

*Henry County, Georgia*
*Year Ended June 30, 2015*
*Pictured Above, Patrick Henry Statue*
*City of McDonough Courthouse, McDonough Square*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT 2015

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Prepared By:**
**Fredric L. Auletta,**
**Financial Services Director**

# INTRODUCTORY SECTION

# HENRY COUNTY, GEORGIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Board of Commissioners

Tommy N. Smith
Chairman

Bo Moss
District I

Brian Preston
District II

Gary Barham
District III

Blake Prince
District IV

Bruce B. Holmes
District V

Lyndon L. Bonner
County Manager

Stephanie Braun
County Clerk

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

December 28, 2015

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, 2015. 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 is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of Henry County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Henry County's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Our auditors have issued an unqualified opinion of Henry County's financial statements for the year ended June 30, 2015. 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 50$^{th}$ 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 214,800. 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 the County's Manager, Clerk, Communications Director, Risk Management Safety Officer 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 Manager uses these requests as the starting point for developing a proposed budget. The County Manager then works in collaboration with the Chairman to finalize the budget the Chairman will then presents as the 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 continues to make Henry County a powerful choice to live, work and play. State and national economic indicators still place Henry County in an enviable position as one of the nation's fastest-growing communities. Henry County has a rich variety of retail establishments, from large stores in outlying shopping centers to small mom and pop shops that serve the downtown areas. In fact, the Tanger Factory Outlet in Locust Grove draws more than 2 million shoppers annually. According to CNNMoney.com, "Henry County is a thriving commerce center mixed with big-box retail, abundant health care services and a nurturing attitude toward small businesses." CNN Money ranked Henry County 7$^{th}$ in overall job growth stating a 60.5% job growth between 2000 and 2008. In 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 Purpose Local Option Sales Taxes. In March, 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.* During the reported fiscal year, two debt obligations for almost $15,000,000 were refinanced concluding with an $850,000 savings to the county. Just after the reported fiscal year, July 2015, a $10,000,000 bond obligation was refunded resulting in almost a $3,350,000 savings to the county. In addition to the savings, the debt payment term was reduced from payments through fiscal year 2032 to the last payment now on August 1, 2021 (FY2022). The county will only have less than $2,700,000 outstanding in principal and interest after fiscal year 2022. Almost $1,250,000 of this will be paid in fiscal year 2023. This then puts the county in a position during fiscal year 2024, or earlier, to pay off this remaining less than $1,400,000 in principal to save interest on that debt and have the County's General Fund become debt free.

The county has embarked upon its first five year budget to account for past deferrals brought about by the recent "Great Recession".

In Fiscal Year 2014, the citizens of Henry County passed a referendum for the next phase (IV) of the Special Purpose Local Option Sales Tax (SPLOST) program. The SPLOST IV program, with collections beginning April 1, 2014 and ending March 31, 2020, is expected to collect over $190,000,000 in revenue. The funds will be used to enhance the overall social well-being of the County through various transportation, equipment and capital projects. Among the most notable of the capital projects include Fairview Community Park, the construction of 3 new fire stations with equipment and replacement of another, E-911 radio replacement, 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 extension of McDonough Parkway, Rock Quarry Road

widening, Hemphill Rd at SR138 intersection improvement, Anvil Block Road widening 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 bolster the local economy. The County also continues to complete remaining major projects from the SPLOST III program which began in April of 2008 and ended in April of 2014. The entire revenue stream for SPLOST III has been collected. The funds remaining 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 capital 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. Major transportation projects that have greatly improved Henry County's flow of traffic for its citizens and schools include Eagles Landing Parkway, Hudson Bridge Road, Rocky Creek Road to Hampton/Locust Grove Road, 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 may 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, as well as East West Bank to obtain a greater interest rate return with 110% collateralization through irrevocable letters of credit with the Federal Home Loan Bank of San Francisco. 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 Standard and Poor's. These ratings produce significant interest savings and are solid evidence of our financial strength and stability.

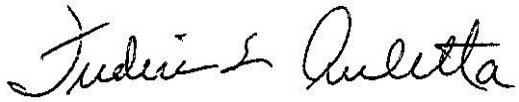
*Awards and Acknowledgements*. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henry County, Georgia for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the tenth year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, Henry County also received our 9th GFOA Award for Outstanding Achievement in Popular Financial Reporting (PAFR) for the fiscal year ended June 30, 2014. 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**

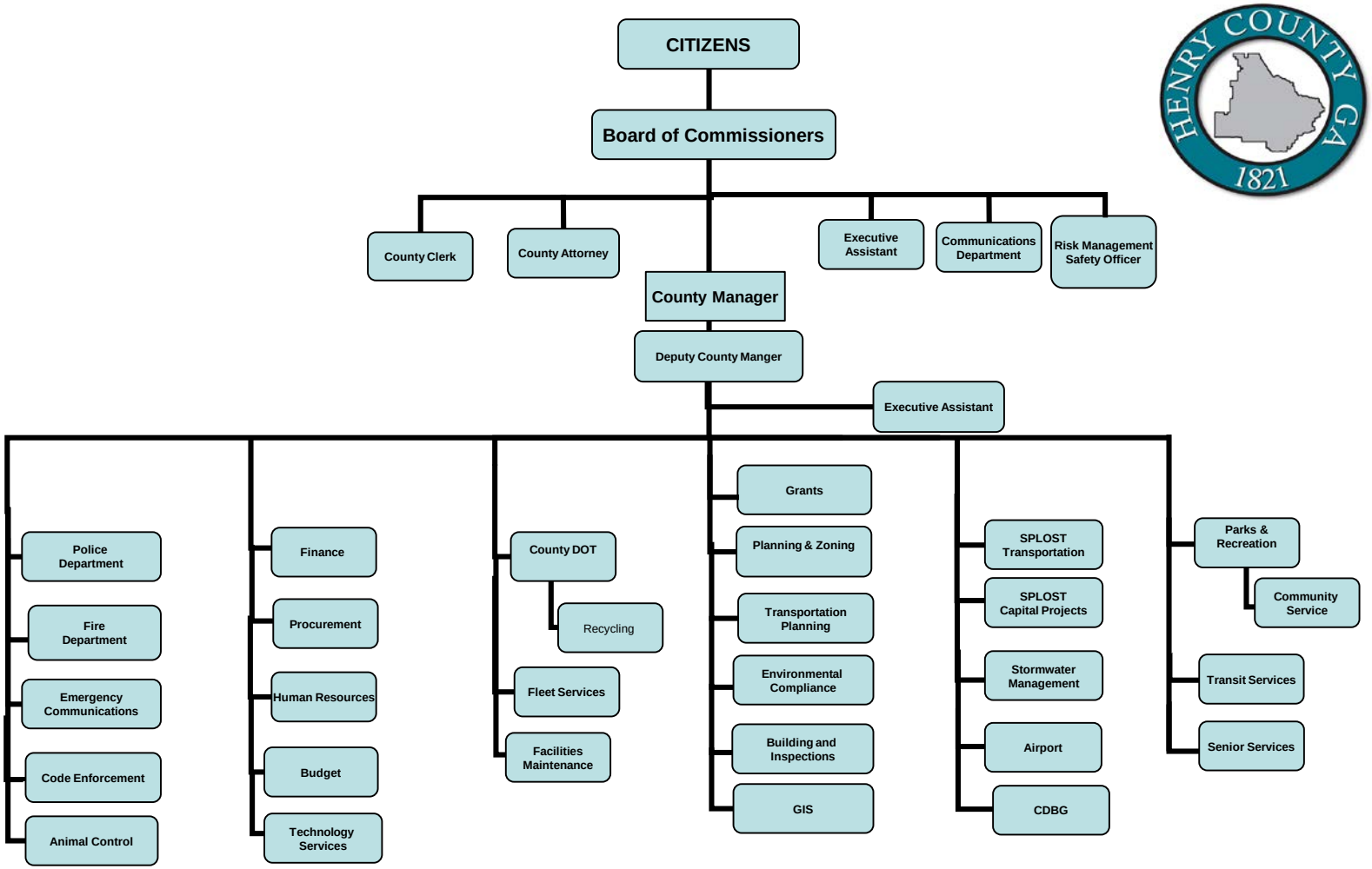
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2014**



Executive Director/CEO

# Henry County Board of Commissioners




Unofficial Organizational Chart

# HENRY COUNTY, GEORGIA
## LIST OF PRINCIPAL OFFICIALS
## JUNE 30, 2015

### 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 (Interim)** | **Cheri Hobson-Matthews** |
| **County Clerk** | **Stephanie Braun** |
| **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

# 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, 2015, 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, 2015, 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 Notes 10 and 18, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* as of July 1, 2014. These standards significantly changed the accounting for the County's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

***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),
- Schedule of Changes in the County's Net Pension Liability (on pages 123 and 124),
- Schedule of County Contributions (on page 125),
- Schedule of Changes in Net Pension Liability and Related Ratios – Water Authority (on pages 126 and 127),
- Schedule of Contributions – Water Authority (on pages 128),
- Schedule of Proportionate Share of Net Pension Liability – Employees' Retirement System – Health Department (on pages 129),
- Schedule of Contributions – Employees' Retirement System – Health Department (on page 130),
- Notes to Required Supplementary Information – Employees' Retirement System – Health Department (on page 131),
- Schedule of Proportionate Share of Net Pension Liability – Teachers' Retirement System of Georgia – Library System (on pages 132),
- Schedule of Contributions – Teachers' Retirement System of Georgia – Library System (on page 133), and
- Notes to Required Supplementary Information – Teachers' Retirement System of Georgia – Library System (on page 134)

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 28, 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 28, 2015

# HENRY COUNTY, GEORGIA

## MANAGEMENT'S DISCUSSION & ANALYSIS
## JUNE 30, 2015

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, 2015. 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

- At June 30, 2015, the County's General Fund reported a total fund balance of $52,120,724, an increase of $9,296,891, or 21.71%, from our last fiscal year.
- The assets of Henry County exceeded its liabilities at June 30, 2015, by $690,182,396 (net position) which is a decrease of $6,319,706 over the previous year. Of the $690,182,396, $17,886,806 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The 2014 Special Purpose Local Option Sales Tax (SPLOST) generated total revenues of $33,451,607 during fiscal year 2015.
- The Henry County Neighborhood Stabilization Program (NSP) funds received $10,486,367 in revenues and had expenditures of $10,291,658 which created an increase in fund balances of $194,709 leaving $1,156,552 in fund balances at fiscal year-end 2015.
- During fiscal year 2015, Henry County's Airport Fund recognized its third complete fiscal year of operations with aggregate revenues and capital contributions of $1,149,714, offset by expenses of $803,658, leaving a net profit of $346,056.

## 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, Henry First Fund, and Drug Court Fund); **Capital Projects** (Development Authority Fund, Capital Asset Fund, 2002 SPLOST Fund, 2008 SPLOST Fund, 2014 SPLOST 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, 2008 SPLOST Fund, and 2014 SPLOST Fund. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Henry County adopts an annual appropriated budget for its general, special revenue, and debt service funds. A project-length budget is adopted for the capital projects funds. A budgetary comparison statement has been provided for the General Fund. This statement is found on pages 28 - 30 of this report.

The basic Governmental Fund Financial Statements can be found on page 24 – 32. 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 (nonmajor 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 – 122 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information.

**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 $690,182,396 at the close of the June 30, 2015 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 | | |
|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | Variance |
| Current and other assets | $ 156,069,973 | $ 128,352,011 | $ 5,115,294 | $ 4,785,420 | $ 161,185,267 | $ 133,137,431 | $ 28,047,836 |
| Capital assets | 623,319,350 | 626,752,363 | 21,716,004 | 21,550,115 | 645,035,354 | 648,302,478 | (3,267,124) |
| Total assets | 779,389,323 | 755,104,374 | 26,831,298 | 26,335,535 | 806,220,621 | 781,439,909 | 24,780,712 |
| Deferred outflows of resources | 3,372,826 | - | 52,058 | - | 3,424,884 | - | 3,424,884 |
| Current liabilities | 11,004,110 | 14,451,075 | 114,726 | 324,029 | 11,118,836 | 14,775,104 | (3,656,268) |
| Long-term liabilities | 107,865,456 | 70,162,703 | 478,817 | - | 108,344,273 | 70,162,703 | 38,181,570 |
| Total liabilities | 118,869,566 | 84,613,778 | 593,543 | 324,029 | 119,463,109 | 84,937,807 | 34,525,302 |
| Net position: | | | | | | | |
| Net investment in capital assets | 584,515,407 | 581,339,331 | 21,716,004 | 21,550,115 | 606,231,411 | 602,889,446 | 3,341,965 |
| Restricted | 66,064,179 | 67,207,630 | - | - | 66,064,179 | 67,207,630 | (1,143,451) |
| Unrestricted | 13,312,997 | 21,943,635 | 4,573,809 | 4,461,391 | 17,886,806 | 26,405,026 | (8,518,220) |
| Total net position | $ 663,892,583 | $ 670,490,596 | $ 26,289,813 | $ 26,011,506 | $ 690,182,396 | $ 696,502,102 | $ (6,319,706) |

By far the largest portion of the County's net position (87.8%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Henry County's net position ($66,064,179 or 9.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position ($17,886,806 or 2.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

There was an increase in current and other assets of $28,047,836 and a decrease in capital assets of $3,267,124 creating a total increase of $24,780,712 in total assets. The primary reason for the decrease in capital assets is the recognition of $22,698,270 of depreciation expense as compared to net capital asset additions of $19,575,816 during the fiscal year ended June 30, 2015. Most of the capital asset additions were the result of the County's SPLOST program. The increase in current and other assets was primarily from an increase in Cash and Investments.

Long-term liabilities increased by $38,181,570. Current liabilities decreased by $3,656,268. The total increase in liabilities amounted to $34,525,302. The long-term liabilities primarily increased due to a new SPLOST IV General Obligations (GO) Bonds and net pension liability. The County implemented the provisions of GASB Statement No. 68 - an amendment of GASB Statement No. 27, as well as, Statement No. 71 - an amendment of GASB Statement No. 68, effective July 1, 2014. The new standards significantly changed the County's accounting for pension amounts. The current liabilities decreased due to a reduction in SPLOST money due to Cities.

There was a decrease of $1,143,451 in restricted net position reported in connection with Henry County's governmental activities due to decrease in debt obligations. Several capital leases where paid off during fiscal year 2015. The restrictions are primarily for capital projects, debt service, housing and development, federal and state grants, citizen welfare, law enforcement purposes, and public safety purposes. Restrictions for capital projects are mostly restrictions for the SPLOST Funds. There were no restrictions on the net position related to the business-type activities.

**Governmental activities.** Governmental activities increased the County's Net Position by $18,541,499. The beginning net position had to be adjusted due to the implementation of the provisions of GASB Statement No. 68 and No. 71 (as stated previously).

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 |
|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | Pos. (Neg.) |
| **Program revenues:** | | | | | | | |
| Charges for services | $ 31,116,370 | $ 29,959,980 | $ 4,203,454 | $ 3,891,783 | $ 35,319,824 | $ 33,851,763 | $ 1,468,061 |
| Grants and contributions: | | | | | | | |
| Operating | 11,645,382 | 13,159,806 | - | - | 11,645,382 | 13,159,806 | (1,514,424) |
| Capital | 85,798 | 4,881,467 | 179,123 | 530,038 | 264,921 | 5,411,505 | (5,146,584) |
| **General revenues:** | | | | | | | |
| Property taxes | 75,180,445 | 67,371,942 | - | - | 75,180,445 | 67,371,942 | 7,808,503 |
| Sales taxes | 55,524,606 | 53,611,106 | - | - | 55,524,606 | 53,611,106 | 1,913,500 |
| Other taxes | 10,650,358 | 9,803,331 | - | - | 10,650,358 | 9,803,331 | 847,027 |
| Unrestricted investment earnings | 75,862 | 63,944 | 2,429 | 3,285 | 78,291 | 67,229 | 11,062 |
| Gain on sale of capital assets | - | - | - | - | - | - | - |
| Total revenues | 184,278,821 | 178,851,576 | 4,385,006 | 4,425,106 | 188,663,827 | 183,276,682 | 5,387,145 |
| **Expenses, by function:** | | | | | | | |
| General government | 33,767,721 | 31,870,194 | - | - | 33,767,721 | 31,870,194 | (1,897,527) |
| Judicial | 15,274,717 | 15,033,248 | - | - | 15,274,717 | 15,033,248 | (241,469) |
| Public safety | 70,487,769 | 69,770,025 | - | - | 70,487,769 | 69,770,025 | (717,744) |
| Public works | 18,015,726 | 17,273,896 | - | - | 18,015,726 | 17,273,896 | (741,830) |
| Health and welfare | 5,262,317 | 5,173,914 | - | - | 5,262,317 | 5,173,914 | (88,403) |
| Culture and recreation | 6,981,232 | 6,818,383 | - | - | 6,981,232 | 6,818,383 | (162,849) |
| Housing and development | 14,259,564 | 11,721,615 | - | - | 14,259,564 | 11,721,615 | (2,537,949) |
| Interest on long-term debt | 1,989,276 | 1,543,873 | - | - | 1,989,276 | 1,543,873 | (445,403) |
| Stormwater | - | - | 2,546,551 | 2,683,451 | 2,546,551 | 2,683,451 | 136,900 |
| Airport | - | - | 803,658 | 865,506 | 803,658 | 865,506 | 61,848 |
| Total expenses | 166,038,322 | 159,205,148 | 3,350,209 | 3,548,957 | 169,388,531 | 162,754,105 | (6,634,426) |
| Change in net position before transfers | 18,240,499 | 19,646,428 | 1,034,797 | 876,149 | 19,275,296 | 20,522,577 | (1,247,281) |
| Transfers | 301,000 | (2,854,473) | (301,000) | 2,854,473 | - | - | - |
| **Increase in net position** | 18,541,499 | 16,791,955 | 733,797 | 3,730,622 | 19,275,296 | 20,522,577 | $ (1,247,281) |
| Net position, beginning of year | 645,351,084 | 653,698,641 | 25,556,016 | 22,280,884 | 670,907,100 | 675,979,525 | |
| Net position, end of year | $ 663,892,583 | $ 670,490,596 | $ 26,289,813 | $ 26,011,506 | $ 690,182,396 | $ 696,502,102 | |
| Net position, end of year, restated for change in accounting principle | | $ 645,351,084 | | $ 25,556,016 | | $ 670,907,100 | |

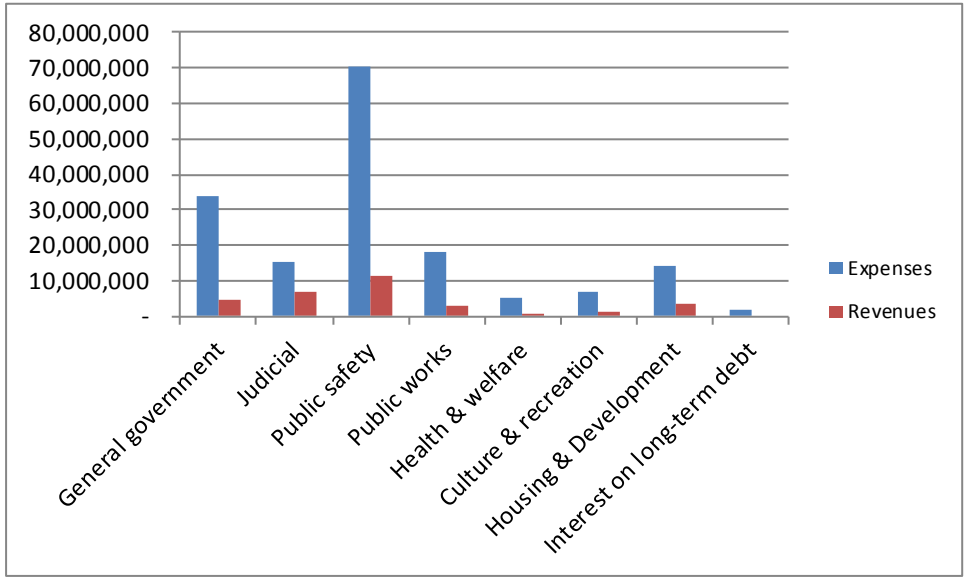
Operating grants decreased by $1,514,424 (or 11.5%). Most of the decrease is due to decrease in Housing and Development activity. Capital grants decreased by $5,146,584 (or 95.1%) during the year. This is mainly due to completion of construction projects in public works and the airport.

