



# Comprehensive Annual Financial Report

HENRY COUNTY GEORGIA • YEAR ENDED JUNE 30, 2011

2011



**HENRY COUNTY, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared By:  
Mike Bush,  
Financial Services Director



## **INTRODUCTORY SECTION**

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**HENRY COUNTY, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**Board of Commissioners**

Elizabeth "B.J." Mathis  
Chairman

Warren E. Holder  
District I

Monroe Roark  
District II

Randy Stamey  
District III

Reid A. Bowman, Sr.  
District IV

Johnny B. Basler  
District V

James "Butch" Sanders  
County Manager

Shay Mathis  
County Clerk

140 Henry Parkway  
McDonough, GA 30253  
770.288-6000  
FAX 770.288-6026  
www.co.henry.ga.us

December 20, 2011

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, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Henry County. To provide a reasonable basis for making these representations, Henry County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups and component units of Henry County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Henry County's financial statements have been audited by Mauldin & Jenkins, Certified Public Accountants and Consultants, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Our auditors have issued an unqualified opinion on Henry County's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

### *PROFILE OF THE GOVERNMENT*

Henry County was formed in 1821 from Creek Indian Lands. Georgia's 50<sup>th</sup> county is located in the north central portion of the State of Georgia, approximately 30 miles southeast of the City of Atlanta, and is considered part of the metropolitan Atlanta area. Henry County currently occupies 322.7 square miles of land and serves a population of more than 170,000. Henry County is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

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

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

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

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

#### *FACTORS AFFECTING FINANCIAL CONDITION*

*Local Economy.* Henry County is strategically located along I-75 with a total of seven interchanges within its borders. Henry County is just minutes from Atlanta, the business capital of the American South, and Hartsfield-Jackson Atlanta International Airport, the World's busiest – and our outstanding labor force, abundant higher education opportunities, and high quality but affordable housing continue to make Henry County a powerful choice to live, work and play. State and national economic indicators still place Henry County in an enviable position as one of the nation's fastest-growing communities. Henry County has a rich variety of retail establishments, from large stores in outlying shopping centers to

small mom and pop shops that serve the downtown areas. In fact, the Tanger Factory Outlet in Locust Grove draws more than 2 million shoppers annually. According to CNNMoney.com, "Henry County is a thriving commerce center mixed with big-box retail, abundant health care services and a nurturing attitude toward small businesses." CNN Money ranked Henry County 7<sup>th</sup> in overall job growth stating a 60.5% job growth between 2000 and 2008.

In addition to the permanent residents and businesses of Henry County, the County hosts a major sporting event each year aiding in the export of our tax burden through our Local and Special Local Option Sales Taxes. Over the Labor Day Holiday, the National Association of Stock Car Racing (NASCAR) event is held each year at the Atlanta Motor Speedway in Hampton, which is said to bring in more visitors than any other sport in Georgia and bring a half billion dollars to the region each year. Currently more than 21 hotel and motel facilities provide over 2,100 guest rooms throughout the County.

*Major Initiatives.* Henry County's Capital Improvement Program will continue to benefit from revenue provided by the Special Purpose Local Option Sales Tax (SPLOST). The most recent special-purpose local-option sales tax referendum was passed by Henry County citizens in November 2007 and became effective in April 2008. The Henry County Board of Commissioners, together with the SPLOST Department, completed construction on a parking deck located behind the Judicial Center in McDonough. The addition of the parking deck helps to alleviate parking scarcity currently affecting both courthouses and local businesses in and around the McDonough Square. Construction has also been completed on the Locust Grove Senior Center, the Domestic Violence Center, Warren Holder Park, North Mt. Carmel Park, the Hampton Library, and the Fairview Recreation Center. Projects that are currently underway are the Locust Grove Recreation Center, the Emergency Operations Center, Fire Station #9, Heritage Park, and Moseley Park. Additional projects throughout Henry County that are currently active are Richard Craig Park, Sandy Ridge Park, North Forty Park, and the Soccer Complex.

As part of the Metropolitan North Georgia Water Planning District (MNGWPD) Model Floodplain Management/Flood Damage Prevention Ordinance, the Henry County Stormwater Department is continuing with updating a comprehensive mapping process. The maps allow developers, builders and residents to make sure all structures are built outside of the floodplain, saving them both time and money. In addition, homeowners are able to learn if parts of their property are in a flood plain. The findings and resulting data is free to the public.

The Henry County Board of Commissioners continues to implement a program to help local businesses and bolster our local economy. The policy, known as the *Henry First* initiative builds on the foundation of the *One Henry* initiative, which brought the County and cities together as a unified voice, strategically positioning Henry County to better compete for funding assistance. On bids of this \$100,000 or less, a five percent (5%) consideration will be given to businesses that lie within the geographical boundaries of Henry County. Thus, even if a Henry County business is not the low bidder for a specific project, but is within five percent of the lowest bid, the Henry County Board of Commissioners will put Henry First and award the bid to the local business. These businesses provide a convenient place to shop or dine, provide jobs for our citizens, create a strong tax base, and contribute to our SPLOST programs.

*Cash Management Policies and Practices.* Henry County has a responsibility to carefully account for public funds, to manage County finances wisely, and to plan for the provision of public services. The process is complex because unlike private businesses, Henry County has a broader range of responsibilities. The County is expected to address the community's social issues, protect the citizens' interest, provide public safety, and enforce laws and regulations. The key values of the County's financial management include fiscal integrity, prudence, planning, accountability, honesty, and openness. Specifically, it is the County's intent to maximize the level of public goods and services while minimizing the level of debt. In this effort, Henry County has contracted with Wachovia Bank to provide banking services, and Regions Bank to provide investment services. All operating funds of the county are carried in interest-bearing Public Funds Interest Checking Accounts and Public Funds Interest Money Market Accounts, which bear interest at a special rate for non-profit and government entities. The County does not currently incur financial fees or charges for banking services. In relation to our prudent financial management, Henry County maintains an Aa1 credit rating from Moody's Investor Services and AA from Standards and Poor. These ratings produce significant interest savings and are solid evidence of our financial strength and stability.

*Awards and Acknowledgements.* The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Henry County, Georgia for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the sixth year that the county received this prestigious award. In order to be awarded a Certificate of Achievement, the county had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

The active involvement and professional support of Mauldin & Jenkins CPAs, LLC, Miller Edwards, Partner, and the auditing staff have been instrumental to the prompt completion of the associated audit of this report. The cooperation of the various elected officials and appointed management and the finance department staff has been invaluable. We express our appreciation to all those who contributed to its preparation. Finally, we would like to thank the Board of Commissioners for their leadership and support in conducting the financial affairs of Henry County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mike Bush', written in a cursive style.

Mike Bush  
Financial Services Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Henry County  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

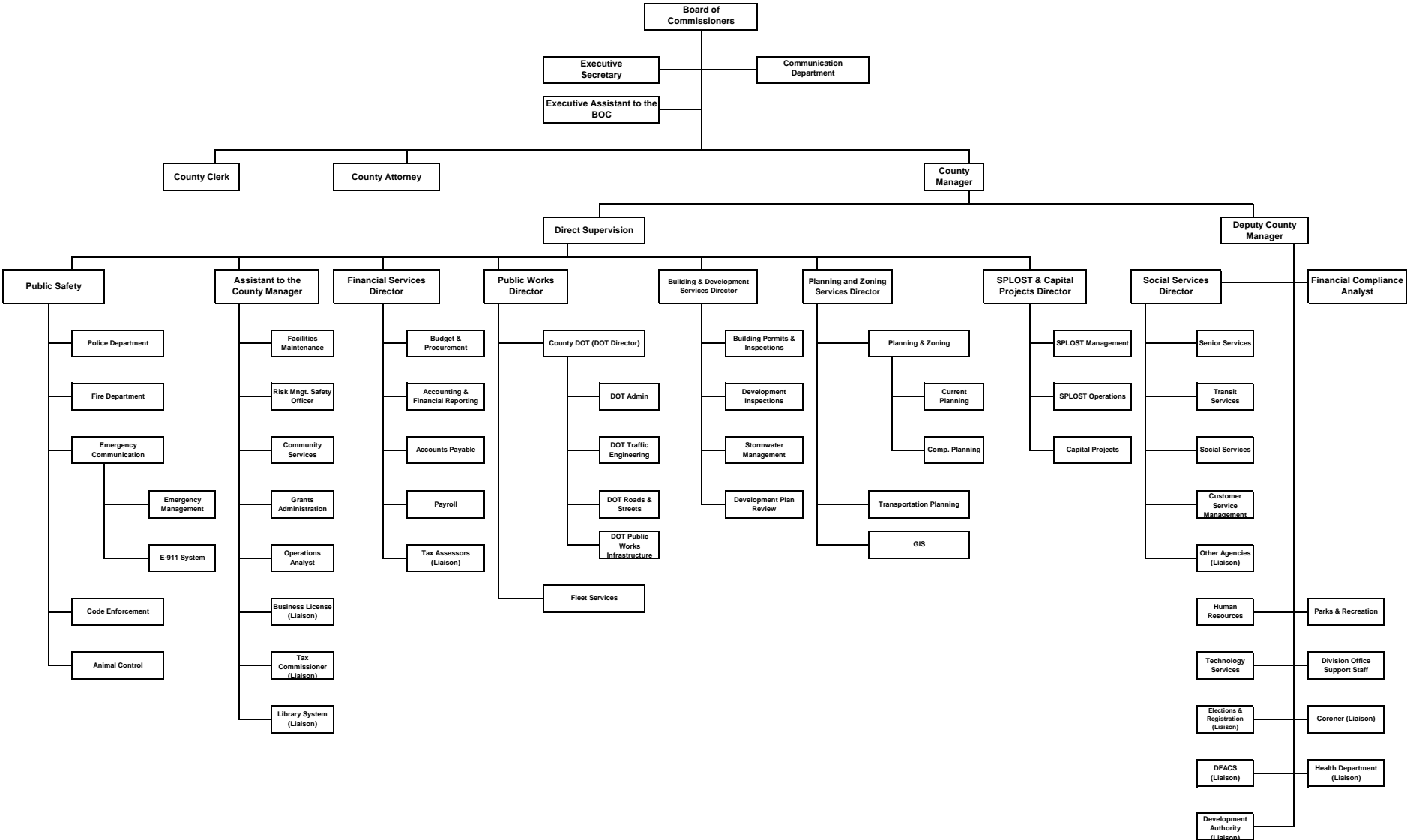
President

*Jeffrey R. Emer*

Executive Director

# HENRY COUNTY, GEORGIA

## ORGANIZATIONAL CHART



**HENRY COUNTY, GEORGIA  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2011**

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**Elected Officials**

Chairman, At Large  
District 1  
District 2  
District 3  
District 4, Vice Chairman  
District 5

Tax Commissioner  
Sheriff  
Clerk of Superior Court  
Superior Court Judge  
Superior Court Judge  
Superior Court Judge  
State Court Judge  
State Court Judge  
State Court Judge  
State Court Judge  
Probate Court Judge  
Magistrate Court Judge  
District Attorney  
Solicitor

Elizabeth (B.J.) Mathis  
Warren E. Holder  
Fred Auletta  
Randy Stamey  
Reid A. Bowman, Sr.  
Bruce Holmes

David Curry  
Keith McBrayer  
Barbara Harrison  
Arch McGarity  
Wade Crumbley  
Brian Amero  
Ben Studdard  
James Chafin  
Ernest Blount  
Jason Harper  
Kelley Powell  
Robert Godwin  
Tommy Floyd  
Chuck Spahos

**Principal Officials**

County Manager  
County Attorney  
County Clerk  
Financial Services Director  
Public Works Division Director  
Director of Social Services  
Economic Development Division Director

James "Butch" C. Sanders  
LaTonya Wiley  
Shay Mathis  
Mike Bush  
Terry McMickle  
Angie Bailey  
Michael Harris

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Henry County, Georgia** (the "County"), as of and for the year ended June 30, 2011, which collectively comprise Henry County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Henry County Department of Public Health, which statements reflect total assets of \$1,025,936 as of June 30, 2011, and total revenues of \$1,761,159 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Henry County Department of Public Health in the component units' columns is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

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In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Henry County, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, Henry County, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011 on our consideration of Henry County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 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 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.



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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Henry County, Georgia's financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21 and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 20, 2011

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Henry County, Georgia, we offer readers of Henry County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements, and the notes to the financial statements.

### Financial Highlights

- The assets of Henry County exceeded its liabilities at June 30, 2011, by \$625,536,611 (net assets) which is an increase of 7,614,314 over the previous year. Of the \$625,536,611, \$9,770,222 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2011, the County's General Fund reported an unassigned fund balance of \$31,756,420 a decrease of \$7,486,663, or 19.1%, from the last fiscal year.
- The 2008 Special Purpose Local Option Sales Tax (SPLOST) generated collections of \$27,568,152 during fiscal year 2011.
- The Henry County Neighborhood Stabilization Program (NSP) Fund received 1,677,287 in revenues and had expenditures of \$2,626,311 which created a decrease in fund balance of \$949,024 leaving \$2,085,169 in fund balance for fiscal Year 2011.
- During fiscal year 2011 Henry County's Stormwater fund, the only enterprise fund, had \$2,996,834 in operating revenues and \$1,835,134 in operating expenses.

### Overview of the Financial Statements

This Discussion and Analysis are intended to serve as an introduction to Henry County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of Henry County's finances, in a manner similar to a private-sector business. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement, for the first time, consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Henry County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. The business-type activity of Henry County is the Stormwater Utility Fund.

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

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Henry County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Henry County maintains governmental funds to account for the following activities: General; Special Revenue (Confiscated Assets Fund, Hotel/Motel Tax Fund, E-911 Fund, Law Library Fund, Court Fund, Technology Fund, Neighborhood Stabilization Fund, Neighborhood Stabilization 3 Fund, Law Enforcement Grant Fund, Juvenile Assistance Fund, and Henry First Fund); Capital Projects (Capital Asset Fund, 1996 SPLOST Fund, 2002 SPLOST Fund, 2008 SPLOST Fund, Lease Purchase Fund, and Impact Fee Fund); and Debt Service. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the 2008 SPLOST, Impact Fee Fund, and the Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Henry County adopts an annual appropriated budget for its general, special revenue, and debt service funds. A project-length budget is adopted for the capital projects funds. A budgetary comparison statement has been provided for the General Fund. This statement is found on pages 24-27 of this report.

The basic governmental fund financial statements can be found on page 18 – 27. Budgetary comparison schedules have also been included in the combining statements for other governmental funds with legally adopted annual budgets.

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

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

The basic proprietary fund financial statements can be found on pages 28 – 31 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Henry County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement of fiduciary assets and liabilities can be found on page 32 of this report.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 33 – 94 of this report.

**Other Information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Henry County, assets exceed liabilities by \$625,536,611 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (86.6%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## Henry County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 136,130,778	\$ 170,541,499	\$ 2,837,147	\$ 1,867,840	\$ 138,967,925	\$ 172,409,339
Capital assets	639,759,322	619,747,059	420,441	530,211	640,179,763	620,277,270
Total assets	<u>775,890,100</u>	<u>790,288,558</u>	<u>3,257,588</u>	<u>2,398,051</u>	<u>779,147,688</u>	<u>792,686,609</u>
Long-term liabilities outstanding	133,311,075	149,273,362	-	-	133,311,075	149,273,362
Other liabilities	20,256,825	25,442,708	43,177	48,242	20,300,002	25,490,950
Total liabilities	<u>153,567,900</u>	<u>174,716,070</u>	<u>43,177</u>	<u>48,242</u>	<u>153,611,077</u>	<u>174,764,312</u>
Net assets:						
Invested in capital assets, net of related debt	541,151,869	523,541,747	420,441	530,211	541,572,310	524,071,958
Restricted	74,194,079	64,041,244	-	-	74,194,079	64,041,244
Unrestricted	6,976,252	27,989,497	2,793,970	1,819,598	9,770,222	29,809,095
Total net assets	<u>\$ 622,322,200</u>	<u>\$ 615,572,488</u>	<u>\$ 3,214,411</u>	<u>\$ 2,349,809</u>	<u>\$ 625,536,611</u>	<u>\$ 617,922,297</u>

An additional portion of Henry County's net assets (11.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,770,222) or (1.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

Under governmental activities, there was a decrease in current and other assets of \$34,410,721 and an increase in capital assets of \$20,012,263 creating a total decrease of \$14,398,458 in total assets. The reason for the decrease in current and other assets and the increase in capital assets was the issuance of SPLOST bonds in previous years being used up. We have been spending down the cash and in return increasing the capital assets with finished road and capital projects. The increase in capital assets was mainly caused by the continuation of finished project in the SPLOST program.

Long-term liabilities decreased by \$15,962,287 while other liabilities decreased by \$5,185,883 with the total decrease in liabilities of \$21,148,170. The long-term liabilities decreased due to the debt service payment on the SPLOST bonds, and the other liabilities decreased due to Henry County decreasing the due to due from categories in each fund.

There was an increase of \$10,152,835 in restricted net assets reported in connection with the Henry County's governmental activities. These restrictions were for encumbrances for capital projects and funds that have money restricted for special purposes such as drug education and treatment, juvenile assistance programs, fire safety, victim/witness programs, and jail construction and staffing. There were no restrictions on the business-type activities fund balance.

