,400
Fund balances, beginning of year	342,225	-	-	497,567	1,385,183	1,468,118	169,979	258,482	14,723,776
Fund balances, end of year	$ 326,536	$ (312,249)	$ 5,994,179	$ 590,612	$ 742,217	$ 1,514,949	$ -	$ 534,804	$ 20,360,176

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, 2014

	Confiscated Assets Fund			Hotel/Motel Tax Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ 492,574	$ 492,573	$ (1)
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	2,643,530	399,296	(2,244,234)	-	-	-
Investment income	3,572	3,491	(81)	208	36	(172)
Miscellaneous	22,780	22,780	-	-	-	-
Total revenues	2,669,882	425,567	(2,244,315)	492,782	492,609	(173)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	3,032,536	1,032,532	2,000,004	-	-	-
Housing and development	-	-	-	243,289	243,117	172
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	3,032,536	1,032,532	2,000,004	243,289	243,117	172
Excess (deficiency) of revenues over (under) expenditures	(362,654)	(606,965)	(244,311)	249,493	249,492	(1)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(249,493)	(249,492)	1
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(249,493)	(249,492)	1
Net change in fund balances	(362,654)	(606,965)	(244,311)	-	-	-
Fund balances, beginning of year	4,123,561	4,123,561	-	-	-	-
Fund balances, end of year	$ 3,760,907	$ 3,516,596	$ (244,311)	$ -	$ -	$ -

(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, 2014

	E-911 Fund			Law Library Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	3,860,722	3,860,721	(1)	-	-	-
Fines and forfeitures	-	-	-	165,912	164,626	(1,286)
Investment income	3,202	3,124	(78)	520	48	(472)
Miscellaneous	-	-	-	-	-	-
Total revenues	3,863,924	3,863,845	(79)	166,432	164,674	(1,758)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	166,432	163,576	2,856
Public safety	3,509,554	2,599,970	909,584	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	3,509,554	2,599,970	909,584	166,432	163,576	2,856
Excess (deficiency) of revenues over (under) expenditures	354,370	1,263,875	909,505	-	1,098	1,098
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(354,370)	(349,221)	5,149	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(354,370)	(349,221)	5,149	-	-	-
Net change in fund balances	-	914,654	914,654	-	1,098	1,098
Fund balances, beginning of year	4,851,291	4,851,291	-	369,697	369,697	-
Fund balances, end of year	$ 4,851,291	$ 5,765,945	$ 914,654	$ 369,697	$ 370,795	$ 1,098

(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, 2014

	Court Fund			Technology Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	113,724	113,724
Fines and forfeitures	1,014,342	1,014,340	(2)	113,725	-	(113,725)
Investment income	732	731	(1)	200	63	(137)
Miscellaneous	-	-	-	-	13,084	13,084
Total revenues	1,015,074	1,015,071	(3)	113,925	126,871	12,946
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	342,809	322,281	20,528	127,009	126,284	725
Public safety	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	342,809	322,281	20,528	127,009	126,284	725
Excess (deficiency) of revenues over (under) expenditures	672,265	692,790	20,525	(13,084)	587	13,671
Other financing sources (uses)						
Transfers in	36,135	35,228	(907)	-	-	-
Transfers out	(708,400)	(708,399)	1	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	(672,265)	(673,171)	(906)	-	-	-
Net change in fund balances	-	19,619	19,619	(13,084)	587	13,671
Fund balances, beginning of year	1,194,194	1,194,194	-	106,740	106,740	-
Fund balances, end of year	$ 1,194,194	$ 1,213,813	$ 19,619	$ 93,656	$ 107,327	$ 13,671

(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, 2014

	Henry First Fund			Juvenile Assistance Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	56,497	61,800	5,303
Investment income	38	7	(31)	399	171	(228)
Miscellaneous	27,119	27,112	(7)	-	-	-
Total revenues	27,157	27,119	(38)	56,896	61,971	5,075
Expenditures						
Current:						
General government	22,369	22,331	38	-	-	-
Judicial	-	-	-	77,661	77,660	1
Public safety	4,788	4,788	-	-	-	-
Housing and development	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	27,157	27,119	38	77,661	77,660	1
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(20,765)	(15,689)	5,076
Other financing (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	(20,765)	(15,689)	5,076
Fund balances, beginning of year	-	-	-	342,225	342,225	-
Fund balances, end of year	$ -	$ -	$ -	$ 321,460	$ 326,536	$ 5,076