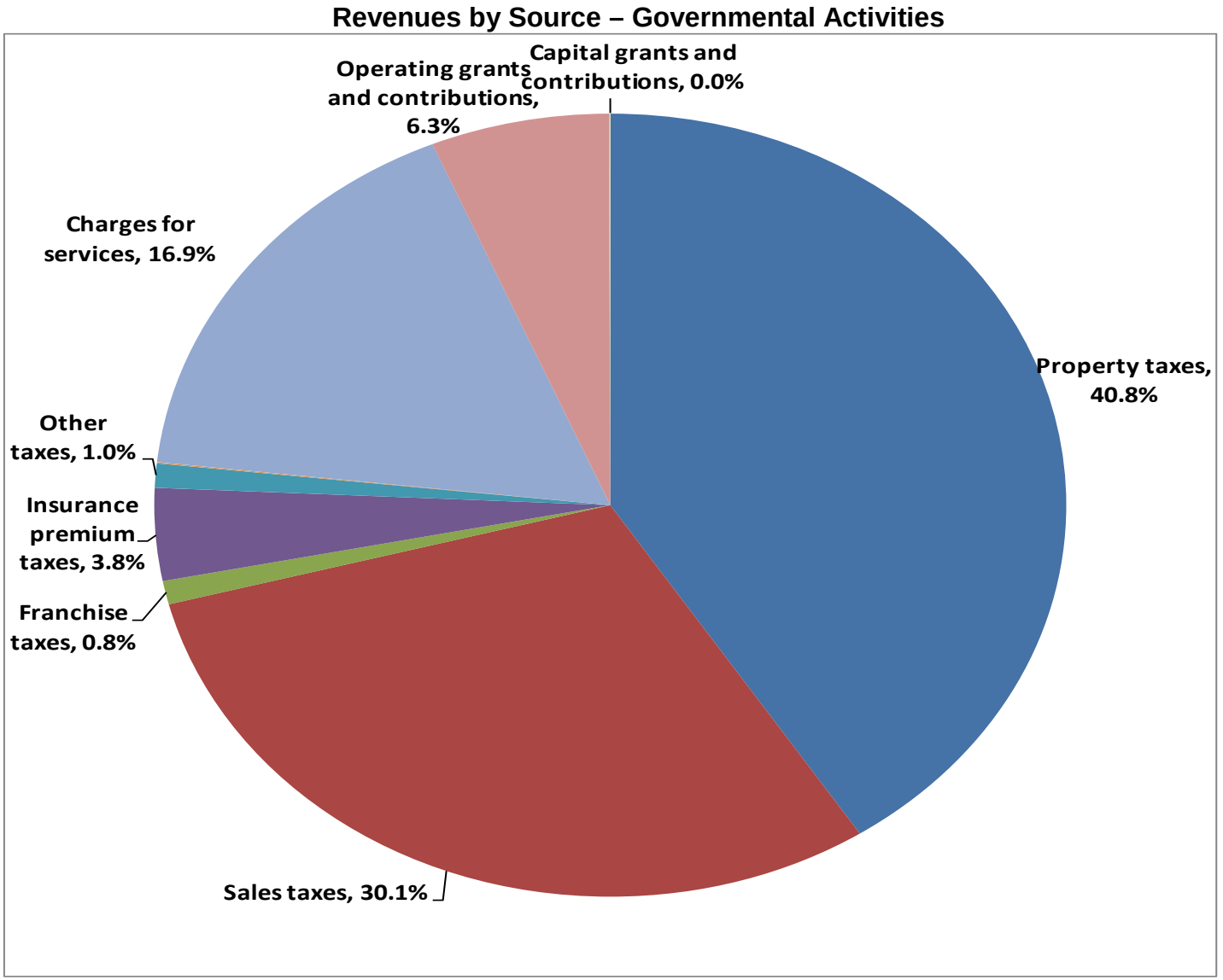
Property Taxes increased by $7,808,503 (or 11.6%) during the year. Most of this increase is due to the increase of the value of real property. Sales taxes increased by $1,913,500 (or 3.6%) during the year. This is mainly due to an increase in retail activity.

Total expenses were $6,634,426 (or 4.1%) higher than the prior fiscal year. The biggest areas of change were in the functional areas of:

- Housing and development increased by $2,537,949 (or 21.7%). Most of this increase is from increased activity in both NSP and NSP3 as well as recognition of activities at the Development Authority.
- General government increased by $1,897,527 (or 6%). The increase consists of contracted services for professional and repairs and maintenance, materials and supplies, and capital outlay for information technology.
- Public works increased by $741,830 (or 4.3%). This is mainly due to maintenance on roads of the LMIG projects
- Public Safety increased by $717,744 (or 1%). This is mainly due to the new personnel.

## Expenses and Program Revenues – Governmental Activities




Revenues by Source – Governmental Activities
Capital grants and contributions, 0.0%
Operating grants and contributions, 6.3%
Charges for services, 16.9%
Property taxes, 40.8%
Other taxes, 1.0%
Insurance premium taxes, 3.8%
Franchise taxes, 0.8%
Sales taxes, 30.1%

**Business-type activities.** Henry County started an enterprise fund, the Stormwater Utility Fund, during fiscal year 2007 for the purpose of fairly allocating the costs of Stormwater Management to all properties. Specifically, the fund allows for the conservation, management, protection, control, use, and enhancement of stormwater within the County's corporate jurisdiction, and for the planning, acquisition, construction, installation, management, operation, maintenance, regulation, extension, and improvement of the stormwater control systems. In fiscal year 2015, the Stormwater Fund realized operating revenues of $3,233,088 and incurred expenses of $2,546,551 thus creating an operating income of $686,537. Operating revenues increased by $249,549 due mainly to increased collection of fees over the previous years. Operating expenses decreased from the prior year by $136,900 due mainly to the decrease in 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 2015, Phase I of the airport runway/taxiway extension project was completed. Phase II is in progress with capital contributions related to the grant funds utilized to enhance and improve the airport amounted to $179,123. In fiscal year 2015, the Airport Fund realized operating revenues of $970,366 and incurred expenses of $803,658, creating operating income of $166,708.

## 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. Henry County Board of Commissioners adopted by resolution a Fund Balance Policy that states a minimum unassigned fund balance in the General Fund will reflect the amount of 25% of the subsequent year's budgeted expenditures and outgoing transfers.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $142,412,739 as compared to the previous fiscal year which amounted to $109,280,154, an increase of $33,132,585 (or 30.3%).

Approximately $45,184,614 (or 31.7%) of the ending governmental fund balances constitute unassigned fund balance, which is available for spending at the government's discretion. An additional $487,712 is classified as nonspendable for prepaid items and inventories, and another $5,615,482 is assigned. The remaining fund balances totaling $91,124,931 is classified as restricted to indicate that it is not available for new spending because it has already been restricted for: capital projects ($74,019,290), debt service ($4,383,409) and other requirements ($12,722,232).

The General Fund is the chief operating fund of Henry County. At the end of the current fiscal year, net change in fund balance for the General Fund increased by $9,296,891. Unassigned fund balance of the General Fund was $45,440,368, while total fund balance reached $52,120,724. 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 37.7% of total General Fund expenditures, while total fund balance represents 43.2% of that same amount. The General Fund's nonspendable and restricted fund balances are relatively small and represent reserved for fire safety, prepaid items, and advances to other funds.

Fund balance of the County's General Fund increased by $9,296,891 during the current fiscal year.

The 2008 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2008 one percent Special Purpose Local Option Sales Tax. These resources must be used for various capital projects and road improvements throughout the County. At the end of the 2015 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of $20,232,210, a decrease of $5,781,627 from the prior year. The decrease in fund balance is due to large projects continuing to be built each year with no revenues to offset due to the ending of the collection on the one percent Special Purpose Local Option Sales Tax (ended March 31, 2014). As the large projects continue to be built, we will see a decrease in the fund balance.

The 2014 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2014 one percent Special Purpose Local Option Sales Tax. These resources must be used for various capital projects and road improvements throughout the County. At the end of the 2015 fiscal year, the 2014 SPLOST Capital Projects Fund had a total fund balance of $54,671,277, an increase of $48,677,098 from the prior year. The increase in fund balance is due to the fact that this was the first full year of the collection of SPLOST monies and the issuance of a bond.

The Debt Service Fund had a total fund balance of $19,120,465 at fiscal year-end 2014, all of which is reserved for payment of debt service; which was used in fiscal year 2015 to make the final payment to the 2009 series general obligation bonds. With this decrease in fund balance, the fiscal year 2015 fund balance is 0. Total expenditures in the Debt Service Fund were $24,709,866, which included principal retirements of $23,016,736 and interest and fiscal charges of $1,693,130.

**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 $26,289,813, an increase of $346,056 in the Airport Fund and $387,741 in the Stormwater Fund from fiscal year-end 2015. The Stormwater Fund continues to generate revenues to offset its expenses. There are currently no restrictions on the Stormwater Fund net position which is $4,765,946.

## 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 $8,261,807 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 $1,382,101 less than the final budget. The most significant savings was in the risk management function, with a savings of $330,113, followed by information systems of $173,793, and elections of $173,283.
- Judicial services actual spending was $636,254 less than the final budget.
- Public Safety functions actual expenditures was less than final budget by $2,291,993. Most of the savings were in the jail of $622,350, followed by the fire division of $501,686, followed by the uniform patrol division of $448,877, and then followed by sheriff of $387,656.
- Public Works services had actual spending of $2,943,942 less than the final budget. Savings of $2,420,583 was from construction and roads, followed by the maintenance shop of $277,435, and followed by the DOT function of $227,456.
- Health and Welfare actual expenditures were less than the final budget by $240,409. The most significant savings was in the transit system of $123,290 and $115,792 from the senior services.
- Culture and Recreation actual expenditures were $111,238 less than the final budget due mostly to the recreation function savings of $111,237.
- Housing and Development had actual expenditures less than the final budget by $655,870. Most of the savings were in the planning and zoning function of $495,683 and by $142,454 in the building department.

## Capital Asset and Debt Administration

**Capital assets.** Henry County's governmental activities investment in capital assets as of June 30, 2015, amounts to $623,319,350 (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 | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | $ 92,785,390 | $ 90,156,502 | $ 17,826,536 | $ 17,826,536 | $ 110,611,926 | $ 107,983,038 |
| Construction in progress | 22,389,613 | 39,140,651 | 89,532 | 3,126,333 | 22,479,145 | 42,266,984 |
| Building and improvements | 131,237,331 | 135,489,836 | - | 8,363 | 131,237,331 | 135,498,199 |
| Machinery and equipment | 12,808,223 | 10,046,186 | 672,423 | 575,154 | 13,480,646 | 10,621,340 |
| Infrastructure | 364,098,793 | 351,919,188 | 3,127,513 | 13,729 | 367,226,306 | 351,932,917 |
| Total | $ 623,319,350 | $ 626,752,363 | $ 21,716,004 | $ 21,550,115 | $ 645,035,354 | $ 648,302,478 |

Governmental activities depreciable capital assets decreased by $3,433,013. Transfers from construction in progress to depreciable capital assets accounted for an increase of $29,728,996. Depreciation expense of governmental capital assets amounted to $22,571,672.

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

Most completed projects are SPLOST III road projects. SPLOST IV, which was in its first full year in fiscal year 2015, has many projects that began construction that will be completed in the coming fiscal years.

Business-type activities capital assets increased by $292,487 offset by depreciation expense of $126,598. The largest element of the capital asset additions was the infrastructure 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 $33,118,399, including premiums, and this debt is backed by the full faith and credit of the government.

## Henry County's Outstanding Debt
## General Obligation Bonds

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General Obligation Debt | $ 33,118,399 | $ 18,695,000 | $ - | $ - | $ 33,118,399 | $ 18,695,000 |
| Total | $ 33,118,399 | $ 18,695,000 | $ - | $ - | $ 33,118,399 | $ 18,695,000 |

The 2008 general obligation bonds was paid off during the fiscal year. A new general obligations bond was issued May 2015; General Obligation Sales Tax Bonds, Series 2015. The series A bonds were issued in October 2014 for $29,630,000. The proceeds of the Bonds will be used to finance certain capital outlay projects for the County and the Cities of Locust Grove, McDonough and Stockbridge and pay the costs of issuing the Bonds. The Special Purpose Local Option Sales Tax (SPLOST) bond is to be paid back during fiscal years 2015, 2016, 2017, 2018, 2019, and 2020. The bonds will be paid off with proceeds from the monthly collection of SPLOST revenue.

During the fiscal year 2015 two (2) installment sale agreements were refinanced to lower interest rates; resulting in substantial debt service savings for the county. The first refinancing was for the Nash Farms recreational property. Interest rates changed from 4.42% to 2.75% with the refinancing. This installment sale agreement will be paid back during fiscal years 2015 thru 2020. The second refinancing was for the county jail administration building improvements. Interest rates decreased from 3.99% to 2.32% with the refinancing. This installment sale agreement will be paid back during fiscal years 2015 thru 2023.

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 $521,743,331 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, 2015 is 6.1%, which is 1.4% lower than the rate a year ago. After years of being higher than the state in the unemployment rate, this year the County and the State have the same unemployment rate. A very large sector of Henry County's working population was in retail and logistics.
- In fiscal year 2005, monthly Local Option Sales Tax 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. In fiscal year 2015, monthly collections increased by 4.59% over fiscal year 2014. It is anticipated that fiscal year 2016 will see another increase over 2015 to continue the upward trend in collections.
- The BOC was able to slightly reduce its County's millage rate for 2015 by .425 mills. The fiscal year 2016 budget process focused on balancing the budget, retaining some of the overall property tax increase from increased values by offering 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 third program year on June 30, 2015. Since FY2012, the County has been granted CDBG funds totaling $3,815,691. The primary objective of CDBG program is to assist the County and its municipalities in providing services and meeting community development needs to benefit Low- to- Moderate Income persons and households with their housing and community development needs. By the close of the 2014 Program year, services and housing assistance had been provided to over 25,662 persons and fifty-four (54) households with the completion of seven (7) 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 grants totaling nearly $9,500,000 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 and below what the County has in the home 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 416 households; of this total, 77 homes were sold in the last fiscal year.
- During 2015 and going forward, Henry County will continue to do its best to secure outside funding sources, such as grants and private participation, to continue to construct roads and capital projects and purchase capital items.

**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, 2015

| | Primary Government | | | Component Units | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department | Library System | Water Authority |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 97,302,964 | $ 4,241,470 | $ 101,544,434 | $ 1,290,832 | $ 653,528 | $ 1,857,210 |
| Investments | 40,618,205 | - | 40,618,205 | - | 28,805 | - |
| Receivables, net of allowances for uncollectibles | 3,945,797 | 780,589 | 4,726,386 | - | 4,481 | 7,724,294 |
| Due from other governments | 7,210,998 | 17,908 | 7,228,906 | 162,635 | - | - |
| Internal balances | (31,922) | 31,922 | - | - | - | - |
| Inventory | 6,796,424 | 43,405 | 6,839,829 | - | - | 972,164 |
| Prepaid items | 227,507 | - | 227,507 | - | 46 | - |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | 22,329,454 |
| Investments | - | - | - | - | - | 72,217,779 |
| Capital assets, non-depreciable | 115,175,003 | 17,916,068 | 133,091,071 | - | 10,251 | 36,290,133 |
| Capital assets, depreciable (net of accumulated depreciation) | 508,144,347 | 3,799,936 | 511,944,283 | 18,638 | 929,609 | 334,370,673 |
| Total assets | 779,389,323 | 26,831,298 | 806,220,621 | 1,472,105 | 1,626,720 | 475,761,707 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | | |
| Deferred refunding charges | - | - | - | - | - | 5,903,017 |
| Pensions | 3,372,826 | 52,058 | 3,424,884 | 253,401 | 130,906 | 1,120,907 |
| Total deferred outflows of resources | 3,372,826 | 52,058 | 3,424,884 | 253,401 | 130,906 | 7,023,924 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## JUNE 30, 2015

| | Primary Government | | | Component Units | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Health Department | Library System | Water Authority |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ 6,465,720 | $ 101,836 | $ 6,567,556 | $ - | $ 41,181 | $ 892,368 |
| Accrued liabilities | 3,040,478 | - | 3,040,478 | 482 | 15,625 | 4,103,132 |
| Due to other governments | 371,675 | 12,890 | 384,565 | 69,724 | - | - |
| Unearned revenue | 770,517 | - | 770,517 | - | - | - |
| Payable from restricted assets: | | | | | | |
| Revenue bonds payable | - | - | - | - | - | 11,165,000 |
| Accrued interest payable | 355,720 | - | 355,720 | - | - | 3,002,827 |
| Non-current liabilities: | | | | | | |
| Due within one year | 14,269,158 | - | 14,269,158 | 48,374 | 58,047 | 3,380,397 |
| Due in more than one year | 57,374,267 | - | 57,374,267 | 81,032 | - | 225,299,754 |
| Net pension liability due in more than one year | 31,022,276 | 478,817 | 31,501,093 | 1,532,728 | 1,204,874 | 4,723,715 |
| OPEB obligation due in more than one year | 5,199,755 | - | 5,199,755 | - | - | 6,776,010 |
| Total liabilities | 118,869,566 | 593,543 | 119,463,109 | 1,732,340 | 1,319,727 | 259,343,203 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Pensions | - | - | - | 374,092 | 420,045 | 2,103,481 |
| Total deferred inflows of resources | - | - | - | 374,092 | 420,045 | 2,103,481 |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | 584,515,407 | 21,716,004 | 606,231,411 | 18,638 | 939,860 | 149,576,330 |
| Restricted for: | | | | | | |
| Capital projects | 48,958,538 | - | 48,958,538 | - | - | - |
| Housing and development | 561,771 | - | 561,771 | - | - | - |
| Federal and State grants | 1,156,552 | - | 1,156,552 | - | - | - |
| Citizens welfare | 949,656 | - | 949,656 | - | - | - |
| Law enforcement purposes | 3,353,658 | - | 3,353,658 | - | - | - |
| Public safety purposes | 6,700,595 | - | 6,700,595 | - | - | - |
| Debt service | 4,383,409 | - | 4,383,409 | - | - | 73,776,950 |
| Health and welfare | - | - | - | 867,095 | - | - |
| Unrestricted | 13,312,997 | 4,573,809 | 17,886,806 | (1,266,659) | (922,006) | (2,014,333) |
| Total Net Position | $ 663,892,583 | $ 26,289,813 | $ 690,182,396 | $ (380,926) | $ 17,854 | $ 221,338,947 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| 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 | $ 33,767,721 | $ 4,701,686 | $ 939 | $ 1,610 | $ (29,063,486) | $ - | $ (29,063,486) | $ - | $ - | $ - |
| Judicial | 15,274,717 | 7,104,669 | 88,434 | - | (8,081,614) | - | (8,081,614) | - | - | - |
| Public safety | 70,487,769 | 11,139,752 | 756,899 | 8,116 | (58,583,002) | - | (58,583,002) | - | - | - |
| Public works | 18,015,726 | 3,169,105 | 22,132 | 68,873 | (14,755,616) | - | (14,755,616) | - | - | - |
| Health and welfare | 5,262,317 | 318,675 | 1,693,089 | - | (3,250,553) | - | (3,250,553) | - | - | - |
| Culture and recreation | 6,981,232 | 1,329,713 | - | 7,199 | (5,644,320) | - | (5,644,320) | - | - | - |
| Housing and development | 14,259,564 | 3,352,770 | 9,083,889 | - | (1,822,905) | - | (1,822,905) | - | - | - |
| Interest on long-term debt | 1,989,276 | - | - | - | (1,989,276) | - | (1,989,276) | - | - | - |
| Total governmental activities | 166,038,322 | 31,116,370 | 11,645,382 | 85,798 | (123,190,772) | - | (123,190,772) | - | - | - |
| Business-type activities: | | | | | | | | | | |
| Stormwater | 2,546,551 | 3,233,088 | - | - | - | 686,537 | 686,537 | - | - | - |
| Airport | 803,658 | 970,366 | - | 179,123 | - | 345,831 | 345,831 | - | - | - |
| Total business-type activities | 3,350,209 | 4,203,454 | - | 179,123 | - | 1,032,368 | 1,032,368 | - | - | - |
| Total primary government | $ 169,388,531 | $ 35,319,824 | $ 11,645,382 | $ 264,921 | (123,190,772) | 1,032,368 | (122,158,404) | - | - | - |
| **Component units:** | | | | | | | | | | |
| Health Department | $ 1,757,740 | $ 883,752 | $ 1,152,332 | $ - | - | - | - | 278,344 | - | - |
| Library System | 2,356,192 | - | 2,420,469 | - | - | - | - | - | 64,277 | - |
| Water Authority | 69,824,036 | 52,356,053 | - | 10,127,624 | - | - | - | - | - | (7,340,359) |
| Total component units | $ 73,937,968 | $ 53,239,805 | $ 3,572,801 | $ 10,127,624 | - | - | - | 278,344 | 64,277 | (7,340,359) |
| General revenues: | | | | | | | | | | |
| Property taxes | | | | | 75,180,445 | - | 75,180,445 | - | - | 11,652,217 |
| Sales taxes | | | | | 55,524,606 | - | 55,524,606 | - | - | - |
| Franchise taxes | | | | | 1,794,542 | - | 1,794,542 | - | - | - |
| Insurance premium taxes | | | | | 7,017,612 | - | 7,017,612 | - | - | - |
| Other taxes | | | | | 1,838,204 | - | 1,838,204 | - | - | - |
| Unrestricted investment earnings | | | | | 75,862 | 2,429 | 78,291 | 591 | 1,071 | 47,831 |
| Gain on disposal of capital assets | | | | | - | - | - | - | - | 28,379 |
| Transfers | | | | | 301,000 | (301,000) | - | - | - | - |
| Total general revenues and transfers | | | | | 141,732,271 | (298,571) | 141,433,700 | 591 | 1,071 | 11,728,427 |
| Change in net position | | | | | 18,541,499 | 733,797 | 19,275,296 | 278,935 | 65,348 | 4,388,068 |
| Net position, beginning of year, as restated | | | | | 645,351,084 | 25,556,016 | 670,907,100 | (659,861) | (47,494) | 216,950,879 |
| Net position, end of year | | | | | $ 663,892,583 | $ 26,289,813 | $ 690,182,396 | $ (380,926) | $ 17,854 | $ 221,338,947 |