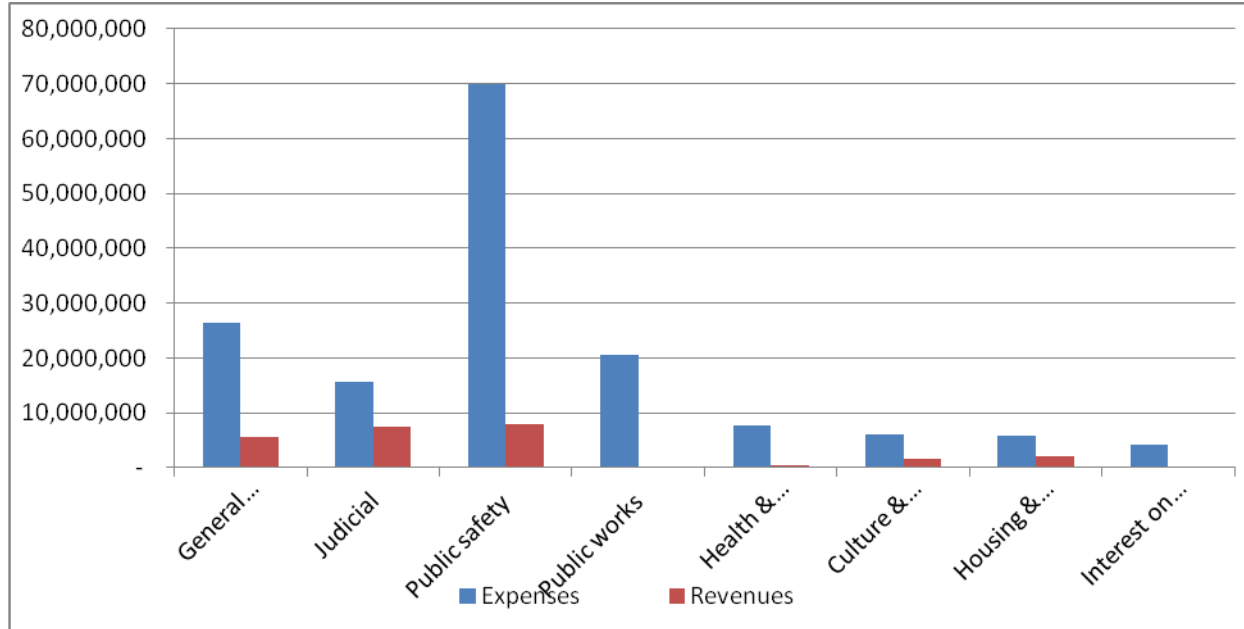
**Governmental activities.** Governmental activities increased the County's net assets by \$6,749,712. Key elements of this increase are as follows:

### Henry County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 24,963,037	\$ 26,234,904	\$ 2,996,834	\$ 2,942,581	\$ 27,959,871	\$ 29,177,485
Operating grants and contributions	4,805,003	11,260,174	-	835	4,805,003	11,261,009
Capital grants and contributions	13,660,391	30,076,027	-	22,500	13,660,391	30,098,527
General revenues:						
Property taxes	67,065,940	73,046,611	-	-	67,065,940	73,046,611
Sales taxes	44,805,989	45,910,913	-	-	44,805,989	45,910,913
Other taxes	7,277,498	7,189,779	-	-	7,277,498	7,189,779
Unrestricted investment earnings	122,805	150,481	4,089	3,075	126,894	153,556
Total revenues	<u>162,700,663</u>	<u>193,868,889</u>	<u>3,000,923</u>	<u>2,968,991</u>	<u>165,701,586</u>	<u>196,837,880</u>
Expenses						
General government	26,348,081	18,298,478	-	-	26,348,081	18,298,478
Judicial	15,705,199	15,437,238	-	-	15,705,199	15,437,238
Public safety	69,943,800	68,450,538	-	-	69,943,800	68,450,538
Public works	20,545,804	22,823,271	-	-	20,545,804	22,823,271
Health and welfare	7,780,437	8,665,724	-	-	7,780,437	8,665,724
Culture and recreation	6,003,414	5,564,695	-	-	6,003,414	5,564,695
Housing and development	5,801,955	8,269,563	-	-	5,801,955	8,269,563
Interest on long-term debt	4,123,448	4,904,526	-	-	4,123,448	4,904,526
Stormwater	-	-	1,835,134	2,041,355	1,835,134	2,041,355
Total expenses	<u>156,252,138</u>	<u>152,414,033</u>	<u>1,835,134</u>	<u>2,041,355</u>	<u>158,087,272</u>	<u>154,455,388</u>
Increase in net assets before transfers	6,448,525	41,454,856	1,165,789	927,636	7,614,314	42,382,492
Transfers	301,187	384,381	(301,187)	(384,381)	-	-
Increase (decrease) in net assets	6,749,712	41,839,237	864,602	543,255	7,614,314	42,382,492
Net assets (deficit), beginning of year	615,572,488	573,733,251	2,349,809	1,806,554	617,922,297	575,539,805
Net assets, end of year	<u>\$ 622,322,200</u>	<u>\$ 615,572,488</u>	<u>\$ 3,214,411</u>	<u>\$ 2,349,809</u>	<u>\$ 625,536,611</u>	<u>\$ 617,922,297</u>

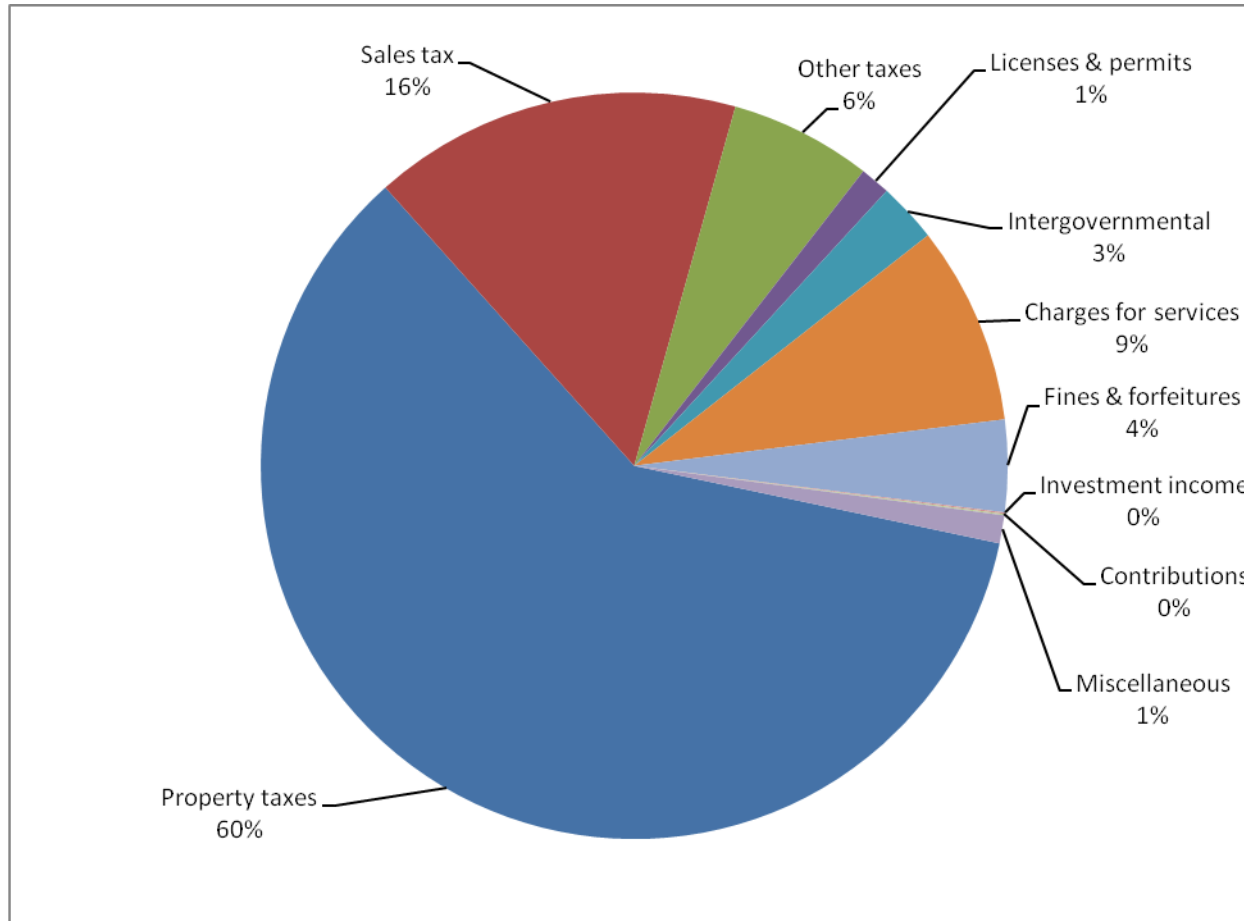
- Property Taxes decreased by \$5,980,671 (8.9%) during the year. Most of this decrease is due to a reduction in residential property taxes because the County had to include foreclosure and bank sales in calculating the tax values of all properties.
- Sales taxes decreased by \$1,104,924 (2.5%) during the year. This is mainly due to a slight downturn in the local economy.
- Unrestricted investment earnings decreased by \$27,676 (18.4%) during the year because of the fall of interest rates due to the economic downturn.

### Expenses and Program Revenues – Governmental Activities





## Revenues by Source – Governmental Activities



**Business-type activities.** Henry County started an enterprise fund, the Stormwater Utility Fund, during fiscal year 2007 for the purpose of fairly allocating the costs of Stormwater Management to all properties. Specifically the fund allows for the conservation, management, protection, control, use, and enhancement of stormwater within the County's corporate jurisdiction, and for the planning, acquisition, construction, installation, management, operation, maintenance, regulation, extension, and improvement of the stormwater control systems. In fiscal year 2011, the Stormwater Fund realized operating revenues of \$2,996,834 and incurred expenses of \$1,835,134 thus creating an operating income of \$1,161,700. Operating revenues increased by \$54,253 due mainly to increased collection of this fee over the previous years. Operating expenses decrease from the prior year by \$206,221 due mainly to decreased personnel and tighter watch on expenditures.

## Financial Analysis of the Government's Funds

As noted earlier, Henry County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Henry County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$114,163,396 a decrease of \$24,674,609 in comparison with the prior year. There are several factors that came together to create the decrease in fund balance within the governmental funds. One reason is the decrease in the 2008 SPLOST Fund had a decrease in fund balance because of the construction cost of all the jobs currently being constructed under the SPLOST program, as well as the 2002 SPLOST Fund is nearing completion and doesn't have revenues to offset the expenditures which is consistent with these type programs. Another reason for the decrease is because Henry County has made changes to our ambulance billing process and have recalculated the collectability of some older receivables. Approximately 29% of the ending fund balance (\$28,993,657) constitutes unassigned fund balance, which is available for spending at the government's discretion. An additional \$4,446,003 is classified as non-spendable for prepaid expenses and advances to other funds, and the remaining Fund balance totaling \$80,723,736 is classified as restricted to indicate that it is not available for new spending because it has already been committed for Capital Projects (\$47,575,333), for drug abuse treatment (\$1,285,148), for federal and state grants (\$2,085,169), for law enforcement purposes (\$5,541,681), for public safety purposes (\$5,917,585), and for debt service payments (\$18,318,820).

The General Fund is the chief operating fund of Henry County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$31,756,420, while total fund balance reached \$36,223,396. 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 28.4% of total General Fund expenditures, while total fund balance represents 32.4% of that same amount. Henry County's nonspendable and restricted fund balances are small and represents reserved for fire safety, prepaid items, and advances to other funds.

The balance of the County's General Fund decreased by \$3,337,596 during the current fiscal year. This was due to the decrease in revenues like Property Taxes, LOST, Fines and Forfeitures, Licenses and Permits and interest revenues. The original budget did not use fund balance, however, we had to use \$3,337,596 during the year due to the reduction in revenues provided by the ambulatory services.

The 2008 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2008 one percent Special Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the 2011 fiscal year, the 2008 SPLOST Capital Projects Fund had a total fund balance of \$36,869,780, a decrease of \$15,668,218 from the prior year. The decrease in fund balance is due to large projects continuing to be built each year. As the large projects continue to be built, we will see a decrease in the fund balance over the life of the SPLOST program.

The Debt Service Fund has a total fund balance of \$18,318,820, all of which is reserved for payment of debt service. Interest revenue for the current year was \$22,037. Total expenditures in the Debt Service Fund were \$26,802,737, which included principle retirements of \$21,881,414 and interest and fiscal charges of \$4,921,323. The net increase in fund balance during the current year in the Debt Service Fund was \$871,404. This increase was due to the County transferring funds from the SPLOST III Fund in preparation of making the necessary debt service payments for the bonds issue in 2009.

**Proprietary Funds.** Henry County's proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Henry County has only one enterprise fund at this time, the Stormwater Utility Fund. At the end of the current fiscal year, the County's proprietary fund reported ending net assets of \$3,214,411, an increase of \$864,602 in comparison with the prior year. This fund has begun to generate revenues to offset its expenses. There are currently no restrictions on the Stormwater Utility Fund net assets.

### **General Fund Budgetary Highlights**

During the year there was an increase of \$1,000,075 in appropriations between the original and final amended budget and can be summarized as follows:

- Decrease in general government activities – (\$731,748) due to the distribution of unallocated funds originally budgeted for vacancies, new positions.
- Decrease in judicial functions – (\$207,169) all major courts, Superior, State, Magistrate, Probate and Juvenile reduced their expenditures from previous years.
- Increase in public safety functions – \$333,134 The main department responsible for the increased budget was the Fire Department. Henry County did away with Kelly days which increased the overtime payments. Henry County chose to pay the current employees' overtime instead of hiring additional personnel.
- Increase in public works services and related capital assets – \$799,421 due to adding paving crews back to the General Fund budget that were not originally funded in the General Fund.
- Increase in health and welfare – \$700,099 due to increase in our Transit department where we received grants to purchase equipment and two buildings.
- Increase in culture and recreation – \$128,388 is the result of additional personnel for after school and summer camp programs along with additional programs being run by the recreation department.
- Decrease in housing and development – (\$22,050) due to the downturn in the housing market. Henry County consolidated several departments within this section and did not fill positions when employees left the County and we observed 4 furlough days.

The total General Fund actual expenditures were \$1,540,994 less than the final amended budget, with each function under budget. This was due to a combined effort on the part of all of the departments to tightly manage their spending.

## Capital Asset and Debt Administration

**Capital assets.** Henry County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$639,759,322 (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	
	2011	2010	2011	2010	2011	2010
Land	\$ 85,404,477	\$ 83,752,302	\$ -	\$ -	\$ 85,404,477	\$ 83,752,302
Construction in progress	54,880,717	72,899,400	-	-	54,880,717	72,899,400
Buildings and improvements	134,135,163	130,519,491	-	-	134,135,163	130,519,491
Machinery and equipment	13,785,020	14,500,206	420,441	530,211	14,205,461	15,030,417
Infrastructure	351,553,945	318,075,660	-	-	351,553,945	318,075,660
<b>Total</b>	<b>\$ 639,759,322</b>	<b>\$ 619,747,059</b>	<b>\$ 420,441</b>	<b>\$ 530,211</b>	<b>\$ 640,179,763</b>	<b>\$ 620,277,270</b>

Governmental assets installed during the year totaled \$41,321,995. Major projects consisted of the following:

- Acquisition of land for right of ways
- Acquisition of land for parks
- Acquisition of land for future governmental use
- Upgrading of fleet for entire County
- Addition of completed roads
- Equipment for parks
- Equipment for public safety and public works
- Computer servers and equipment

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

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

**Long-term debt.** At the end of the current fiscal year, Henry County had total bonded debt outstanding of \$73,629,729 and this debt is backed by the full faith and credit of the government.

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

	Governmental Activities		Business-type Activities		Governmental Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 71,485,000	\$ 87,240,000	\$ -	\$ -	\$ 71,485,000	\$ 87,240,000
Total	<u>\$ 71,485,000</u>	<u>\$ 87,240,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,485,000</u>	<u>\$ 87,240,000</u>

The \$71,485,000 general obligation bonds issuances are the result of two different issues. The series A bonds were issued in October 2008 for \$19,950,000. This issuance was on behalf of the four cities in Henry County. This will allow the cities to construct road projects, capital buildings and improvements. The Series B bonds were issued in March 2009 for \$67,290,000. This bond issuance has allowed the County to construct capital buildings and improvements. Henry County's Special Purpose Local Option Sales Tax (SPLOST) program is to be paid back during fiscal years 2010, 2011, 2012, 2013, and 2014. Current year interest payments were made in July and December in the amount of \$2,823,688. The bonds will be paid off with proceeds from the monthly collection of 2008 SPLOST revenue. Henry County's enterprise fund which is reported under business-type activities did not incur any debt and did not have debt in prior years.

Henry County maintains an "Aa1" issuer rating from Moody's and an "AA" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current limitation for Henry County is \$570,956,461 which is significantly in excess of the Henry County's outstanding general obligation debt.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

## **Economic Factors and Next Year's Budgets**

- The unemployment rate for Henry County is currently 10.9%, which is 0.8% higher than the rate of one year ago. The unemployment rate for the State of Georgia at June 30, 2011, is 9.9%. A very large sector of Henry County's working population was in construction, and we have seen a large decrease in construction in Henry County as well as Georgia.
- In Fiscal Year 2001, monthly Local Option Sales Tax collections grew at a rate of 10.92% over 2000. In fiscal year 2002, LOST collections grew by 9.12% over 2001 collections. In Fiscal Year 2003, monthly collections increased by 7.47% over 2002. In Fiscal Year 2004, monthly collections increased by 11.42% over 2003. In Fiscal Year 2005, monthly collections increased by 9.52% over 2004. In Fiscal Year 2006, monthly collections increased by 14.00% over 2005. In Fiscal Year 2007, monthly collections increased by 6.11% over 2006. In fiscal year 2008, monthly collections decreased by 3.29% from 2007. In fiscal year 2009, monthly collections decreased by 15.3% from 2008. In fiscal year 2010, monthly collections increased by 6.52% over 2009. In fiscal year 2011, monthly collections decreased by 1.0% over 2010.
- To help offset rising cost of the County Jail, Henry County Court System has created several accountability courts. We have a mental health court, a DUI Court, and a Drug Court. The most impressive part of adding additional courts is that the Court System has done all the work without creating a burden on the General Fund.
- Based on the 2010 census, Henry County has become an Entitlement County. Henry County is currently applying for the yearly allocation of money given to Entitlement Counties. In the past we had to compete against other non-entitlement groups for grants up to \$500,000. Now we will not compete, but we will have to follow rigorous guidelines to make sure we are considered for the yearly allocations.
- The Neighborhood Stabilization Program has continued to prosper and has once again met all requirements to continue the program. Once again we will be able to continue to purchase, rehab, and sell currently foreclosed properties to individuals who qualify for the program. Based on the success of this program, Henry County has been awarded two additional grants to do the same thing we are doing under the original program. One grant is run by HUD, the other grant is also run by HUD, but comes through the Georgia Department of Community Affairs.
- During 2011 and going forward, Henry County is doing its part to try and secure outside funding sources such as grants and other bonding opportunities to continue to construct roads and capital projects that would have been otherwise postponed due to the SPLOST collections being reduced due to the sluggish economy. Based on collections of outside money, Henry County has been able to build roads and come under budget to the point where other roads that were postponed are now being built.

## **Requests for Information**

This financial report is designed to provide a general overview of Henry County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Henry County, 140 Henry Parkway, McDonough, Georgia 30253.

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2011

ASSETS	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
Cash and cash equivalents	\$ 73,283,722	\$ 2,320,807	\$ 75,604,529	\$ 854,947	\$ 10,388	\$ 406,825	\$ 1,282,153
Investments	44,859,030	-	44,859,030	-	550,678	28,648	-
Receivables, net of allowances for uncollectibles	7,242,722	511,890	7,754,612	75,996	-	2,000	6,745,168
Due from other governments	6,341,377	-	6,341,377	90,300	-	-	-
Internal balances	(4,450)	4,450	-	-	-	-	-
Inventory	519,789	-	519,789	-	-	-	621,891
Prepaid items	374,262	-	374,262	-	-	-	27,685
Restricted assets:							
Cash and cash equivalents	2,578,159	-	2,578,159	-	-	-	45,960,534
Investments	-	-	-	-	-	-	17,887,276
Deferred charges	543,486	-	543,486	-	-	-	4,265,994
Capitalized lease receivable	-	-	-	-	12,188,586	-	-
Other non-current assets	392,681	-	392,681	-	-	-	3,864,358
Capital assets, non-depreciable	140,285,194	-	140,285,194	-	-	10,251	86,754,571
Capital assets, depreciable (net of accumulated depreciation)	499,474,128	420,441	499,894,569	4,693	-	1,561,709	380,980,856
Total assets	775,890,100	3,257,588	779,147,688	1,025,936	12,749,652	2,009,433	548,390,486

(Continued)

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET ASSETS JUNE 30, 2011

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
<b>LIABILITIES</b>							
Accounts payable	\$ 5,664,234	\$ 23,885	\$ 5,688,119	\$ -	\$ 3,380	\$ 56,209	\$ 1,726,244
Accrued liabilities	5,704,014	19,292	5,723,306	-	2,586	1,009	2,442,978
Due to other governments	6,759,812	-	6,759,812	40,708	-	-	-
Unearned revenue	728,380	-	728,380	-	-	-	-
Payable from restricted assets:							
Customer deposits payable	-	-	-	-	-	-	2,027,952
Revenue bonds payable	-	-	-	-	-	-	4,930,000
Accrued interest payable	1,400,385	-	1,400,385	-	-	-	3,086,345
Non-current liabilities:							
Due within one year	27,257,038	-	27,257,038	54,138	-	38,488	7,280,287
Due in more than one year	103,807,164	-	103,807,164	72,796	12,186,000	-	270,337,215
OPEB obligation due in more than one year	2,246,873	-	2,246,873	-	-	-	3,643,108
<b>Total liabilities</b>	<b>153,567,900</b>	<b>43,177</b>	<b>153,611,077</b>	<b>167,642</b>	<b>12,191,966</b>	<b>95,706</b>	<b>295,474,129</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	541,151,869	420,441	541,572,310	4,693	-	1,571,960	221,738,250
Restricted	74,194,079	-	74,194,079	412,812	-	-	24,847,227
Unrestricted	6,976,252	2,793,970	9,770,222	440,789	557,686	341,767	6,330,880
<b>Total net assets</b>	<b>\$ 622,322,200</b>	<b>\$ 3,214,411</b>	<b>\$ 625,536,611</b>	<b>\$ 858,294</b>	<b>\$ 557,686</b>	<b>\$ 1,913,727</b>	<b>\$ 252,916,357</b>