(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, 2014

	Grant Fund			CDBG Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	904,921	856,089	(48,832)	536,267	535,462	(805)
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	6,204	6,204	-	-	-
Total revenues	904,921	862,293	(42,628)	536,267	535,462	(805)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public safety	1,304,872	1,304,715	157	-	-	-
Housing and development	-	-	-	536,267	497,549	38,718
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,304,872	1,304,715	157	536,267	497,549	38,718
Excess (deficiency) of revenues over (under) expenditures	(399,951)	(442,422)	(42,471)	-	37,913	37,913
Other financing sources (uses)						
Transfers in	130,174	130,173	(1)	-	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	130,174	130,173	(1)	-	-	-
Net change in fund balances	(269,777)	(312,249)	(42,472)	-	37,913	37,913
Fund balances, beginning of year	-	-	-	(43,261)	(43,261)	-
Fund balances, end of year	$ (269,777)	$ (312,249)	$ (42,472)	$ (43,261)	$ (5,348)	$ 37,913

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, 2014

	Final Budget	Actual	Variance With Final Budget
Revenues			
Investment income	$ 16,654	$ 16,654	$ -
Total revenues	16,654	16,654	-
Expenditures			
Debt service:			
Principal	23,493,048	23,492,183	865
Interest and fiscal charges	2,543,472	2,543,420	52
Total expenditures	26,036,520	26,035,603	917
Deficiency of revenues under expenditures	(26,019,866)	(26,018,949)	917
Other financing sources			
Transfers in	26,019,866	26,262,978	243,112
Total other financing sources	26,019,866	26,262,978	243,112
Net change in fund balances	-	244,029	244,029
Fund balance, beginning of year	18,876,436	18,876,436	-
Fund balance, end of year	$ 18,876,436	$ 19,120,465	$ 244,029

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	87,130	10,323,534
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	83,391,098	1,454	83,392,552
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	35,371	10,886,460
	$ 140,000,000	$ 140,000,000	$ 149,077,955	$ 123,955	$ 149,201,910

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	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	5,357,908	-	5,357,908
Park and recreational facilities	11,250,000	8,009,156	10,614,883	5,789	10,620,672
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	77,787,411	6,999,904	84,787,315
City of Hampton	6,120,000	4,545,305	4,069,169	-	4,069,169
City of Locust Grove	6,120,000	4,545,305	4,091,216	-	4,091,216
City of McDonough	21,474,000	15,948,671	13,935,191	830,950	14,766,141
City of Stockbridge	26,286,000	19,960,719	16,765,002	1,523,923	18,288,925
Program management	7,120,000	3,590,000	3,158,820	364,252	3,523,072
	$ 240,000,000	$ 180,000,328	163,257,406	9,724,818	172,982,224
Transfers to the Debt Service Fund for the purpose of repayment of principal and interest on debt. **(1)**			78,427,160	19,484,075	97,911,235
Total 2008 SPLOST Fund expenditures for the prior years and the current fiscal year			$ 241,684,566	$ 29,208,893	$ 270,893,459

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.

HENRY COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2014 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Public safety facilities	$ 12,320,000	$ 12,320,000	$ -	$ -	$ -
Technical college construction	5,000,000	5,000,000	-	-	-
Public safety vehicles and equipment	3,886,806	3,886,806	-	-	-
911 radio replacement	7,000,000	7,000,000	-	-	-
Senior services facilities	4,050,000	4,050,000	-	-	-
Park and recreational facilities	12,863,639	12,863,639	-	-	-
Sewer construction and improvements	4,000,000	4,000,000	-	-	-
Roads, streets, sidewalks and bridges	86,529,555	86,529,555	-	130,897	130,897
Transportation equipment	450,000	450,000	-	-	-
Airport FBO	1,000,000	1,000,000	-	-	-
Jail renovations	1,500,000	1,500,000	-	-	-
City of Hampton	5,528,430	5,528,430	-	231,886	231,886
City of Locust Grove	4,269,823	4,269,823	-	179,094	179,094
City of McDonough	17,449,743	17,449,743	-	731,914	731,914
City of Stockbridge	20,252,004	20,252,004	-	849,450	849,450
Program management	3,900,000	3,900,000	-	57,879	57,879
	$ 190,000,000	$ 190,000,000	$ -	$ 2,181,120	$ 2,181,120

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 monies collected by the courts and remitted to other parties in accordance with court orders and state law: **Clerk of Superior Court, Probate Court, Magistrate Court, State Court, and Juvenile Court.**