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

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2015

| ASSETS | General Fund | Neighborhood Stabilization Fund | Neighborhood Stabilization 3 Fund | Debt Service Fund | 2008 SPLOST Fund | 2014 SPLOST Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 8,836,121 | $ 1,208,659 | $ 510,098 | $ - | $ 21,214,824 | $ 52,648,930 | $ 12,884,332 | $ 97,302,964 |
| Investments | 39,115,585 | - | - | - | - | - | 1,502,620 | 40,618,205 |
| Receivables, net of allowances for uncollectibles | 3,027,541 | 123,054 | - | - | - | 645 | 794,557 | 3,945,797 |
| Due from other governments | 2,388,306 | 932,099 | 599,654 | - | 65,836 | 2,907,859 | 317,244 | 7,210,998 |
| Due from other funds | 8,217,837 | - | - | - | - | - | 3,323 | 8,221,160 |
| Inventory | 260,205 | 3,822,163 | 2,714,056 | - | - | - | - | 6,796,424 |
| Prepaid items | 189,707 | - | - | - | - | - | 37,800 | 227,507 |
| Total assets | $ 62,035,302 | $ 6,085,975 | $ 3,823,808 | $ - | $ 21,280,660 | $ 55,557,434 | $ 15,539,876 | $ 164,323,055 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| Accounts payable | $ 4,624,966 | $ 67,010 | $ 25,906 | $ - | $ 790,908 | $ 747,724 | $ 209,206 | $ 6,465,720 |
| Accrued liabilities | 3,040,478 | - | - | - | - | - | - | 3,040,478 |
| Due to other governments | 347 | - | - | - | 252,753 | 118,575 | - | 371,675 |
| Due to other funds | 117,585 | 4,985,186 | 2,369,086 | - | 4,789 | 19,858 | 756,578 | 8,253,082 |
| Unearned revenue | 477,432 | - | - | - | - | - | 293,085 | 770,517 |
| Total liabilities | 8,260,808 | 5,052,196 | 2,394,992 | - | 1,048,450 | 886,157 | 1,258,869 | 18,901,472 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | |
| Unavailable revenue - property taxes | 1,175,657 | - | - | - | - | - | - | 1,175,657 |
| Unavailable revenue - period of availability | 478,113 | 932,099 | 373,944 | - | - | - | 49,031 | 1,833,187 |
| Total deferred inflows of resources | 1,653,770 | 932,099 | 373,944 | - | - | - | 49,031 | 3,008,844 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## GOVERNMENTAL FUNDS
## JUNE 30, 2015

| | General Fund | Neighborhood Stabilization Fund | Neighborhood Stabilization 3 Fund | Debt Service Fund | 2008 SPLOST Fund | 2014 SPLOST Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (Continued)** | | | | | | | | |
| **FUND BALANCES** | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Prepaids | $ 189,707 | $ - | $ - | $ - | $ - | $ - | $ 37,800 | $ 227,507 |
| Inventories | 260,205 | - | - | - | - | - | - | 260,205 |
| Restricted: | | | | | | | | |
| Capital projects | 597,154 | - | - | - | 20,232,210 | 50,287,868 | 2,902,058 | 74,019,290 |
| Housing and development | - | - | - | - | - | - | 561,771 | 561,771 |
| Federal and State grants | - | 101,680 | 1,054,872 | - | - | - | - | 1,156,552 |
| Citizen welfare | - | - | - | - | - | - | 949,656 | 949,656 |
| Law enforcement purposes | - | - | - | - | - | - | 3,353,658 | 3,353,658 |
| Public safety purposes | 17,808 | - | - | - | - | - | 6,682,787 | 6,700,595 |
| Debt service | - | - | - | - | - | 4,383,409 | - | 4,383,409 |
| Assigned: | | | | | | | | |
| Public safety purposes | 911,336 | - | - | - | - | - | - | 911,336 |
| Facility maintenance purposes | 472,355 | - | - | - | - | - | - | 472,355 |
| Operations and maintenance | 4,231,791 | - | - | - | - | - | - | 4,231,791 |
| Unassigned (Deficit): | | | | | | | | |
| General fund | 45,440,368 | - | - | - | - | - | - | 45,440,368 |
| Special revenue funds | - | - | - | - | - | - | (255,754) | (255,754) |
| Total fund balances | 52,120,724 | 101,680 | 1,054,872 | - | 20,232,210 | 54,671,277 | 14,231,976 | 142,412,739 |
| Total liabilities, deferred inflows of resources and fund balances | $ 62,035,302 | $ 6,085,975 | $ 3,823,808 | $ - | $ 21,280,660 | $ 55,557,434 | $ 15,539,876 | |
| 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. | | | | | | | | 623,319,350 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. | | | | | | | | 3,008,844 |
| Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes and contributions. | | | | | | | | 3,372,826 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | | | | (71,999,145) |
| Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | | | | | | | (5,199,755) |
| Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds. | | | | | | | | (31,022,276) |
| Net position of governmental activities | | | | | | | | $ 663,892,583 |

**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, 2015

| | General Fund | Neighborhood Stabilization Fund | Neighborhood Stabilization 3 Fund | Debt Service Fund | 2008 SPLOST Fund | 2014 SPLOST Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | |
| Taxes | $ 107,568,240 | $ - | $ - | $ - | $ - | $ 33,370,979 | $ 578,811 | $ 141,518,030 |
| Licenses and permits | 2,686,413 | - | - | - | - | - | 1,349,446 | 4,035,859 |
| Intergovernmental | 1,994,572 | 6,105,306 | 3,870,891 | - | 65,836 | - | 1,030,765 | 13,067,370 |
| Charges for services | 13,617,039 | - | - | - | 1,450 | 1,300 | 4,122,337 | 17,742,126 |
| Fines and forfeitures | 4,226,476 | - | - | - | - | - | 1,599,691 | 5,826,167 |
| Investment income | 64,789 | - | - | 5 | 14,904 | 31,232 | 11,744 | 122,674 |
| Contributions | 47,061 | - | - | - | - | - | 8,500 | 55,561 |
| Miscellaneous | 3,423,205 | 510,170 | - | - | 3,922 | 48,096 | 87,416 | 4,072,809 |
| Total revenues | 133,627,795 | 6,615,476 | 3,870,891 | 5 | 86,112 | 33,451,607 | 8,788,710 | 186,440,596 |
| **Expenditures:** | | | | | | | | |
| Current: | | | | | | | | |
| General government | 16,055,275 | 53,182 | 18,098 | 14,781 | - | - | 75 | 16,141,411 |
| Judicial | 14,438,771 | - | - | - | - | - | 677,826 | 15,116,597 |
| Public safety | 65,886,512 | - | - | - | - | - | 4,943,347 | 70,829,859 |
| Public works | 10,747,741 | - | - | - | - | - | - | 10,747,741 |
| Health and welfare | 4,882,143 | - | - | - | - | - | - | 4,882,143 |
| Culture and recreation | 5,855,784 | - | - | - | - | - | 5,744 | 5,861,528 |
| Housing and development | 2,794,148 | 6,729,546 | 3,490,832 | - | - | - | 1,261,812 | 14,276,338 |
| Intergovernmental | - | - | - | - | 5,495 | 6,291,513 | - | 6,297,008 |
| Capital outlay | - | - | - | - | 5,878,884 | 11,096,351 | 493,173 | 17,468,408 |
| Debt service: | | | | | | | | |
| Principal retirement | - | - | - | 23,016,736 | - | - | - | 23,016,736 |
| Interest and fiscal charges | - | - | - | 1,678,349 | - | 410,645 | - | 2,088,994 |
| Issuance costs | - | - | - | - | - | 391,757 | - | 391,757 |
| Total expenditures | 120,660,374 | 6,782,728 | 3,508,930 | 24,709,866 | 5,884,379 | 18,190,266 | 7,381,977 | 187,118,520 |
| Excess (deficiency) of revenues over (under) expenditures | 12,967,421 | (167,252) | 361,961 | (24,709,861) | (5,798,267) | 15,261,341 | 1,406,733 | (677,924) |
| **Other financing sources (uses):** | | | | | | | | |
| Issuance of general obligation bonds | - | - | - | - | - | 29,630,000 | - | 29,630,000 |
| Premium on the issuance of bonds | - | - | - | - | - | 3,785,757 | - | 3,785,757 |
| Transfers in | 1,168,448 | - | - | 5,606,036 | 16,640 | - | 827,642 | 7,618,766 |
| Transfers out | (4,928,481) | - | - | (16,640) | - | - | (2,372,645) | (7,317,766) |
| Proceeds from sale of capital assets | 89,503 | - | - | - | - | - | 4,249 | 93,752 |
| Total other financing sources (uses) | (3,670,530) | - | - | 5,589,396 | 16,640 | 33,415,757 | (1,540,754) | 33,810,509 |
| Net change in fund balances | 9,296,891 | (167,252) | 361,961 | (19,120,465) | (5,781,627) | 48,677,098 | (134,021) | 33,132,585 |
| **Fund balances, beginning of year** | 42,823,833 | 268,932 | 692,911 | 19,120,465 | 26,013,837 | 5,994,179 | 14,365,997 | 109,280,154 |
| **Fund balances, end of year** | $ 52,120,724 | $ 101,680 | $ 1,054,872 | $ - | $ 20,232,210 | $ 54,671,277 | $ 14,231,976 | $ 142,412,739 |

**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, 2015

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances - total governmental funds | $ | 33,132,585 |
| 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. | | (3,288,343) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. | | (144,670) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | (2,161,775) |
| 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. | | (120,000) |
| 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. | | (10,351,688) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | 1,475,390 |
| | $ | 18,541,499 |

**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, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Property taxes | $ 67,326,924 | $ 74,934,254 | $ 75,343,066 | $ 408,812 |
| Sales tax | 20,183,000 | 22,153,629 | 22,153,627 | (2) |
| Other taxes | 9,161,938 | 10,078,090 | 10,071,547 | (6,543) |
| Licenses and permits | 2,275,575 | 2,698,170 | 2,686,413 | (11,757) |
| Intergovernmental | 2,197,015 | 1,840,169 | 1,994,572 | 154,403 |
| Charges for services | 12,338,829 | 13,572,213 | 13,617,039 | 44,826 |
| Fines and forfeitures | 4,619,589 | 4,341,243 | 4,226,476 | (114,767) |
| Investment income | 33,738 | 64,790 | 64,789 | (1) |
| Contributions | 4,000 | 25,635 | 47,061 | 21,426 |
| Miscellaneous | 1,928,438 | 3,446,434 | 3,423,205 | (23,229) |
| Total revenues | 120,069,046 | 133,154,627 | 133,627,795 | 473,168 |
| **Expenditures:** | | | | |
| General government: | | | | |
| Board of commissioners | 462,960 | 504,999 | 501,630 | 3,369 |
| County clerk | 162,990 | 162,990 | 129,892 | 33,098 |
| Public relations | 328,794 | 328,794 | 283,369 | 45,425 |
| County manager | 619,924 | 685,371 | 678,876 | 6,495 |
| County attorney | 450,505 | 465,801 | 403,763 | 62,038 |
| Tax commissioner | 2,201,068 | 2,201,068 | 2,103,057 | 98,011 |
| Finance | 886,518 | 886,418 | 721,034 | 165,384 |
| Information systems | 3,027,200 | 3,318,621 | 3,144,828 | 173,793 |
| Human resources | 645,529 | 1,670,603 | 1,573,387 | 97,216 |
| Risk management | 1,146,009 | 1,182,177 | 852,064 | 330,113 |
| Purchasing | 360,887 | 365,771 | 364,843 | 928 |
| Tax assessor | 2,054,097 | 2,117,304 | 2,007,661 | 109,643 |
| Elections | 923,051 | 923,051 | 749,768 | 173,283 |
| Public buildings | 2,605,339 | 2,624,408 | 2,541,103 | 83,305 |
| Other - unclassified | 2,340,210 | - | - | - |
| Total general government | 18,215,081 | 17,437,376 | 16,055,275 | 1,382,101 |

**(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, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Expenditures: (Continued)** | | | | |
| Judicial: | | | | |
| Judge of superior court | $ 447,555 | $ 448,974 | $ 341,347 | $ 107,627 |
| Clerk of superior court | 1,843,339 | 1,872,074 | 1,826,141 | 45,933 |
| Court reporter | 161,883 | 161,883 | 132,610 | 29,273 |
| Jury/bailiff | 220,500 | 220,500 | 197,308 | 23,192 |
| District attorney | 1,442,391 | 1,496,152 | 1,491,826 | 4,326 |
| Public defender | 1,107,406 | 1,107,406 | 1,078,495 | 28,911 |
| Juvenile court | 1,909,544 | 1,909,544 | 1,710,323 | 199,221 |
| State court | 2,000,014 | 2,153,274 | 2,141,154 | 12,120 |
| State court solicitor | 2,010,488 | 2,068,342 | 2,062,482 | 5,860 |
| Clerk of state court | 1,379,852 | 1,379,852 | 1,349,310 | 30,542 |
| DUI court | 80,499 | 80,499 | 1,369 | 79,130 |
| Judges | 11,948 | 11,948 | 5,036 | 6,912 |
| Magistrate court | 918,716 | 932,268 | 927,786 | 4,482 |
| Probate court | 1,046,914 | 1,046,914 | 1,004,886 | 42,028 |
| Probate resource court | 185,395 | 185,395 | 168,698 | 16,697 |
| Total judicial | 14,766,444 | 15,075,025 | 14,438,771 | 636,254 |
| Public safety: | | | | |
| Police | 2,001,046 | 2,001,046 | 1,967,023 | 34,023 |
| Criminal investigation division | 2,776,358 | 2,776,358 | 2,687,460 | 88,898 |
| Narcotics | 501,741 | 501,741 | 445,145 | 56,596 |
| Support service | 1,774,983 | 1,774,983 | 1,727,301 | 47,682 |
| Uniform patrol division | 11,262,740 | 12,701,648 | 12,252,771 | 448,877 |
| Fire | 21,419,638 | 23,101,116 | 22,599,430 | 501,686 |
| E911/Emergency management | 235,679 | 240,597 | 234,597 | 6,000 |
| Communications | 616,754 | 611,836 | 572,345 | 39,491 |
| Sheriff | 9,594,392 | 9,599,227 | 9,211,571 | 387,656 |
| Jail | 12,912,122 | 12,907,287 | 12,284,937 | 622,350 |
| Early release | 277,335 | 293,690 | 280,225 | 13,465 |
| Coroner | 196,537 | 210,179 | 204,036 | 6,143 |
| Code enforcement | 480,194 | 584,044 | 574,371 | 9,673 |
| Animal control | 744,803 | 874,753 | 845,300 | 29,453 |
| Total public safety | 64,794,322 | 68,178,505 | 65,886,512 | 2,291,993 |

**(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, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Expenditures: (Continued)** | | | | |
| Public works: | | | | |
| DOT | $ 3,464,070 | $ 3,689,508 | $ 3,462,052 | $ 227,456 |
| Construction and roads | 5,599,847 | 8,310,252 | 5,889,669 | 2,420,583 |
| Waste management | 162,017 | 473,858 | 455,390 | 18,468 |
| Maintenance shop | 1,172,237 | 1,218,065 | 940,630 | 277,435 |
| Total public works | 10,398,171 | 13,691,683 | 10,747,741 | 2,943,942 |
| Health and welfare: | | | | |
| General health | 526,728 | 526,545 | 525,228 | 1,317 |
| Department of family and children services | 74,177 | 101,360 | 101,359 | 1 |
| Family connection | 52,248 | 85,776 | 85,767 | 9 |
| Transit system | 1,569,658 | 1,620,886 | 1,497,596 | 123,290 |
| Senior services | 2,781,957 | 2,787,985 | 2,672,193 | 115,792 |
| Total health and welfare | 5,004,768 | 5,122,552 | 4,882,143 | 240,409 |
| Culture and recreation: | | | | |
| Recreation | 3,668,271 | 4,210,079 | 4,098,842 | 111,237 |
| Libraries | 1,481,942 | 1,756,943 | 1,756,942 | 1 |
| Total culture and recreation | 5,150,213 | 5,967,022 | 5,855,784 | 111,238 |
| Housing and development: | | | | |
| Director of human and community services | - | 8,150 | 8,149 | 1 |
| Conservation | 241,478 | 241,478 | 233,430 | 8,048 |
| Conservation - NRCS | 52,267 | 53,477 | 53,163 | 314 |
| Building department | 1,085,525 | 1,472,514 | 1,330,060 | 142,454 |
| Planning and zoning | 1,222,811 | 1,277,638 | 781,955 | 495,683 |
| GIS mapping | 396,761 | 396,761 | 387,391 | 9,370 |
| Development plan review | 267,889 | - | - | - |
| Total housing and development | 3,266,731 | 3,450,018 | 2,794,148 | 655,870 |
| Total expenditures | 121,595,730 | 128,922,181 | 120,660,374 | 8,261,807 |
| Excess of revenues over expenditures | (1,526,684) | 4,232,446 | 12,967,421 | 8,734,975 |
| **Other financing sources (uses):** | | | | |
| Transfers in | 1,159,040 | 1,357,932 | 1,168,448 | (189,484) |
| Transfers out | (5,837,750) | (5,679,881) | (4,928,481) | 751,400 |
| Proceeds from sale of capital assets | 62,000 | 89,503 | 89,503 | - |
| Total other financing sources (uses) | (4,616,710) | (4,232,446) | (3,670,530) | 561,916 |
| Net change in fund balances | (6,143,394) | - | 9,296,891 | 9,296,891 |
| **Fund balances, beginning of year** | 42,823,833 | 42,823,833 | 42,823,833 | - |
| **Fund balances, end of year** | $ 36,680,439 | $ 42,823,833 | $ 52,120,724 | $ 9,296,891 |

**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, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Intergovernmental | $ 3,906,413 | $ 6,107,106 | $ 6,105,306 | $ (1,800) |
| Miscellaneous | - | 510,170 | 510,170 | - |
| Total revenues | 3,906,413 | 6,617,276 | 6,615,476 | (1,800) |
| **Expenditures:** | | | | |
| General government | 53,613 | 60,537 | 53,182 | 7,355 |
| Housing and development | 3,852,800 | 6,770,058 | 6,729,546 | 40,512 |
| Total expenditures | 3,906,413 | 6,830,595 | 6,782,728 | 47,867 |
| Net change in fund balances | - | (213,319) | (167,252) | 46,067 |
| **Fund balances, beginning of year** | 268,932 | 268,932 | 268,932 | - |
| **Fund balances, end of year** | $ 268,932 | $ 55,613 | $ 101,680 | $ 46,067 |

**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, 2015

| | Budget | | | Variance With |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **Revenues:** | | | | |
| Intergovernmental | $ 2,703,098 | $ 3,645,238 | $ 3,870,891 | $ 225,653 |
| Total revenues | 2,703,098 | 3,645,238 | 3,870,891 | 225,653 |
| **Expenditures:** | | | | |
| General government | - | 154,389 | 18,098 | 136,291 |
| Housing and development | 2,703,098 | 3,490,849 | 3,490,832 | 17 |
| Total expenditures | 2,703,098 | 3,645,238 | 3,508,930 | 136,308 |
| Net change in fund balances | - | - | 361,961 | 361,961 |
| **Fund balances, beginning of year** | 692,911 | 692,911 | 692,911 | - |
| **Fund balances, end of year** | $ 692,911 | $ 692,911 | $ 1,054,872 | $ 361,961 |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET POSITION
## PROPRIETARY FUNDS
## JUNE 30, 2015

| | Major Enterprise Fund Airport Fund | Non-Major Enterprise Fund Stormwater Fund | Totals |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash | $ 339,351 | $ 3,902,119 | $ 4,241,470 |
| Accounts receivable, net of allowances | 7,752 | 772,837 | 780,589 |
| Inventory | 43,405 | - | 43,405 |
| Due from other governments | 17,908 | - | 17,908 |
| Due from other funds | 114,262 | - | 114,262 |
| Total current assets | 522,678 | 4,674,956 | 5,197,634 |
| **NONCURRENT ASSETS** | | | |
| Capital assets, nondepreciable | 17,911,068 | 5,000 | 17,916,068 |
| Capital assets, depreciable, net of accumulated depreciation | 3,160,220 | 639,716 | 3,799,936 |
| Total noncurrent assets | 21,071,288 | 644,716 | 21,716,004 |
| Total assets | 21,593,966 | 5,319,672 | 26,913,638 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pensions | - | 52,058 | 52,058 |
| Total deferred outflows of resources | - | 52,058 | 52,058 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable | 33,717 | 68,119 | 101,836 |
| Due to other funds | 23,492 | 58,848 | 82,340 |
| Due to other governments | 12,890 | - | 12,890 |
| Total current liabilities | 70,099 | 126,967 | 197,066 |
| **NONCURRENT LIABILITIES** | | | |
| Net pension liabilities | - | 478,817 | 478,817 |
| Total noncurrent liabilities | - | 478,817 | 478,817 |
| Total liabilities | 70,099 | 605,784 | 675,883 |
| **NET POSITION** | | | |
| Invested in capital assets | 21,071,288 | 644,716 | 21,716,004 |
| Unrestricted | 452,579 | 4,121,230 | 4,573,809 |
| Total net position | $ 21,523,867 | $ 4,765,946 | $ 26,289,813 |