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



# HENRY COUNTY, GEORGIA

## STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets						
	Expenses	Charges for Services	Operating	Capital	Primary Government		Component Units				
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Library System	Water & Sewerage Authority
<b>Primary government:</b>											
Governmental activities:											
General government	\$ 26,348,081	\$ 5,535,436	\$ 22,809	\$ 2,145	\$ (20,787,691)	\$ -	\$ (20,787,691)	\$ -	\$ -	\$ -	\$ -
Judicial	15,705,199	7,462,382	116,697	-	(8,126,120)	-	(8,126,120)	-	-	-	-
Public safety	69,943,800	7,843,410	745,992	71,485	(61,282,913)	-	(61,282,913)	-	-	-	-
Public works	20,545,804	13,730	385,837	13,576,334	(6,569,903)	-	(6,569,903)	-	-	-	-
Health and welfare	7,780,437	375,115	1,835,853	-	(5,569,469)	-	(5,569,469)	-	-	-	-
Culture and recreation	6,003,414	1,589,903	200	10,427	(4,402,884)	-	(4,402,884)	-	-	-	-
Housing and development	5,801,955	2,143,061	1,697,615	-	(1,961,279)	-	(1,961,279)	-	-	-	-
Interest on long-term debt	4,123,448	-	-	-	(4,123,448)	-	(4,123,448)	-	-	-	-
Total governmental activities	<u>156,252,138</u>	<u>24,963,037</u>	<u>4,805,003</u>	<u>13,660,391</u>	<u>(112,823,707)</u>	<u>-</u>	<u>(112,823,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:											
Stormwater	1,835,134	2,996,834	-	-	-	1,161,700	1,161,700	-	-	-	-
Total business-type activities	<u>1,835,134</u>	<u>2,996,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,161,700</u>	<u>1,161,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 158,087,272</u>	<u>\$ 27,959,871</u>	<u>\$ 4,805,003</u>	<u>\$ 13,660,391</u>	<u>(112,823,707)</u>	<u>1,161,700</u>	<u>(111,662,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Component units:</b>											
Health Department	\$ 1,839,831	\$ 922,546	\$ 838,613	\$ -	-	-	-	(78,672)	-	-	-
Development Authority	376,837	24,958	431,335	-	-	-	-	79,456	-	-	-
Library System	2,285,226	-	2,311,836	-	-	-	-	-	26,610	-	-
Water & Sewerage Authority	67,887,940	43,595,126	-	3,764,917	-	-	-	-	-	-	(20,527,897)
Total component units	<u>\$ 72,389,834</u>	<u>\$ 44,542,630</u>	<u>\$ 3,581,784</u>	<u>\$ 3,764,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,672)</u>	<u>79,456</u>	<u>26,610</u>	<u>(20,527,897)</u>
General revenues:											
Property taxes					67,065,940	-	67,065,940	-	-	-	12,738,735
Sales taxes					44,805,989	-	44,805,989	-	-	-	-
Franchise taxes					1,159,641	-	1,159,641	-	-	-	-
Insurance premium taxes					4,519,421	-	4,519,421	-	-	-	-
Other taxes					1,598,436	-	1,598,436	-	-	-	231,921
Unrestricted investment earnings					122,805	4,089	126,894	1,885	8,947	316	29,520
Transfers					301,187	(301,187)	-	-	-	-	-
Total general revenues and transfers					<u>119,573,419</u>	<u>(297,098)</u>	<u>119,276,321</u>	<u>1,885</u>	<u>8,947</u>	<u>316</u>	<u>13,000,176</u>
Change in net assets					6,749,712	864,602	7,614,314	(76,787)	88,403	26,926	(7,527,721)
Net assets, beginning of year					615,572,488	2,349,809	617,922,297	935,081	469,283	1,886,801	260,444,078
Net assets, end of year					<u>\$ 622,322,200</u>	<u>\$ 3,214,411</u>	<u>\$ 625,536,611</u>	<u>\$ 858,294</u>	<u>\$ 557,686</u>	<u>\$ 1,913,727</u>	<u>\$ 252,916,357</u>

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

# HENRY COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,909,129	\$ 100,139	\$ 37,258,418	\$ 1,254,978	\$ 21,761,058	\$ 73,283,722
Investments	20,265,749	18,218,681	6,169,827	-	204,773	44,859,030
Receivables, net of allowances for uncollectibles	6,397,904	-	204,405	-	640,413	7,242,722
Due from other governments	2,095,092	-	4,130,065	-	116,220	6,341,377
Due from other funds	439,431	-	9,770	-	1,826,014	2,275,215
Inventory	280,399	-	-	-	239,390	519,789
Prepaid items	374,262	-	-	-	-	374,262
Restricted cash	-	-	-	-	2,578,159	2,578,159
Advances to other funds	4,071,741	-	-	-	-	4,071,741
<b>Total assets</b>	<b>\$ 46,833,707</b>	<b>\$ 18,318,820</b>	<b>\$ 47,772,485</b>	<b>\$ 1,254,978</b>	<b>\$ 27,366,027</b>	<b>\$ 141,546,017</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,466,085	\$ -	\$ 3,143,742	\$ -	\$ 1,054,407	\$ 5,664,234
Accrued liabilities	5,633,112	-	20,042	-	50,860	5,704,014
Due to other governments	-	-	6,759,812	-	-	6,759,812
Due to other funds	861,125	-	979,109	-	493,431	2,333,665
Deferred revenue	2,649,989	-	-	-	253,166	2,903,155
Advances from other funds	-	-	-	4,017,741	-	4,017,741
<b>Total liabilities</b>	<b>10,610,311</b>	<b>-</b>	<b>10,902,705</b>	<b>4,017,741</b>	<b>1,851,864</b>	<b>27,382,621</b>

(Continued)

# HENRY COUNTY, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2011

LIABILITIES AND FUND BALANCES (Continued)	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>						
Nonspendable:						
Prepays	374,262	-	-	-	-	374,262
Advances to other funds	4,071,741	-	-	-	-	4,071,741
Restricted:						
Capital projects	-	-	36,869,780	-	10,705,553	47,575,333
Federal and State grants	-	-	-	-	2,085,169	2,085,169
Citizen welfare	-	-	-	-	1,285,148	1,285,148
Law enforcement purposes	-	-	-	-	5,541,681	5,541,681
Public safety purposes	20,973	-	-	-	5,896,612	5,917,585
Debt service	-	18,318,820	-	-	-	18,318,820
Unassigned						
General fund	31,756,420	-	-	-	-	31,756,420
Special revenue funds	-	-	-	-	-	-
Capital projects funds	-	-	-	(2,762,763)	-	(2,762,763)
Total fund balances (deficit)	36,223,396	18,318,820	36,869,780	(2,762,763)	25,514,163	114,163,396
Total liabilities and fund balances	\$ 46,833,707	\$ 18,318,820	\$ 47,772,485	\$ 1,254,978	\$ 27,366,027	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						639,759,322
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.						2,174,775
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(131,921,101)
Other post employment benefit liabilities are not due and payable in the current period and, therefore, are not reported in the funds.						(2,246,873)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.						392,681
Net assets of governmental activities						\$ 622,322,200

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, 2011

	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 92,433,476	\$ -	\$ 27,568,152	\$ -	\$ 365,939	\$ 120,367,567
Licenses and permits	1,466,665	-	-	279,625	-	1,746,290
Intergovernmental	2,913,375	-	5,705,947	-	2,509,163	11,128,485
Charges for services	9,676,586	-	13,449	-	3,558,384	13,248,419
Fines and forfeitures	4,485,101	-	-	-	4,484,403	8,969,504
Investment income	70,375	22,037	75,068	2,373	38,747	208,600
Contributions	65,416	-	-	-	-	65,416
Miscellaneous	1,366,061	-	320,056	-	220,262	1,906,379
Total revenues	112,477,055	22,037	33,682,672	281,998	11,176,898	157,640,660
<b>Expenditures:</b>						
Current:						
General government	14,973,079	-	-	-	78,652	15,051,731
Judicial	14,353,761	-	-	-	654,100	15,007,861
Public safety	58,928,897	-	-	-	4,124,416	63,053,313
Public works	8,081,124	-	-	-	-	8,081,124
Health and welfare	5,720,687	-	-	-	11,271	5,731,958
Culture and recreation	6,538,889	-	-	-	-	6,538,889
Housing and development	3,078,658	-	-	-	2,574,042	5,652,700
Intergovernmental	-	-	2,412,181	-	-	2,412,181
Capital outlay	-	-	29,172,462	50,000	10,684,590	39,907,052
Debt service:						
Principal retirement	-	21,881,414	-	-	-	21,881,414
Interest and fiscal charges	-	4,921,323	-	-	-	4,921,323
Total expenditures	111,675,095	26,802,737	31,584,643	50,000	18,127,071	188,239,546
Excess (deficiency) of revenues over (under) expenditures	801,960	(26,780,700)	2,098,029	231,998	(6,950,173)	(30,598,886)

**(Continued)**

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Debt Service Fund	2008 SPLOST Fund	Impact Fee Fund	Other Governmental Funds	Total Governmental Funds
<b>Other financing sources (uses):</b>						
Transfers in	\$ 1,338,775	\$ 27,652,104	\$ 1,819,170	\$ -	\$ 2,286,057	\$ 33,096,106
Transfers out	(5,478,331)	-	(19,585,417)	(3,291,895)	(4,439,276)	(32,794,919)
Capital leases	-	-	-	-	5,559,590	5,559,590
Proceeds from sale of capital assets	-	-	-	-	63,500	63,500
Total other financing sources (uses)	(4,139,556)	27,652,104	(17,766,247)	(3,291,895)	3,469,871	5,924,277
Net change in fund balances	(3,337,596)	871,404	(15,668,218)	(3,059,897)	(3,480,302)	(24,674,609)
<b>Fund balances, beginning of year</b>	39,560,992	17,447,416	52,537,998	297,134	28,994,465	138,838,005
<b>Fund balances, end of year</b>	\$ 36,223,396	\$ 18,318,820	\$ 36,869,780	\$ (2,762,763)	\$ 25,514,163	\$ 114,163,396

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, 2011**

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

Net change in fund balances - total governmental funds	\$ (24,674,609)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	14,133,059
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	5,879,204
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,218,140)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	16,422,137
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.	<u>(3,791,939)</u>
	<u><u>\$ 6,749,712</u></u>

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, 2011

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 67,167,325	\$ 67,582,378	\$ 67,552,279	\$ (30,099)
Sales tax	18,152,265	17,970,755	17,969,638	(1,117)
Other taxes	7,094,875	6,911,959	6,911,559	(400)
Licenses and permits	1,252,049	1,468,692	1,466,665	(2,027)
Intergovernmental	1,510,437	2,906,315	2,913,375	7,060
Charges for services	14,013,159	14,075,871	9,676,586	(4,399,285)
Fines and forfeitures	4,228,361	4,487,283	4,485,101	(2,182)
Investment income	94,117	70,581	70,375	(206)
Contributions	-	65,418	65,416	(2)
Miscellaneous	1,457,826	1,346,419	1,366,061	19,642
Total revenues	114,970,414	116,885,671	112,477,055	(4,408,616)
<b>Expenditures:</b>				
General government:				
Director of administration and finance	59,613	62,013	60,635	1,378
Board of commissioners	902,790	932,122	899,413	32,709
County clerk	162,211	159,155	147,797	11,358
Public relations	346,436	338,667	327,895	10,772
County manager	219,137	219,137	217,202	1,935
Support services	-	2,970	2,970	-
County attorney	468,195	455,504	432,034	23,470
Tax commissioner	1,976,471	1,971,151	1,946,594	24,557
Finance	1,031,667	1,040,184	1,031,295	8,889
Information systems	2,729,670	2,773,255	2,759,333	13,922
Human resources	681,897	647,539	638,957	8,582
Risk management	1,182,741	1,052,741	1,043,949	8,792
Purchasing	375,089	369,510	336,519	32,991
Tax assessor	1,976,265	1,889,623	1,876,660	12,963
Elections	991,788	902,460	881,277	21,183
Public buildings	2,241,156	2,401,096	2,370,549	30,547
Other - unclassified	603,749	-	-	-
Total general government	15,948,875	15,217,127	14,973,079	244,048

(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, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures: (Continued)</b>				
Judicial:				
Judge of superior court	\$ 498,153	\$ 467,458	\$ 460,021	\$ 7,437
Clerk of superior court	1,685,399	1,625,649	1,610,514	15,135
Court reporter	282,619	171,779	168,167	3,612
Jury/bailiff	200,000	269,209	268,500	709
District attorney	1,450,162	1,431,131	1,411,112	20,019
Public defender	1,038,345	1,047,176	1,043,487	3,689
Juvenile court	1,816,204	1,776,204	1,761,783	14,421
Community outreach	276,196	279,596	267,629	11,967
State court	2,125,716	2,058,006	2,054,434	3,572
State court solicitor	1,947,451	1,954,465	1,943,160	11,305
Clerk of state court	1,290,856	1,265,656	1,249,523	16,133
DUI court	63,236	63,236	58,555	4,681
Judges	3,200	3,212	2,319	893
Magistrate court	959,137	949,227	938,825	10,402
Probate court	797,211	746,311	739,593	6,718
Probate resource court	275,005	265,172	263,129	2,043
Criminal justice liaison	-	128,234	113,010	15,224
Total judicial	<u>14,708,890</u>	<u>14,501,721</u>	<u>14,353,761</u>	<u>147,960</u>
Public safety:				
Police	2,046,238	2,202,766	2,180,566	22,200
Criminal investigation division	2,732,304	2,427,898	2,285,344	142,554
Narcotics	915,072	840,072	833,382	6,690
Support service	1,253,914	1,326,259	1,320,574	5,685
Uniform patrol division	10,795,557	10,477,884	10,469,994	7,890
Fire	18,638,121	19,645,950	19,618,551	27,399
E911 / Emergency management	204,378	202,267	256,273	(54,006)
Communications	621,159	641,705	641,071	634
Sheriff	8,657,017	8,298,854	8,228,639	70,215
Jail	11,458,142	11,572,642	11,505,728	66,914
Early release	303,301	311,356	301,852	9,504
Coroner	171,003	175,600	171,342	4,258
Code enforcement	412,416	412,416	383,493	28,923
Animal control	743,615	749,702	732,088	17,614
Total public safety	<u>58,952,237</u>	<u>59,285,371</u>	<u>58,928,897</u>	<u>356,474</u>

(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, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures: (Continued)</b>				
Public works:				
Director of public works	\$ 132,233	\$ 132,233	\$ 91,362	\$ 40,871
DOT	3,500,012	3,476,530	3,450,688	25,842
Construction and roads	2,519,811	3,281,267	3,246,104	35,163
Waste management	88,303	149,750	143,414	6,336
Maintenance shop	1,223,543	1,223,543	1,149,556	73,987
Total public works	<u>7,463,902</u>	<u>8,263,323</u>	<u>8,081,124</u>	<u>182,199</u>
Health and welfare:				
General health	772,942	774,942	774,941	1
Department of family and children services	234,479	234,672	234,670	2
Family connection	130,068	130,068	124,363	5,705
Transit system	1,326,718	1,956,568	1,881,828	74,740
Senior services	2,751,556	2,819,612	2,704,885	114,727
Total health and welfare	<u>5,215,763</u>	<u>5,915,862</u>	<u>5,720,687</u>	<u>195,175</u>
Culture and recreation:				
Recreation	4,853,316	4,981,703	4,802,841	178,862
Libraries	1,736,048	1,736,049	1,736,048	1
Total culture and recreation	<u>6,589,364</u>	<u>6,717,752</u>	<u>6,538,889</u>	<u>178,863</u>
Housing and development:				
Director of human and community services	202,182	193,982	152,809	41,173
Conservation	252,849	245,349	228,336	17,013
Conservation - NRCS	52,343	52,343	50,858	1,485
Building department	1,316,653	1,303,953	1,266,074	37,879
Planning and zoning	610,442	630,023	595,020	35,003

**(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, 2011**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures: (Continued)</b>				
Housing and development: (continued)				
GIS mapping	\$ 337,946	\$ 327,946	\$ 319,936	\$ 8,010
Development plan review	244,313	235,913	141,040	94,873
Economic development authority	320,255	325,424	324,585	839
Total housing and development	<u>3,336,983</u>	<u>3,314,933</u>	<u>3,078,658</u>	<u>236,275</u>
Total expenditures	<u>112,216,014</u>	<u>113,216,089</u>	<u>111,675,095</u>	<u>1,540,994</u>
Excess of revenues over expenditures	2,754,400	3,669,582	801,960	(2,867,622)
<b>Other financing sources (uses):</b>				
Transfers in	1,847,938	1,339,183	1,338,775	(408)
Transfers out	(4,627,338)	(5,008,765)	(5,478,331)	(469,566)
Proceeds from sale of capital assets	25,000	-	-	-
Total other financing sources (uses)	<u>(2,754,400)</u>	<u>(3,669,582)</u>	<u>(4,139,556)</u>	<u>(469,974)</u>
Net change in fund balances	-	-	(3,337,596)	(3,337,596)
<b>Fund balances, beginning of year</b>	<u>39,560,992</u>	<u>39,560,992</u>	<u>39,560,992</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 39,560,992</u>	<u>\$ 39,560,992</u>	<u>\$ 36,223,396</u>	<u>\$ (3,337,596)</u>

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	<u>Major Enterprise Fund Stormwater Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 2,320,807
Accounts receivable, net of allowances	511,890
Due from other funds	<u>4,450</u>
Total current assets	<u>2,837,147</u>
<b>NONCURRENT ASSETS</b>	
Capital assets, depreciable, net of accumulated depreciation	<u>420,441</u>
Total noncurrent assets	<u>420,441</u>
Total assets	<u>\$ 3,257,588</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 23,885
Accrued liabilities	<u>19,292</u>
Total current liabilities	<u>43,177</u>
Total liabilities	<u>43,177</u>
<b>NET ASSETS</b>	
Invested in capital assets	420,441
Unrestricted	<u>2,793,970</u>
Total net assets	<u>\$ 3,214,411</u>

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	<b>Major Enterprise Fund Stormwater Fund</b>
<b>Operating revenues:</b>	
Charges for services:	
Stormwater fees	\$ 2,996,834
Total operating revenues	<u>2,996,834</u>
<b>Operating expenses:</b>	
Salaries and benefits	1,302,474
Purchased/contracted services	252,022
Supplies and materials	170,868
Depreciation	109,770
Total operating expenses	<u>1,835,134</u>
Operating income	<u>1,161,700</u>
<b>Nonoperating revenues:</b>	
Investment income	4,089
Total nonoperating revenues	<u>4,089</u>
Income before transfers	<u>1,165,789</u>
<b>Transfers out</b>	<u>(301,187)</u>
Change in net assets	864,602
<b>Net assets, beginning of year</b>	<u>2,349,809</u>
<b>Net assets, end of year</b>	<u>\$ 3,214,411</u>

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS JUNE 30, 2011

---

	<b>Major Enterprise Fund Stormwater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 2,899,491
Payments to suppliers and service providers	(437,649)
Payments to employees	(1,297,230)
Payments for interfund services used	(510,666)
	<hr/>
Net cash provided by operating activities	653,946
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers out	(301,187)
	<hr/>
Net cash used in noncapital financing activities	(301,187)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	4,089
	<hr/>
Net cash provided by investing activities	4,089
	<hr/>
Net increase in cash and cash equivalents	356,848
<b>Cash and cash equivalents:</b>	
Beginning of year	1,963,959
	<hr/>
End of year	\$ 2,320,807
	<hr/> <hr/>

(Continued)

# HENRY COUNTY, GEORGIA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS JUNE 30, 2011

---

	<u>Major Enterprise Fund Stormwater Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 1,161,700
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	109,770
Increase in accounts receivable	(97,343)
Increase in due from other funds	(4,450)
Decrease in accounts payable	(10,309)
Increase in accrued liabilities	5,244
Decrease in due to other funds	<u>(510,666)</u>
Net cash provided by operating activities	<u>\$ 653,946</u>

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

# HENRY COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS JUNE 30, 2011

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,732,129
Taxes receivable	<u>8,916,383</u>
Total assets	<u>\$ 13,648,512</u>
<b>LIABILITIES</b>	
Due to component unit	\$ 59,776
Due to others	<u>13,588,736</u>
Total liabilities	<u>\$ 13,648,512</u>

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

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# BASIC FINANCIAL STATEMENTS

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# HENRY COUNTY, GEORGIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **A. Reporting Entity**

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

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Units

##### **Henry County Department of Public Health**

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

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

##### **Henry County Development Authority**

The Henry County Development Authority is governed by a five-member board, of which four members are appointed by the governing authority of the County. The County approves the annual operating budget for the Henry County Development Authority. The Henry County Development Authority is presented as a governmental fund type component unit.