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 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	$ 2,892,537	$ 1,914,446	$ 31,727	$ 72,403	$ 233,479	$ 2,569,594	$ 10,456	$ 145,978	$ 7,870,620
Taxes receivable	4,097,503	-	-	-	-	-	-	-	4,097,503
Total assets	$ 6,990,040	$ 1,914,446	$ 31,727	$ 72,403	$ 233,479	$ 2,569,594	$ 10,456	$ 145,978	$ 11,968,123
LIABILITIES									
Due to component unit	$ 62,171	$ 13,053	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,224
Due to others	6,927,869	1,901,393	31,727	72,403	233,479	2,569,594	10,456	145,978	11,892,899
Total liabilities	$ 6,990,040	$ 1,914,446	$ 31,727	$ 72,403	$ 233,479	$ 2,569,594	$ 10,456	$ 145,978	$ 11,968,123

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 2,723,282	$ 127,373,241	$ 127,203,986	$ 2,892,537
Taxes receivable	5,576,623	3,333,221	4,812,341	4,097,503
	$ 8,299,905	$ 130,706,462	$ 132,016,327	$ 6,990,040
LIABILITIES				
Due to component unit	$ 57,100	$ 10,554,700	$ 10,549,629	$ 62,171
Due to others	8,242,805	120,151,762	121,466,698	6,927,869
	$ 8,299,905	$ 130,706,462	$ 132,016,327	$ 6,990,040
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 2,548,513	$ 6,847,283	$ 7,481,350	$ 1,914,446
LIABILITIES				
Due to component unit	$ 17,458	$ 210,451	$ 214,856	$ 13,053
Due to others	2,531,055	6,636,832	7,266,494	1,901,393
	$ 2,548,513	$ 6,847,283	$ 7,481,350	$ 1,914,446

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 57,314	$ 323,993	$ 349,580	$ 31,727
LIABILITIES				
Due to others	$ 57,314	$ 323,993	$ 349,580	$ 31,727
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 98,897	$ 913,133	$ 939,627	$ 72,403
LIABILITIES				
Due to others	$ 98,897	$ 913,133	$ 939,627	$ 72,403
SHERIFF				
ASSETS				
Cash and cash equivalents	$ 152,914	$ 1,217,959	$ 1,137,394	$ 233,479
LIABILITIES				
Due to others	$ 152,914	$ 1,217,959	$ 1,137,394	$ 233,479

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
STATE COURT				
ASSETS				
Cash and cash equivalents	$ 343,413	$ 6,589,321	$ 4,363,140	$ 2,569,594
LIABILITIES				
Due to others	$ 343,413	$ 6,589,321	$ 4,363,140	$ 2,569,594
JUVENILE COURT				
ASSETS				
Cash and cash equivalents	$ 8,675	$ 47,225	$ 45,444	$ 10,456
LIABILITIES				
Due to others	$ 8,675	$ 47,225	$ 45,444	$ 10,456
FLINT DRUG TASK FORCE				
ASSETS				
Cash and cash equivalents	$ 129,398	$ 174,673	$ 158,093	$ 145,978
LIABILITIES				
Due to others	$ 129,398	$ 174,673	$ 158,093	$ 145,978

(Continued)

HENRY COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 6,062,406	$ 143,486,828	$ 141,678,614	$ 7,870,620
Taxes receivable	5,576,623	3,333,221	4,812,341	4,097,503
	$ 11,639,029	$ 146,820,049	$ 146,490,955	$ 11,968,123
LIABILITIES				
Due to component unit	$ 74,558	$ 10,765,151	$ 10,764,485	$ 75,224
Due to others	11,564,471	136,054,898	135,726,470	11,892,899
	$ 11,639,029	$ 146,820,049	$ 146,490,955	$ 11,968,123

COMPONENT UNITS

HENRY COUNTY, GEORGIA

BALANCE SHEET
COMPONENT UNIT - LIBRARY SYSTEM
JUNE 30, 2014

ASSETS		
Cash and cash equivalents	$	435,972
Investments		28,749
Accounts receivable		3,551
Total assets	$	468,272
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	69,505
Accrued liabilities		36,109
Total liabilities		105,614
FUND BALANCE		
Unassigned		362,658
Total fund balance		362,658
Total liabilities and fund balance	$	468,272