**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, 2015

| | Major Enterprise Fund Airport Fund | Non-Major Enterprise Fund Stormwater Fund | Totals |
|---|---|---|---|
| **Operating revenues:** | | | |
| Charges for services: | | | |
| Airport fees | $ 956,353 | $ - | $ 956,353 |
| Stormwater fees | - | 3,233,088 | 3,233,088 |
| Miscellaneous revenue | 14,013 | - | 14,013 |
| Total operating revenues | 970,366 | 3,233,088 | 4,203,454 |
| **Operating expenses:** | | | |
| Salaries and benefits | 147,236 | 1,628,849 | 1,776,085 |
| Purchased/contracted services | 97,030 | 304,000 | 401,030 |
| Supplies and materials | 546,151 | 500,345 | 1,046,496 |
| Depreciation | 13,241 | 113,357 | 126,598 |
| Total operating expenses | 803,658 | 2,546,551 | 3,350,209 |
| Operating income | 166,708 | 686,537 | 853,245 |
| **Nonoperating revenues:** | | | |
| Investment income | 225 | 2,204 | 2,429 |
| Total nonoperating revenues | 225 | 2,204 | 2,429 |
| Income before capital contributions and transfers | 166,933 | 688,741 | 855,674 |
| **Capital contributions** | 179,123 | - | 179,123 |
| **Transfers out** | - | (301,000) | (301,000) |
| Change in net position | 346,056 | 387,741 | 733,797 |
| **Net position, beginning of year, as restated** | 21,177,811 | 4,378,205 | 25,556,016 |
| **Net position, end of year** | $ 21,523,867 | $ 4,765,946 | $ 26,289,813 |

**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, 2015

| | Major Enterprise Airport Fund | Non-Major Enterprise Fund Stormwater Fund | Totals |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | $ 1,047,705 | $ 3,144,764 | $ 4,192,469 |
| Payments to suppliers and service providers | (1,399,341) | (933,398) | (2,332,739) |
| Payments to others | (114,262) | - | (114,262) |
| Payments to employees | (147,236) | (1,657,581) | (1,804,817) |
| Net cash provided by (used in) operating activities | (613,134) | 553,785 | (59,349) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers out | - | (301,000) | (301,000) |
| Net cash used in noncapital financing activities | - | (301,000) | (301,000) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Purchase of property and equipment | (89,531) | (202,956) | (292,487) |
| Payments on amounts due to other governments for original purchase of airport | 12,890 | - | 12,890 |
| Proceeds from capital grants | 336,863 | - | 336,863 |
| Net cash provided by (used in) capital and related financing activities | 260,222 | (202,956) | 57,266 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on investments | 225 | 2,204 | 2,429 |
| Net cash provided by investing activities | 225 | 2,204 | 2,429 |
| Net increase (decrease) in cash and cash equivalents | (352,687) | 52,033 | (300,654) |
| **Cash and cash equivalents:** | | | |
| Beginning of year | 692,038 | 3,850,086 | 4,542,124 |
| End of year | $ 339,351 | $ 3,902,119 | $ 4,241,470 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Major Enterprise Airport Fund | Non-Major Enterprise Fund Stormwater Fund | Totals |
|---|---|---|---|
| **Reconciliation of operating income to net cash provided by (used in) operating activities:** | | | |
| Operating income | $ 166,708 | $ 686,537 | $ 853,245 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 13,241 | 113,357 | 126,598 |
| (Increase) / decrease in: | | | |
| Accounts receivable | 77,339 | (88,324) | (10,985) |
| Inventory | 32,683 | - | 32,683 |
| Prepaids | 541 | - | 541 |
| Deferred outflows of resources | - | (10,571) | (10,571) |
| Due from other funds | (114,262) | - | (114,262) |
| Increase / (decrease) in: | | | |
| Accounts payable | (119,819) | (102,373) | (222,192) |
| Net pension liabilities | - | (18,161) | (18,161) |
| Due to other funds and advances from other funds | (669,565) | (26,680) | (696,245) |
| Net cash provided by (used in) operating activities | $ (613,134) | $ 553,785 | $ (59,349) |

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
## FIDUCIARY FUNDS
## JUNE 30, 2015

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 7,141,563 |
| Taxes receivable | 3,768,681 |
| Total assets | $ 10,910,244 |
| **LIABILITIES** | |
| Due to component unit | $ 44,579 |
| Due to others | 10,865,665 |
| Total liabilities | $ 10,910,244 |

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

# NOTES TO FINANCIAL STATEMENTS

## GUIDE TO NOTES


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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Government Accounting Standards Board Statement No. 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 and is fiscally dependent on the County. 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 and is fiscally dependent on the County. 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*** and the ***2014 SPLOST Fund*** are used to account for the revenues and expenditures relating to the 2008 and 2014 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. The investment in Georgia Fund 1 represents the County's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. Treasury Obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value.

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 |

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

### I. Deferred Outflows / Inflows of Resources and Net Position

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

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.

The County also has deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources.

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

### J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Henry County, Georgia Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### K. 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.

### L. 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.

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

### M. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

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.

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

### M. Fund Equity (Continued)

- **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. Through resolution, the Board of Commissioners has authorized the County's Finance Director to assign fund balances.

- **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 $361 in the CDBG Fund and $255,393 in the Grant Fund for the year ended June 30, 2015 due to the timing of grant reimbursements.

**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

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

### M. Fund Equity (Continued)

**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.

- 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.

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

### N. 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.

### O. 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 $71,999,145 difference are as follows:

| | | |
|---|---|---|
| Capital leases payable | $ | (18,560,296) |
| General obligation bonds payable | | (33,118,399) |
| Development Authority revenue bonds | | (12,186,000) |
| Compensated absences | | (4,902,057) |
| Claims and judgments | | (2,470,000) |
| Landfill postclosure costs | | (406,673) |
| Accrued interest | | (355,720) |
| Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities* | $ | (71,999,145) |

## 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 $3,288,343 difference are as follows:

| | |
|---|---|
| Capital outlay | $ 19,283,329 |
| Depreciation expense | (22,571,672) |
| Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities* | $ (3,288,343) |

## 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 $144,670 difference are as follows:

| | |
|---|---|
| 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. | $ (144,670) |
| Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities* | $ (144,670) |

## 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." The details of this $10,351,688 difference are as follows:

| | |
|---|---|
| Debt incurred: | |
| Bonds payable | $ (33,415,757) |
| Principal repayments: | |
| Capital leases | 4,321,736 |
| Bonds payable | 18,695,000 |
| Landfill postclosure costs | 47,333 |
| Net adjustment to decrease net change in *fund balances - total governmental funds* to arrive at change in *net position - governmental activities* | $ (10,351,688) |

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

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

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,475,390 difference are as follows:

| | | |
|---|---|---|
| Compensated absences | $ | 77,746 |
| Amortization of premium on general obligation bonds | | 297,358 |
| Accrued interest | | 194,117 |
| Net pension liability | | 1,861,537 |
| Net post-employment benefit obligation | | (955,368) |
| Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities* | $ | 1,475,390 |

## 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 collaborates with the Chairman of the Board of Commissioners to prepare the budget. The Chairman then submits, to the entire 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 $361 and $255,393. The deficits are intended to be eliminated through future revenues.

### C. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded the budget for the Debt Service Fund in the amount of $143,846 relative to interest and fiscal charges expenditures. Excess expenditures were funded by opening fund balance.

## NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2015 are summarized as follows:

| | |
|---|---|
| **Balances per statement of net position:** | |
| Cash - Primary government | $ 101,544,434 |
| Cash - Health Department | 1,290,832 |
| Cash - Library System | 653,528 |
| Cash - Water Authority | 1,857,210 |
| Investments - Primary government | 40,618,205 |
| Investments - Library System | 28,805 |
| Restricted assets: | |
| Cash - Water Authority | 22,329,454 |
| Investments - Water Authority | 72,217,779 |
| **Balances per statement of fiduciary net position:** | |
| Cash - Agency funds | 7,141,563 |
| | $ 247,681,810 |
| Cash deposited with financial institutions | $ 136,319,641 |
| Cash deposited with Georgia Fund 1 | 111,362,169 |
| | $ 247,681,810 |

## 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. The local government investment pool, Georgia Fund 1, is operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value. As of June 30, 2015, the investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

At June 30, 2015, the County had the following investments:

| Investment | Maturities | Fair Value |
|---|---|---|
| Primary government: | | |
| Georgia Fund 1 | 56 day weighted average | $ 39,115,585 |
| Certificates of Deposit | 6 month weighted average | 1,502,620 |
| | | $ 40,618,205 |
| Component units: | | |
| Georgia Fund 1 | 56 day weighted average | $ 72,246,584 |

## 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, 2015, 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, 2015 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 | 2014 SPLOST Fund | Airport Fund | Nonmajor Governmental Funds | Nonmajor Enterprise Fund | Total |
|---|---|---|---|---|---|---|---|---|---|
| Receivables: | | | | | | | | | |
| Taxes | $ 1,684,315 | $ - | $ - | $ - | $ - | $ - | $ 96,731 | $ - | $ 1,781,046 |
| Accounts | 20,269,631 | 123,054 | - | - | 645 | 60,613 | 793,728 | 966,046 | 22,213,717 |
| Other | 2,388,306 | 932,099 | 599,654 | 65,836 | 2,907,859 | 17,908 | 317,244 | - | 7,228,906 |
| Gross receivables | 24,342,252 | 1,055,153 | 599,654 | 65,836 | 2,908,504 | 78,521 | 1,207,703 | 966,046 | 31,223,669 |
| Less allowance for uncollectibles | 18,926,405 | - | - | - | - | 52,861 | 95,902 | 193,209 | 19,268,377 |
| Net total receivables | $ 5,415,847 | $ 1,055,153 | $ 599,654 | $ 65,836 | $ 2,908,504 | $ 25,660 | $ 1,111,801 | $ 772,837 | $ 11,955,292 |

The Henry County Water Authority had accounts receivable at June 30, 2015 of $7,724,294, which is net of an allowance for uncollectibles of $164,304.

Property taxes attached as an enforceable lien on property as of January 1, 2015. Property taxes were levied on August 19, 2014, billed on August 20, 2014, and payable on or before November 16, 2014. The County bills and collects its own property taxes. Property taxes levied for 2014 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, 2015 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 90,156,502 | $ - | $ - | $ 2,628,888 | $ 92,785,390 |
| Construction in progress | 39,140,651 | 13,121,878 | (143,920) | (29,728,996) | 22,389,613 |
| Total | 129,297,153 | 13,121,878 | (143,920) | (27,100,108) | 115,175,003 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 176,623,202 | 379,223 | - | 102,228 | 177,104,653 |
| Machinery and equipment | 68,461,971 | 5,737,961 | (1,651,043) | - | 72,548,889 |
| Infrastructure | 577,787,880 | 44,267 | - | 26,997,880 | 604,830,027 |
| Total | 822,873,053 | 6,161,451 | (1,651,043) | 27,100,108 | 854,483,569 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (41,133,366) | (4,733,956) | - | - | (45,867,322) |
| Machinery and equipment | (58,415,785) | (2,975,174) | 1,650,293 | - | (59,740,666) |
| Infrastructure | (225,868,692) | (14,862,542) | - | - | (240,731,234) |
| Total | (325,417,843) | (22,571,672) | 1,650,293 | - | (346,339,222) |
| Total capital assets, being depreciated, net | 497,455,210 | (16,410,221) | (750) | 27,100,108 | 508,144,347 |
| Governmental activities capital assets, net | $ 626,752,363 | $ (3,288,343) | $ (144,670) | $ - | $ 623,319,350 |

## NOTE 6. CAPITAL ASSETS (CONTINUED)

### A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2015 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 | 3,126,333 | 89,532 | - | (3,126,333) | 89,532 |
| Total | 20,952,869 | 89,532 | - | (3,126,333) | 17,916,068 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 10,454 | - | - | (10,454) | - |
| Machinery and equipment | 1,305,050 | 202,955 | (12,000) | 17,290 | 1,513,295 |
| Infrastructure | 17,290 | - | - | 3,119,497 | 3,136,787 |
| Total | 1,332,794 | 202,955 | (12,000) | 3,126,333 | 4,650,082 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (2,091) | - | - | 2,091 | - |
| Machinery and equipment | (729,896) | (118,897) | 12,000 | (4,079) | (840,872) |
| Infrastructure | (3,561) | (7,701) | - | 1,988 | (9,274) |
| Total | (735,548) | (126,598) | 12,000 | - | (850,146) |
| Capital assets being depreciated, net | 597,246 | 76,357 | - | 3,126,333 | 3,799,936 |
| Business-type activities capital assets, net | $ 21,550,115 | $ 165,889 | $ - | $ - | $ 21,716,004 |

## 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 | $ | 10,777,156 |
| Judicial | | 235,671 |
| Public safety | | 2,402,136 |
| Public works | | 7,445,216 |
| Health and welfare | | 355,486 |
| Culture and recreation | | 1,354,732 |
| Housing and development | | 1,275 |
| Total depreciation expense - governmental activities | $ | 22,571,672 |
| Business-type activities: | | |
| Airport | $ | 13,241 |
| Stormwater | | 113,357 |
| Total depreciation expense - business-type activities | $ | 126,598 |

## 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, 2015, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | $ 150,576 | $ 2,720 | $ - | $ 153,296 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (129,498) | (5,160) | - | (134,658) |
| Total capital assets, net | $ 21,078 | $ (2,440) | $ - | $ 18,638 |

## 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, 2015 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 | 4,025,555 | 60,631 | (116,358) | 3,969,828 |
| Total | 4,631,272 | 60,631 | (116,358) | 4,575,545 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (85,395) | - | - | (85,395) |
| Equipment | (228,657) | (111,229) | - | (339,886) |
| Books and materials | (3,142,012) | (195,001) | 116,358 | (3,220,655) |
| Total | (3,456,064) | (306,230) | 116,358 | (3,645,936) |
| Total capital assets, being depreciated, net | 1,175,208 | (245,599) | - | 929,609 |
| Total capital assets, net | $ 1,185,459 | $ (245,599) | $ - | $ 939,860 |

## 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, 2015 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 34,882,268 | $ 86,068 | $ - | $ - | $ 34,968,336 |
| Construction in progress | 3,013,187 | 2,732,837 | - | (4,424,227) | 1,321,797 |
| Total | 37,895,455 | 2,818,905 | - | (4,424,227) | 36,290,133 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 16,187,335 | 214,193 | - | - | 16,401,528 |
| Improvements other than buildings | 628,974,210 | 2,134,312 | - | 4,424,227 | 635,532,749 |
| Machinery and equipment | 16,705,543 | 540,489 | (48,506) | - | 17,197,526 |
| Vehicles | 4,004,519 | 387,709 | (236,881) | - | 4,155,347 |
| Total | 665,871,607 | 3,276,703 | (285,387) | 4,424,227 | 673,287,150 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (6,429,696) | (773,108) | - | - | (7,202,804) |
| Improvements other than buildings | (287,807,052) | (27,237,130) | - | - | (315,044,182) |
| Machinery and equipment | (10,118,242) | (2,873,539) | 16,646 | - | (12,975,135) |
| Vehicles | (3,816,144) | (115,092) | 236,880 | - | (3,694,356) |
| Total | (308,171,134) | (30,998,869) | 253,526 | - | (338,916,477) |
| Total capital assets, being depreciated, net | 357,700,473 | (27,722,166) | (31,861) | 4,424,227 | 334,370,673 |
| Total capital assets, net | $ 395,595,928 | $ (24,903,261) | $ (31,861) | $ - | $ 370,660,806 |

## 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, 2015, are as follows:

| Purpose | Interest Rate | Due Date | Amount |
|---|---|---|---|
| Water and Sewerage Authority | 3.75%-6.15% | 2020 | $ 11,910,000 |
| Water and Sewerage Authority | 4.90%-6.00% | 2020 | 5,370,000 |
| Water and Sewerage Authority | 3.00%-5.25% | 2030 | 45,395,000 |
| Water and Sewerage Authority | 5.00% | 2026 | 29,785,000 |
| Water and Sewerage Authority | 2.00%-5.00% | 2030 | 17,745,000 |
| Water and Sewerage Authority | 1.50%-4.00% | 2018 | 9,500,000 |
| Water and Sewerage Authority | 2.16% | 2028 | 60,700,000 |
| | | | 180,405,000 |
| | Plus unamortized premiums | | 7,400,530 |
| | Less unamortized discounts | | (34,283) |
| | | | $ 187,771,247 |

## 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 |
|---|---|---|---|
| 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 | 12,565,000 | 5,578,210 | 18,143,210 |
| 2021 - 2025 | 60,365,000 | 20,919,578 | 81,284,578 |
| 2026 - 2030 | 60,690,000 | 8,421,148 | 69,111,148 |
| Total | $ 180,405,000 | $ 61,509,267 | $ 241,914,267 |

The Development Authority's revenue bonds outstanding as of June 30, 2015, 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, 2015, are as follows:

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 2016 | $ 451,050 | $ 456,961 |
| 2017 | 513,214 | 438,002 |
| 2018 | 536,256 | 418,059 |
| 2019 | 559,793 | 397,220 |
| 2020 | 585,491 | 375,446 |
| 2021 - 2025 | 3,346,184 | 1,514,823 |
| 2026 - 2030 | 4,167,925 | 803,608 |
| 2031 - 2033 | 2,026,087 | 84,789 |
| Total | $ 12,186,000 | $ 4,488,908 |

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, 2015, consisted of the following:

| Purpose | Interest Rate | Term | Due Date | Original Amount | Outstanding Amount |
|---|---|---|---|---|---|
| Various construction projects within the County | 3.00% - 5.00% | 6 years | 2020 | $ 29,630,000 | $ 29,630,000 |
| | | | | | $ 29,630,000 |

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

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 2016 | $ 3,075,000 | $ 1,308,250 |
| 2017 | 3,165,000 | 1,216,000 |
| 2018 | 7,470,000 | 1,089,400 |
| 2019 | 7,765,000 | 796,000 |
| 2020 | 8,155,000 | 407,750 |
| Total | $ 29,630,000 | $ 4,817,400 |

## 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, 2015:

| Interest Rate | Term | Due Date | Amount |
|---|---|---|---|
| 3.00% | 20 years | 2030 | $ 14,333,453 |
| 3.00% | 20 years | 2030 | 16,552,649 |
| 3.00% | 20 years | 2032 | 18,539,755 |
| 3.00% | 20 years | 2032 | 1,528,500 |
| | | | $ 50,954,357 |

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

| Fiscal year ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 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 | 2,920,897 | 1,164,326 | 4,085,223 |
| 2021 - 2025 | 15,999,420 | 4,426,693 | 20,426,113 |
| 2026 - 2030 | 18,583,903 | 1,842,210 | 20,426,113 |
| 2031 - 2033 | 2,599,620 | 60,799 | 2,660,419 |
| Total | $ 50,954,357 | $ 12,984,402 | $ 63,938,759 |

## 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, 2015:

| | | |
|---|---|---|
| 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 | | 16,100,787 |
| Net assets leased under capital leases | $ | 54,502,828 |

For the year ended June 30, 2015, depreciation expense related to assets leased under capital leases totaled $2,260,422.

## 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, 2015:

| | | |
|---|---|---|
| **Fiscal year ending June 30,** | | |
| 2016 | $ | 4,459,991 |
| 2017 | | 3,029,506 |
| 2018 | | 2,759,727 |
| 2019 | | 2,759,727 |
| 2020 | | 2,759,727 |
| 2021 - 2023 | | 4,367,530 |
| Total minimum lease payments | | 20,136,208 |
| Less amount representing interest | | 1,575,912 |
| Present value of future minimum lease payments | $ | 18,560,296 |

## 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, 2015:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| General obligation bonds | $ 18,695,000 | $ 29,630,000 | $ 18,695,000 | $ 29,630,000 | $ 3,075,000 |
| Plus unamortized premium | - | 3,785,757 | 297,358 | 3,488,399 | 947,336 |
| General obligation bonds, net | 18,695,000 | 33,415,757 | 18,992,358 | 33,118,399 | 4,022,336 |
| Development Authority revenue bonds | 12,186,000 | - | - | 12,186,000 | 451,050 |
| Capital lease obligations | 22,882,032 | - | 4,321,736 | 18,560,296 | 4,006,939 |
| Landfill postclosure costs | 454,006 | - | 47,333 | 406,673 | 27,000 |
| Net pension liability | 32,198,946 | 16,563,550 | 17,740,220 | 31,022,276 | - |
| Workers compensation | 2,350,000 | 1,740,871 | 1,620,871 | 2,470,000 | 1,170,000 |
| Other post-employment benefits | 4,244,387 | 2,024,224 | 1,068,856 | 5,199,755 | - |
| Compensated absences | 4,979,803 | 6,707,679 | 6,785,425 | 4,902,057 | 4,591,833 |
| | $ 97,990,174 | $ 60,452,081 | $ 50,576,799 | $ 107,865,456 | $ 14,269,158 |

For governmental activities, landfill postclosure costs, net pension liability, 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, 2015:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 191,280,000 | $ - | $ 10,875,000 | $ 180,405,000 | $ 11,165,000 |
| Plus unamortized premiums | 8,402,817 | - | 1,002,287 | 7,400,530 | - |
| Less unamortized discounts | (46,839) | - | (12,556) | (34,283) | - |
| Revenue bonds, net | 199,635,978 | - | 11,864,731 | 187,771,247 | 11,165,000 |
| Notes payable | 53,469,825 | - | 2,515,468 | 50,954,357 | 2,590,528 |
| Net pension liability | 8,565,678 | 3,259,713 | 7,101,676 | 4,723,715 | - |
| Other post-employment benefits | 5,922,709 | 1,011,230 | 157,929 | 6,776,010 | - |
| Compensated absences | 1,011,348 | 860,455 | 752,256 | 1,119,547 | 789,869 |
| | $ 268,605,538 | $ 5,131,398 | $ 22,392,060 | $ 251,344,876 | $ 14,545,397 |

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, 2015, amounted to $18,440.

## NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of June 30, 2015 are as follows:

| | Payable Fund | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Receivable Fund** | General Fund | Neighborhood Stabilization Fund | Neighborhood Stabilization 3 Fund | 2008 SPLOST Fund | 2014 SPLOST Fund | Airport Fund | Nonmajor Enterprise Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ 4,985,186 | $ 2,369,086 | $ 4,789 | $ 19,858 | $ 23,492 | $ 58,848 | $ 756,578 | $ 8,217,837 |
| Airport Fund | 114,262 | - | - | - | - | - | - | - | 114,262 |
| Nonmajor governmental funds | 3,323 | - | - | - | - | - | - | - | 3,323 |
| Total | $ 117,585 | $ 4,985,186 | $ 2,369,086 | $ 4,789 | $ 19,858 | $ 23,492 | $ 58,848 | $ 756,578 | $ 8,335,422 |

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)

Interfund transfers for the year ended June 30, 2015 are as follows:

| | Transfers Out | | | | |
|---|---|---|---|---|---|
| **Transfers In** | General Fund | Debt Service Fund | Nonmajor Enterprise Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ - | $ 301,000 | $ 867,448 | $ 1,168,448 |
| Debt Service Fund | 4,361,272 | - | - | 1,244,764 | 5,606,036 |
| 2008 SPLOST Fund | - | 16,640 | - | - | 16,640 |
| Nonmajor governmental funds | 567,209 | - | - | 260,433 | 827,642 |
| Total | $ 4,928,481 | $ 16,640 | $ 301,000 | $ 2,372,645 | $ 7,618,766 |

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

The County, as authorized by the County Commission, has established a non-contributory defined benefit pension plan, The Henry County Defined Benefit Plan (the Plan), covering substantially all of the County's employees. The County's pension plan is administered through the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp and affiliated with the Association of County Commissioners of Georgia (ACCG). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The ACCG, in its role as the Plan sponsor, has the sole authority to establish and amend the benefit provisions and the contribution rates of the County related to the 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. The County Commission retains this authority. The ACCG Plan issues a publicly available financial report that includes financial statements and required supplementary information for the pension trust. That report may be obtained at www.gebcorp.com or by writing to Association County Commissioners of Georgia, Retirement Services, 191 Peachtree Street, NE, Atlanta, Georgia 30303 or by calling (800) 736-7166.

#### Plan Membership

As of January 1, 2014, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members of beneficiaries currently receiving benefits | 249 |
| Inactive plan member entitled to but not receiving benefits | 316 |
| Active plan members | 1,414 |
| | 1,979 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

#### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of ACCG has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the actuarially determined rate. For the year ended June 30, 2015, the active member contribution rate was 8.80% of annual pay and the County's contribution rate for employees hired prior to January 1, 2015 was 6.00% of annual payroll. Effective January 1, 2015, the contribution rate changed to 7.00% for new employees. County contributions to the Plan were $6,757,421 for the year ended June 30, 2015.

#### Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

*Actuarial assumptions*. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 4.00% to 5.50%, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

Mortality rates for were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2013.

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on a 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

| Asset class | Target Allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed income | 30% | 6.78% |
| Large Cap equity | 30% | 9.77% |
| International equity | 15% | 7.48% |
| Other equity | 20% | 9.23% |
| Real estate | 5% | 10.63% |
| | 100% | |

* Rate shown are net of the 3.00% assumed rate of inflation.

*Discount Rate*: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the County*: The changes in the components of the net pension liability of the County for the year ended June 30, 2015, were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| Balances at June 30, 2014 | $ 140,830,584 | $ 108,134,660 | $ 32,695,924 |
| Changes for the year: | | | |
| Service cost | 4,959,819 | - | 4,959,819 |
| Interest | 10,373,273 | - | 10,373,273 |
| Contributions - employer | - | 6,757,421 | (6,757,421) |
| Contributions - employee | - | 3,760,592 | (3,760,592) |
| Net investment income | - | 7,496,020 | (7,496,020) |
| Benefit payments, including refunds of employee contributions | (5,040,560) | (6,312,011) | 1,271,451 |
| Administrative expenses | - | (214,659) | 214,659 |
| Other changes | - | - | - |
| Net changes | 10,292,532 | 11,487,363 | (1,194,831) |
| Balances at June 30, 2015 | $ 151,123,116 | $ 119,622,023 | $ 31,501,093 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate*. The following presents the net pension liability of the County, calculated using the discount rate of 7.50 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | 1.00% Decrease (6.50%) | Current Discount Rate (7.50%) | 1.00% Increase (8.50%) |
|---|---|---|---|
| County's net pension liability | $ 52,947,956 | $ 31,501,093 | $ 14,125,384 |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

## NOTE 10. DEFINED BENEFIT PENSION PLANS

### Primary Government (Continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of $4,020,017. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ 604,107 |
| County contributions subsequent to the measurement date | 2,820,777 |
| Total | $ 3,424,884 |

County contributions subsequent to the measurement date of $2,820,777 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30: | |
|---|---|
| 2016 | $ 151,027 |
| 2017 | 151,027 |
| 2018 | 151,027 |
| 2019 | 151,026 |
| | $ 604,107 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit

#### Plan Description

Henry County Library System employees as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) are provided a pension through the Teachers' Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

#### Benefits provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

#### Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2015. The library system's contractually required contribution rate for the year ended June 30, 2015 was 13.15 % of annual payroll. System contributions to TRS were $119,474 for the year ended June 30, 2015.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Effective July 1, 2014, the System implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, which significantly changes the System's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard. At June 30, 2015, the System reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The System's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2014. At June 30 2014, the System's proportion was 0.009537%, which was an increase (decrease) of 0.0015 % from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the System recognized pension expense of $83,066. At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 420,045 |
| Changes in proportion and differences between System contributions and proportionate share of contributions | 2,130 | - |
| System contributions subsequent to the measurement date | 128,776 | - |
| Total | $ 130,906 | $ 420,045 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit (Continued)

System contributions subsequent to the measurement date of $128,776 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2016 | $ (104,527) |
| 2017 | (104,527) |
| 2018 | (104,527) |
| 2019 | (104,527) |
| 2020 | 193 |
| | $ (417,915) |

#### Actuarial assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 3.75 – 7.00%, average, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females set back two years for males and set back three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset class | Target allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed income | 30.00 % | 3.00 % |
| Domestic large equities | 39.70 | 6.50 |
| Domestic mid equities | 3.70 | 10.00 |
| Domestic small equities | 1.60 | 13.00 |
| International developed market equities | 18.90 | 6.50 |
| International emerging market equities | 6.10 | 11.00 |
| Total | 100.00 % | |

* Rates shown are net of the 3.00% assumed rate of inflation.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit (Continued)

#### Discount rate

The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1.00% Decrease (6.50%) | Current discount rate (7.50%) | 1.00% Increase (8.50%) |
|---|---|---|---|
| System's proportionate share of the net pension liability | $ 2,220,421 | $ 1,204,874 | $ 368,592 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Library System – Component Unit (Continued)

#### Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications.

### Water Authority – Component Unit

#### Plan Description

On January 1, 2004, the Authority established a contributory defined benefit pension plan, The Henry County Water & Sewer Retirement Plan (the Plan), covering substantially all of the Authority's employees. The Plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. GMA, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the Plan. The Authority has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan. The Georgia Municipal Association (GMA) issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained from Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, Atlanta, Georgia 30303-3606.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

#### Plan Membership

As of January 1, 2015, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 41 |
| Inactive plan members entitled to but not receiving benefits | 21 |
| Active plan members | 209 |
| | 271 |

#### Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. Plan participants are required to contribute a percentage of their compensation to the plan. For the year ended June 30, 2015, the active member required contribution rate was 5% and the Authority's contribution rate was 8.62% of annual payroll. Authority contributions to the Plan were $2,531,177 for the year ended June 30, 2015.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

#### Net Pension Liability

Effective July 1, 2014 the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the disclosures related to the Plan. The information presented below is presented in accordance with this standard.

The Authority's net pension liability for the year ended June 30, 2015 is as follows:

| | | |
|---|---|---|
| Total pension liability | $ | 31,988,766 |
| Plan net position | | 27,265,051 |
| Net pension liability | $ | 4,723,715 |
| | | |
| Plan net position as a percentage of the total pension liability | | 85% |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

The Authority's changes in the net pension liability by source and the derivation of the Authority's pension expense for the fiscal year ended June 30, 2015 are reflected below:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) | Pension Expense |
|---|---|---|---|---|
| **Beginning Balance** | $ 31,492,595 | $ 22,926,917 | $ 8,565,678 | |
| **Changes for the year:** | | | | |
| Service cost | 828,707 | - | 828,707 | $ 828,707 |
| Interest | 2,402,683 | - | 2,402,683 | 2,402,683 |
| Differences between expected and actual experience | (279,992) | - | (279,992) | - |
| Amortization of experience differences | - | - | - | (46,667) |
| Assumption Changes | (1,474,753) | - | (1,474,753) | - |
| Amortization of assumption changes | - | - | - | (245,793) |
| Contributions—employer | - | 2,148,491 | (2,148,491) | - |
| Contributions—employee | - | 554,460 | (554,460) | (554,460) |
| Net investment income | - | 2,643,980 | (2,643,980) | (1,842,485) |
| Amortization of investment earnings differences | - | - | - | (160,299) |
| Benefit payments, including refunds of employee contributions | (980,474) | (980,474) | - | - |
| Administrative expense | - | (28,323) | 28,323 | 28,323 |
| **Net changes** | 496,171 | 4,338,134 | (3,841,963) | $ 410,009 |
| **Ending Balance** | $ 31,988,766 | $ 27,265,051 | $ 4,723,715 | |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

The required schedule of changes in the Authority's net pension liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets are increasing or decreasing over time relative to the total pension liability.

#### Deferred Outflows and Inflows of Resources

The Authority reported deferred outflows and inflows of resources related to pensions from the following sources as of June 30, 2015:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension experience differences | $ - | $ 233,325 |
| Pension assumption changes | - | 1,228,960 |
| Pension investment return | - | 641,196 |
| Pension contribution subsequent to measurement date | 1,120,907 | - |
| Total | $ 1,120,907 | $ 2,103,481 |

Authority contributions subsequent to the measurement date of $1,120,907 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

| Year ending June 30: | |
|---|---|
| 2016 | $ (452,756) |
| 2017 | (452,756) |
| 2018 | (452,756) |
| 2019 | (452,756) |
| 2020 | (292,457) |
| Total | $ (2,103,481) |

#### Actuarial Assumptions

The following actuarial assumptions apply to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.25% |
| Salary increases | 3.25% - 8.75%, including inflation |
| Investment return | 7.75% |

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with gender-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

Cost of living adjustments were assumed to be 1.00%.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected real rate of return* |
|---|---|---|
| Domestic equity | 50% | 5.95% |
| International equity | 15% | 6.45% |
| Fixed income | 25% | 1.55% |
| Real estate | 10% | 3.75% |
| Cash | 0% | |
| Total | 100% | |

* Rates shown are net of the 3.25% assumed rate of inflation.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions and also on considering the Plan's net position as of June 30, 2015, the Plan's net position was projected to be available to make projected future benefit payments of current plan members for all future Plan years. Therefore, the long-term expected rate of return on pension plan investments (7.75%) becomes the discount rate and thus was applied to all projected future benefit payments to determine the total pension liability.

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) that the current rate.

The following table represents the sensitivity analysis discussed above as of June 30, 2015:

| | 1.00% Decrease (6.75%) | Current Discount Rate (7.75%) | 1.00 % Increase (8.75%) |
|---|---|---|---|
| Authority's net pension liability | $ 8,947,745 | $ 4,723,715 | $ 1,249,411 |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Water Authority – Component Unit (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2015 and the current sharing pattern of costs between employer and employee.

### Health Department – Component Unit

#### Plan Description

ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

#### Benefits Provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

### Contributions

Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Department's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. The Department's contributions to ERS totaled $202,038 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Effective July 1, 2014, the Agency implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significanly changes the Agency's account for pension amounts. The information below is presented in accodance with this new standard.

At June 30, 2015, the Agency reported a liability for its proportionate share of the net pension liability in the amount of $1,532,728. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The

Agency's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30 2014, the Employer's proportion was 0.040866%, which was an increase (decrease) of 0.001720 % from its proportion measured as of June 30, 2013.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

For the year ended June 30, 2015, the Agency recognized pension expense of $125,706. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net difference between projected and actual earnings on pension plan investments | $ - | $ 374,092 |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 51,363 | - |
| Employer contributions subsequent to the measurement date | 202,038 | - |
| Total | $ 253,401 | $ 374,092 |

Agency contributions subsequent to the measurement date of $202,038 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2016 | $ (61,421) |
| 2017 | (74,262) |
| 2018 | (93,523) |
| 2019 | (93,523) |
| | $ (322,729) |

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

#### Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.00% |
| Salary increases | 5.45 – 9.25%, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

| Asset Class | Target allocation | Long-term expected real rate of return* |
|---|---|---|
| Fixed income | 30.00 % | 3.00 % |
| Domestic large equities | 39.70 | 6.50 |
| Domestic mid equities | 3.70 | 10.00 |
| Domestic small equities | 1.60 | 13.00 |
| International developed market equities | 18.90 | 6.50 |
| International emerging market equities | 6.10 | 11.00 |
| Total | 100.00 % | |

* Rates shown are net of the 3.00% assumed rate of inflation.

### Discount Rate

The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 10. DEFINED BENEFIT PENSION PLANS (CONTINUED)

### Health Department – Component Unit (Continued)

#### Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

| | 1.00% Decrease (6.50%) | Current discount rate (7.50%) | 1.00% Increase (8.50%) |
|---|---|---|---|
| Employer's proportionate share of the net pension liability | $ 2,235,021 | $ 1,532,728 | $ 934,912 |

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/formspubs.

## 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 POST-EMPLOYMENT BENEFITS

### Primary Government

#### General

In accordance with GASB 45 requirements, the County is required to attribute the cost of post-retirement health care benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a post-retirement 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, 2015. There is no separate, audited GAAP-basis post-employment benefit plan report available for the County's plan.

#### Plan Description

The County provides post-retirement 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, 2015, there were approximately 75 retired employees receiving health care benefits. For the year ended June 30, 2015, the County paid $689,483 for these benefits, which was net of $172,371 of retiree contributions.

## NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

### Primary Government (Continued)

#### Contributions

The County contributed $861,854 to the OPEB Health Care Plan in fiscal year 2015. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Board of Commissioners. The Board of Commissioners established and may amend the funding policy for the OPEB Health Care Plan.

| Fiscal Year Beginning | Annual OPEB Cost | Actual County Contribution | Percentage of AOC Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| 7/1/14 | $ 1,817,222 | $ 861,854 | 47 % | $ 5,199,755 |
| 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 |

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

| | |
|---|---|
| Annual required contribution | $ 1,705,895 |
| Interest on Net OPEB obligation | 318,329 |
| Adjustment to Annual Required Contribution | (207,002) |
| Annual OPEB cost | 1,817,222 |
| Contributions made or accrued | (861,854) |
| Increase in Net Obligation | 955,368 |
| Net OPEB obligation (BOY) | 4,244,387 |
| Net OPEB obligation (EOY) | $ 5,199,755 |

## NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

### Primary Government (Continued)

As of the most recent measurement date of July 1, 2014, 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 |
|---|---|---|---|---|---|---|
| 07/01/14 | $ - | $ 16,532,819 | $ 16,532,819 | - % | $ 48,568,703 | 34.0 % |
| 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 |

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, 2014. The assumptions used in the July 1, 2014 actuarial valuation are as follows:

## NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

### Primary Government (Continued)

| **Basis of Valuation** | |
|---|---|
| Valuation Date | July 1, 2014 |
| 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 | 7% decreasing linearly each year to an ultimate annual increase of 5% |
| Year of Ultimate Medical Cost Trend Rate | 2014 |
| Amortization Method | Level Percent of Pay (Open) |
| Remaining Amortization Period | 30 years |

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 Post-retirement 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 POST-EMPLOYMENT 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 POST-EMPLOYMENT 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 |
|---|---|---|---|---|
| 2015 | $ 1,011,230 | $ 157,929 | 15.62 % | $ 6,776,010 |
| 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 |

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

| | |
|---|---|
| Annual required contribution | $ 1,108,313 |
| Interest from net OPEB obligation | 266,522 |
| Adjustment of net OPEB obligation | (363,605) |
| Annual OPEB cost | 1,011,230 |
| Actual contributions to the plan | (157,929) |
| Increase in net OPEB obligation | 853,301 |
| Net OPEB obligation as of July 1, 2014 | 5,922,709 |
| Net OPEB obligation as of June 30, 2015 | $ 6,776,010 |

## NOTE 12. OTHER POST-EMPLOYMENT 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 |
|---|---|---|---|---|---|---|
| 6/30/2015 | $ - | $8,038,566 | $8,038,566 | 0% | $12,333,741 | 65.2% |
| 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, 2014. The assumptions used in the July 1, 2014 actuarial valuation are on the following page.

## NOTE 12. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

### Water Authority – Component Unit (Continued)

| **Basis of Valuation** | |
|---|---|
| Current Valuation Date | July 1, 2014 |
| Actuarial Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Market Value of Assets |
| Discount rate for benefit obligations | 4.50% |
| Healthcare 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 | 27 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, 2015, the County collected $492,573 of hotel/motel taxes. Of this amount, $285,861, 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 $2,470,000 as of June 30, 2015 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, 2015, the County has an estimated 12 years of monitoring remaining. Engineering studies estimate postclosure costs of approximately $406,673 over the 12-year period. These costs are based on what it would cost to perform all postclosure care as of June 30, 2015. 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, 2015, the County has contractual commitments on uncompleted contracts of approximately $9,613,008.