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

##### **Henry County Library System**

The Henry County Library System is governed by a nine-member board, of which six members are appointed by the governing authority of the County. The County approves the annual funding portion of the budget requested by the Library System which is administered by the appointed Library Board. In addition, the County provides a substantial majority of funding for the operations of the Library System, therefore, the Library is considered to be fiscally dependent on the County. The Henry County Library System is presented as a governmental fund type component unit.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Units (Continued)

##### **Henry County Library System (Continued)**

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

##### **Henry County Water and Sewerage Authority**

The Henry County Water and Sewerage Authority (the "Water and Sewerage Authority") was created under the Acts of the General Assembly of the State of Georgia on March 28, 1961, to provide water and related services throughout Henry County, Georgia. The Authority is governed by a Board of Commissioners which is appointed by Henry County. The County is obligated for the debt of the Authority, and therefore, a financial burden exists. The Henry County Water and Sewerage Authority is presented as a proprietary fund type component unit.

Separate financial statements for the Henry County Water and Sewerage Authority may be obtained by writing to the Henry County Water and Sewerage Authority, 1695 Highway 20 West, McDonough, Georgia 30253.

##### Blended Component Units

The **Henry County Governmental Finance Corporation** ("the Finance Corporation") is governed by the members of the County's Board of Commissioners. Although it is legally separate from the County, the Finance Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings through capital lease arrangements. Because capital lease arrangements between a primary government and its blended component unit are not to be reported as capital leases in the financial reporting entity's financial statements, the debt and assets of the Finance Corporation are reported as a form of the County's debt and assets. All debt service activity of the Finance Corporation will be reported as debt service activity of the County.

Separate financial statements are not prepared for the Henry County Finance Corporation.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### A. Reporting Entity (Continued)

The **Henry County Office/Industrial Park Corporation** (“the Office/Industrial Park Corporation”) is governed by the members of the County’s Board of Commissioners. Although it is legally separate from the County, the Office/Industrial Park Corporation is reported as if it were part of the primary government because its sole purpose is to finance and purchase the County’s land and public buildings through capital lease arrangements. Because capital lease arrangements between a primary government and its blended component unit are not to be reported as capital leases in the financial reporting entity’s financial statements, the debt and assets of the Office/Industrial Park Corporation are reported as a form of the County’s debt and assets. All debt service activity of the Office/Industrial Park Corporation will be reported as debt service activity of the County.

Separate financial statements are not prepared for the Henry County Office/Industrial Park Corporation.

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

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

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

Separate financial statements are not prepared for Henry First.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

---

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

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

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

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

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The **2008 SPLOST Fund** is used to account for the revenues and expenditures relating to the 2008 one percent Special Purpose Local Option Sales Tax.

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



## NOTES TO FINANCIAL STATEMENTS

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### 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 ***Stormwater Fund*** is used to account for the activities involved in the maintenance of surface water runoff and costs of addressing the environmental issues resulting from runoff.

Additionally, the County reports the following fund types:

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

The ***Agency Funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Agency funds account for the Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, Sheriff, State Court, and Juvenile Court.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the

## NOTES TO FINANCIAL STATEMENTS

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

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

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

#### D. Cash and Investments

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

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, and Georgia Fund 1, the Local Government Investment Pool. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines a participant's shares sold and redeemed based on \$1.00 per share.

The County's investments and the investments of its component units are stated at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which is fair value.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### **E. Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

#### **F. Inventories and Prepaid Items**

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when consumed rather than when purchased.

#### **G. Restricted Assets**

Certain proceeds of the primary government’s general obligation bonds and capital leases, as well as certain resources set aside for their repayment, and certain proceeds of the Water and Sewerage Authority (component unit) revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is restricted by applicable bond covenants.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Water and Sewerage Authority is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	40
Machinery and equipment	3-10
Roads	40-50

#### I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. During the prior fiscal year, the County implemented a new policy and will no longer pay out sick leave to retirees. The accumulated sick leave will be added to the employee's years of service when determining his or her retirement payout.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### K. Fund Equity

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

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

#### Fund Balance

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

## NOTES TO FINANCIAL STATEMENTS

---

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

#### K. Fund Equity (Continued)

Fund balances are classified as follows:

- **Nonspendable** - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment. No amounts have been determined to be committed as of June 30, 2011.
- **Assigned** - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted or committed. No amounts have been determined to be assigned as of June 30, 2011.
- **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.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### K. Fund Equity (Continued)

##### Fund Balance Flow Assumptions

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

- Committed
- Assigned
- Unassigned

##### Net Assets

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

- Invested in capital assets, net of related debt - Consists of capital assets included restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net assets - Consists of net assets with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above.

## NOTES TO FINANCIAL STATEMENTS

---

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

#### K. Fund Equity (Continued)

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

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

#### L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



## NOTES TO FINANCIAL STATEMENTS

---

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

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$131,921,101 difference are as follows:

Capital leases payable	\$ (52,148,384)
General obligation bonds payable	(71,485,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	543,486
Plus: Issuance premium (to be amortized against interest expense)	(2,144,729)
Compensated absences	(4,675,402)
Landfill postclosure costs	(610,687)
Accrued interest	(1,400,385)
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (131,921,101)</u></u>

## NOTES TO FINANCIAL STATEMENTS

---

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$14,133,059 difference are as follows:

Capital outlay	\$ 35,043,852
Depreciation expense	<u>(20,910,793)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i>	<u><u>\$ 14,133,059</u></u>

## NOTES TO FINANCIAL STATEMENTS

---

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

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

Another element of the reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$5,897,204 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 6,278,143
In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(398,939)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u><u>\$ 5,879,204</u></u>

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$16,422,137 difference are as follows:

Debt incurred:			
Capital lease financing	\$	(5,559,590)	
Principal repayments:			
Capital leases		6,126,414	
Bonds payable		15,755,000	
Landfill postclosure costs		100,313	
Net adjustment to increase net change in <i>fund balances - total governmental funds</i> to arrive at change in <i>net assets - governmental activities</i>	\$	16,422,137	

## NOTES TO FINANCIAL STATEMENTS

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

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

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$3,791,939 difference are as follows:

Compensated absences	\$ (529,060)
Amortization of issuance costs	(149,554)
Amortization of premium on general obligation bonds	714,911
Accrued interest	232,518
Net pension obligation	(3,415,053)
Net post employment benefit obligation	<u>(645,701)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i>	<u><u>\$ (3,791,939)</u></u>

**NOTE 3. LEGAL COMPLIANCE - BUDGETS**

**A. Budgets and Budgetary Accounting**

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

#### A. Budgets and Budgetary Accounting (Continued)

2. Public hearings are conducted at the County Administration Building to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Any transfers of budgeted amounts and any revisions that alter the total expenditures of any department or fund must be approved by the Commissioners. The legal level of budgetary control is the department level.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were legally adopted for the General Fund, Special Revenue Funds, and Debt Service Fund. Project length budgets were adopted for all Capital Projects Funds.

The supplementary budgetary appropriations made were not material.

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

#### B. Excess Expenditures over Appropriations

For the year ended June 30, 2011, expenditures exceeded budget in the General Fund, as follows:

<u>Department</u>	<u>Excess</u>
E911 / Emergency management	54,006

These overexpenditures were funded through the use of unanticipated revenues in the General Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2011 are summarized as follows:

**Balances per statement of net assets:**

Cash - Primary government	\$ 75,604,529
Cash - Health Department	854,947
Cash - Development Authority	211,066
Cash - Library System	406,825
Cash - Water & Sewerage Authority	1,282,153
Investments - Primary government	44,859,030
Investments - Development Authority	350,000
Investments - Library System	28,648
Restricted assets:	
Cash - Primary government	2,578,159
Cash - Water & Sewerage Authority	45,960,534
Investments - Water & Sewerage Authority	17,887,276

**Balances per statement of fiduciary net assets:**

Cash - Agency funds	4,732,129
	\$ 194,755,296
Cash deposited with financial institutions	
	\$ 132,184,602
Cash deposited with Georgia Fund 1	62,570,694
	\$ 194,755,296

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**Credit risk.** State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County's policy is to invest only in the following: U.S. government and agency debt obligations; U.S. government instrumentality debt obligations; high grade corporate debt with ratings at or above A3 by Moody's or A- by Standard & Poor's; mortgage-backed securities with ratings at or above AA3 by Moody's or AA by Standard & Poor's; and bank certificates of deposit. As of June 30, 2011, the investments in the Georgia Fund 1 were rated AAAM by Standard & Poor's and the investment in the Federal Home Loan Bank Agency Coupon was rated AAA by Standard & Poor's.

At June 30, 2011, the County had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Primary government:		
Georgia Fund 1	59 day weighted average	\$ 44,654,770
Certificates of Deposit	18.00 months	204,260
		<u>\$ 44,859,030</u>
Component units:		
Georgia Fund 1	59 day weighted average	\$ 17,915,924
Certificates of Deposit	13.80 month weighted average	350,000
		<u>\$ 18,265,924</u>



## NOTES TO FINANCIAL STATEMENTS

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### 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, 2011, all of the deposits of the County, Development Authority, Health Department, Library System, and Water and Sewerage Authority were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

**Custodial credit risk – investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no specific investment policy in regards to custodial credit risk for investments.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

Receivables at June 30, 2011 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>2008 SPLOST Fund</u>	<u>Stormwater Enterprise Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 3,466,926	\$ 2,436,552	\$ -	\$ 33,211	\$ 5,936,689
Accounts	11,835,400	204,405	622,614	591,201	13,253,620
Other	<u>2,095,092</u>	<u>1,693,513</u>	<u>13,799</u>	<u>132,221</u>	<u>3,934,625</u>
Gross receivables	17,397,418	4,334,470	636,413	756,633	23,124,934
Less allowance for uncollectibles	<u>8,904,422</u>	<u>-</u>	<u>124,523</u>	<u>-</u>	<u>9,028,945</u>
Net total receivables	<u>\$ 8,492,996</u>	<u>\$ 4,334,470</u>	<u>\$ 511,890</u>	<u>\$ 756,633</u>	<u>\$ 14,095,989</u>

The Henry County Water and Sewerage Authority had accounts receivable at June 30, 2011 of \$6,745,168, which is net of an allowance for uncollectibles of \$721,365.

Property taxes attached as an enforceable lien on property as of March 17, 2011. Property taxes were levied on July 29, 2010, billed on September 8, 2010, and payable on or before November 16, 2010. The County bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the primary government for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 83,752,302	\$ -	\$ -	\$ 1,652,175	\$ 85,404,477
Construction in progress	72,899,400	31,760,532	(363,370)	(49,415,845)	54,880,717
Total	<u>156,651,702</u>	<u>31,760,532</u>	<u>(363,370)</u>	<u>(47,763,670)</u>	<u>140,285,194</u>
Capital assets, being depreciated:					
Buildings and improvements	153,829,416	-	-	7,746,300	161,575,716
Machinery and equipment	58,191,555	3,694,102	(295,357)	222,809	61,813,109
Infrastructure	489,477,618	5,867,361	-	39,794,561	535,139,540
Total	<u>701,498,589</u>	<u>9,561,463</u>	<u>(295,357)</u>	<u>47,763,670</u>	<u>758,528,365</u>
Less accumulated depreciation for:					
Buildings and improvements	(23,309,925)	(4,130,628)	-	-	(27,440,553)
Machinery and equipment	(43,691,349)	(4,596,528)	259,788	-	(48,028,089)
Infrastructure	(171,401,958)	(12,183,637)	-	-	(183,585,595)
Total	<u>(238,403,232)</u>	<u>(20,910,793)</u>	<u>259,788</u>	<u>-</u>	<u>(259,054,237)</u>
Total capital assets, being depreciated, net	<u>463,095,357</u>	<u>(11,349,330)</u>	<u>(35,569)</u>	<u>47,763,670</u>	<u>499,474,128</u>
Governmental activities capital assets, net	<u>\$ 619,747,059</u>	<u>\$ 20,411,202</u>	<u>\$ (398,939)</u>	<u>\$ -</u>	<u>\$ 639,759,322</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

Capital asset activity for the primary government for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets, being depreciated:					
Machinery and equipment	\$ 933,153	\$ -	\$ -	\$ -	\$ 933,153
Total	<u>933,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,153</u>
Less accumulated depreciation for:					
Machinery and equipment	(402,942)	(109,770)	-	-	(512,712)
Total	<u>(402,942)</u>	<u>(109,770)</u>	<u>-</u>	<u>-</u>	<u>(512,712)</u>
Business-type activities capital assets, net	<u>\$ 530,211</u>	<u>\$ (109,770)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,441</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,679,932
Judicial	156,303
Public safety	3,793,947
Public works	13,089,136
Health and welfare	405,264
Culture and recreation	1,765,874
Housing and development	20,337
Total depreciation expense - governmental activities	<u>\$ 20,910,793</u>
Business-type activities:	
Stormwater	<u>\$ 109,770</u>
Total depreciation expense - business-type activities	<u>\$ 109,770</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2011, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, being depreciated:				
Machinery and equipment	\$ 126,752	\$ -	\$ -	\$ 126,752
Less accumulated depreciation for:				
Machinery and equipment	(117,143)	(4,916)	-	(122,059)
Total capital assets, net	\$ 9,609	\$ (4,916)	\$ -	\$ 4,693

## NOTES TO FINANCIAL STATEMENTS

### 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, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 10,251	\$ -	\$ -	\$ 10,251
Total	<u>10,251</u>	<u>-</u>	<u>-</u>	<u>10,251</u>
Capital assets, being depreciated:				
Buildings and improvements	85,395	-	-	85,395
Equipment	520,322	-	-	520,322
Books and materials	3,833,092	-	-	3,833,092
Total	<u>4,438,809</u>	<u>-</u>	<u>-</u>	<u>4,438,809</u>
Less accumulated depreciation for:				
Buildings and improvements	(82,787)	(1,360)	-	(84,147)
Equipment	(61,731)	(43,725)	-	(105,456)
Books and materials	(2,463,111)	(224,386)	-	(2,687,497)
Total	<u>(2,607,629)</u>	<u>(269,471)</u>	<u>-</u>	<u>(2,877,100)</u>
Total capital assets, being depreciated, net	<u>1,831,180</u>	<u>(269,471)</u>	<u>-</u>	<u>1,561,709</u>
Total capital assets, net	<u>\$ 1,841,431</u>	<u>\$ (269,471)</u>	<u>\$ -</u>	<u>\$ 1,571,960</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS (CONTINUED)

#### D. Discretely Presented Component Unit – Water & Sewerage Authority

Capital asset activity for the Water & Sewerage Authority for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 35,463,906	\$ 31,568	\$ -	\$ -	\$ 35,495,474
Construction in progress	40,561,945	16,835,835	-	(6,138,683)	51,259,097
Total	<u>76,025,851</u>	<u>16,867,403</u>	<u>-</u>	<u>(6,138,683)</u>	<u>86,754,571</u>
Capital assets, being depreciated:					
Buildings	8,380,082	-	-	4,791,859	13,171,941
Improvements other than buildings	589,030,903	1,323,184	-	322,671	590,676,758
Machinery and equipment	7,213,246	67,362	(435,273)	1,024,153	7,869,488
Vehicles	3,634,167	92,012	(17,077)	-	3,709,102
Total	<u>608,258,398</u>	<u>1,482,558</u>	<u>(452,350)</u>	<u>6,138,683</u>	<u>615,427,289</u>
Less accumulated depreciation for:					
Buildings	(3,509,331)	(582,666)	-	-	(4,091,997)
Improvements other than buildings	(193,384,658)	(26,187,272)	-	-	(219,571,930)
Machinery and equipment	(6,703,714)	(962,649)	435,273	-	(7,231,090)
Vehicles	(3,460,434)	(108,059)	17,077	-	(3,551,416)
Total	<u>(207,058,137)</u>	<u>(27,840,646)</u>	<u>452,350</u>	<u>-</u>	<u>(234,446,433)</u>
Total capital assets, being depreciated, net	<u>401,200,261</u>	<u>(26,358,088)</u>	<u>-</u>	<u>6,138,683</u>	<u>380,980,856</u>
Total capital assets, net	<u>\$ 477,226,112</u>	<u>\$ (9,490,685)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,735,427</u>



## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT AND CAPITAL LEASES

#### Revenue Bonds:

The Water and Sewerage Authority (component unit) issues bonds where the Authority pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2011, are as follows:

Purpose	Interest Rate	Due Date	Amount
Water and Sewerage Authority	5.00%	2012	\$ 2,665,000
Water and Sewerage Authority	3.75%-6.15%	2020	12,355,000
Water and Sewerage Authority	4.90%-6.00%	2020	8,665,000
Water and Sewerage Authority	5.00%	2026	29,785,000
Water and Sewerage Authority	2.00%-5.38%	2030	41,165,000
Water and Sewerage Authority	3.00%-5.25%	2030	47,325,000
			141,960,000
	Plus unamortized premiums		9,548,237
	Less unamortized discounts		(127,349)
	Less unamortized deferred charges - refunding		(5,695,417)
			\$ 145,685,471

## NOTES TO FINANCIAL STATEMENTS

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

#### Revenue Bonds: (Continued)

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

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,930,000	\$ 7,407,229
2013	5,045,000	7,177,044
2014	5,330,000	6,910,016
2015	5,605,000	6,629,114
2016	5,890,000	6,334,203
2017-2021	33,010,000	26,532,388
2022-2026	39,805,000	17,159,588
2027-2031	42,345,000	5,608,425
Total	<u>\$ 141,960,000</u>	<u>\$ 83,758,007</u>

The Development Authority's revenue bonds outstanding as of June 30, 2011, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
Purchase of land	4.40%	2033	\$ 10,000,000
Purchase of land	Variable	2033	2,186,000
			<u>\$ 12,186,000</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Revenue Bonds: (Continued)

The Development Authority issued \$10,000,000 fixed-rate revenue bonds and \$12,186,000 in variable-rate revenue bonds during 2008. The estimated annual requirements to amortize the bonds payable as of June 30, 2011, are as follows:

Fiscal year ending June 30,	Principal	Interest
2012	\$ -	\$ 464,419
2013	-	464,419
2014	-	464,419
2015	-	464,419
2016	451,050	456,961
2017-2021	2,806,534	1,981,422
2022-2026	3,496,422	1,384,793
2027-2031	4,355,058	641,646
2032-2033	1,076,936	24,086
Total	\$ 12,186,000	\$ 6,346,584

The County is absolutely and unconditionally obligated under the terms of an intergovernmental contract relating to the Development Authority's revenue bonds, to pay debt service on the bonds, including principal and interest. As a result, the County reports a capital lease obligation to component units and the Development Authority reports a lease receivable from the primary government in an amount, and with accrued interest of \$2,586, equal to the above Development Authority bonds. The bonds were issued to finance the acquisition of land.