HENRY COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - LIBRARY SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Revenues		
Intergovernmental	$	1,933,167
Investment income		845
Contributions		37,884
Other revenues		98,628
Total revenues		2,070,524
Expenditures		
Culture and recreation		2,094,440
Total expenditures		2,094,440
Net change in fund balance		(23,916)
Fund balance, beginning of year		386,574
Fund balance, end of year	$	362,658

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 ..... **122 - 127**

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 ..... **128 - 131**

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

Debt Capacity ..... **132 and 133**

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 ..... **134 and 135**

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 ..... **136 - 138**

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

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

HENRY COUNTY, GEORGIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	$ 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	$ 568,049,432	$ 581,339,331
Restricted	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	67,207,630
Unrestricted	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	21,943,635
Total governmental activities net position	$ 247,082,695	$ 470,846,902	$ 530,799,841	$ 575,954,678	$ 573,733,251	$ 615,572,488	$ 622,322,200	$ 634,928,446	$ 653,943,019	$ 670,490,596
Business-type activities:										
Net investment in capital assets	$ -	$ -	$ 394,018	$ 450,152	$ 454,613	$ 530,211	$ 420,441	$ 18,208,602	$ 20,954,950	$ 21,550,115
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	(861,503)	388,233	1,351,941	1,819,598	2,793,970	1,102,775	1,325,934	4,461,391
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	$ 26,011,506
Primary government:										
Net investment in capital assets	$ 138,929,538	$ 335,733,103	$ 413,440,386	$ 462,616,423	$ 505,895,455	$ 524,071,958	$ 541,572,310	$ 576,581,910	$ 589,004,382	$ 602,889,446
Restricted	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	67,207,630
Unrestricted	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	26,405,026
Total governmental activities net position	$ 247,082,695	$ 470,846,902	$ 530,332,356	$ 576,793,063	$ 575,539,805	$ 617,922,297	$ 625,536,611	$ 654,239,823	$ 676,223,903	$ 696,502,102

(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									
	2005	2006	2007	2008	2009 (3)	2010 (4)	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 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	$ 30,746,741
Judicial	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	15,033,248
Public safety	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	69,770,025
Public works	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	18,392,672
Health and welfare	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	5,173,914
Culture and recreation	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	6,823,060
Housing and development	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	11,721,615
Interest on long-term debt	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	1,543,873
Total governmental activities expenses	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	159,205,148
Business-type activities:										
Stormwater	-	-	1,358,397 (2)	1,681,065	1,899,938	2,041,355	1,835,134	1,848,896	2,053,165	2,683,451
Airport	-	-	-	-	-	-	-	774,400	875,056	865,506
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	3,548,957
Total primary government expenses	$ 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	$ 162,754,105
Program revenues										
Governmental activities:										
Charges for services:										
Impact fee collection	$ 4,081,910	$ 4,467,672	$ 2,604,520	$ 2,558,367	$ 252,622	$ 286,181	$ 279,625	$ 305,584	$ 549,740	$ 1,128,877
Other housing and development	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	1,558,752
General government	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	4,437,315
Judicial	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	7,714,363
Public safety	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	11,047,407
Other activities	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	4,073,266
Operating grants and contributions	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	13,159,806
Capital grants and contributions	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	4,881,467
Total governmental activities program revenues	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	48,001,253
Business-type activities:										
Charges for services-Stormwater	-	-	2,591,018 (2)	2,912,155	2,855,662	2,942,581	2,996,834	3,006,424	2,988,384	2,983,539
Operating grants and contributions-Stormwater	-	-	-	-	-	835	-	-	-	-
Capital grants and contributions-Stormwater	-	-	-	-	-	22,500	-	-	-	-
Charges for services-Airport	-	-	-	-	-	-	-	758,120	877,974	908,244
Capital grants and contributions-Airport	-	-	-	-	-	-	-	15,255,658	2,205,618	530,038
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	4,421,821
Total primary government program revenues	$ 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	$ 52,423,074