### 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, 2015, the County paid $214,900 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. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 10, the County, the Water Authority, the Health Department and the Library System implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. The new standards significantly changed the County's accounting for pension amounts. As a result of this change in accounting principle, the County was required to restate beginning net position for the following opinion units as shown below:

| | Governmental Activities |
|---|---|
| Net position, as previously reported | $ 670,490,596 |
| Restatement for implementation of GASB Statement No. 68: | |
| Net pension liability as of June 30, 2014 | (25,139,512) |
| Net position, as restated | $ 645,351,084 |

| | Business-type Activities |
|---|---|
| Net position, as previously reported | $ 26,011,506 |
| Restatement for implementation of GASB Statement No. 68: | |
| Net pension liability as of June 30, 2014 | (455,490) |
| Net position, as restated | $ 25,556,016 |

## NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

| | Water Authority |
|---|---|
| Net position, as previously reported | $ 230,268,010 |
| Restatement for implementation of GASB Statement No. 68: | |
| Net pension liability as of June 30, 2014 | (13,317,131) |
| Net position, as restated | $ 216,950,879 |

| | Health Department |
|---|---|
| Net position, as previously reported | $ 1,069,890 |
| Restatement for implementation of GASB Statement No. 68: | |
| Net pension liability as of June 30, 2014 | (1,729,751) |
| Net position, as restated | $ (659,861) |

| | Library System |
|---|---|
| Net position, as previously reported | $ 1,492,230 |
| Restatement for implementation of GASB Statement No. 68: | |
| Net pension liability as of June 30, 2014 | (1,539,724) |
| Net position, as restated | $ (47,494) |

## NOTE 19. SUBSEQUENT EVENT

In July 2015, the County, refunded the $10,000,000 Development Authority revenue bonds. These bonds had a current maturity of $370,138 and matured in fiscal year ending June 30, 2033. The first principal payment on the new bonds is due August 1, 2016 and mature in fiscal year ending June 30, 2022. The adjusted estimated annual requirements to amortize the refunded $10,000,000 and original $2,186,000 Development Authority revenue bonds are as follows:

| Fiscal year ending June 30, | Principal | Interest |
|---|---|---|
| 2016 | $ 80,912 | $ 204,452 |
| 2017 | 1,697,064 | 356,218 |
| 2018 | 1,701,197 | 295,080 |
| 2019 | 1,704,976 | 229,799 |
| 2020 | 1,715,029 | 156,320 |
| 2021 - 2025 | 3,820,259 | 175,156 |
| 2026 - 2030 | 747,668 | 41,673 |
| 2031 - 2033 | 363,895 | 4,397 |
| Total | $ 11,831,000 | $ 1,463,095 |

# REQUIRED SUPPLEMENTARY INFORMATION

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY

### Primary Government

| | 2015 |
|---|---|
| **Total pension liability** | |
| Service cost | $ 4,959,819 |
| Interest on total pension liability | 10,373,273 |
| Differences between expected and actual experience | - |
| Changes in assumptions and/or cost method | - |
| Benefit payments, including refunds of employee contributions | (5,040,560) |
| **Net change in total pension liability** | 10,292,532 |
| | |
| **Total pension liability - beginning** | 140,830,584 |
| **Total pension liability - ending (a)** | $ 151,123,116 |
| | |
| **Plan fiduciary net position** | |
| Contributions - employer | $ 6,757,421 |
| Contributions - employee | 3,760,592 |
| Net investment income | 7,496,020 |
| Benefit payments, including refunds of member contributions | (6,312,011) |
| Administrative expenses | (214,659) |
| Other changes | - |
| **Net change in plan fiduciary net position** | 11,487,363 |
| | |
| **Plan fiduciary net position - beginning** | 108,134,660 |
| **Plan fiduciary net position - ending (b)** | $ 119,622,023 |
| | |
| **County's net pension liability (asset) - ending (a) - (b)** | $ 31,501,093 |

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY

### Primary Government – Continued

| | | |
|---|---|---|
| **Plan fiduciary net position as a percentage of the total pension liability** | | 79.2% |
| **Covered-employee payroll** | $ | 61,866,545 |
| **Net pension liability as a percentage of covered-employee payroll** | | 50.9% |

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF COUNTY CONTRIBUTIONS

### Primary Government

| | 2015 | 2014 |
|---|---|---|
| Actuarially determined contribution | $ 6,959,148 | $ 7,469,013 |
| Contributions in relation to the actuarially determined contribution | 6,757,492 | 7,162,923 |
| Contribution deficiency (excess) | $ 201,656 | $ 306,090 |
| Covered employee payroll | $ 61,866,545 | $ 63,307,617 |
| Contributions as a percentage of covered-employee payroll | 10.92% | 11.31% |

**Notes to the Schedule:**

(1) Actuarial Assumptions

| | |
|---|---|
| Valuation Date | January 1, 2014 |
| Cost Method | Entry Age Normal |
| Actuarial Asset Valuation Method | Smoothed market value with a 5-year smoothing period. |
| Assumed Rate of Return on Investments | 7.50% |
| Projected Salary Increases | 3.00%-5.50%, including 3.00% for inflation |
| Amortization Method | Closed level dollar for unfunded liability |
| Remaining Amortization Period | None remaining |

(2) The schedule will present 10 years of information once it is accumulated.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## RETIREMENT PLAN FOR THE EMPLOYEES OF HENRY COUNTY WATER AUTHORITY
## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Water Authority – Component Unit

| | 2015 |
|---|---|
| **Total pension liability** | |
| Service cost | $ 828,707 |
| Interest on total pension liability | 2,402,683 |
| Differences between expected and actual experience | (279,992) |
| Changes in assumptions and/or cost method | (1,474,753) |
| Benefit payments, including refunds of employee contributions | (980,474) |
| **Net change in total pension liability** | 496,171 |
| **Total pension liability - beginning** | 31,492,595 |
| **Total pension liability - ending (a)** | $ 31,988,766 |
| **Plan fiduciary net position** | |
| Contributions - employer | $ 2,148,491 |
| Contributions - employee | 554,460 |
| Net investment income | 2,643,980 |
| Benefit payments, including refunds of member contributions | (980,474) |
| Administrative expenses | (28,323) |
| **Net change in plan fiduciary net position** | 4,338,134 |
| **Plan fiduciary net position - beginning** | 22,926,917 |
| **Plan fiduciary net position - ending (b)** | $ 27,265,051 |
| **Authority's net pension liability (asset) - ending (a) - (b)** | $ 4,723,715 |

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## RETIREMENT PLAN FOR THE EMPLOYEES OF HENRY COUNTY WATER AUTHORITY
## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Water Authority – Component Unit (Continued)

| | |
|---|---|
| **Plan fiduciary net position as a percentage of the total pension liability** | 85.2% |
| **Covered-employee payroll** | $ 10,400,334 |
| **Net pension liability as a percentage of covered-employee payroll** | 45.4% |

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## RETIREMENT PLAN FOR THE EMPLOYEES OF HENRY COUNTY WATER AUTHORITY
## SCHEDULE OF CONTRIBUTIONS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

### Water Authority – Component Unit (Continued)

| | 2015 | 2014 |
|---|---|---|
| Actuarially determined contribution | $ 1,537,238 | $ 1,491,921 |
| Contributions in relation to the actuarially determined contribution | 2,531,177 | 2,132,280 |
| Contribution deficiency (excess) | $ (993,939) | $ (640,359) |
| Covered employee payroll | $ 10,400,334 | $ 9,835,682 |
| Contributions as a percentage of covered-employee payroll | 24.34% | 21.68% |

**Notes to the Schedule:**

(1) Actuarial Assumptions

| | |
|---|---|
| Valuation Date | January 1, 2015 |
| Cost Method | Projected Unit Credit |
| Actuarial Asset Valuation Method | Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. |
| Assumed Rate of Return on Investments | 7.75% |
| Projected Salary Increases | 3.75%-8.75%, including 3.25% for inflation |
| Cost of Living Adjustments | 1.00% |
| Amortization Method | Closed level dollar for remaining unfunded liability |
| Remaining Amortization Period | Remaining amortization period varies for the bases, with a net effective amortization period of 30 years. |

(2) The schedule will present 10 years of information once it is accumulated.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
## EMPLOYEES' RETIREMENT SYSTEM
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Health Department – Component Unit

| | 2015 |
|---|---|
| Department's proportion of the net pension liability | 0.040866% |
| Department's proportionate share of the net pension liability | $ 1,532,728 |
| Department's covered-employee payroll | $ 937,506 |
| Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 1.635% |
| Plan fiduciary net position as a percentage of the total pension liability | 77.99% |

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CONTRIBUTIONS
## EMPLOYEES' RETIREMENT SYSTEM
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Health Department – Component Unit

| | 2015 |
|---|---|
| Contractually required contribution | $ 202,038 |
| Contributions in relation to the contractually required contribution | 202,038 |
| Contribution deficiency (excess) | - |
| Department's covered-employee payroll | $ 932,520 |
| Contributions as a percentage of covered-employee payroll | 21.7% |

# HENRY COUNTY, GEORGIA
## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
## EMPLOYEES' RETIREMENT SYSTEM
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Health Department – Component Unit

**Changes in assumptions:** There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

| | |
|---|---|
| Valuation date | June 30, 2012 |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Seven-year smoothed market |
| Inflation rate | 3.00% |
| Salary increases | 2.75% - 4.625% for FY2012-2013<br>5.45% - 9.25% for FY2014+ |
| Investment rate of return | 7.50% net of pension plan investment |

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
## TEACHERS' RETIREMENT SYSTEM OF GEORGIA
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Henry County Library System – Component Unit

| | | 2015 |
|---|---|---|
| System's proportion of the net pension liability | | 0.009537% |
| System's proportionate share of the net pension liability | $ | 1,204,874 |
| System's covered-employee payroll | $ | 889,845 |
| System's proportionate share of the net pension liability as a percentage of its covered-employee payroll | | 135.40% |
| Plan fiduciary net position as a percentage of the total pension liability | | 84.03% |

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# HENRY COUNTY, GEORGIA
## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CONTRIBUTIONS
## TEACHERS' RETIREMENT SYSTEM OF GEORGIA
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Henry County Library System – Component Unit

| | 2015 |
|---|---|
| Contractually required contribution | $ 109,273 |
| Contributions in relation to the contractually required contribution | 109,273 |
| Contribution deficiency (excess) | - |
| Department's covered-employee payroll | $ 889,845 |
| Contributions as a percentage of covered-employee payroll | 12.28% |

# HENRY COUNTY, GEORGIA
## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
## TEACHERS' RETIREMENT SYSTEM OF GEORGIA
## FOR THE FISCAL YEAR ENDED JUNE 20, 2015

### Henry County Library System – Component Unit

**Changes of assumptions:** In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

| | |
|---|---|
| Valuation date | June 30, 2012 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, open |
| Remaining amortization period | 30 years |
| Asset valuation method | Seven-year smoothed market |
| Inflation rate | 3.00% |
| Salary increases | 3.75% - 7.00%, including inflation |
| Investment rate of return | 7.50% net of pension plan investment expense, including inflation |

# 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.

**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.

**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.

**Drug Court Fund** – This fund is used to account for revenues received from the Superior Drug Court related to participant fees.

# NONMAJOR GOVERNMENTAL FUNDS

## Capital Projects Funds

**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.

**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.

**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, 2015

| | 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 | $ 1,166,052 | $ 7,083 | $ 6,324,783 | $ 306,453 | $ 1,037,744 | $ 78,589 | $ 60 | $ 37,767 |
| Investments | 1,502,620 | - | - | - | - | - | - | - |
| Accounts receivable | - | 96,731 | 669,432 | - | - | - | - | - |
| Due from other governments | 45,636 | - | - | - | 39,862 | - | 42,752 | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - | - | - |
| Total assets | $ 2,714,308 | $ 103,814 | $ 6,994,215 | $ 306,453 | $ 1,077,606 | $ 78,589 | $ 42,812 | $ 37,767 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| Accounts payable | $ 48,262 | $ 49,868 | $ 34,797 | $ - | $ 982 | $ - | $ 34,704 | $ - |
| Due to other funds | 2,930 | 53,946 | 276,631 | - | 75,042 | - | 8,469 | 5,196 |
| Unearned revenue | - | - | - | - | - | - | - | 32,571 |
| Total liabilities | 51,192 | 103,814 | 311,428 | - | 76,024 | - | 43,173 | 37,767 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | |
| Unavailable revenue - period of availability | - | - | - | - | - | - | - | - |
| **FUND BALANCES** | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - |
| Restricted | | | | | | | | |
| Capital projects | - | - | - | - | 33,401 | 78,589 | - | - |
| Housing and development | - | - | - | - | - | - | - | - |
| Citizen welfare | - | - | - | - | 949,656 | - | - | - |
| Law enforcement purposes | 2,663,116 | - | - | 306,453 | 18,525 | - | - | - |
| Public safety purposes | - | - | 6,682,787 | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | (361) | - |
| Total fund balances (deficits) | 2,663,116 | - | 6,682,787 | 306,453 | 1,001,582 | 78,589 | (361) | - |
| Total liabilities, deferred inflows of resources and fund balances | $ 2,714,308 | $ 103,814 | $ 6,994,215 | $ 306,453 | $ 1,077,606 | $ 78,589 | $ 42,812 | $ 37,767 |

# HENRY COUNTY, GEORGIA

## COMBINING BALANCE SHEET
## NONMAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2015

| | Special Revenue | | | Capital Projects | | | | |
|---|---|---|---|---|---|---|---|---|
| ASSETS | Juvenile Assistance Fund | Grant Fund | Drug Court Fund | Development Auth. Fund | Capital Asset Fund | 2002 SPLOST Fund | Impact Fees Fund | Total |
| Cash and cash equivalents | $ 305,190 | $ 60,799 | $ 36,965 | $ 570,104 | $ 581,648 | $ 1,239,635 | $ 1,131,460 | $ 12,884,332 |
| Investments | - | - | - | - | - | - | - | 1,502,620 |
| Accounts receivable | 23,409 | - | - | - | - | - | 4,985 | 794,557 |
| Due from other governments | - | 188,994 | - | - | - | - | - | 317,244 |
| Due from other funds | - | - | - | - | - | - | 3,323 | 3,323 |
| Prepaid items | - | - | - | 37,800 | - | - | - | 37,800 |
| Total assets | $ 328,599 | $ 249,793 | $ 36,965 | $ 607,904 | $ 581,648 | $ 1,239,635 | $ 1,139,768 | $ 15,539,876 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | | | | | | | | |
| **LIABILITIES** | | | | | | | | |
| Accounts payable | $ - | $ 12,710 | $ - | $ 8,333 | $ 10,000 | $ 9,550 | $ - | $ 209,206 |
| Due to other funds | - | 182,931 | - | - | - | 686 | 150,747 | 756,578 |
| Unearned revenue | - | 260,514 | - | - | - | - | - | 293,085 |
| Total liabilities | - | 456,155 | - | 8,333 | 10,000 | 10,236 | 150,747 | 1,258,869 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | |
| Unavailable revenue - period of availability | - | 49,031 | - | - | - | - | - | 49,031 |
| **FUND BALANCES** | | | | | | | | |
| Nonspendable | - | - | - | 37,800 | - | - | - | 37,800 |
| Restricted | | | | | | | | |
| Capital projects | - | - | - | - | 571,648 | 1,229,399 | 989,021 | 2,902,058 |
| Housing and development | - | - | - | 561,771 | - | - | - | 561,771 |
| Citizen welfare | - | - | - | - | - | - | - | 949,656 |
| Law enforcement purposes | 328,599 | - | 36,965 | - | - | - | - | 3,353,658 |
| Public safety purposes | - | - | - | - | - | - | - | 6,682,787 |
| Unassigned | - | (255,393) | - | - | - | - | - | (255,754) |
| Total fund balances (deficits) | 328,599 | (255,393) | 36,965 | 599,571 | 571,648 | 1,229,399 | 989,021 | 14,231,976 |
| Total liabilities, deferred inflows of resources and fund balances | $ 328,599 | $ 249,793 | $ 36,965 | $ 607,904 | $ 581,648 | $ 1,239,635 | $ 1,139,768 | $ 15,539,876 |

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | 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 | $ - | $ 578,811 | $ - | $ - | $ - | $ - | $ - | $ - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | 420,174 | - |
| Charges for services | - | - | 4,005,387 | - | - | 111,950 | - | - |
| Fines and forfeitures | 419,777 | - | - | 146,195 | 933,941 | - | - | - |
| Investment income | 3,309 | 41 | 2,981 | 47 | 629 | 50 | - | 60 |
| Contributions | - | - | - | - | - | - | - | - |
| Miscellaneous | 18 | - | - | - | - | - | - | 5,759 |
| Total revenues | 423,104 | 578,852 | 4,008,368 | 146,242 | 934,570 | 112,000 | 420,174 | 5,819 |
| **Expenditures** | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 75 |
| Judicial | - | - | - | 210,584 | 265,607 | 140,738 | - | - |
| Public safety | 1,280,833 | - | 2,759,974 | - | - | - | - | - |
| Housing and development | - | 285,861 | - | - | - | - | 415,187 | - |
| Culture and recreation | - | - | - | - | - | - | - | 5,744 |
| Capital outlay | - | - | - | - | - | - | - | - |
| Total expenditures | 1,280,833 | 285,861 | 2,759,974 | 210,584 | 265,607 | 140,738 | 415,187 | 5,819 |
| Excess (deficiency) of revenues over (under) expenditures | (857,729) | 292,991 | 1,248,394 | (64,342) | 668,963 | (28,738) | 4,987 | - |
| **Other financing sources (uses)** | | | | | | | | |
| Transfers in | - | - | - | - | 5,604 | - | - | - |
| Transfers out | - | (292,991) | (331,552) | - | (886,798) | - | - | - |
| Proceeds from sale of capital assets | 4,249 | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 4,249 | (292,991) | (331,552) | - | (881,194) | - | - | - |
| Net change in fund balances | (853,480) | - | 916,842 | (64,342) | (212,231) | (28,738) | 4,987 | - |
| **Fund balances (deficits), beginning of year** | 3,516,596 | - | 5,765,945 | 370,795 | 1,213,813 | 107,327 | (5,348) | - |
| **Fund balances (deficits), end of year** | $ 2,663,116 | $ - | $ 6,682,787 | $ 306,453 | $ 1,001,582 | $ 78,589 | $ (361) | $ - |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Special Revenue | | | Capital Projects | | | | |
|---|---|---|---|---|---|---|---|---|
| | Juvenile Assistance Fund | Grant Fund | Drug Court Fund | Development Auth. Fund | Capital Asset Fund | 2002 SPLOST Fund | Impact Fees Fund | Total |
| **Revenues** | | | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 578,811 |
| Licenses and permits | - | - | - | - | - | - | 1,349,446 | 1,349,446 |
| Intergovernmental | - | 608,888 | - | - | - | 1,703 | - | 1,030,765 |
| Charges for services | - | - | - | 5,000 | - | - | - | 4,122,337 |
| Fines and forfeitures | 59,799 | - | 39,979 | - | - | - | - | 1,599,691 |
| Investment income | 147 | - | - | 3,054 | 337 | 676 | 413 | 11,744 |
| Contributions | - | - | - | 8,500 | - | - | - | 8,500 |
| Miscellaneous | - | 939 | - | 80,700 | - | - | - | 87,416 |
| Total revenues | 59,946 | 609,827 | 39,979 | 97,254 | 337 | 2,379 | 1,349,859 | 8,788,710 |
| **Expenditures** | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | - | - | 75 |
| Judicial | 57,883 | - | 3,014 | - | - | - | - | 677,826 |
| Public safety | - | 902,540 | - | - | - | - | - | 4,943,347 |
| Housing and development | - | - | - | 560,764 | - | - | - | 1,261,812 |
| Culture and recreation | - | - | - | - | - | - | - | 5,744 |
| Capital outlay | - | - | - | - | 146,916 | 287,929 | 58,328 | 493,173 |
| Total expenditures | 57,883 | 902,540 | 3,014 | 560,764 | 146,916 | 287,929 | 58,328 | 7,381,977 |
| Excess (deficiency) of revenues over (under) expenditures | 2,063 | (292,713) | 36,965 | (463,510) | (146,579) | (285,550) | 1,291,531 | 1,406,733 |
| **Other financing sources (uses)** | | | | | | | | |
| Transfers in | - | 349,569 | - | 472,469 | - | - | - | 827,642 |
| Transfers out | - | - | - | - | (23,990) | - | (837,314) | (2,372,645) |
| Proceeds from sale of capital assets | - | - | - | - | - | - | - | 4,249 |
| Total other financing sources (uses) | - | 349,569 | - | 472,469 | (23,990) | - | (837,314) | (1,540,754) |
| Net change in fund balances | 2,063 | 56,856 | 36,965 | 8,959 | (170,569) | (285,550) | 454,217 | (134,021) |
| **Fund balances (deficits), beginning of year** | 326,536 | (312,249) | - | 590,612 | 742,217 | 1,514,949 | 534,804 | 14,365,997 |
| **Fund balances (deficits), end of year** | $ 328,599 | $ (255,393) | $ 36,965 | $ 599,571 | $ 571,648 | $ 1,229,399 | $ 989,021 | $ 14,231,976 |

# 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, 2015

| | Confiscated Assets Fund | | | Hotel/Motel Tax Fund | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | | | | |
| Taxes | $ - | $ - | $ - | $ 578,811 | $ 578,811 | $ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | 419,778 | 419,777 | (1) | - | - | - |
| Investment income | 3,309 | 3,309 | - | 208 | 41 | (167) |
| Miscellaneous | 19 | 18 | (1) | - | - | - |
| Total revenues | 423,106 | 423,104 | (2) | 579,019 | 578,852 | (167) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - |
| Public safety | 1,280,840 | 1,280,833 | 7 | - | - | - |
| Housing and development | - | - | - | 285,861 | 285,861 | - |
| Health and welfare | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,280,840 | 1,280,833 | 7 | 285,861 | 285,861 | - |
| Excess (deficiency) of revenues over (under) expenditures | (857,734) | (857,729) | 5 | 293,158 | 292,991 | (167) |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | (293,158) | (292,991) | 167 |
| Proceeds from sale of capital assets | 4,249 | 4,249 | - | - | - | - |
| Total other financing sources (uses) | 4,249 | 4,249 | - | (293,158) | (292,991) | 167 |
| Net change in fund balances | (853,485) | (853,480) | 5 | - | - | - |
| **Fund balances, beginning of year** | 3,516,596 | 3,516,596 | - | - | - | - |
| **Fund balances, end of year** | $ 2,663,111 | $ 2,663,116 | $ 5 | $ - | $ - | $ - |

**(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, 2015

| | 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 | 4,023,695 | 4,005,387 | (18,308) | - | - | - |
| Fines and forfeitures | - | - | - | 146,975 | 146,195 | (780) |
| Investment income | 3,902 | 2,981 | (921) | 120 | 47 | (73) |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 4,027,597 | 4,008,368 | (19,229) | 147,095 | 146,242 | (853) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | 211,029 | 210,584 | 445 |
| Public safety | 3,696,045 | 2,759,974 | 936,071 | - | - | - |
| Housing and development | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 3,696,045 | 2,759,974 | 936,071 | 211,029 | 210,584 | 445 |
| Excess (deficiency) of revenues over (under) expenditures | 331,552 | 1,248,394 | 916,842 | (63,934) | (64,342) | (408) |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | (331,552) | (331,552) | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | (331,552) | (331,552) | - | - | - | - |
| Net change in fund balances | - | 916,842 | 916,842 | (63,934) | (64,342) | (408) |
| **Fund balances, beginning of year** | 5,765,945 | 5,765,945 | - | 370,795 | 370,795 | - |
| **Fund balances, end of year** | $ 5,765,945 | $ 6,682,787 | $ 916,842 | $ 306,861 | $ 306,453 | $ (408) |