## NOTES TO FINANCIAL STATEMENTS

### 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, 2011, consisted of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Various construction projects within the County	3.00% - 3.662%	6 years	2015	\$ 19,950,000	\$ 16,195,000
Various construction projects within the County	4.00% - 4.385%	6 years	2015 Plus unamortized premium	\$ 67,290,000	55,290,000 2,144,729
					<u>\$ 73,629,729</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### General Obligation Bonds: (Continued)

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

<b>Fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2012	\$ 16,955,000	\$ 2,180,888
2013	17,645,000	1,562,350
2014	18,190,000	1,039,681
2015	18,695,000	394,538
Total	<u>\$ 71,485,000</u>	<u>\$ 5,177,457</u>

## NOTES TO FINANCIAL STATEMENTS

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

#### Other Long-Term Debt:

The Water and Sewerage Authority (component unit) has incurred debt to the Georgia Environmental Facilities Authority for construction of various water and sewer system projects. Included with these notes are two construction lines of credit agreements for \$23,199,250, of which \$20,856,971 had been drawn as of June 30, 2011. These notes are as follows at June 30, 2011:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Amount</u>
3.70%	20 years	2021	\$ 9,345,113
3.49%	20 years	2022	13,222,522
3.00%	20 years	2026	33,298,403
3.00%	20 years	2027	22,120,633
3.00%	20 years	2028	17,166,526
3.00%	20 years	2030	19,824,356
3.00%	20 years	2032	1,518,112
3.00%	20 years	2033	19,338,859
			<u>\$ 135,834,524</u>

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,924,746	\$ 3,496,701
2013	6,121,106	3,300,341
2014	6,315,543	3,105,904
2015	6,519,041	2,902,406
2016	6,726,867	2,694,581
2017-2021	37,046,044	10,061,191
2022-2026	31,220,877	4,605,870
2027-2031	15,103,329	738,920
Total	<u>\$ 114,977,553</u>	<u>\$ 30,905,914</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

The above debt service requirements to maturity table does not include provision for the construction lines of credit agreements for \$23,199,250, of which \$20,856,971 has been drawn as of June 30, 2011. This note payable is in the draw down phase as of June 30, 2011, and repayment will be determined when construction is complete and all draws have been made.

#### Capital Leases:

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

The following is an analysis of assets leased under capital leases as of June 30, 2011:

Land	\$	32,696,901
Construction in progress		18,325,000
Buildings and improvements		15,246,010
Vehicles		5,559,590
Equipment		7,360,815
	\$	<u>79,188,316</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2011:

<b>Fiscal year ending June 30,</b>	
2012	\$ 7,880,357
2013	7,863,064
2014	6,740,053
2015	5,678,044
2016	5,360,991
2017-2021	18,530,991
2022-2026	7,330,834
2027-2031	4,996,704
2032-2033	1,101,021
Total minimum lease payments	<u>65,482,059</u>
Less amount representing interest	<u>13,333,675</u>
Present value of future minimum lease payments	<u>\$ 52,148,384</u>



## NOTES TO FINANCIAL STATEMENTS

### 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, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 87,240,000	\$ -	\$ 15,755,000	\$ 71,485,000	\$ 16,955,000
Plus unamortized premium	2,859,640	-	714,911	2,144,729	-
General obligation bonds, net	<u>90,099,640</u>	<u>-</u>	<u>16,469,911</u>	<u>73,629,729</u>	<u>16,955,000</u>
Capital lease obligations	52,715,208	5,559,590	6,126,414	52,148,384	5,955,064
Landfill postclosure costs	711,000	-	100,313	610,687	27,000
Other post employment benefits	1,601,172	1,060,675	414,974	2,246,873	-
Compensated absences	4,146,342	6,959,407	6,430,347	4,675,402	4,319,974
	<u>\$ 149,273,362</u>	<u>\$ 13,579,672</u>	<u>\$ 29,541,959</u>	<u>\$ 133,311,075</u>	<u>\$ 27,257,038</u>

For governmental activities, landfill postclosure costs, other post employment benefit obligations, and compensated absences are generally liquidated by the General Fund.

## NOTES TO FINANCIAL STATEMENTS

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

#### Changes in Long-Term Liabilities: (Continued)

The following is a summary of long-term debt activity of the Development Authority for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 12,186,000	\$ -	\$ -	\$ 12,186,000	\$ -
	<u>\$ 12,186,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,186,000</u>	<u>\$ -</u>

The following is a summary of long-term debt activity of the Water and Sewerage Authority for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 146,850,000	\$ -	\$ 4,890,000	\$ 141,960,000	\$ 4,930,000
Plus unamortized premiums	10,165,958	-	617,721	9,548,237	-
Less unamortized discounts	(142,186)	-	(14,837)	(127,349)	-
Less unamortized deferred charges	(6,221,801)	-	(526,384)	(5,695,417)	-
Revenue bonds, net	150,651,971	-	4,966,500	145,685,471	4,930,000
Notes payable	126,967,301	14,491,688	5,624,465	135,834,524	6,531,093
OPEB liability	2,425,649	1,302,299	-	3,727,948	84,840
Compensated absences	883,995	691,389	632,717	942,667	664,354
	<u>\$ 280,928,916</u>	<u>\$ 16,485,376</u>	<u>\$ 11,223,682</u>	<u>\$ 286,190,610</u>	<u>\$ 12,210,287</u>

## NOTES TO FINANCIAL STATEMENTS

### 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, 2011, amounted to \$19,560. Future minimum lease payments for these leases are for only one more fiscal year (2012) in the amount of \$19,560.

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2011 is as follows:

#### Due to/from other funds:

Receivable Fund	Payable Fund				Total
	General Fund	2008 SPLOST Fund	Impact Fee Fund	Nonmajor governmental funds	
General Fund	\$ -	\$ -	\$ 4,017,741	\$ 493,431	\$ 4,511,172
2008 SPLOST Fund	9,770	-	-	-	9,770
Stormwater Enterprise Fund	-	-	-	-	-
Stormwater	4,450	-	-	-	4,450
Nonmajor governmental funds	846,905	979,109	-	-	1,826,014
Total	\$ 861,125	\$ 979,109	\$ 4,017,741	\$ 493,431	\$ 6,351,406

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Advances.** Included in the above interfund balances is an amount due from the Impact Fee Fund to the General Fund in the amount of \$4,017,741, and this amount is considered to be an advance to the Impact Fee Fund from the General Fund and considered to be long-term in its nature and repayment plan. Therefore, this amount is segregated on the balance sheet from other interfund balances.

## NOTES TO FINANCIAL STATEMENTS

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

**SPLOST.** In the ordinary course of managing the multiple projects entered into by the County, oftentimes certain projects are funded from multiple SPLOST programs and supplemented by the General Fund. Additionally, the County does an accounting of all projects throughout each fiscal year, and analyzes the relationships between such funds. Amounts due from the General Fund to the 2002 SPLOST Fund and the 2008 SPLOST Fund represents a combination of additional funding anticipated by the General Fund as well as the ongoing accounting of addressing the correct level of certain costs to be charged between these funds. All amounts due from the General Fund to the respective SPLOST funds were satisfied in a timely manner after the close of the fiscal year.

**Interfund transfers:**

Transfers In	Transfers Out					Total
	General Fund	2008 SPLOST Fund	Impact Fee Fund	Stormwater Enterprise Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 127,889	\$ 7,595	\$ 301,187	\$ 902,104	\$ 1,338,775
Debt Service Fund	4,262,946	19,457,528	3,200,062	-	731,568	27,652,104
2008 SPLOST Fund	-	-	84,238	-	1,734,932	1,819,170
Nonmajor governmental funds	1,215,385	-	-	-	1,070,672	2,286,057
<b>Total</b>	<b>\$ 5,478,331</b>	<b>\$ 19,585,417</b>	<b>\$ 3,291,895</b>	<b>\$ 301,187</b>	<b>\$ 4,439,276</b>	<b>\$ 33,096,106</b>

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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. DEFINED BENEFIT PENSION PLANS**

#### **Primary Government**

#### **Plan Description**

On July 1, 2003, the County began sponsoring the Association County Commissioners of Georgia Henry County Defined Benefit Plan (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of The ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

#### **Funding Policy**

The County is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants are required to contribute 6% of their compensation to the plan.

## NOTES TO FINANCIAL STATEMENTS

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

#### Annual Pension Cost

The County's annual pension cost and net pension asset for the pension plan for the current year is as follows:

	2011	2010
<b><u>Derivation of Annual Pension Cost</u></b>		
Annual Required Contribution	\$ 6,666,813	\$ 6,118,612
Interest on Net Pension Obligation	(183,425)	(322,842)
Amortization of Net Pension Obligation	196,260	345,433
Annual Pension Cost	\$ 6,679,648	\$ 6,141,203
 <b><u>Derivation of Net Pension Obligation</u></b>		
Annual Pension Cost for Fiscal Year 2011		\$ 6,679,648
Actual Contributions to Plan for Fiscal Year 2011		3,264,595
Increase (Decrease) in Net Pension Obligation		3,415,053
Net Pension Obligation (Asset) as of June 30, 2010		(3,807,734)
Net Pension Obligation (Asset) as of June 30, 2011		\$ (392,681)
 <b><u>Basis of Valuation</u></b>		
Current Valuation Date		January 1, 2011
Annual Return on Invested Plan Assets		7.8%
Projected Annual Salary Increases		4.0% - 6.5%
Expected Annual Inflation		3.0%
Actuarial Value of Assets		Market Value
Actuarial Funding Method		Projected Unit Credit
Amortization Method		Level Percent of Pay (closed)
Remaining Amortization Period		30

## NOTES TO FINANCIAL STATEMENTS

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

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
7/1/10	\$ 6,679,648	\$ 3,264,595	49 %	\$ (392,681)
7/1/09	6,141,203	6,021,301	98	(3,807,734)
7/1/08	5,185,842	6,071,179	117	(3,927,636)
7/1/07	4,339,716	5,323,623	123	(3,042,299)
7/1/06	3,589,185	4,275,548	119	(2,058,392)
7/1/05	3,602,622	4,003,149	111	(1,372,029)
7/1/04	2,846,259	2,899,096	102	(971,502)

As of the most recent valuation date, January 1, 2011, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 71,980,333	\$ 114,000,143	\$ 42,019,810	63.1 %	\$ 70,662,103	59.5 %

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

## NOTES TO FINANCIAL STATEMENTS

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

#### **Library System – Component Unit**

The Henry County Library System participates in the Teachers Retirement System of Georgia (TRS) retirement plan. Substantially all librarians and clerical personnel employed by regional and county libraries are covered by TRS, which is a cost-sharing multiple employer defined benefit pension plan. TRS provides service retirement, disability retirement and survivors' benefits for its members in accordance with state statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts. Employees of the Library who are covered by TRS are required by state statute to contribute 5.25% of their gross earnings to TRS. The Library makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with state statute and as advised by their independent actuary.

#### **Water and Sewerage Authority – Component Unit**

##### **Plan Description**

On January 1, 2004, the Authority began sponsoring the Association County Commissioners of Georgia Restated Pension Plan for Henry County Water and Sewerage Authority Employees (The Plan), which is a defined benefit pension plan. The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System Plan (The GMA Plan), an agent multiple-employer pension plan administered by The Segal Group, Inc. GMA, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The GMA Plan. The Authority has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan. Complete financial statements for the Georgia Municipal Association (GMA) Defined Benefit Pension Plan can be obtained from 201 Pryor Street, Atlanta, Georgia 30303-3606.



## NOTES TO FINANCIAL STATEMENTS

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

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

##### Annual Pension Cost

##### Funding Policy

The Authority is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by The Segal Company Plan trustees and intended to satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. Plan participants are required to contribute a percentage of their compensation to the plan. The required contribution percentage at June 30, 2011, was 5%.

The Authority's annual pension cost and net pension obligation for the pension plan for the plan year ended June 30, 2011 are as follows:

##### Derivation of Net Pension Obligation

Annual Pension Cost for Fiscal Year 2011	\$ 1,298,844
Actual Contributions to Plan for Fiscal Year 2011	1,724,047
Increase (Decrease) in Net Pension Obligation	<u>(425,203)</u>
Net Pension Obligation (Asset) as of June 30, 2010	(3,439,155)
Net Pension Obligation (Asset) as of June 30, 2011	<u>\$ (3,864,358)</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

##### Annual Pension Cost

###### Basis of Valuation

Current Valuation Date	January 1, 2011
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	4.0% - 6.5%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percentage (closed)
Remaining Amortization Period	24

## NOTES TO FINANCIAL STATEMENTS

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

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

Trend Information for The Plan				
Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
7/1/11	\$ 1,298,844	\$ 1,724,047	133 %	\$ (3,864,358)
7/1/10	1,353,290	1,669,893	123	(3,439,155)
7/1/09	1,216,547	1,789,604	147	(3,122,552)
7/1/08	1,043,382	1,713,303	164	(2,549,495)
7/1/07	754,181	1,336,859	177	(1,879,574)
7/1/06	563,210	995,869	177	(1,296,896)
7/1/05	533,622	838,318	157	(864,237)

As of the most recent valuation date, January 1, 2011, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	\$ 14,049,501	\$ 21,619,929	\$ 7,570,428	65.0 %	\$ 10,346,469	73.2 %

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

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. DEFERRED COMPENSATION PLAN**

The County offers the ACCG 457 Deferred Compensation Program created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participation to defer a portion of their salaries until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," no assets or liabilities of the County's Deferred Compensation Plan are included in the County's financial statements.

### **NOTE 12. OTHER POSTEMPLOYMENT BENEFITS**

#### **Primary Government**

##### **General**

In accordance with GASB 45 requirements, the County is required to attribute the cost of postretirement health care benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a postretirement health care benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the County for the year ended June 30, 2011. There is no separate, audited GAAP-basis postemployment benefit plan report available for the County's plan.

##### **Plan Description**

The County provides postretirement health care benefits, as per the requirements of a resolution, for certain retirees and their dependents. The Henry County Post-Retirement Medical Plan is administered by the County and is a single-employer, defined benefit plan. The provisions and obligations to contribute are established and may be amended by the Henry County Board of Commissioners. Employees must complete 10 consecutive years of service, and the sum of the total years of service plus retiree's age must equal 75 or more. The county pays 80% of the premium and the employee must pay the remaining 20%. The County finances the plan on a pay-as-you-go basis. As of June 30, 2011, there were 75 retired employees receiving health care benefits. For the year ended June 30, 2011, the County paid \$331,979 for these benefits, which was net of \$82,995 of retiree contributions.

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Primary Government (Continued)**

**Contributions**

The County contributed \$414,974 to the OPEB Health Care Plan in fiscal year 2011. 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.

<b>Schedule of Employer Costs and Contributions</b>				
<b>Fiscal Year Beginning</b>	<b>Annual Required Contribution/ Annual OPEB Cost</b>	<b>Actual County Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
7/1/10	\$ 1,060,675	\$ 414,974	39 %	\$ 2,246,873
7/1/09	1,317,718	467,538	35	1,601,172
7/1/08	1,235,768	484,776	39	750,992

As of the most recent valuation date, July 1, 2010, the funded status of the OPEB Health Care Plan was as follows:

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Primary Government (Continued)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
07/01/08	\$ -	\$ 10,496,736	\$ 10,496,736	- %	\$ 51,035,000	20.6 %
07/01/09	-	11,511,890	11,511,890	-	53,332,000	21.6
07/01/10	-	8,151,019	8,151,019	-	51,336,002	15.9

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at July 1, 2010. The assumptions used in the July 1, 2010 actuarial valuation are as follows:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Primary Government (Continued)

##### Basis of Valuation

Current Valuation Date	July 1, 2010
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Assumed Rate of Return on Investments	7.5%
Medical Cost Trend Rate	8%-5%
Year of Ultimate Medical Cost Trend Rate	2011
Amortization Method	Level Percent of Pay (Open)
Remaining Amortization Period	30 years
Payroll Inflation Rate	3.5%

#### Water and Sewerage Authority – Component Unit

##### Plan Description

The Henry County Water & Sewerage Authority Postretirement Benefit Plan (the “OPEB Plan”) is a single-employer defined benefit post-retirement health care plan, or other post employment benefit (OPEB) plan. The OPEB plan is based upon the policy that is contained in the Henry County Water & Sewerage Authority Employee handbook which outlines the eligibility, cost to participants, and other administrative matters. The policy is maintained at the discretion of the Authority.

##### General

The following brief description of the OPEB plan terms is provided for general information purposes only.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

##### Retirement Options/Benefit Provisions

The Authority offers medical (including Rx) coverage to eligible retirees and their spouses. The benefits are the same as those offered to active employees. For retirees who are not Medicare eligible, the medical benefits are provided through an HMO or Multi-Choice plan. The Authority pays a portion of the retiree and dependent premiums for medical coverage. Once retirees become Medicare eligible, the medical benefits are provided through a Medicare supplemental plan. The Authority pays the entire premium for the retiree. The retiree must pay the entire premium for dependent coverage. The retiree is responsible for purchasing Medicare Part A & B coverage. The Authority offers dental coverage to eligible retirees and their spouses. The Authority pays the dental insurance premium for the retiree. The retiree must pay the entire premium for dependent coverage. The Authority offers vision coverage to eligible retirees. The retiree must pay the entire premium for coverage.

##### Eligibility

Eligible participants for Other Post-Employment Benefits include retirees who retire from active service after age 55 and completion of 10 years of service. Additionally, the employee's years of service plus age must also equal 75 or more.

##### Fund Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Plan as of July 1, 2010.

Active participants	224
Retirees and beneficiaries	9
Total	<u>233</u>



**NOTES TO FINANCIAL STATEMENTS**

**NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

**Contributions**

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

Fiscal Year	Annual OPEB Cost	Actual County Contribution	Percentage of AOPEBC Contributed	Net OPEB Asset End of Year
2011	\$ 1,387,139	\$ 84,840	6 %	\$ 3,727,948
2010	1,286,743	77,667	6	2,425,649
2009	1,292,062	64,106	5	1,227,956

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

Annual required contribution	\$ 1,409,624
Interest from net OPEB obligation	140,204
Adjustment of net OPEB asset	(162,689)
Annual OPEB cost	<u>1,387,139</u>
Actual contributions to the plan	(84,840)
Increase in net OPEB asset	<u>1,302,299</u>
Net OPEB asset as of July 1, 2010	<u>2,425,649</u>
Net OPEB asset as of June 30, 2011	<u><u>\$ 3,727,948</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

##### OPEB Plan

As of the most recent valuation date, July 1, 2010, the funded status of the OPEB Plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2011	\$ -	\$ 8,483,104	\$ 8,483,104	0%	\$ 10,518,867	80.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010. The assumptions used in the July 1, 2010, actuarial valuation are as follows:

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

**Basis of Valuation**

Current Valuation Date	July 1, 2010
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Discount rate for benefit obligations	5.78%
Healthcare cost trend rates	9.0% graded by .5% per year to an ultimate rate of 5%
Remaining Amortization Period	30 years
Mortality	RP-2000 Combined Healthy Mortality Table, separate for males and females
Plan participation	100% of future eligible retirees are assumed to elect coverage for themselves and their spouses

### NOTE 13. HOTEL/MOTEL TAX

The County has levied a 5% hotel/motel tax. Of this percentage, 2% plus 15.71% of the remaining 3% is given to the Henry County Chamber of Commerce to be used for the promotion of tourism. For the fiscal year ended June 30, 2011, the County collected \$365,939 of hotel/motel taxes. Of this amount, \$176,092, or 48.1%, was given to the Chamber. The remaining funds of \$190,044, or 51.9%, are kept by the County and used for other activities promoting tourism.

## NOTES TO FINANCIAL STATEMENTS

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### 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 14. RISK MANAGEMENT (CONTINUED)**

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

The basis for estimating the liabilities for unpaid claims is an incurred, but not reported calculation as established by an actuary. The County is not aware of any claims for which the County is liable for the deductible amount which were outstanding and unpaid as of June 30, 2011. No provisions have been made in the financial statements for the year ended June 30, 2011, for any estimate of potential unpaid claims.

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, 2011, the County has a remaining 15 years of monitoring. Engineering studies estimate postclosure costs of approximately \$610,687 over the 15-year period. These costs are based on what it would cost to perform all postclosure care in 1996, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. COMMITMENTS AND CONTINGENCIES

#### **Contractual Commitments:**

In addition to the liabilities enumerated in the balance sheet, at June 30, 2011, the County has contractual commitments on uncompleted contracts of approximately \$15,169,445.