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009 (3)	2010 (4)	2011	2012	2013	2014
Net (expense)/revenue:										
Governmental activities	$ (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)	$ (111,203,895)
Business-type activities	-	-	1,232,621	1,231,090	955,724	924,561	1,161,700	16,396,906	3,143,755	872,864
Total primary government net expense	$ (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)	$ (110,331,031)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 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	$ 67,371,942
Sales taxes	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	53,611,106
Other taxes	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	9,803,331
Unrestricted investment earnings	2,553,397	5,309,584 (1)	6,593,296	3,419,841	922,392	150,481	122,805	85,356	79,422	63,944
Gain on sale of capital assets	142,935	-	218,233	-	-	-				-
Transfers	-	-	1,768,921	-	-	384,381	301,187	302,579	214,401	(2,854,473)
Total governmental activities	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	127,995,850
Business-type activities:										
Unrestricted investment earnings	-	-	68,815	74,780	12,445	3,075	4,089	2,639	2,776	3,285
	-	-	-	-	-	-	-	-	37,377	-
Transfers	-	-	(1,768,921)	-	-	(384,381)	(301,187)	(302,579)	(214,401)	2,854,473
Total business-type activities	-	-	(1,700,106)	74,780	12,445	(381,306)	(297,098)	(299,940)	(174,248)	2,857,758
Total primary government	$ 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	$ 130,853,608
Change in Net Position										
Governmental activities	$ 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	$ 16,791,955
Business-type activities	-	-	(467,485)	1,305,870	968,169	543,255	864,602	16,096,966	2,969,507	3,730,622
Total primary government	$ 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	$ 20,522,577

(1) The increase from the prior period was due to a new investment policy adopted by the County.
(2) During fiscal year 2007, the Stormwater enterprise fund was created.
(3) 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.
(4) 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									
	2005	2006	2007	2008	2009	2010	2011 (2)	2012	2013	2014
General Fund										
Reserved	$ 71,972 (1)	$ 2,679,818	$ 1,458,960	$ 318,171	$ 431,226	$ 317,909	$ -	$ -	$ -	$ -
Unreserved	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	280,807
Inventories	-	-	-	-	-	-	-	-	190,966	230,202
Advances to other funds	-	-	-	-	-	-	4,071,741	5,287,840	3,155,660	-
Restricted:										
Capital projects									1,403,537	491,504
Public safety purposes	-	-	-	-	-	-	20,973	17,808	17,808	17,808
Assigned	-	-	-	-	-	-	-	-	3,016,357	194,980
Unassigned	-	-	-	-	-	-	31,756,420	31,764,728	35,501,521	41,608,532
Total General Fund	$ 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	$ 42,823,833
All Other Governmental Funds										
Reserved	$ 3,009,881	$ 4,710,327	$ 1,939,741	$ 4,643,661	$ 1,742,086	$ 1,659,116	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	1,663,902	461,283	5,366,870	6,217,414	7,893,812	11,026,010	-	-	-	-
Debt service funds	4,604,604	13,164,213	13,424,334	9,828,838	486,479	17,447,416	-	-	-	-
Capital projects funds	75,249,364	72,838,555	51,781,191	42,468,337	91,988,543	69,144,471	-	-	-	-
Nonspendable:										
Prepaids	-	-	-	-	-	-	-	-	-	75,600
Restricted:										
Capital projects	-	-	-	-	-	-	47,575,333	36,067,022	33,671,548	35,445,110
Housing and development	-	-	-	-	-	-	-	-	497,567	515,012
Federal and State grants	-	-	-	-	-	-	2,085,169	2,262,425	2,101,730	961,843
Citizen welfare	-	-	-	-	-	-	1,285,148	1,230,591	1,177,312	599,576
Law enforcement purposes	-	-	-	-	-	-	5,541,681	5,872,055	4,851,228	4,290,367
Public safety purposes	-	-	-	-	-	-	5,896,612	4,264,629	4,851,291	5,765,945
Debt service	-	-	-	-	-	-	18,318,820	18,632,934	18,876,436	19,120,465
Unassigned:										
Special revenue funds	-	-	-	-	-	-	-	-	(43,261)	(317,597)
Capital projects funds	-	-	-	-	-	-	(2,762,763)	(4,910,973)	-	-
Total all other governmental funds	$ 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	$ 66,456,321