**(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, 2015

| | Court Fund | | | Technology Fund | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | - | 111,950 | 111,950 |
| Fines and forfeitures | 933,943 | 933,941 | (2) | 111,951 | - | (111,951) |
| Investment income | 629 | 629 | - | 200 | 50 | (150) |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 934,572 | 934,570 | (2) | 112,151 | 112,000 | (151) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | 278,490 | 265,607 | 12,883 | 140,739 | 140,738 | 1 |
| Public safety | - | - | - | - | - | - |
| Housing and development | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 278,490 | 265,607 | 12,883 | 140,739 | 140,738 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | 656,082 | 668,963 | 12,881 | (28,588) | (28,738) | (150) |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | 6,135 | 5,604 | (531) | - | - | - |
| Transfers out | (887,696) | (886,798) | 898 | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | (881,561) | (881,194) | 367 | - | - | - |
| Net change in fund balances | (225,479) | (212,231) | 13,248 | (28,588) | (28,738) | (150) |
| **Fund balances, beginning of year** | 1,213,813 | 1,213,813 | - | 107,327 | 107,327 | - |
| **Fund balances, end of year** | $ 988,334 | $ 1,001,582 | $ 13,248 | $ 78,739 | $ 78,589 | $ (150) |

**(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, 2015

| | 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 | - | - | - | 54,259 | 59,799 | 5,540 |
| Investment income | 60 | 60 | - | 399 | 147 | (252) |
| Miscellaneous | 5,760 | 5,759 | (1) | - | - | - |
| Total revenues | 5,820 | 5,819 | (1) | 54,658 | 59,946 | 5,288 |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | 75 | 75 | - | - | - | - |
| Judicial | - | - | - | 57,885 | 57,883 | 2 |
| Public safety | - | - | - | - | - | - |
| Housing and development | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - |
| Culture and recreation | 5,745 | 5,744 | 1 | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 5,820 | 5,819 | 1 | 57,885 | 57,883 | 2 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | - | (3,227) | 2,063 | 5,290 |
| **Other financing (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing (uses) | - | - | - | - | - | - |
| Net change in fund balances | - | - | - | (3,227) | 2,063 | 5,290 |
| **Fund balances, beginning of year** | - | - | - | 326,536 | 326,536 | - |
| **Fund balances, end of year** | $ - | $ - | $ - | $ 323,309 | $ 328,599 | $ 5,290 |

**(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, 2015

| | Grant Fund | | | CDBG Fund | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 657,020 | 608,888 | (48,132) | 420,982 | 420,174 | (808) |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - | - |
| Investment income | - | - | - | - | - | - |
| Miscellaneous | - | 939 | 939 | - | - | - |
| Total revenues | 657,020 | 609,827 | (47,193) | 420,982 | 420,174 | (808) |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Judicial | - | - | - | - | - | - |
| Public safety | 1,007,529 | 902,540 | 104,989 | - | - | - |
| Housing and development | - | - | - | 420,982 | 415,187 | 5,795 |
| Health and welfare | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 1,007,529 | 902,540 | 104,989 | 420,982 | 415,187 | 5,795 |
| Excess (deficiency) of revenues over (under) expenditures | (350,509) | (292,713) | 57,796 | - | 4,987 | 4,987 |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | 89,137 | 349,569 | 260,432 | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | 89,137 | 349,569 | 260,432 | - | - | - |
| Net change in fund balances | (261,372) | 56,856 | 318,228 | - | 4,987 | 4,987 |
| **Fund balances (deficits), beginning of year** | (312,249) | (312,249) | - | (5,348) | (5,348) | - |
| **Fund balances (deficits), end of year** | $ (573,621) | $ (255,393) | $ 318,228 | $ (5,348) | $ (361) | $ 4,987 |

**(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, 2015

| | Drug Court Fund | | |
|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget |
| **Revenues** | | | |
| Taxes | $ - | $ - | $ - |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeitures | 39,980 | 39,979 | (1) |
| Investment income | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | 39,980 | 39,979 | (1) |
| **Expenditures** | | | |
| Current: | | | |
| General government | - | - | - |
| Judicial | 39,980 | 3,014 | 36,966 |
| Public safety | - | - | - |
| Housing and development | - | - | - |
| Health and welfare | - | - | - |
| Culture and recreation | - | - | - |
| Capital outlay | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 39,980 | 3,014 | 36,966 |
| Excess (deficiency) of revenues over (under) expenditures | - | 36,965 | 36,965 |
| **Other financing sources (uses)** | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | - | 36,965 | 36,965 |
| **Fund balances, beginning of year** | - | - | - |
| **Fund balances, end of year** | $ - | $ 36,965 | $ 36,965 |

# 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, 2015

| | Final Budget | Actual | Variance With Final Budget |
|---|---|---|---|
| **Revenues** | | | |
| Investment income | $ 32 | $ 5 | $ (27) |
| Total revenues | 32 | 5 | (27) |
| **Expenditures** | | | |
| Debt service: | | | |
| Principal | 23,204,239 | 23,016,736 | 187,503 |
| Interest and fiscal charges | 1,534,503 | 1,678,349 | (143,846) |
| Total expenditures | 24,753,522 | 24,695,085 | 58,437 |
| Deficiency of revenues under expenditures | (24,753,490) | (24,695,080) | 58,410 |
| **Other financing sources** | | | |
| Transfers in | 5,607,628 | 5,606,036 | (1,592) |
| Total other financing sources | 5,590,988 | 5,589,396 | (1,592) |
| Net change in fund balances | (19,162,502) | (19,105,684) | 56,818 |
| **Fund balance, beginning of year** | 19,120,465 | 19,120,465 | - |
| **Fund balance, end of year** | $ (42,037) | $ 14,781 | $ 56,818 |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
## 2002 ISSUE
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| 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 | 10,323,534 | 264,356 | 10,587,890 |
| Roads, streets, curbs, bike paths, gutters, sidewalks and bridges | 85,016,659 | 79,000,000 | 83,392,552 | 15,902 | 83,408,454 |
| 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 | 10,886,460 | 7,671 | 10,894,131 |
| | $ 140,000,000 | $ 140,000,000 | $ 149,201,910 | $ 287,929 | $ 149,489,839 |

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
## 2008 ISSUE
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| 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 | 10,620,672 | - | 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 | 84,787,315 | 5,525,810 | 90,313,125 |
| City of Hampton | 6,120,000 | 4,545,305 | 4,069,169 | 887 | 4,070,056 |
| City of Locust Grove | 6,120,000 | 4,545,305 | 4,091,216 | 688 | 4,091,904 |
| City of McDonough | 21,474,000 | 15,948,671 | 14,766,141 | 2,529 | 14,768,670 |
| City of Stockbridge | 26,286,000 | 19,960,719 | 18,288,925 | 1,391 | 18,290,316 |
| Program management | 7,120,000 | 3,590,000 | 3,523,072 | 353,074 | 3,876,146 |
| | $ 240,000,000 | $ 180,000,328 | 172,982,224 | 5,884,379 | 178,866,603 |
| Transfers to the Debt Service Fund for the purpose of repayment of principal and interest on debt. **(1)** | | | 97,911,235 | - | 97,911,235 |
| Total 2008 SPLOST Fund expenditures for the prior years and the current fiscal year | | | $ 270,893,459 | $ 5,884,379 | $ 276,777,838 |

**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, 2015

| Project | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|
| Public safety facilities | $ 12,320,000 | $ 12,320,000 | $ - | $ 334,623 | $ 334,623 |
| Technical college construction | 5,000,000 | 5,000,000 | - | - | - |
| Public safety vehicles and equipment | 3,886,806 | 3,886,806 | - | 782,372 | 782,372 |
| 911 radio replacement | 7,000,000 | 7,000,000 | - | - | - |
| Senior services facilities | 4,050,000 | 4,050,000 | - | 290,652 | 290,652 |
| Park and recreational facilities | 12,863,639 | 12,863,639 | - | 2,354,010 | 2,354,010 |
| Sewer construction and improvements | 4,000,000 | 4,000,000 | - | 4,000,000 | 4,000,000 |
| Roads, streets, sidewalks and bridges | 86,529,555 | 86,529,555 | 130,897 | 2,535,362 | 2,666,259 |
| Transportation equipment | 450,000 | 450,000 | - | 67,757 | 67,757 |
| Airport FBO | 1,000,000 | 1,000,000 | - | - | - |
| Jail renovations | 1,500,000 | 1,500,000 | - | 12,977 | 12,977 |
| City of Hampton | 5,528,430 | 5,528,430 | 231,886 | 901,032 | 1,132,918 |
| City of Locust Grove | 4,269,823 | 4,269,823 | 179,094 | 533,188 | 712,282 |
| City of McDonough | 17,449,743 | 17,449,743 | 731,914 | 2,247,515 | 2,979,429 |
| City of Stockbridge | 20,252,004 | 20,252,004 | 849,450 | 2,609,778 | 3,459,228 |
| Program management | 3,900,000 | 3,900,000 | 57,879 | 718,598 | 776,477 |
| | $ 190,000,000 | $ 190,000,000 | $ 2,181,120 | $ 17,387,864 | $ 19,568,984 |
| Repayment of interest on debt and bond issuance cost. Proceeds included in projects above. | | | - | 802,402 | |
| Total 2014 SPLOST Fund expenditures for the current fiscal year | | | $ 2,181,120 | $ 18,190,266 | |

# 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, 2015

| 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 | $ 3,185,721 | $ 3,003,496 | $ 61,286 | $ 80,237 | $ 295,843 | $ 385,505 | $ 14,056 | $ 115,419 | $ 7,141,563 |
| Taxes receivable | 3,768,681 | - | - | - | - | - | - | - | 3,768,681 |
| Total assets | $ 6,954,402 | $ 3,003,496 | $ 61,286 | $ 80,237 | $ 295,843 | $ 385,505 | $ 14,056 | $ 115,419 | $ 10,910,244 |
| **LIABILITIES** | | | | | | | | | |
| Due to component unit | $ 22,870 | $ 21,709 | $ - | $ - | $ - | $ - | $ - | $ - | $ 44,579 |
| Due to others | 6,931,532 | 2,981,787 | 61,286 | 80,237 | 295,843 | 385,505 | 14,056 | 115,419 | 10,865,665 |
| Total liabilities | $ 6,954,402 | $ 3,003,496 | $ 61,286 | $ 80,237 | $ 295,843 | $ 385,505 | $ 14,056 | $ 115,419 | $ 10,910,244 |

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|---|---|---|---|
| **TAX COMMISSIONER** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,892,537 | $ 136,079,427 | $ 135,786,243 | $ 3,185,721 |
| Taxes receivable | 4,097,503 | 3,768,681 | 4,097,503 | 3,768,681 |
| | $ 6,990,040 | $ 139,848,108 | $ 139,883,746 | $ 6,954,402 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 62,171 | $ 11,465,006 | $ 11,504,307 | $ 22,870 |
| Due to others | 6,927,869 | 128,383,102 | 128,379,439 | 6,931,532 |
| | $ 6,990,040 | $ 139,848,108 | $ 139,883,746 | $ 6,954,402 |
| **CLERK OF SUPERIOR COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,914,446 | $ 6,604,335 | $ 5,515,285 | $ 3,003,496 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 13,053 | $ 164,981 | $ 156,325 | $ 21,709 |
| Due to others | 1,901,393 | 6,439,354 | 5,358,960 | 2,981,787 |
| | $ 1,914,446 | $ 6,604,335 | $ 5,515,285 | $ 3,003,496 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|---|---|---|---|
| **PROBATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 31,727 | $ 355,639 | $ 326,080 | $ 61,286 |
| **LIABILITIES** | | | | |
| Due to others | $ 31,727 | $ 355,639 | $ 326,080 | $ 61,286 |
| **MAGISTRATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 72,403 | $ 811,372 | $ 803,538 | $ 80,237 |
| **LIABILITIES** | | | | |
| Due to others | $ 72,403 | $ 811,372 | $ 803,538 | $ 80,237 |
| **SHERIFF** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 233,479 | $ 1,580,493 | $ 1,518,129 | $ 295,843 |
| **LIABILITIES** | | | | |
| Due to others | $ 233,479 | $ 1,580,493 | $ 1,518,129 | $ 295,843 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|---|---|---|---|
| **STATE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,569,594 | $ 3,800,970 | $ 5,985,059 | $ 385,505 |
| **LIABILITIES** | | | | |
| Due to others | $ 2,569,594 | $ 3,800,970 | $ 5,985,059 | $ 385,505 |
| **JUVENILE COURT** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 10,456 | $ 38,977 | $ 35,377 | $ 14,056 |
| **LIABILITIES** | | | | |
| Due to others | $ 10,456 | $ 38,977 | $ 35,377 | $ 14,056 |
| **FLINT DRUG TASK FORCE** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 145,978 | $ 117,841 | $ 148,400 | $ 115,419 |
| **LIABILITIES** | | | | |
| Due to others | $ 145,978 | $ 117,841 | $ 148,400 | $ 115,419 |

**(Continued)**

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## AGENCY FUNDS
## FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|---|---|---|---|
| **TOTAL AGENCY FUNDS** | | | | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 7,870,620 | $ 149,389,054 | $ 150,118,111 | $ 7,141,563 |
| Taxes receivable | 4,097,503 | 3,768,681 | 4,097,503 | 3,768,681 |
| | $ 11,968,123 | $ 153,157,735 | $ 154,215,614 | $ 10,910,244 |
| **LIABILITIES** | | | | |
| Due to component unit | $ 75,224 | $ 11,629,987 | $ 11,660,632 | $ 44,579 |
| Due to others | 11,892,899 | 141,527,748 | 142,554,982 | 10,865,665 |
| | $ 11,968,123 | $ 153,157,735 | $ 154,215,614 | $ 10,910,244 |

# COMPONENT UNITS

# HENRY COUNTY, GEORGIA

## BALANCE SHEET
## COMPONENT UNIT - LIBRARY SYSTEM
## JUNE 30, 2015

| | | |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 653,528 |
| Investments | | 28,805 |
| Accounts receivable | | 4,482 |
| Prepaids | | 46 |
| Total assets | $ | 686,861 |
| **LIABILITIES AND FUND BALANCE** | | |
| **LIABILITIES** | | |
| Accounts payable | $ | 41,181 |
| Accrued liabilities | | 15,625 |
| Total liabilities | | 56,806 |
| **FUND BALANCE** | | |
| Unassigned | | 630,055 |
| Total fund balance | | 630,055 |
| Total liabilities and fund balance | $ | 686,861 |

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE COMPONENT UNIT - LIBRARY SYSTEM FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | | |
|---|---|---|
| **Revenues** | | |
| Intergovernmental | $ | 2,265,658 |
| Investment income | | 1,070 |
| Contributions | | 45,690 |
| Other revenues | | 109,121 |
| Total revenues | | 2,421,539 |
| **Expenditures** | | |
| Culture and recreation | | 2,154,142 |
| Total expenditures | | 2,154,142 |
| Net change in fund balance | | 267,397 |
| **Fund balance, beginning of year** | | 362,658 |
| **Fund balance, end of year** | $ | 630,055 |

# 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** ..... **156 - 161**

*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** ..... **162 - 165**

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

**Debt Capacity** ..... **166 and 167**

*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** ..... **168 and 169**

*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** ..... **170 - 172**

*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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | $ 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 | $ 584,515,407 |
| Restricted | 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 | 66,064,179 |
| Unrestricted | 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 | 13,312,997 |
| Total governmental activities net position | $ 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 | $ 663,892,583 |
| 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 | $ 21,716,004 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | - | (861,503) | 388,233 | 1,351,941 | 1,819,598 | 2,793,970 | 1,102,775 | 1,325,934 | 4,461,391 | 4,573,809 |
| 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 | $ 26,289,813 |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | $ 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 | $ 606,231,411 |
| Restricted | 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 | 66,064,179 |
| Unrestricted | 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 | 17,886,806 |
| Total governmental activities net position | $ 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 | $ 690,182,396 |

(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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 (3) | 2010 (4) | 2011 | 2012 | 2013 | 2014 | 2015 |
| **Expenses** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 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 | $ 33,767,721 |
| Judicial | 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 | 15,274,717 |
| Public safety | 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 | 70,487,769 |
| Public works | 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 | 18,015,726 |
| Health and welfare | 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 | 5,262,317 |
| Culture and recreation | 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 | 6,981,232 |
| Housing and development | 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 | 14,259,564 |
| Interest on long-term debt | 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 | 1,989,276 |
| Total governmental activities expenses | 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 | 166,038,322 |
| 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 | 2,546,551 |
| Airport | - | - | - | - | - | - | 774,400 | 875,056 | 865,506 | 803,658 |
| 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 | 3,350,209 |
| Total primary government expenses | $ 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 | $ 169,388,531 |
| **Program revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Impact fee collection | $ 4,467,672 | $ 2,604,520 | $ 2,558,367 | $ 252,622 | $ 286,181 | $ 279,625 | $ 305,584 | $ 549,740 | $ 1,128,877 | $ 1,349,446 |
| Other housing and development | 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 | 2,003,324 |
| General government | 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 | 4,701,686 |
| Judicial | 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 | 7,104,669 |
| Public safety | 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 | 11,139,752 |
| Other activities | 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 | 4,817,493 |
| Operating grants and contributions | 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 | 11,645,382 |
| Capital grants and contributions | 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 | 85,798 |
| Total governmental activities program revenues | 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 | 42,847,550 |
| 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 | 3,233,088 |
| Operating grants and contributions-Stormwater | - | - | - | - | 835 | - | - | - | - | - |
| Capital grants and contributions-Stormwater | - | - | - | - | 22,500 | - | - | - | - | - |
| Charges for services-Airport | - | - | - | - | - | - | 758,120 | 877,974 | 908,244 | 970,366 |
| Capital grants and contributions-Airport | - | - | - | - | - | - | 15,255,658 | 2,205,618 | 530,038 | 179,123 |
| 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 | 4,382,577 |
| Total primary government program revenues | $ 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 | $ 47,230,127 |

**(Continued)**

# HENRY COUNTY, GEORGIA

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 (3) | 2010 (4) | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net (expense)/revenue: | | | | | | | | | | |
| Governmental activities | $ (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) | $ (123,190,772) |
| Business-type activities | - | 1,232,621 | 1,231,090 | 955,724 | 924,561 | 1,161,700 | 16,396,906 | 3,143,755 | 872,864 | 1,032,368 |
| Total primary government net expense | $ (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) | $ (122,158,404) |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | $ 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 | $ 75,180,445 |
| Sales taxes | 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 | 55,524,606 |
| Other taxes | 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 | 10,650,358 |
| Unrestricted investment earnings | 5,309,584 (1) | 6,593,296 | 3,419,841 | 922,392 | 150,481 | 122,805 | 85,356 | 79,422 | 63,944 | 75,862 |
| Gain on sale of capital assets | - | 218,233 | - | - | - | | | | | - |
| Transfers | - | 1,768,921 | - | - | 384,381 | 301,187 | 302,579 | 214,401 | (2,854,473) | 301,000 |
| Total governmental activities | 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 | 141,732,271 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | - | 68,815 | 74,780 | 12,445 | 3,075 | 4,089 | 2,639 | 2,776 | 3,285 | 2,429 |
| | - | - | - | - | - | - | - | 37,377 | - | - |
| Transfers | - | (1,768,921) | - | - | (384,381) | (301,187) | (302,579) | (214,401) | 2,854,473 | (301,000) |
| Total business-type activities | - | (1,700,106) | 74,780 | 12,445 | (381,306) | (297,098) | (299,940) | (174,248) | 2,857,758 | (298,571) |
| Total primary government | $ 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 | $ 141,433,700 |
| **Change in Net Position** | | | | | | | | | | |
| Governmental activities | $ 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 | $ 18,541,499 |
| Business-type activities | - | (467,485) | 1,305,870 | 968,169 | 543,255 | 864,602 | 16,096,966 | 2,969,507 | 3,730,622 | 733,797 |
| Total primary government | $ 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 | $ 19,275,296 |