The Water and Sewerage Authority (component unit) has outstanding contractual commitments for construction of \$3,874,699.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### **Contract with the Hospital Authority of Henry County:**

The County has entered into a contract with the Hospital Authority of Henry County (the "Hospital Authority") which obligates the County to make certain payments to the Hospital Authority in consideration of the Hospital Authority's agreement to provide hospital care to the County's indigent sick. Pursuant to an executed contract between the County and the Hospital Authority, the County is obligated to make payments, if necessary, in amounts sufficient to enable the Hospital Authority to provide for payment of the principal and interest on the Series 1992B Revenue Certificates and the Series 1997 Revenue Certificates as the same become due and payable at maturity or by proceedings for mandatory redemption, but within the current seven (7) millage limitation specified in the Georgia Hospital Authorities Law. Such payments, if deemed necessary, are to be paid to the Hospital Authority at least ten (10) days prior to each January 1 and July 1 of each year. At June 30, 2011, the total amount outstanding under these revenue certificates amounted to \$47,226,580.

### 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, 2011, the County paid \$195,600 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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 18. SUBSEQUENT EVENT

#### **Henry County Water and Sewerage Authority Bond Resolution:**

In October 2011, a Resolution was passed authorizing the issuance, in one or more series, of 2011 Bonds in an amount not to exceed \$39,960,000 for the purpose of refunding a portion of the Henry County Water and Sewerage 2002A Bonds. The sole purpose of the 2011 Bonds is to reduce debt service payments. The Resolution specifies that in order to issue the 2011 Bonds, a net present value savings of at least 3.5% must be achieved, and the maturities must match maturities of the 2002A Bonds. The 2011 Bonds have been validated, but as of the date of this writing, have not been issued. The Authority is now prepared to issue the 2011 Bonds when market conditions are favorable to enable the Authority to achieve the desired savings.



**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Primary Government**

<u>Measurement Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2010	\$ 71,980,333	\$ 114,000,143	\$ 42,019,810	63.1 %	\$ 70,662,103	59.5 %
12/31/2009	64,724,457	99,002,905	34,278,448	65.4	66,132,873	51.8
12/31/2008	54,519,023	84,872,183	30,353,160	64.2	63,686,385	47.7
12/31/2007	48,027,391	71,113,714	23,086,323	67.5	55,405,151	41.7
12/31/2006	38,394,776	62,966,661	24,571,885	61.0	51,571,769	47.6
12/31/2005	29,088,536	54,129,925	25,041,389	53.7	44,353,973	56.5
12/31/2004	22,979,420	44,188,335	21,208,915	52.0	39,078,908	54.3
12/31/2003	2,434,190	-	(2,434,190)	100.0	37,732,099	(6.5)

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

**Water and Sewerage Authority – Component Unit**

<u>Measurement Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2010	\$ 14,049,501	\$ 21,619,929	\$ 7,570,428	65.0 %	\$ 10,346,469	73.2 %
12/31/2009	11,295,607	17,180,226	5,884,619	65.7	10,685,904	55.1
12/31/2008	8,697,588	14,612,339	5,914,751	59.5	10,144,460	58.3
12/31/2007	6,818,481	12,134,018	5,315,537	56.2	8,955,377	59.4
12/31/2006	4,571,740	8,229,064	3,657,324	55.6	7,867,202	46.5
12/31/2005	2,813,334	7,655,401	4,842,067	36.7	7,173,951	67.5
12/31/2004	1,590,442	6,258,410	4,667,968	25.4	6,216,734	75.1

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

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

**Confiscated Assets Fund** – This fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

**Hotel/Motel Tax Fund** – This fund is used to account for funds collected from the hotel/motel tax and disbursed to other agencies.

**E-911 Fund** – This fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

**Law Library Fund** – This fund is used to account for the resources received from the various courts of Henry County and disbursements for the support of a centralized law library.

**Court Fund** – This fund is used to account for revenues received from the various courts in the County which are reserved for specific uses.

**Technology Fund** – This fund is used to account for fees collected by the State Court which are to be used to provide for the technological needs of the court.

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

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

**Juvenile Assistance Fund** – This fund is used to account for fees collected by the Juvenile Court which are to be used for mediation costs and other ancillary services on behalf of juveniles under the court's supervision.

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds (Continued)

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

**Henry First Fund** – This fund is used to account for revenues received relative to the Henry First initiative and its sole purpose is to search and receive grants and donations from other entities and/or individuals who can only donate to non-profit organizations.

### Capital Projects Funds

**Capital Assets Fund** – This fund is used to account for the financial resources to be used to purchase or construct major capital facilities other than those accounted for in specific funds.

**1996 SPLOST Fund** – This fund is used to account for the revenues and expenditures relating to the 1996 one percent Special Purpose Local Option Sales Tax.

**2002 SPLOST Fund** – This fund is used to account for the revenue and expenditures relating to the 2002 one percent Special Purpose Local Option Sales Tax.

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

# HENRY COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	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
Cash and cash equivalents	\$ 4,789,119	\$ 3	\$ 5,414,327	\$ 149,335	\$ 1,817,335	\$ 96,920	\$ 2,054,199	\$ -
Investments	-	-	-	204,260	-	-	-	-
Accounts receivable	-	33,211	515,275	-	-	-	-	-
Inventory	-	-	-	-	-	-	239,390	-
Due from other governments	-	-	-	-	22,634	-	-	991
Due from other funds	-	-	69,600	-	281	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,789,119</u>	<u>\$ 33,214</u>	<u>\$ 5,999,202</u>	<u>\$ 353,595</u>	<u>\$ 1,840,250</u>	<u>\$ 96,920</u>	<u>\$ 2,293,589</u>	<u>\$ 991</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 86,659	\$ 16,270	\$ 47,370	\$ -	\$ 2,479	\$ -	\$ 4,045	\$ -
Accrued liabilities	-	-	30,006	-	4,773	-	-	-
Due to other funds	195	16,944	25,214	-	-	-	204,375	991
Total liabilities	<u>86,854</u>	<u>33,214</u>	<u>102,590</u>	<u>-</u>	<u>7,252</u>	<u>-</u>	<u>208,420</u>	<u>991</u>
<b>FUND BALANCES</b>								
Restricted								
Capital projects	-	-	-	-	499,183	96,920	-	-
Federal and State grants	-	-	-	-	-	-	2,085,169	-
Citizen welfare	-	-	-	-	1,285,148	-	-	-
Law enforcement purposes	4,702,265	-	-	353,595	48,667	-	-	-
Public safety purposes	-	-	5,896,612	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>4,702,265</u>	<u>-</u>	<u>5,896,612</u>	<u>353,595</u>	<u>1,832,998</u>	<u>96,920</u>	<u>2,085,169</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,789,119</u>	<u>\$ 33,214</u>	<u>\$ 5,999,202</u>	<u>\$ 353,595</u>	<u>\$ 1,840,250</u>	<u>\$ 96,920</u>	<u>\$ 2,293,589</u>	<u>\$ 991</u>

(Continued)

# HENRY COUNTY, GEORGIA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	Special Revenue			Capital Projects				Total
	Juvenile Assistance Fund	Law Enforcement Grant Fund	Henry First Fund	Capital Asset Fund	1996 SPLOST Fund	2002 SPLOST Fund	Lease Purchase Fund	
Cash and cash equivalents	\$ 345,227	\$ -	\$ 11,152	\$ 3,473,746	\$ -	\$ 3,609,695	-	\$ 21,761,058
Investments	-	-	-	-	-	513	-	204,773
Accounts receivable	91,927	-	-	-	-	-	-	640,413
Inventory	-	-	-	-	-	-	-	239,390
Due from other governments	-	72,694	-	-	-	19,901	-	116,220
Due from other funds	-	-	-	500,000	-	1,256,133	-	1,826,014
Restricted cash	-	-	-	-	-	-	2,578,159	2,578,159
Total assets	\$ 437,154	\$ 72,694	\$ 11,152	\$ 3,973,746	\$ -	\$ 4,886,242	\$ 2,578,159	\$ 27,366,027
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 5,878	\$ -	\$ 187,073	\$ -	\$ 704,633	-	\$ 1,054,407
Accrued liabilities	-	834	-	-	-	15,247	-	50,860
Due to other funds	-	23,848	120	151,148	-	-	70,596	493,431
Deferred revenue	-	42,134	11,032	200,000	-	-	-	253,166
Total liabilities	-	72,694	11,152	538,221	-	719,880	70,596	1,851,864
<b>FUND BALANCES</b>								
Restricted								
Capital projects	-	-	-	3,435,525	-	4,166,362	2,507,563	10,705,553
Federal and State grants	-	-	-	-	-	-	-	2,085,169
Citizen welfare	-	-	-	-	-	-	-	1,285,148
Law enforcement purposes	437,154	-	-	-	-	-	-	5,541,681
Public safety purposes	-	-	-	-	-	-	-	5,896,612
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	437,154	-	-	3,435,525	-	4,166,362	2,507,563	25,514,163
Total liabilities and fund balances	\$ 437,154	\$ 72,694	\$ 11,152	\$ 3,973,746	\$ -	\$ 4,886,242	2,578,159	\$ 27,366,027



# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue							
	Confiscated Assets Fund	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Court Fund	Technology Fund	Neighborhood Stabilization Fund	
<b>Revenues</b>								
Taxes	\$ -	\$ 365,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	34,484	-	75	-	1,509,558	991
Charges for services	-	-	3,558,384	-	-	-	-	-
Fines and forfeitures	3,399,472	-	-	150,795	793,919	99,645	-	-
Investment income	4,337	197	8,164	495	2,942	222	-	-
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	19,173	-	-	-	-	-	167,729	-
Total revenues	<u>3,422,982</u>	<u>366,136</u>	<u>3,601,032</u>	<u>151,290</u>	<u>796,936</u>	<u>99,867</u>	<u>1,677,287</u>	<u>991</u>
<b>Expenditures</b>								
Current:								
General government	-	-	-	-	-	-	77,661	991
Judicial	-	-	-	173,007	365,967	84,112	-	-
Public safety	841,400	-	2,612,049	-	-	-	-	-
Housing and development	-	176,092	-	-	-	-	2,397,950	-
Health and welfare	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>841,400</u>	<u>176,092</u>	<u>2,612,049</u>	<u>173,007</u>	<u>365,967</u>	<u>84,112</u>	<u>2,475,611</u>	<u>991</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,581,582</u>	<u>190,044</u>	<u>988,983</u>	<u>(21,717)</u>	<u>430,969</u>	<u>15,755</u>	<u>(798,324)</u>	<u>-</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	-	204,466	-	-	-
Transfers out	(46,332)	(190,044)	(331,552)	-	(227,227)	-	(150,700)	-
Capital leases	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	63,500	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,168</u>	<u>(190,044)</u>	<u>(331,552)</u>	<u>-</u>	<u>(22,761)</u>	<u>-</u>	<u>(150,700)</u>	<u>-</u>
Net change in fund balances	2,598,750	-	657,431	(21,717)	408,208	15,755	(949,024)	-
<b>Fund balances, beginning of year</b>	<u>2,103,515</u>	<u>-</u>	<u>5,239,181</u>	<u>375,312</u>	<u>1,424,790</u>	<u>81,165</u>	<u>3,034,193</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 4,702,265</u>	<u>\$ -</u>	<u>\$ 5,896,612</u>	<u>\$ 353,595</u>	<u>\$ 1,832,998</u>	<u>\$ 96,920</u>	<u>\$ 2,085,169</u>	<u>\$ -</u>

(Continued)

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue			Capital Projects				Total
	Juvenile Assistance Fund	Law Enforcement Grant Fund	Henry First Fund	Capital Asset Fund	1996 SPLOST Fund	2002 SPLOST Fund	Lease Purchase Fund	
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,939
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	507,217	-	-	-	456,838	-	2,509,163
Charges for services	-	-	-	-	-	-	-	3,558,384
Fines and forfeitures	40,572	-	-	-	-	-	-	4,484,403
Investment income	626	-	-	5,329	664	10,060	5,711	38,747
Miscellaneous	-	-	13,852	18,600	-	908	-	220,262
<b>Total revenues</b>	<u>41,198</u>	<u>507,217</u>	<u>13,852</u>	<u>23,929</u>	<u>664</u>	<u>467,806</u>	<u>5,711</u>	<u>11,176,898</u>
<b>Expenditures</b>								
Current:								
General government	-	-	-	-	-	-	-	78,652
Judicial	31,014	-	-	-	-	-	-	654,100
Public safety	-	670,967	-	-	-	-	-	4,124,416
Housing and development	-	-	-	-	-	-	-	2,574,042
Health and welfare	-	-	11,271	-	-	-	-	11,271
Capital outlay	-	-	-	577,365	-	6,070,289	4,036,936	10,684,590
<b>Total expenditures</b>	<u>31,014</u>	<u>670,967</u>	<u>11,271</u>	<u>577,365</u>	<u>-</u>	<u>6,070,289</u>	<u>4,036,936</u>	<u>18,127,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,184</u>	<u>(163,750)</u>	<u>2,581</u>	<u>(553,436)</u>	<u>664</u>	<u>(5,602,483)</u>	<u>(4,031,225)</u>	<u>(6,950,173)</u>
<b>Other financing sources (uses)</b>								
Transfers in	-	163,750	-	888,039	-	1,029,802	-	2,286,057
Transfers out	-	-	(2,581)	(698,591)	(1,069,737)	-	(1,722,512)	(4,439,276)
Capital leases	-	-	-	-	-	-	5,559,590	5,559,590
Proceeds from sale of capital assets	-	-	-	-	-	-	-	63,500
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>163,750</u>	<u>(2,581)</u>	<u>189,448</u>	<u>(1,069,737)</u>	<u>1,029,802</u>	<u>3,837,078</u>	<u>3,469,871</u>
<b>Net change in fund balances</b>	<u>10,184</u>	<u>-</u>	<u>-</u>	<u>(363,988)</u>	<u>(1,069,073)</u>	<u>(4,572,681)</u>	<u>(194,147)</u>	<u>(3,480,302)</u>
<b>Fund balances, beginning of year</b>	<u>426,970</u>	<u>-</u>	<u>-</u>	<u>3,799,513</u>	<u>1,069,073</u>	<u>8,739,043</u>	<u>2,701,710</u>	<u>28,994,465</u>
<b>Fund balances, end of year</b>	<u>\$ 437,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,435,525</u>	<u>\$ -</u>	<u>\$ 4,166,362</u>	<u>\$ 2,507,563</u>	<u>\$ 25,514,163</u>

**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, 2011**

	<b>Confiscated Assets Fund</b>			<b>Hotel/Motel Tax Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 365,939	\$ 365,939	\$ -
Fines and forfeitures	3,399,472	3,399,472	-	-	-	-
Investment income	4,337	4,337	-	642	197	(445)
Miscellaneous	5,674	19,173	13,499	-	-	-
<b>Total revenues</b>	<u>3,409,483</u>	<u>3,422,982</u>	<u>13,499</u>	<u>366,581</u>	<u>366,136</u>	<u>(445)</u>
<b>Expenditures</b>						
Current:						
Public safety	3,440,151	841,400	2,598,751	-	-	-
Housing and development	-	-	-	176,092	176,092	-
<b>Total expenditures</b>	<u>3,440,151</u>	<u>841,400</u>	<u>2,598,751</u>	<u>176,092</u>	<u>176,092</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,668)</u>	<u>2,581,582</u>	<u>2,612,250</u>	<u>190,489</u>	<u>190,044</u>	<u>(445)</u>
<b>Other financing sources (uses)</b>						
Transfers out	(46,332)	(46,332)	-	(190,489)	(190,044)	445
Proceeds from sale of capital assets	77,000	63,500	(13,500)	-	-	-
<b>Total other financing sources (uses)</b>	<u>30,668</u>	<u>17,168</u>	<u>(13,500)</u>	<u>(190,489)</u>	<u>(190,044)</u>	<u>445</u>
Net change in fund balances	-	2,598,750	2,598,750	-	-	-
<b>Fund balances, beginning of year</b>	<u>2,103,515</u>	<u>2,103,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,103,515</u>	<u>\$ 4,702,265</u>	<u>\$ 2,598,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(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, 2011**

	E-911 Fund			Law Library Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Charges for services	\$ 3,566,326	\$ 3,558,384	\$ (7,942)	\$ -	\$ -	\$ -
Intergovernmental	35,000	34,484	(516)	-	-	-
Fines and forfeitures	-	-	-	179,980	150,795	(29,185)
Investment income	8,164	8,164	-	702	495	(207)
Total revenues	<u>3,609,490</u>	<u>3,601,032</u>	<u>(8,458)</u>	<u>180,682</u>	<u>151,290</u>	<u>(29,392)</u>
<b>Expenditures</b>						
Current:						
Judicial	-	-	-	180,682	173,007	7,675
Public safety	2,822,228	2,612,049	210,179	-	-	-
Total expenditures	<u>2,822,228</u>	<u>2,612,049</u>	<u>210,179</u>	<u>180,682</u>	<u>173,007</u>	<u>7,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>787,262</u>	<u>988,983</u>	<u>201,721</u>	<u>-</u>	<u>(21,717)</u>	<u>(21,717)</u>
<b>Other financing sources (uses)</b>						
Transfers out	(787,262)	(331,552)	455,710	-	-	-
Total other financing sources (uses)	<u>(787,262)</u>	<u>(331,552)</u>	<u>455,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	657,431	657,431	-	(21,717)	(21,717)
<b>Fund balances, beginning of year</b>	<u>5,239,181</u>	<u>5,239,181</u>	<u>-</u>	<u>375,312</u>	<u>375,312</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 5,239,181</u>	<u>\$ 5,896,612</u>	<u>\$ 657,431</u>	<u>\$ 375,312</u>	<u>\$ 353,595</u>	<u>\$ (21,717)</u>

(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, 2011**

	<b>Court Fund</b>			<b>Technology Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>						
Intergovernmental	\$ 75	\$ 75	\$ -	\$	\$	\$
Fines and forfeitures	892,628	793,919	(98,709)	95,485	99,645	4,160
Investment income	2,942	2,942	-	317	222	(95)
Total revenues	<u>895,645</u>	<u>796,936</u>	<u>(98,709)</u>	<u>95,802</u>	<u>99,867</u>	<u>4,065</u>
<b>Expenditures</b>						
Current:						
Judicial	446,883	365,967	80,916	95,802	84,112	11,690
Total expenditures	<u>446,883</u>	<u>365,967</u>	<u>80,916</u>	<u>95,802</u>	<u>84,112</u>	<u>11,690</u>
Excess of revenues over expenditures	<u>448,762</u>	<u>430,969</u>	<u>(17,793)</u>	<u>-</u>	<u>15,755</u>	<u>15,755</u>
<b>Other financing sources (uses)</b>						
Transfers in	204,466	204,466	-	-	-	-
Transfers out	(653,228)	(227,227)	426,001	-	-	-
Total other financing sources (uses)	<u>(448,762)</u>	<u>(22,761)</u>	<u>426,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	408,208	408,208	-	15,755	15,755
<b>Fund balances, beginning of year</b>	<u>1,424,790</u>	<u>1,424,790</u>	<u>-</u>	<u>81,165</u>	<u>81,165</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,424,790</u>	<u>\$ 1,832,998</u>	<u>\$ 408,208</u>	<u>\$ 81,165</u>	<u>\$ 96,920</u>	<u>\$ 15,755</u>