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 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	$ 129,946,751
Licenses and permits	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	3,342,798
Intergovernmental	2,392,949	2,380,601	7,760,021 (6)	3,599,103	6,699,402	23,150,424 (11)	11,128,485	15,527,987	12,270,254	11,905,814
Charges for services	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	17,300,085
Fines and forfeitures	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	6,334,417
Administrative fees	1,208,416	-	-	-	-	-	-	-	-	-
Investment income	2,553,397 (1)	5,309,584 (4)	6,593,296	3,419,841	922,392	328,794 (10)	208,600	114,916	103,533	80,754
Contributions	65,282	42,416	80,310	165,752	125,886	62,356	65,416	218,557	176,882	169,162
Miscellaneous	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	3,923,290
Total revenues	$ 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	$ 173,003,071
Expenditures										
General government	$ 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	$ 15,346,942
Judicial	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	14,723,977
Public safety	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	66,892,442
Public works	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	11,888,381
Health and welfare	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	4,880,925
Culture and recreation	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	5,439,156
Housing and development	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	11,720,659
Intergovernmental	-	-	-	1,812,307	25,896,678 (9)	2,523,364	2,412,181	2,951,666	3,264,382	2,354,873
Capital outlay	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	11,110,932
Debt service:										
Principal retirement	5,596,608	9,449,016	15,319,413	16,165,673	31,772,244 (8)	5,647,610	21,881,414	23,073,807	23,870,927	23,492,183
Interest and fiscal charges	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	2,543,420
Issuance costs	-	-	-	131,701	757,501	-				-
Total expenditures	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	170,393,890
Excess (deficiency) of revenues over (under) expenditures	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	2,609,181

(Continued)

HENRY COUNTY, GEORGIA

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Capital leases	$ 16,567,359 (3)	$ 21,302,823 (5)	$ 7,445,411	$ 39,279,119	$ -	$ -	$ 5,559,590	$ 569,151	$ -	$ -
Issuance of bonds	-	-	-	7,235,000 (7)	87,240,000 (2)	-	-	-	-	-
Premium on bonds	-	-	-	-	3,753,281	-	-	-	-	-
Transfers in	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	28,336,995
Transfers out	(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)	(31,191,468)
Proceeds from sale of capital assets	240,853	3,987,510	273,880	102,550	61,677	42,379	63,500	4,662	142,615	38,463
Total other financing sources (uses)	16,808,212	25,290,333	9,629,690	46,616,669	91,054,958	426,760	5,924,277	876,392	357,016	(2,816,010)
Net change in fund balances	$ 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	$ (206,829)
Debt service as a percentage of noncapital expenditures	7.5%	10.4%	13.4%	14.0%	18.7%	7.6%	17.5%	18.3%	20.3%	16.3%

(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 County entered into seven new lease purchase agreements during the fiscal year.
(4) The increase from the prior period is due to the County's new investment policy.
(5) The County entered into five new lease purchase agreements during the fiscal year.
(6) The County received approximately $4.7 million in reimbursement from the Georgia Department of Transportation for the paving of two roads.
(7) The County issued $7.235 million in general obligation bonds in 2008.
(8) The County retired the $7.235 million in general obligation bonds issued in 2008, along with normal debt service requirements.
(9) 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.
(10) Interest earned on SPLOST funds are reported as program income-capital grants and contributions- beginning in 2010.
(11) 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)					
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%
2014	3,034,741,148	2,426,561,125	495,286,040	8,991,946	1,250,359,481	4,715,220,778	14.30	11,788,051,945	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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Henry County rates										
Maintenance & Operations										
Unincorporated	14.06	14.13	14.13	14.37	13.89	13.71	14.89	18.52	18.71	18.39
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	2.71	2.56	2.51	2.45	2.59	2.59	3.45	4.39	4.39	4.38
Stockbridge	-	-	-	-	-	-	-	-	-	-
Hampton	-	-	-	-	-	-	-	-	-	-
Locust Grove	-	-	-	-	-	-	-	-	-	-
LOST Reduction	(2.82)	(2.89)	(2.93)	(3.17)	(2.92)	(2.92)	(3.14)	(4.02)	(4.21)	(4.09)
Protection	-	-	-	-	-	-	1.72	1.91	1.94	1.92
Fire Protection	2.02	1.18	1.21	1.16	1.22	1.22	1.15	1.02	0.68	0.60
Planning and Development	-	-	-	-	-	-	0.23	0.14	0.10	0.02
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	-	-	-
Board of Education										
Maintenance & Operations	18.90	19.40	20.00	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	3.63	3.63	3.63
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20	0.15	0.10
Total Unincorporated	36.45	36.95	37.51	37.51	37.28	37.28	38.06	40.33	40.28	40.03
Total Municipalities (3), (4)										
McDonough	35.33	37.03	37.48	37.58	38.14	38.14	38.42	41.65	41.58	41.32
Stockbridge	36.45	36.95	37.47	37.51	37.02	37.02	38.06	40.33	40.28	40.03
Hampton	34.67	35.65	36.23	36.29	36.17	36.17	36.35	38.34	38.29	38.04
Locust Grove	34.80	35.67	35.69	36.29	35.87	35.87	36.11	38.28	38.08	37.83
Total Direct Tax Rate	12.04	11.24	11.20	11.20	10.97	10.97	11.75	14.50	14.50	14.30