(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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 (1) | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Reserved | $ 2,679,818 | $ 1,458,960 | $ 318,171 | $ 431,226 | $ 317,909 | $ - | $ - | $ - | $ - | $ - |
| Unreserved | 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 | 189,707 |
| Inventories | - | - | - | - | - | - | - | 190,966 | 230,202 | 260,205 |
| Advances to other funds | - | - | - | - | - | 4,071,741 | 5,287,840 | 3,155,660 | - | - |
| Restricted: | | | | | | | | | | |
| Capital projects | | | | | | | | 1,403,537 | 491,504 | 597,154 |
| Public safety purposes | - | - | - | - | - | 20,973 | 17,808 | 17,808 | 17,808 | 17,808 |
| Assigned | - | - | - | - | - | - | - | 3,016,357 | 194,980 | 5,615,482 |
| Unassigned | - | - | - | - | - | 31,756,420 | 31,764,728 | 35,501,521 | 41,608,532 | 45,440,368 |
| Total General Fund | $ 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 | $ 52,120,724 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | $ 4,710,327 | $ 1,939,741 | $ 4,643,661 | $ 1,742,086 | $ 1,659,116 | $ - | $ - | $ - | $ - | $ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 461,283 | 5,366,870 | 6,217,414 | 7,893,812 | 11,026,010 | - | - | - | - | - |
| Debt service funds | 13,164,213 | 13,424,334 | 9,828,838 | 486,479 | 17,447,416 | - | - | - | - | - |
| Capital projects funds | 72,838,555 | 51,781,191 | 42,468,337 | 91,988,543 | 69,144,471 | - | - | - | - | - |
| Nonspendable: | | | | | | | | | | |
| Prepaids | - | - | - | - | - | - | - | - | 75,600 | 37,800 |
| Restricted: | | | | | | | | | | |
| Capital projects | - | - | - | - | - | 47,575,333 | 36,067,022 | 33,671,548 | 35,445,110 | 73,422,136 |
| Housing and development | - | - | - | - | - | - | - | 497,567 | 515,012 | 561,771 |
| Federal and State grants | - | - | - | - | - | 2,085,169 | 2,262,425 | 2,101,730 | 961,843 | 1,156,552 |
| Citizen welfare | - | - | - | - | - | 1,285,148 | 1,230,591 | 1,177,312 | 599,576 | 949,656 |
| Law enforcement purposes | - | - | - | - | - | 5,541,681 | 5,872,055 | 4,851,228 | 4,290,367 | 3,353,658 |
| Public safety purposes | - | - | - | - | - | 5,896,612 | 4,264,629 | 4,851,291 | 5,765,945 | 6,682,787 |
| Debt service | - | - | - | - | - | 18,318,820 | 18,632,934 | 18,876,436 | 19,120,465 | 4,383,409 |
| Unassigned: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | - | - | - | (43,261) | (317,597) | (255,754) |
| Capital projects funds | - | - | - | - | - | (2,762,763) | (4,910,973) | - | - | - |
| Total all other governmental funds | $ 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 | $ 90,292,015 |

(1) 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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| **Revenues** | | | | | | | | | | |
| Taxes | $ 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 | $ 141,518,030 |
| Licenses and permits | 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 | 4,035,859 |
| Intergovernmental | 2,380,601 | 7,760,021 (3) | 3,599,103 | 6,699,402 | 23,150,424 (8) | 11,128,485 | 15,527,987 | 12,270,254 | 11,905,814 | 13,067,370 |
| Charges for services | 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 | 17,742,126 |
| Fines and forfeitures | 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 | 5,826,167 |
| Administrative fees | - | - | - | - | - | - | - | - | - | - |
| Investment income | 5,309,584 (1) | 6,593,296 | 3,419,841 | 922,392 | 328,794 (9) | 208,600 | 114,916 | 103,533 | 80,754 | 122,674 |
| Contributions | 42,416 | 80,310 | 165,752 | 125,886 | 62,356 | 65,416 | 218,557 | 176,882 | 169,162 | 55,561 |
| Miscellaneous | 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 | 4,072,809 |
| Total revenues | $ 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 | $ 186,440,596 |
| **Expenditures** | | | | | | | | | | |
| General government | $ 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 | $ 16,141,411 |
| Judicial | 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 | 15,116,597 |
| Public safety | 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 | 70,829,859 |
| Public works | 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 | 10,747,741 |
| Health and welfare | 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 | 4,882,143 |
| Culture and recreation | 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 | 5,861,528 |
| Housing and development | 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 | 14,276,338 |
| Intergovernmental | - | - | 1,812,307 | 25,896,678 (5) | 2,523,364 | 2,412,181 | 2,951,666 | 3,264,382 | 2,354,873 | 6,297,008 |
| Capital outlay | 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 | 17,468,408 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 9,449,016 | 15,319,413 | 16,165,673 | 31,772,244 (6) | 5,647,610 | 21,881,414 | 23,073,807 | 23,870,927 | 23,492,183 | 23,016,736 |
| Interest and fiscal charges | 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 | 2,088,994 |
| Issuance costs | - | - | 131,701 | 757,501 | - | | | | | 391,757 |
| Total expenditures | 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 | 187,118,520 |
| Excess (deficiency) of revenues over (under) expenditures | (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 | (677,924) |

**(Continued)**

# HENRY COUNTY, GEORGIA

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Capital leases | $ 21,302,823 (2) | $ 7,445,411 | $ 39,279,119 | $ - | $ - | $ 5,559,590 | $ 569,151 | $ - | $ - | $ - |
| Issuance of bonds | - | - | 7,235,000 (4) | 87,240,000 (7) | - | - | - | - | - | 29,630,000 (10) |
| Premium on bonds | - | - | - | 3,753,281 | - | - | - | - | - | 3,785,757 |
| Transfers in | 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 | 7,618,766 |
| Transfers out | (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) | (7,317,766) |
| Proceeds from sale of capital assets | 3,987,510 | 273,880 | 102,550 | 61,677 | 42,379 | 63,500 | 4,662 | 142,615 | 38,463 | 93,752 |
| Total other financing sources (uses) | 25,290,333 | 9,629,690 | 46,616,669 | 91,054,958 | 426,760 | 5,924,277 | 876,392 | 357,016 | (2,816,010) | 33,810,509 |
| Net change in fund balances | $ 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) | $ 33,132,585 |
| Debt service as a percentage of noncapital expenditures | 10.4% | 13.4% | 14.0% | 18.7% | 7.6% | 17.5% | 18.3% | 20.3% | 16.3% | 15.0% |

(1) The increase from the prior period is due to the County's new investment policy.
(2) The County entered into five new lease purchase agreements during the fiscal year.
(3) The County received approximately $4.7 million in reimbursement from the Georgia Department of Transportation for the paving of two roads.
(4) The County issued $7.235 million in general obligation bonds in 2008.
(5) Amounts represent payments 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.
(6) The County retired the $7.235 million in general obligation bonds issued in 2008, along with normal debt service requirements.
(7) The County issued $87.24 million in general obligation bonds in 2009.
(8) Revenues increased in 2010 substantially due to increased ARRA funding for various projects.
(9) Interest earned on SPLOST funds are reported as program income-capital grants and contributions- beginning in 2010.
(10) The County issued $29.63 million in general obligation bonds in fiscal year 2015.

# 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) | | | | | |
| 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% |
| 2015 | 3,571,245,625 | 2,538,835,322 | 407,309,750 | 8,692,776 | 1,308,650,163 | 5,217,433,310 | 13.87 | 13,043,583,275 | 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, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Henry County rates | | | | | | | | | | |
| Maintenance & Operations | | | | | | | | | | |
| Unincorporated | 14.13 | 14.13 | 14.37 | 13.89 | 13.71 | 14.89 | 18.52 | 18.71 | 18.39 | 17.65 |
| Insurance Reduction (1) | - | - | - | - | - | - | - | - | - | - |
| Municipal rates | | | | | | | | | | |
| McDonough (2) | 2.56 | 2.51 | 2.45 | 2.59 | 2.59 | 3.45 | 4.39 | 4.39 | 4.38 | 4.92 |
| Stockbridge | - | - | - | - | - | - | - | - | - | - |
| Hampton | - | - | - | - | - | - | - | - | - | - |
| Locust Grove | - | - | - | - | - | - | - | - | - | - |
| LOST Reduction | (2.89) | (2.93) | (3.17) | (2.92) | (2.92) | (3.14) | (4.02) | (4.21) | (4.09) | (3.78) |
| Protection | - | - | - | - | - | 1.72 | 1.91 | 1.94 | 1.92 | 1.79 |
| Fire Protection | 1.18 | 1.21 | 1.16 | 1.22 | 1.22 | 1.15 | 1.02 | 0.68 | 0.60 | 0.57 |
| Planning and Development | - | - | - | - | - | 0.23 | 0.14 | 0.10 | 0.02 | 0.01 |
| 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 | - | - | - | - |
| Board of Education | | | | | | | | | | |
| Maintenance & Operations | 19.40 | 20.00 | 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 | 3.63 | 3.63 | 3.63 | 3.63 |
| State of Georgia | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.20 | 0.15 | 0.10 | 0.05 |
| Total Unincorporated | 36.95 | 37.51 | 37.51 | 37.28 | 37.28 | 38.06 | 40.33 | 40.28 | 40.03 | 39.55 |
| Total Municipalities (3), (4) | | | | | | | | | | |
| McDonough | 37.03 | 37.48 | 37.58 | 38.14 | 38.14 | 38.42 | 41.65 | 41.58 | 41.32 | 42.10 |
| Stockbridge | 36.95 | 37.47 | 37.51 | 37.02 | 37.02 | 38.06 | 40.33 | 40.28 | 40.03 | 39.55 |
| Hampton | 35.65 | 36.23 | 36.29 | 36.17 | 36.17 | 36.35 | 38.34 | 38.29 | 38.04 | 37.76 |
| Locust Grove | 35.67 | 35.69 | 36.29 | 35.87 | 35.87 | 36.11 | 38.28 | 38.08 | 37.83 | 37.75 |
| Total Direct Tax Rate | 11.24 | 11.20 | 11.20 | 10.97 | 10.97 | 11.75 | 14.50 | 14.50 | 14.30 | 13.87 |

Source: Henry County Tax Commissioner

(1) Insurance reduction is applied only to unincorporated rates.

(2) Fire protection included in City of McDonough rate.

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

(4) Beginning in 2006, the cities of McDonough and Hampton received a reduction for planning and development services.

# HENRY COUNTY, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS
## CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | 2015 Taxable Assessed Value | 2015 Rank | 2015 Percentage of Total Taxable Assessed Value | 2006 Taxable Assessed Value | 2006 Rank | 2006 Percentage of Total Taxable Assessed Value |
|---|---|---|---|---|---|---|
| Henry County Development Authority | $ 36,473,830.00 | 1 | 0.70 % | $ - | - | - % |
| Georgia Power | 35,119,190.00 | 2 | 0.67 | 19,154,273 | 4 | 0.37 |
| Atlanta Motor Speedway | 24,699,200.00 | 3 | 0.47 | 20,309,250 | 3 | 0.40 |
| US Industrial REIT II | 21,000,000.00 | 4 | 0.40 | - | - | - |
| Georgia Crown Distributing (1) | 22,045,432.00 | 5 | 0.42 | - | | - |
| Bellsouth Telecomm | 21,234,252.00 | 6 | 0.41 | 21,705,319 | 2 | 0.42 |
| Norfolk Southern Combined | 21,187,054.00 | 7 | 0.41 | - | - | - |
| Trees of Avalon LLC | 18,286,998.00 | 8 | 0.35 | - | - | - |
| | 18,457,584.00 | 9 | 0.35 | - | - | - |
| Georgia Transmission Corp | 17,472,975.00 | 10 | 0.33 | - | - | - |
| Cardinal Health 103, Inc. | - | - | - | 40,023,814 | 1 | 0.78 |
| Henry County Town Center LLC | - | - | - | 18,864,440 | 5 | 0.37 |
| Kens Foods, Inc. (1) | - | - | - | 13,930,393 | 6 | 0.27 |
| Istar Financial, Inc. | - | - | - | 13,587,200 | 7 | 0.27 |
| Weeks Realty LP | - | - | - | 13,058,360 | 8 | 0.25 |
| True Properties, Inc (Toys 'R Us) | - | - | - | 12,028,760 | 9 | 0.23 |
| Atlanta Gas Light Company | - | - | - | 11,225,708 | 10 | 0.22 |
| Totals | $ 235,976,515 | | 4.52 % | $ 183,887,517 | | 3.59 % |

The fiscal year 2015 total taxable assessed value is: 5,217,433,310
The fiscal year 2006 total taxable assessed value is: 5,123,592,344

Source: Henry County Tax Commissioner

(1) Receives Freeport Exemption
Note: Several taxpayers pay varying millage rates which can account for higher assessed value, but less tax.

# 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 |
| 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 |
| 2015 | 193,276,894 | 188,413,250 | 97.5 | 3,376,296 | 191,789,546 | 99.2 |

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 (1) | Per Capita (2) | Other Governmental Activities Debt: Revenue Bonds | Other Governmental Activities Debt: Capital Lease Obligations | Total Primary Government | Percentage of Personal Income (2) | Per Capita (2) |
|---|---|---|---|---|---|---|---|---|
| 2006 | $ 25,960,978 | 0.20 % | $ 146 | - | $ 42,660,618 | $ 68,621,596 | 1.34 % | $ 387 |
| 2007 | 17,496,586 | 0.12 | 94 | - | 42,866,616 | 60,363,202 | 1.07 | 324 |
| 2008 | 15,838,342 | 0.10 | 83 | - | 74,488,914 | 90,327,256 | 1.54 | 474 |
| 2009 | 90,814,551 (3) | 0.54 | 471 | - | 58,362,818 | 149,177,369 | 2.56 | 774 |
| 2010 | 90,099,640 | 0.54 | 463 | - | 52,715,208 | 142,814,848 | 2.36 | 735 |
| 2011 | 73,629,729 | 0.52 | 354 | - | 52,148,384 | 125,778,113 | 2.00 | 605 |
| 2012 | 55,959,818 | 0.43 | 267 | - | 46,598,728 | 102,558,546 | 1.57 | 490 |
| 2013 | 37,599,907 | 0.32 | 178 | - | 40,372,801 | 77,972,708 | 1.14 | 369 |
| 2014 | 18,695,000 | 0.16 | 87 | 12,186,000 (4) | 22,882,032 | 53,763,032 | 0.82 | 251 |
| 2015 | 33,118,399 (5) | 0.25 | 154 | 12,186,000 | 18,560,296 | 63,864,695 | 0.88 | 297 |

**Note:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

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

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

(5) The County issued $29.63 million of general obligation bonds in fiscal year 2015.

# HENRY COUNTY, GEORGIA

## LEGAL DEBT MARGIN INFORMATION
## LAST TEN FISCAL YEARS

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Debt limit | $ 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 | $ 521,743,331 |
| Total net debt applicable to limit | 25,960,978 | 17,496,586 | 15,838,342 | 90,814,551 | 90,099,640 | 73,629,729 | 55,959,818 | 37,599,907 | 18,695,000 | 33,118,399 |
| Legal debt margin | $ 486,398,256 | $ 545,937,350 | $ 605,420,614 | $ 585,304,914 | $ 582,067,522 | $ 497,326,732 | $ 470,282,940 | $ 426,502,804 | $ 452,827,078 | $ 488,624,932 |
| Total net debt applicable to the limit as a percentage of debt limit | 5.07% | 3.11% | 2.55% | 13.43% | 13.40% | 12.90% | 10.63% | 8.10% | 3.96% | 6.35% |

**Legal Debt Margin Calculation for Fiscal Year 2015**

| | |
|---|---|
| Assessed value | $ 5,217,433,310 |
| Debt limit (10% of assessed value) | 521,743,331 |
| Debt applicable to limit: | |
| General obligation bonds | 33,118,399 |
| Less: Amount set aside for repayment of General obligation debt | - |
| Total net debt applicable to limit | 33,118,399 |
| Legal debt margin | $ 488,624,932 |

**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) |
|---|---|---|---|---|---|---|
| 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 |
| 2015 | 214,869 | 7,224,263 | 33,779 | 36.5 | 41,000 | 6.1 |

(1) Source: Bureau of Economic Analysis: Regional Data, Atlanta Regional Commission 2008-2014
(2) Source: Bureau of Economic Analysis
(3) Source: Bureau of Economic Analysis
(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 TEN YEARS AGO

| Taxpayer | 2015 Employees (1) | 2015 Rank | 2015 Percentage of Total County Employment (2) | 2006 Employees (1) | 2006 Rank | 2006 Percentage of Total County Employment (2) |
|---|---|---|---|---|---|---|
| Henry County Board of Education | 6,000 | 1 | 6.13 % | 4,500 | 1 | 5.63 % |
| Henry County Board of Commissioners | 1,566 | 2 | 1.60 | 1,395 | 3 | 1.74 |
| Walmart Supercenter | 1,412 | 3 | 1.44 | 1,350 | 4 | 1.69 |
| Piedmont Henry | 1,281 | 4 | 1.31 | 1,499 | 2 | 1.87 |
| Federal Aviation Administration | 800 | 5 | 0.82 | 706 | 5 | 0.88 |
| PVH | 710 | 6 | 0.73 | - | - | - |
| Georgia Power Company | 544 | 7 | 0.56 | 505 | 7 | 0.63 |
| Southern States, Inc | 420 | 8 | 0.43 | - | - | - |
| Home Depot DFC #6777 | 350 | 9 | 0.36 | - | - | - |
| Kens Food | 325 | 10 | 0.33 | - | - | - |
| Suntrust Bank | - | - | - | 700 | 6 | 0.88 |
| Snapper | - | - | - | 462 | 8 | 0.58 |
| Toys R Us | - | - | - | 450 | 9 | 0.56 |
| Aero Plastics, Inc | - | - | - | 350 | 10 | 0.44 |
| Totals | 13,408 | | 13.70 % | 11,917 | | 14.90 % |

(1) Source: Henry County Development Authority 2014
(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 80,000 (2006), Georgia Department of Labor, workforce 97,838 (2015)

# HENRY COUNTY, GEORGIA

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

| | Full-time Equivalent Employees as of June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| **Function** | | | | | | | | | | |
| General Government | 605 | 598 | 582 | 576 | 639 | 615 | 591 | 411 | 541 | 440 |
| Public Safety | | | | | | | | | | |
| Police & Sheriff | | | | | | | | | | |
| Officers | 211 | 262 | 256 | 302 | 368 | 296 | 281 | 328 | 270 | 402 |
| Civilians | 59 | 57 | 54 | 53 | 53 | 53 | 57 | 53 | 49 | 53 |
| Corrections | 117 | 122 | 153 | 160 | 157 | 163 | 162 | 162 | 163 | 163 |
| Fire | | | | | | | | | | |
| Firefighters | 257 | 267 | 300 | 264 | 265 | 260 | 242 | 270 | 268 | 267 |
| Civilians | 8 | 12 | 9 | 27 | 27 | 27 | 27 | 12 | 12 | 11 |
| Highways and streets | | | | | | | | | | |
| Engineering | 22 | 21 | 24 | 24 | 19 | 19 | 16 | 15 | 15 | 12 |
| Maintenance | 80 | 83 | 90 | 84 | 80 | 74 | 66 | 68 | 75 | 86 |
| Social services | - | - | 78 | 100 | 101 | 73 | 82 | 62 | 93 | 101 |
| Culture and recreation | 36 | 44 | 56 | 71 | 66 | 50 | 58 | 36 | 72 | 73 |
| Total | 1,395 | 1,466 | 1,602 | 1,661 | 1,775 | 1,630 | 1,582 | 1,417 | 1,558 | 1,608 |

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** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Police | | | | | | | | | | |
| Physical arrest | 5,394 | 6,482 | 7,119 | 6,715 | 6,652 | 6,498 | 5,556 | 5,986 | 5,947 | 5,541 |
| Parking violations | 51 | 19 | 16 | 83 | 20 | 58 | 44 | 31 | 46 | 122 |
| Traffic violations | 52,921 | 67,728 | 70,045 | 65,394 | 66,061 | 65,105 | 50,492 | 71,254 | 67,553 | 58,560 |
| Fire | | | | | | | | | | |
| Calls answered | 17,059 | 18,065 | 18,471 | 19,240 | 20,245 | 21,581 | 23,902 | 22,497 | 22,364 | 23,518 |
| Inspections | 4,070 | 3,827 | 6,698 | 8,431 | 11,856 | 8,382 | 7,335 | 6,731 | 5,678 | 6,502 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing | 45 | 30 | 27 | 56 | 56 | 65 | 40 | 34 | 20 | 12 |
| Culture and recreation | | | | | | | | | | |
| Athletic field permits issued | 19,191 | 48,896 | 105,184 | 121,576 | 125,544 | 151,826 | 193,575 | 193,698 | 207,634 | 40,272 |
| Community center admissions | 30,631 | 45,198 | 74,656 | 79,143 | 79,876 | 59,473 | 58,518 | 42,803 | 42,677 | 105,124 |

**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** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Police | | | | | | | | | | |
| Stations | 4 | 4 | 4 | 4 | 5 | 5 | 4 | 3 | 3 | 3 |
| Patrol Units | 232 | 288 | 282 | 310 | 230 | 196 | 196 | 314 | 310 | 311 |
| Patrol Zones | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Fire Stations | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Public Works | | | | | | | | | | |
| Streets (miles) | 1,163 | 1,172 | 1,195 | 1,221 | 1,230 | 1,236 | 1,238 | 1,237 | 1,238 | 1,238 |
| Traffic Signals | 23 | 24 | 24 | 27 | 30 | 32 | 32 | 35 | 35 | 35 |
| Culture and Recreation | | | | | | | | | | |
| Park Acreage | 1,162.9 | 1,162.9 | 1,162.9 | 1,258.2 | 1,268.7 | 1,271 | 1,271 | 1,271 | 1,271 | 1,271 |
| Playgrounds | 22 | 22 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Baseball/Softball Diamonds | 66 | 67 | 74 | 74 | 74 | 73 | 73 | 73 | 73 | 73 |
| Soccer/Football Fields | 18 | 24 | 27 | 27 | us | 33 | 33 | 33 | 33 | 33 |
| Community Centers | 4 | 6 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |

**NOTE:** No capital asset indicators are available for the general government function.

**NOTE:** Street miles only includes County maintained roads.

Source: Various County Departments.

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