(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, 2011**

	Neighborhood Stabilization Fund			Juvenile Assistance Fund		
	Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>						
Intergovernmental	\$ 2,461,279	\$ 1,509,558	\$ (951,721)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	44,167	40,572	(3,595)
Investment income	-	-	-	1,122	626	(496)
Miscellaneous	167,729	167,729	-	-	-	-
Total revenues	<u>2,629,008</u>	<u>1,677,287</u>	<u>(951,721)</u>	<u>45,289</u>	<u>41,198</u>	<u>(4,091)</u>
<b>Expenditures</b>						
Current:						
General government	78,313	77,661	652	-	-	-
Judicial	-	-	-	45,289	31,014	14,275
Public safety	-	-	-	-	-	-
Housing and development	2,399,995	2,397,950	2,045	-	-	-
Total expenditures	<u>2,478,308</u>	<u>2,475,611</u>	<u>2,697</u>	<u>45,289</u>	<u>31,014</u>	<u>14,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,700</u>	<u>(798,324)</u>	<u>(949,024)</u>	<u>-</u>	<u>10,184</u>	<u>10,184</u>
<b>Other financing (uses)</b>						
Transfers out	(150,700)	(150,700)	-	-	-	-
Total other financing (uses)	<u>(150,700)</u>	<u>(150,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(949,024)	(949,024)	-	10,184	10,184
<b>Fund balances, beginning of year</b>	<u>3,034,193</u>	<u>3,034,193</u>	<u>-</u>	<u>426,970</u>	<u>426,970</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 3,034,193</u>	<u>\$ 2,085,169</u>	<u>\$ (949,024)</u>	<u>\$ 426,970</u>	<u>\$ 437,154</u>	<u>\$ 10,184</u>

(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, 2011**

	<b>Law Enforcement Grant Fund</b>			<b>Henry First Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>						
Intergovernmental	\$ 547,788	\$ 507,217	\$ (40,571)	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	13,955	13,852	(103)
Total revenues	<u>547,788</u>	<u>507,217</u>	<u>(40,571)</u>	<u>13,955</u>	<u>13,852</u>	<u>(103)</u>
<b>Expenditures</b>						
Current:						
Public safety	671,465	670,967	498	-	-	-
Health and welfare	-	-	-	11,374	11,271	103
Total expenditures	<u>671,465</u>	<u>670,967</u>	<u>498</u>	<u>11,374</u>	<u>11,271</u>	<u>103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,677)</u>	<u>(163,750)</u>	<u>(40,073)</u>	<u>2,581</u>	<u>2,581</u>	<u>-</u>
<b>Other financing sources (uses)</b>						
Transfers in	123,677	163,750	40,073	-	-	-
Transfers out	-	-	-	(2,581)	(2,581)	-
Total other financing sources (uses)	<u>123,677</u>	<u>163,750</u>	<u>40,073</u>	<u>(2,581)</u>	<u>(2,581)</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-
<b>Fund balances, beginning of year</b>	-	-	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2011**

	<b>Neighborhood Stabilization 3 Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ 991	\$ 991	\$ -
Total revenues	<u>991</u>	<u>991</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
General government	991	991	-
Total expenditures	<u>991</u>	<u>991</u>	<u>-</u>
Net change in fund balances	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**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, 2011**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Investment income	\$ 22,039	\$ 22,037	\$ (2)
Total revenues	<u>22,039</u>	<u>22,037</u>	<u>(2)</u>
<b>Expenditures</b>			
Debt service:			
Principal	22,753,422	21,881,414	872,008
Interest and fiscal charges	4,922,092	4,921,323	769
Total expenditures	<u>27,675,514</u>	<u>26,802,737</u>	<u>872,777</u>
Deficiency of revenues under expenditures	<u>(27,653,475)</u>	<u>(26,780,700)</u>	<u>872,775</u>
<b>Other financing sources</b>			
Transfers in	27,653,475	27,652,104	(1,371)
Total other financing sources	<u>27,653,475</u>	<u>27,652,104</u>	<u>(1,371)</u>
Net change in fund balances	-	871,404	871,404
<b>Fund balance, beginning of year</b>	<u>17,447,416</u>	<u>17,447,416</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 17,447,416</u>	<u>\$ 18,318,820</u>	<u>\$ 871,404</u>

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1996 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
<b>Building Projects:</b>					
Libraries	\$ 3,000,000	\$ 3,000,000	\$ 2,860,713	\$ -	\$ 2,860,713
Recreation	8,000,000	12,100,000	12,338,365	-	12,338,365
Courthouse expansion/renovation	4,500,000	8,100,000	8,073,176	-	8,073,176
Courthouse parking	1,850,000	3,600,000	3,393,210	-	3,393,210
Senior citizens center	3,780,000	4,678,259	4,721,896	-	4,721,896
Developmentally disabled training center	500,000	529,528	529,528	-	529,528
Jail pod	2,650,000	3,825,000	3,824,798	-	3,824,798
Two fire stations	700,000	1,220,011	1,210,271	-	1,210,271
Performing arts center	1,000,000	1,000,000	1,000,000	-	1,000,000
Program management	-	715,000	711,134	-	711,134
	<u>25,980,000</u>	<u>38,767,798</u>	<u>38,663,091</u>	<u>-</u>	<u>38,663,091</u>
<b>Road Improvements:</b>					
Right-of-way acquisition - Hampton / Locust					
Grove road	1,000,000	554,068	546,537	-	546,537
Resurfacing	2,172,000	3,500,000	4,251,500	-	4,251,500
Cities/Fairview projects	2,500,000	2,325,000	2,312,708	-	2,312,708
Dirt road paving	6,168,600	12,050,000	11,560,364	-	11,560,364
Major construction projects	22,179,400	21,550,000	20,041,421	-	20,041,421
Program management	-	1,150,000	1,031,885	-	1,031,885
	<u>34,020,000</u>	<u>41,129,068</u>	<u>39,744,415</u>	<u>-</u>	<u>39,744,415</u>
<b>Contingency</b>	<u>-</u>	<u>300,000</u>	<u>62,283</u>	<u>-</u>	<u>62,283</u>
<b>Total</b>	<u>\$ 60,000,000</u>	<u>\$ 80,196,866</u>	<u>\$ 78,469,789</u>	<u>\$ -</u>	<u>\$ 78,469,789</u>
Transfers to remaining SPLOST Funds for capital projects.				1,069,737	
Total 1996 SPLOST expenditures				<u>1,069,737</u>	

## HENRY COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2002 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -
Stockbridge tag office and land acquisition	400,000	190,000	187,889	-	187,889
Court annex/judicial annex building	7,300,000	13,000,000	14,271,990	-	14,271,990
Community center(s) for family and youth activities	5,000,000	-	-	-	-
Library facilities	5,700,000	7,997,059	6,593,067	-	6,593,067
Animal shelter	1,000,000	1,185,600	1,162,565	-	1,162,565
Fire stations	2,200,000	2,969,000	3,200,511	-	3,200,511
Park and recreational facilities	12,000,000	12,475,000	9,858,178	127,214	9,985,392
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	85,016,659	79,000,000	80,966,727	2,193,734	83,160,461
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	5,023,459	3,749,341	8,772,800
	<u>\$ 140,000,000</u>	<u>\$ 140,000,000</u>	<u>\$ 140,447,728</u>	<u>\$ 6,070,289</u>	<u>\$ 146,518,017</u>

## HENRY COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Senior citizens center	\$ 5,737,500	\$ 4,590,000	\$ 2,501,531	\$ 107,751	\$ 2,609,282
Social services facilities	2,677,500	2,142,000	84,496	1,571,450	1,655,946
Parking deck	5,625,000	4,500,000	2,553,892	720,803	3,274,695
Library facilities	3,618,750	2,895,000	1,953,703	463,999	2,417,702
Civic center and performing arts center	1,250,000	1,000,000	-	70	70
Public safety facilities	10,960,000	8,768,000	234,496	565,504	800,000
Park and recreational facilities	14,062,500	11,250,000	6,805,628	2,879,937	9,685,565
Land acquisition	21,543,750	17,235,000	17,097,944	-	17,097,944
Roads, streets, curbs, bike paths, gutters, sidewalks and bridges	150,625,000	120,500,000	25,327,478	20,172,489	45,499,967
City of Hampton	7,650,000	6,120,000	3,782,756	47,197	3,829,953
City of Locust Grove	7,650,000	6,120,000	4,022,947	(18,056)	4,004,891
City of McDonough	26,842,500	21,474,000	10,892,599	846,727	11,739,326
City of Stockbridge	32,857,500	26,286,000	11,534,047	1,536,313	13,070,360
Program management	8,900,000	7,120,000	2,556,201	2,690,459	5,246,660
	<u>\$ 300,000,000</u>	<u>\$ 240,000,000</u>	<u>\$ 89,347,718</u>	<u>\$ 31,584,643</u>	<u>\$ 120,932,361</u>
Repayment of principal on debt via a transfer to the Debt Service Fund. Proceeds included in projects above.				<u>19,585,417</u>	
Total 2008 SPLOST Fund expenditures				<u>\$ 51,170,060</u>	

## AGENCY FUNDS

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

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

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law: **Clerk of Superior Court, Probate Court, Magistrate Court, State Court, and Juvenile Court.**



# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2011

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Magistrate Court	Sheriff	State Court	Juvenile Court	Total
Cash and cash equivalents	\$ 868,513	\$ 3,049,702	\$ 170,772	\$ 100,172	\$ 90,947	\$ 443,106	\$ 8,917	\$ 4,732,129
Taxes receivable	8,916,383	-	-	-	-	-	-	8,916,383
<b>Total assets</b>	<b>\$ 9,784,896</b>	<b>\$ 3,049,702</b>	<b>\$ 170,772</b>	<b>\$ 100,172</b>	<b>\$ 90,947</b>	<b>\$ 443,106</b>	<b>\$ 8,917</b>	<b>\$ 13,648,512</b>
<b>LIABILITIES</b>								
Due to component unit	\$ 46,264	\$ 13,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,776
Due to others	9,738,632	3,036,190	170,772	100,172	90,947	443,106	8,917	13,588,736
<b>Total liabilities</b>	<b>\$ 9,784,896</b>	<b>\$ 3,049,702</b>	<b>\$ 170,772</b>	<b>\$ 100,172</b>	<b>\$ 90,947</b>	<b>\$ 443,106</b>	<b>\$ 8,917</b>	<b>\$ 13,648,512</b>

**HENRY COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
<b>TAX COMMISSIONER</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 861,295	\$ 167,213,387	\$ 167,206,169	\$ 868,513
Taxes receivable	11,759,029	8,916,383	11,759,029	8,916,383
	<u>\$ 12,620,324</u>	<u>\$ 176,129,770</u>	<u>\$ 178,965,198</u>	<u>\$ 9,784,896</u>
<b>LIABILITIES</b>				
Due to component unit	\$ 77,020	\$ 12,787,575	\$ 12,818,331	\$ 46,264
Due to others	12,543,304	163,342,195	166,146,867	9,738,632
	<u>\$ 12,620,324</u>	<u>\$ 176,129,770</u>	<u>\$ 178,965,198</u>	<u>\$ 9,784,896</u>
<b>CLERK OF SUPERIOR COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 3,335,947</u>	<u>\$ 9,548,079</u>	<u>\$ 9,834,324</u>	<u>\$ 3,049,702</u>
<b>LIABILITIES</b>				
Due to component unit	\$ 10,511	\$ 129,000	\$ 125,999	\$ 13,512
Due to others	3,325,436	9,419,079	9,708,325	3,036,190
	<u>\$ 3,335,947</u>	<u>\$ 9,548,079</u>	<u>\$ 9,834,324</u>	<u>\$ 3,049,702</u>

(Continued)



# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>PROBATE COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 146,407	\$ 224,936	\$ 200,571	\$ 170,772
<b>LIABILITIES</b>				
Due to others	\$ 146,407	\$ 224,936	\$ 200,571	\$ 170,772
<b>MAGISTRATE COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 77,309	\$ 1,072,205	\$ 1,049,342	\$ 100,172
<b>LIABILITIES</b>				
Due to others	\$ 77,309	\$ 1,072,205	\$ 1,049,342	\$ 100,172
<b>SHERIFF</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 116,804	\$ 2,711,958	\$ 2,737,815	\$ 90,947
<b>LIABILITIES</b>				
Due to others	\$ 116,804	\$ 2,711,958	\$ 2,737,815	\$ 90,947

(Continued)

# HENRY COUNTY, GEORGIA

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>STATE COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 408,847	\$ 4,258,657	\$ 4,224,398	\$ 443,106
<b>LIABILITIES</b>				
Due to others	\$ 408,847	\$ 4,258,657	\$ 4,224,398	\$ 443,106
<b>JUVENILE COURT</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,466	\$ 40,331	\$ 44,880	\$ 8,917
<b>LIABILITIES</b>				
Due to others	\$ 13,466	\$ 40,331	\$ 44,880	\$ 8,917
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,960,075	\$ 185,069,553	\$ 185,297,499	\$ 4,732,129
Taxes receivable	11,759,029	8,916,383	11,759,029	8,916,383
	\$ 16,719,104	\$ 193,985,936	\$ 197,056,528	\$ 13,648,512
<b>LIABILITIES</b>				
Due to component unit	\$ 87,531	\$ 12,916,575	\$ 12,944,330	\$ 59,776
Due to others	16,631,573	181,069,361	184,112,198	13,588,736
	\$ 16,719,104	\$ 193,985,936	\$ 197,056,528	\$ 13,648,512

## **COMPONENT UNITS**

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**HENRY COUNTY, GEORGIA**  
**BALANCE SHEET**  
**COMPONENT UNIT - DEVELOPMENT AUTHORITY**  
**JUNE 30, 2011**

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 10,388
Investments	<u>550,678</u>
Total assets	<u><u>\$ 561,066</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	<u>\$ 3,380</u>
Total liabilities	<u>3,380</u>
 <b>FUND BALANCE</b>	
Unassigned	<u>557,686</u>
Total fund balance	<u>557,686</u>
Total liabilities and fund balance	<u><u>\$ 561,066</u></u>

**HENRY COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**COMPONENT UNIT - DEVELOPMENT AUTHORITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

<b>Revenues</b>		
Charges for services	\$	22,372
Investment income		8,947
Contributions		431,335
Total revenues		<u>462,654</u>
<b>Expenditures</b>		
Housing and development		<u>374,251</u>
Total expenditures		<u>374,251</u>
Net change in fund balance		88,403
<b>Fund balance, beginning of year</b>		<u>469,283</u>
<b>Fund balance, end of year</b>	<b>\$</b>	<b><u><u>557,686</u></u></b>

**HENRY COUNTY, GEORGIA**  
**BALANCE SHEET**  
**COMPONENT UNIT - LIBRARY SYSTEM**  
**JUNE 30, 2011**

---

<b>ASSETS</b>	
Cash and cash equivalents	\$ 406,825
Investments	28,648
Accounts receivable	<u>2,000</u>
Total assets	<u>\$ 437,473</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 56,209
Accrued liabilities	<u>1,009</u>
Total liabilities	<u>57,218</u>
 <b>FUND BALANCE</b>	
Unassigned	<u>380,255</u>
Total fund balance	<u>380,255</u>
Total liabilities and fund balance	<u>\$ 437,473</u>

**HENRY COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**COMPONENT UNIT - LIBRARY SYSTEM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

---

<b>Revenues</b>	
Intergovernmental	\$ 2,196,296
Investment income	316
Contributions	5,811
Other revenues	109,729
Total revenues	<u>2,312,152</u>
<b>Expenditures</b>	
Culture and recreation	<u>2,007,845</u>
Total expenditures	<u>2,007,845</u>
Net change in fund balance	304,307
<b>Fund balance, beginning of year</b>	<u>75,948</u>
<b>Fund balance, end of year</b>	<u><u>\$ 380,255</u></u>



## STATISTICAL SECTION

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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.

<b>Contents</b> .....	<b>Page</b>
<b>Financial Trends</b> .....	<b>119 - 124</b>
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>125 - 128</b>
<i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b> .....	<b>129 and 130</b>
<i>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.</i>	
<b>Demographic and Economic Information</b> .....	<b>131 and 132</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>133 - 135</b>
<i>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.</i>	

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

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# HENRY COUNTY, GEORGIA

## NET ASSETS BY COMPONENT LAST NINE FISCAL YEARS

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 82,826,472	\$ 112,296,985	\$ 138,929,538	\$ 335,733,103 (1)	\$ 413,046,368	\$ 462,166,271	\$ 505,440,842	\$ 523,541,747	\$ 541,151,869
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327	85,167,736	64,041,244	74,194,079
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	94,452,370	85,735,080	(16,875,327)	27,989,497	6,976,252
Total governmental activities net assets	<u>\$ 142,122,623</u>	<u>\$ 190,937,184</u>	<u>\$ 247,082,695</u>	<u>\$ 470,846,902</u>	<u>\$ 530,799,841</u>	<u>\$ 575,954,678</u>	<u>\$ 573,733,251</u>	<u>\$ 615,572,488</u>	<u>\$ 622,322,200</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 394,018	\$ 450,152	\$ 454,613	\$ 530,211	\$ 420,441
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(861,503)	388,233	1,351,941	1,819,598	2,793,970
Total governmental activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (467,485) (2)</u>	<u>\$ 838,385</u>	<u>\$ 1,806,554</u>	<u>\$ 2,349,809</u>	<u>\$ 3,214,411</u>
Primary government:									
Invested in capital assets, net of related debt	\$ 82,826,472	\$ 112,296,985	\$ 138,929,538	\$ 335,733,103	\$ 413,440,386	\$ 462,616,423	\$ 505,895,455	\$ 524,071,958	\$ 541,572,310
Restricted	1,746,053	2,349,393	3,081,853	42,097,496	23,301,103	28,053,327	85,167,736	64,041,244	74,194,079
Unrestricted	57,550,098	76,290,806	105,071,304	93,016,303	93,590,867	86,123,313	(15,523,386)	29,809,095	9,770,222
Total governmental activities net assets	<u>\$ 142,122,623</u>	<u>\$ 190,937,184</u>	<u>\$ 247,082,695</u>	<u>\$ 470,846,902</u>	<u>\$ 530,332,356</u>	<u>\$ 576,793,063</u>	<u>\$ 575,539,805</u>	<u>\$ 617,922,297</u>	<u>\$ 625,536,611</u>

(1) During fiscal year 2006, the County retroactively reported its major general infrastructure assets.

(2) During fiscal year 2007, the Stormwater enterprise fund was created.