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

	2014			2005		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	$ 35,844,406	1	0.76 %	$ 19,154,273	4	0.41 %
Henry Co Development Authority	31,473,210	2	0.67	-	-	-
Atlanta Motor Speedway	24,699,200	3	0.52	20,309,250	3	0.43
Georgia Crown Distributing	22,421,982	4	0.48	-	-	-
Norfolk Southern Combined	21,406,454	5	0.45	-	-	-
Kens Foods	27,190,327	6	0.58	13,930,393	6	0.30
US Industrial REIT II	18,610,360	7	0.39	-	-	-
Inland Western McDonough	17,966,994	8	0.38	-	-	-
Trees of Avalon LLC	16,979,867	9	0.36	-	-	-
Georgia Transmission Corp	17,053,068	10	0.36	-	-	-
Cardinal Health 103, Inc.	-	-	-	85,632,551	1	1.82
Bellsouth	-	-	-	21,705,319	2	0.46
Central Henry Development	-	-	-	11,225,708	10	0.24
Henry Town Center, LLC ET AL	-	-	-	18,864,440	5	0.40
Istar Financial, Inc.	-	-	-	13,587,200	7	0.29
Weeks Realty LP	-	-	-	13,058,360	8	0.28
TRU Properties, Inc.	-	-	-	12,028,760	9	0.26
Totals	$ 233,645,868		4.96 %	$ 229,496,254		4.87 %

The fiscal year 2014 total taxable assessed value is: 4,715,220,778
The fiscal year 2005 total taxable assessed value is: 4,714,766,426

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
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
2014	172,499,793	167,977,729	97.4	4,084,658	172,062,387	99.7

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: Revenue Bonds	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
2005	$ 25,000,000	(1)	0.21 %	$ 149	-	$ 30,806,811	$ 55,806,811	1.20 %	$ 332
2006	25,000,000		0.20	141	-	42,660,618	67,660,618	1.32	381
2007	16,920,000		0.12	91	-	42,866,616	59,786,616	1.06	321
2008	15,646,148		0.10	82	-	74,488,914	90,135,062	1.54	473
2009	87,240,000	(4)	0.52	452	-	58,362,818	145,602,818	2.50	755
2010	87,240,000		0.52	449	-	52,715,208	139,955,208	2.31	720
2011	71,485,000		0.50	344	-	52,148,384	123,633,384	1.96	595
2012	54,530,000		0.41	260	-	46,598,728	101,128,728	1.54	483
2013	36,885,000		0.32	175	12,186,000 (5)	40,372,801	89,443,801	1.31	423
2014	18,695,000		0.16	87	12,186,000	22,882,032	53,763,032	0.82	251

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.

(5) The County implemented GASB 61 requiring the inclusion of the Development Authority as a blended component unit

HENRY COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 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	$ 471,522,078
Total net debt applicable to limit	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	18,695,000
Legal debt margin	$ 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	$ 452,827,078
Total net debt applicable to the limit as a percentage of debt limit	5.30%	4.88%	3.00%	2.52%	12.90%	12.98%	12.52%	10.36%	7.95%	3.96%

Legal Debt margin Calculation for Fiscal Year 2013

Assessed value	$ 4,715,220,778
Debt limit (10% of assessed value)	471,522,078
Debt applicable to limit:	
General obligation bonds	18,695,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	18,695,000
Legal debt margin	$ 452,827,078

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)
2005	168,204	$ 4,649,063	$ 27,411	33.4	32,413	5.1 %
2006	177,436	5,120,945	28,402	33.4	37,350	4.4
2007	186,308	5,615,564	29,754	33.4	38,969	4.4
2008	190,700	5,859,183	30,100	33.4	38,421	5.9
2009	192,800	5,821,827	29,126	33.4	40,370	10.1
2010	194,400	6,054,490	28,804	33.4	40,791	10.0
2011	207,800	6,296,670	30,143	31.0	40,951	10.9
2012	209,500	6,548,536	31,509	35.3	40,290	9.5
2013	211,300	6,810,478	32,578	35.3	40,440	8.1
2014	214,500	6,596,125	31,242	35.6	41,000	7.5

(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

	2014			2005		
Taxpayer	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Henry County Board of Education	6,000	1	6.09 %	3,784	1	4.73 %
Henry County Board of Commissioners	1,566	2	1.59	1,418	2	1.77
Walmart Supercenter	1,412	3	1.43	1,010	4	1.26
Piedmont Henry	1,281	4	1.30	1,287	3	1.61
Federal Aviation Administration	800	5	0.81	533	6	0.67
PVH	660	6	0.67	-	-	-
Georgia Power Company	600	7	0.61	458	7	0.57
Briggs & Stratton fka Snapper	483	8	0.49	457	8	0.57
Southern States, Inc.	458	9	0.46	-	-	-
Home Depot DFC #6777	350	10	0.36	-	-	-
Suntrust Bank	-	-	-	700	5	0.88
Toys R Us	-	-	-	450	9	0.56
Aero Plastics, Inc.	-	-	-	350	10	0.44
Totals	13,610		13.81 %	10,447		13.06 %

(1) Source: Henry County Development Authority 2014
(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 80,000 (2005), Georgia Department of Labor, workforce 98,567 (2014)
(3) Source: Henry County and Henry County Water and Sewerage Authority Water & Sewerage Revenue Bonds Series 1996

HENRY COUNTY, GEORGIA

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

	Full-time Equivalent Employees as of June 30,									
	2005 (1)	2006 (2)	2007 (2)	2008 (2)	2009 (2)	2010 (2)	2011 (2)	2012 (2)	2013 (2)	2014 (2)
Function										
General Government	581	605	598	582	576	639	615	591	411	541
Public Safety										
Police & Sheriff										
Officers	188	211	262	256	302	368	296	281	328	270
Civilians	33	59	57	54	53	53	53	57	53	49
Corrections	109	117	122	153	160	157	163	162	162	163
Fire										
Firefighters	245	257	267	300	264	265	260	242	270	268
Civilians	9	8	12	9	27	27	27	27	12	12
Highways and streets										
Engineering	26	22	21	24	24	19	19	16	15	15
Maintenance	84	80	83	90	84	80	74	66	68	75
Social services	-	-	-	78	100	101	73	82	62	93
Culture and recreation	30	36	44	56	71	66	50	58	36	72
Total	1,305	1,395	1,466	1,602	1,661	1,775	1,630	1,582	1,417	1,558

(1) Source: Henry County Human Resources Department.
(2) Source: Department of Community Affairs Annual Survey of Government Employment for March of each year.

HENRY COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

	Calendar Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Police										
Physical arrest	3,959	5,394	6,482	7,119	6,715	6,652	6,498	5,556	5,986	5,947
Parking violations	35	51	19	16	83	20	58	44	31	46
Traffic violations	36,662	52,921	67,728	70,045	65,394	66,061	65,105	50,492	71,254	67,553
Fire										
Calls answered	14,704	17,059	18,065	18,471	19,240	20,245	21,581	23,902	22,497	22,364
Inspections	4,163	4,070	3,827	6,698	8,431	11,856	8,382	7,335	6,731	5,678
Highways and streets										
Street resurfacing	25	45	30	27	56	56	65	40	34	20
Culture and recreation										
Athletic field permits issued	5,155	19,191	48,896	105,184	121,576	125,544	151,826	193,575	193,698	207,634
Community center admissions	11,444	30,631	45,198	74,656	79,143	79,876	59,473	58,518	42,803	42,677

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	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Police										
Stations	2	4	4	4	4	5	5	4	3	3
Patrol Units	232	232	288	282	310	230	196	196	314	310
Patrol Zones	11	20	20	20	20	20	20	20	20	20
Fire Stations	12	12	13	13	13	13	13	13	13	13
Public Works										
Streets (miles)	1,318	1,163	1,172	1,195	1,221	1,230	1,236	1,238	1,237	1,238
Traffic Signals	15	23	24	24	27	30	32	32	35	35
Culture and Recreation										
Park Acreage	836.9	1,162.9	1,162.9	1,162.9	1,258.2	1,268.7	1,271	1,271	1,271	1,271
Playgrounds	18	22	22	33	33	33	33	33	33	33
Baseball/Softball Diamonds	66	66	67	74	74	74	73	73	73	73
Soccer/Football Fields	17	18	24	27	27	us	33	33	33	33
Community Centers	3	4	6	9	9	10	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.