## HENRY COUNTY, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009 (6)	2010 (7)	2011
<b>Expenses</b>									
Governmental activities:									
General government	\$ 11,375,134	\$ 17,626,726	\$ 24,672,480	\$ 18,730,505	\$ 20,696,639	\$ 14,447,355	\$ 44,743,867	\$ 18,298,478	\$ 26,348,081
Judicial	7,573,299	8,222,833	8,878,787	10,022,575	12,923,866	14,380,115	15,188,353	15,437,238	15,705,199
Public safety	37,779,229	40,953,308	44,308,693	48,961,105	58,373,932	58,989,615	67,773,063	68,450,538	69,943,800
Public works	6,643,292	16,317,875 (1)	13,988,486	20,203,707	22,138,753	21,218,334	22,044,184	22,823,271	20,545,804
Health and welfare	4,132,763	4,488,944	3,421,976	6,048,439	5,281,437	5,608,362	5,921,341	8,665,724	7,780,437
Culture and recreation	2,999,099	4,093,934	1,128,114	5,603,773	8,167,060	16,379,710	8,219,168	5,564,695	6,003,414
Housing and development	4,224,962	4,444,972	5,061,740	6,167,259	6,580,680	6,288,174	4,792,273	8,269,563	5,801,955
Interest on long-term debt	1,139,695	1,240,359	2,102,788	1,989,341	2,430,744	2,819,164	3,664,069	4,904,526	4,123,448
Total governmental activities expenses	<u>75,867,473</u>	<u>97,388,951</u>	<u>103,563,064</u>	<u>117,726,704</u>	<u>136,593,111</u>	<u>140,130,829</u>	<u>172,346,318</u>	<u>152,414,033</u>	<u>156,252,138</u>
Business-type activities:									
Stormwater	-	-	-	-	1,358,397 (4)	1,681,065	1,899,938	2,041,355	1,835,134
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,358,397</u>	<u>1,681,065</u>	<u>1,899,938</u>	<u>2,041,355</u>	<u>1,835,134</u>
Total primary government expenses	<u>\$ 75,867,473</u>	<u>\$ 97,388,951</u>	<u>\$ 103,563,064</u>	<u>\$ 117,726,704</u>	<u>\$ 137,951,508</u>	<u>\$ 141,811,894</u>	<u>\$ 174,246,256</u>	<u>\$ 154,455,388</u>	<u>\$ 158,087,272</u>
<b>Program revenues</b>									
Governmental activities:									
Charges for services:									
Impact fee collection	\$ -	\$ 3,015,990 (2)	\$ 4,081,910	\$ 4,467,672	\$ 2,604,520	\$ 2,558,367	\$ 252,622	\$ 286,181	\$ 279,625
Other housing and development	3,117,566	3,082,735	4,450,290	4,899,970	3,103,301	2,412,823	974,294	725,722	1,863,436
General government	4,744,064	5,648,613	5,240,899	4,810,001	4,039,879	3,975,520	4,236,884	4,048,418	5,535,436
Judicial	4,804,619	4,488,902	5,615,159	8,073,377	7,729,204	6,795,849	6,818,804	6,666,005	7,462,382
Public safety	5,120,202	5,838,803	6,033,506	7,526,674	8,396,688	9,434,195	9,663,280	11,616,705	7,843,410
Other activities	917,604	1,706,743	1,957,372	1,992,700	2,049,214	2,580,881	2,973,978	2,891,873	1,978,748
Operating grants and contributions	2,390,469	1,916,507	1,567,095	1,674,623	2,705,767	3,102,122	3,139,843	11,260,174	4,805,003
Capital grants and contributions	17,367,894	25,747,449	26,300,804	34,793,886	33,028,019	22,904,507	15,414,026	30,076,027	13,660,391
Total governmental activities program revenues	<u>38,462,418</u>	<u>51,445,742</u>	<u>55,247,035</u>	<u>68,238,903</u>	<u>63,656,592</u>	<u>53,764,264</u>	<u>43,473,731</u>	<u>67,571,105</u>	<u>43,428,431</u>
Business-type activities:									
Charges for services-Stormwater	-	-	-	-	2,591,018 (4)	2,912,155	2,855,662	2,942,581	2,996,834
Operating grants and contributions-Stormwater	-	-	-	-	-	-	-	835	-
Capital grants and contributions-Stormwater	-	-	-	-	-	-	-	22,500	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,591,018</u>	<u>2,912,155</u>	<u>2,855,662</u>	<u>2,965,916</u>	<u>2,996,834</u>
Total primary government program revenues	<u>\$ 38,462,418</u>	<u>\$ 51,445,742</u>	<u>\$ 55,247,035</u>	<u>\$ 68,238,903</u>	<u>\$ 66,247,610</u>	<u>\$ 56,676,419</u>	<u>\$ 46,329,393</u>	<u>\$ 70,537,021</u>	<u>\$ 46,425,265</u>

(Continued)

## HENRY COUNTY, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense)/revenue:									
Governmental activities	\$ (37,405,055)	\$ (45,943,209)	\$ (48,316,029)	\$ (49,487,801)	\$ (72,936,519)	\$ (86,366,565)	\$ (128,872,587)	\$ (84,842,928)	\$ (112,823,707)
Business-type activities	-	-	-	-	1,232,621	1,231,090	955,724	924,561	1,161,700
Total primary government net expense	<u>\$ (37,405,055)</u>	<u>\$ (45,943,209)</u>	<u>\$ (48,316,029)</u>	<u>\$ (49,487,801)</u>	<u>\$ (71,703,898)</u>	<u>\$ (85,135,475)</u>	<u>\$ (127,916,863)</u>	<u>\$ (83,918,367)</u>	<u>\$ (111,662,007)</u>
<b>General Revenues and Other</b>									
<b>Changes in Net Assets</b>									
Governmental activities:									
Taxes									
Property taxes	\$ 45,815,388	\$ 51,712,735	\$ 55,550,417	\$ 61,117,523	\$ 66,845,897	\$ 71,761,395	\$ 74,489,406	\$ 73,046,611	\$ 67,065,940
Sales taxes	17,506,364 (5)	36,427,415	40,023,574	47,357,776	50,429,593	48,818,574	43,866,344	45,910,913	44,805,989
Other taxes	5,561,510	5,877,251	6,191,217	6,676,204	7,033,518	7,521,592	7,373,018	7,189,779	7,277,498
Unrestricted investment earnings	788,508	740,368	2,553,397	5,309,584 (3)	6,593,296	3,419,841	922,392	150,481	122,805
Gain on sale of capital assets	117,208	-	142,935	-	218,233	-	-	-	-
Transfers	-	-	-	-	1,768,921	-	-	384,381	301,187
Total governmental activities	<u>69,788,978</u>	<u>94,757,769</u>	<u>104,461,540</u>	<u>120,461,087</u>	<u>132,889,458</u>	<u>131,521,402</u>	<u>126,651,160</u>	<u>126,682,165</u>	<u>119,573,419</u>
Business-type activities:									
Unrestricted investment earnings	-	-	-	-	68,815	74,780	12,445	3,075	4,089
Transfers	-	-	-	-	(1,768,921)	-	-	(384,381)	(301,187)
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,700,106)</u>	<u>74,780</u>	<u>12,445</u>	<u>(381,306)</u>	<u>(297,098)</u>
Total primary government	<u>\$ 69,788,978</u>	<u>\$ 94,757,769</u>	<u>\$ 104,461,540</u>	<u>\$ 120,461,087</u>	<u>\$ 131,189,352</u>	<u>\$ 131,596,182</u>	<u>\$ 126,663,605</u>	<u>\$ 126,300,859</u>	<u>\$ 119,276,321</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 32,383,923	\$ 48,814,560	\$ 56,145,511	\$ 70,973,286	\$ 59,952,939	\$ 45,154,837	\$ (2,221,427)	\$ 41,839,237	\$ 6,749,712
Business-type activities	-	-	-	-	(467,485)	1,305,870	968,169	543,255	864,602
Total primary government	<u>\$ 32,383,923</u>	<u>\$ 48,814,560</u>	<u>\$ 56,145,511</u>	<u>\$ 70,973,286</u>	<u>\$ 59,485,454</u>	<u>\$ 46,460,707</u>	<u>\$ (1,253,258)</u>	<u>\$ 42,382,492</u>	<u>\$ 7,614,314</u>

(1) The increase from the prior period was due to the initiation of a resurfacing plan for all county roads in 2004.

(2) The County began assessing developmental impact fees in 2004.

(3) The increase from the prior period was due to a new investment policy adopted by the County.

(4) During fiscal year 2007, the Stormwater enterprise fund was created.

(5) The 1996 Special Purpose Local Option Sales Tax collections ended during fiscal year 2003 before collections began for the 2002 Special Purpose Local Option Sales Tax.

(6) Significant increase in expenditures, Governmental Activities-General Government, for fiscal year 2009 is due to payments to municipalities within the County in accordance with the 2008 Special Purpose Local Option Sales Tax resolution.

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

**HENRY COUNTY, GEORGIA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(modified accrual basis of accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (2)
General Fund									
Reserved	\$ 551,674	\$ 78,968 (1)	\$ 71,972 (1)	\$ 2,679,818	\$ 1,458,960	\$ 318,171	\$ 431,226	\$ 317,909	\$ -
Unreserved	34,592,536	35,666,924	47,410,900	50,881,940	49,509,159	51,458,630	42,407,776	39,243,083	-
Nonspendable:									
Prepays	-	-	-	-	-	-	-	-	374,262
Advances to other funds	-	-	-	-	-	-	-	-	4,071,741
Restricted:									
Public safety purposes	-	-	-	-	-	-	-	-	20,973
Debt service	-	-	-	-	-	-	-	-	31,756,420
Unassigned	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 35,144,210</u>	<u>\$ 35,745,892</u>	<u>\$ 47,482,872</u>	<u>\$ 53,561,758</u>	<u>\$ 50,968,119</u>	<u>\$ 51,776,801</u>	<u>\$ 42,839,002</u>	<u>\$ 39,560,992</u>	<u>\$ 36,223,396</u>
All Other Governmental Funds									
Reserved	\$ 1,689,745	\$ 2,270,425	\$ 3,009,881	\$ 4,710,327	\$ 1,939,741	\$ 4,643,661	\$ 1,742,086	\$ 1,659,116	\$ -
Unreserved, reported in:									
Special revenue funds	2,183,381	1,808,182	1,663,902	461,283	5,366,870	6,217,414	7,893,812	11,026,010	-
Debt service funds	(22,316)	1,016,842	4,604,604	13,164,213	13,424,334	9,828,838	486,479	17,447,416	-
Capital projects funds	24,473,990	66,204,167	75,249,364	72,838,555	51,781,191	42,468,337	91,988,543	69,144,471	-
Restricted:									
Capital projects	-	-	-	-	-	-	-	-	47,575,333
Federal and State grants	-	-	-	-	-	-	-	-	2,085,169
Citizen welfare	-	-	-	-	-	-	-	-	1,285,148
Law enforcement purposes	-	-	-	-	-	-	-	-	5,541,681
Public safety purposes	-	-	-	-	-	-	-	-	5,896,612
Debt service	-	-	-	-	-	-	-	-	18,318,820
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned:									
Special revenue funds	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	(2,762,763)
Total all other governmental funds	<u>\$ 28,324,800</u>	<u>\$ 71,299,616</u>	<u>\$ 84,527,751</u>	<u>\$ 91,174,378</u>	<u>\$ 72,512,136</u>	<u>\$ 63,158,250</u>	<u>\$ 102,110,920</u>	<u>\$ 99,277,013</u>	<u>\$ 77,940,000</u>

(1) The decrease from the prior period is due to the elimination of the use of encumbrance rollovers for fiscal years 2004 and 2005.

(2) Beginning July 1, 2010, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*.

# HENRY COUNTY, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Taxes	\$ 68,162,227	\$ 93,995,042	\$ 101,862,453	\$ 115,057,252	\$ 123,903,182	\$ 127,190,451	\$ 124,012,176	\$ 127,223,623	\$ 120,367,567
Licenses and permits	3,487,686	6,637,098	8,619,666	9,574,255	5,896,773	5,089,302	1,779,532	1,514,676	1,746,290
Intergovernmental	2,739,892	1,968,513	2,392,949	2,380,601	7,760,021 (9)	3,599,103	6,699,402	23,150,424 (15)	11,128,485
Charges for services	9,268,287	11,264,392	12,078,590	14,401,322	14,306,328	15,674,689	16,486,172	17,267,981	13,248,419
Fines and forfeitures	4,864,637	4,522,777	4,371,063	6,392,111	6,857,554	5,978,865	5,897,161	6,655,157	8,969,504
Administrative fees	-	704,317	1,208,416	-	-	-	-	-	-
Investment income	788,508	740,368	2,553,397 (1)	5,309,584 (7)	6,593,296	3,419,841	922,392	328,794 (14)	208,600
Contributions	605,826 (12)	3,116	65,282	42,416	80,310	165,752	125,886	62,356	65,416
Miscellaneous	1,193,941	766,220	1,101,401	1,468,558	2,576,636	1,494,457	2,353,065	2,177,306	1,906,379
Total revenues	<u>\$ 91,111,004</u>	<u>\$ 120,601,843</u>	<u>\$ 134,253,217</u>	<u>\$ 154,626,099</u>	<u>\$ 167,974,100</u>	<u>\$ 162,612,460</u>	<u>\$ 158,275,786</u>	<u>\$ 178,380,317</u>	<u>\$ 157,640,660</u>
<b>Expenditures</b>									
General government	\$ 11,993,289	\$ 17,500,723 (3)	\$ 11,999,369	\$ 13,720,886	\$ 14,977,682	\$ 14,971,533	\$ 15,980,259	\$ 14,958,074	\$ 15,051,731
Judicial	11,025,454	8,714,807	8,856,778	10,495,996	11,896,368	13,596,684	14,999,832	15,257,216	15,007,861
Public safety	37,602,144	40,365,640	43,644,604	47,593,118	51,858,394	60,154,954	64,700,470	66,683,701	63,053,313
Public works	12,414,170	19,261,897 (3)	10,362,525	11,453,630	11,660,781	12,187,702	11,648,255	11,939,937	8,081,124
Health and welfare	4,157,154	4,489,973	3,370,665	4,689,034	5,243,091	5,738,124	6,077,107	6,005,433	5,731,958
Culture and recreation	4,261,838	9,329,504 (3)	3,274,071	11,675,909	5,438,759	7,092,371	7,947,472	7,113,640	6,538,889
Housing and development	4,333,582	4,452,068	5,115,945	6,107,587	6,372,346	6,224,038	4,915,781	8,333,524	5,652,700
Intergovernmental	-	-	-	-	-	1,812,307	25,896,678 (13)	2,523,364	2,412,181
Capital outlay	- (4)	- (4)	31,765,378	49,655,242	73,201,545	76,417,535	31,337,084	41,606,362	39,907,052
Debt service:									
Principal retirement	3,324,482	3,621,556	5,596,608	9,449,016	15,319,413	16,165,673	31,772,244 (11)	5,647,610	21,881,414
Interest and fiscal charges	1,170,915	1,085,453	2,110,371	2,350,501	2,891,292	3,281,711	3,283,190	4,850,133	4,921,323
Issuance costs	-	365,555	-	-	-	131,701	757,501	-	-
Total expenditures	<u>90,283,028</u>	<u>109,187,176</u>	<u>126,096,314</u>	<u>167,190,919</u>	<u>198,859,671</u>	<u>217,774,333</u>	<u>219,315,873</u>	<u>184,918,994</u>	<u>188,239,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>827,976</u>	<u>11,414,667</u>	<u>8,156,903</u>	<u>(12,564,820)</u>	<u>(30,885,571)</u>	<u>(55,161,873)</u>	<u>(61,040,087)</u>	<u>(6,538,677)</u>	<u>(30,598,886)</u>

(Continued)

# HENRY COUNTY, GEORGIA

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses)</b>									
Capital leases	\$ 221,524	\$ 5,180,000	\$ 16,567,359 (5)	\$ 21,302,823 (8)	\$ 7,445,411	\$ 39,279,119	\$ -	\$ -	\$ 5,559,590
Issuance of bonds	-	25,000,000 (6)	-	-	-	7,235,000 (10)	87,240,000 (2)	-	-
Premium on bonds	-	1,825,860	-	-	-	-	3,753,281	-	-
Transfers in	6,602,212	27,044,617	14,716,078	21,917,990	37,181,044	37,869,909	31,651,693	32,149,630	33,096,106
Transfers out	(6,602,212)	(27,044,617)	(14,716,078)	(21,917,990)	(35,270,645)	(37,869,909)	(31,651,693)	(31,765,249)	(32,794,919)
Proceeds from sale of capital assets	225,869	155,971	240,853	3,987,510	273,880	102,550	61,677	42,379	63,500
Total other financing sources (uses)	<u>447,393</u>	<u>32,161,831</u>	<u>16,808,212</u>	<u>25,290,333</u>	<u>9,629,690</u>	<u>46,616,669</u>	<u>91,054,958</u>	<u>426,760</u>	<u>5,924,277</u>
Net change in fund balances	<u>\$ 1,275,369</u>	<u>\$ 43,576,498</u>	<u>\$ 24,965,115</u>	<u>\$ 12,725,513</u>	<u>\$ (21,255,881)</u>	<u>\$ (8,545,204)</u>	<u>\$ 30,014,871</u>	<u>\$ (6,111,917)</u>	<u>\$ (24,674,609)</u>
Debt service as a percentage of noncapital expenditures	5.6%	5.0%	7.5%	10.4%	13.4%	14.0%	18.7%	7.6%	19.0%

- (1) The increase from the prior period is due to the increase in interest rates.
- (2) The County issued \$87.24 million in general obligation bonds in 2009.
- (3) The increase from the prior period is due to an increase in capital projects. Capital outlay was included within the functional expenditure categories.
- (4) Prior to 2005, all capital outlay was included within the functional expenditure categories.
- (5) The County entered into seven new lease purchase agreements during the fiscal year.
- (6) The County issued \$25 million in general obligation bonds in 2004.
- (7) The increase from the prior period is due to the County's new investment policy.
- (8) The County entered into five new lease purchase agreements during the fiscal year.
- (9) The County received approximately \$4.7 million in reimbursement from the Georgia Department of Transportation for the paving of two roads.
- (10) The County issued \$7.235 million in general obligation bonds in 2008.
- (11) The County retired the \$7.235 million in general obligation bonds issued in 2008, along with normal debt service requirements.
- (12) In 2003, the Henry County Department of Health and Welfare Services made a \$500,000 contribution to the County.
- (13) Amounts represent payment to municipalities within the County in accordance with the 2008 Special Purpose Local Option Sales Tax resolution.  
Also includes proceeds from bonds issued on behalf of the municipalities.
- (14) Interest earned on SPLOST funds are reported as program income-capital grants and contributions- beginning in 2010.
- (15) Revenues increased in 2010 substantially due increased ARRA funding for various projects.



## HENRY COUNTY, GEORGIA

### ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other (1)					
2002	2,476,793,288	1,259,409,347	347,111,730	14,977,146	665,724,101	3,432,567,410	11.81	8,581,418,525	40%
2003	2,788,093,657	1,355,253,002	381,641,030	13,923,808	703,336,212	3,835,575,285	11.69	9,588,938,213	40%
2004	3,176,393,257	1,514,744,199	406,978,890	12,301,259	777,838,655	4,332,578,950	11.74	10,831,447,375	40%
2005	3,549,801,966	1,620,263,499	423,649,350	11,087,769	890,036,158	4,714,766,426	12.04	11,786,916,065	40%
2006	4,030,385,731	1,711,614,189	426,951,430	15,233,252	1,060,592,258	5,123,592,344	11.24	12,808,980,860	40%
2007	4,500,677,025	1,848,100,687	428,347,920	13,425,953	1,156,212,229	5,634,339,356	11.20	14,085,848,390	40%
2008	4,949,730,447	2,053,935,438	474,676,980	13,876,885	1,279,630,190	6,212,589,560	11.20	15,531,473,900	40%
2009	5,139,260,358	2,452,100,370	504,161,380	8,800,752	1,343,128,210	6,761,194,650	10.97	16,902,986,625	40%
2010	5,100,209,854	2,444,597,311	521,749,210	10,237,167	1,355,121,921	6,721,671,621	10.97	16,804,179,053	40%
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%

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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Henry County rates										
Maintenance & Operations										
Unincorporated	11.81	14.25	14.13	14.06	14.13	14.13	14.37	13.89	13.71	14.89
Insurance Reduction (1)	-	-	-	-	-	-	-	-	-	-
Municipal rates										
McDonough (2)	3.00	2.84	2.77	2.71	2.56	2.51	2.45	2.59	2.59	3.45
Stockbridge	-	-	-	-	-	-	-	-	-	-
Hampton	-	-	-	-	-	-	-	-	-	-
Locust Grove	-	-	-	-	-	-	-	-	-	-
LOST Reduction	(3.02)	(3.01)	(2.89)	(2.82)	(2.89)	(2.93)	(3.17)	(2.92)	(2.92)	-3.14
Protection	-	-	-	-	-	-	-	-	-	1.72
Fire Protection	2.50	2.56	2.39	2.02	1.18	1.21	1.16	1.22	1.22	1.15
Planning and Development	-	-	-	-	-	-	-	-	-	0.23
Water Authority	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Hospital Authority	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Board of Education										
Maintenance & Operations	17.15	17.65	18.90	18.90	19.40	20.00	20.00	20.00	20.00	20.00
Debt Service	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06	3.06
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated	34.75	35.20	36.45	36.45	36.95	37.51	37.51	37.28	37.28	38.06
Total Municipalities (3), (4)										
McDonough	33.44	33.33	35.02	35.33	37.03	37.48	37.58	38.14	38.14	38.42
Stockbridge	34.75	35.04	36.45	36.45	36.95	37.47	37.51	37.02	37.02	38.06
Hampton	32.97	33.38	34.67	34.67	35.65	36.23	36.29	36.17	36.17	36.35
Locust Grove	33.10	33.47	34.80	34.80	35.67	35.69	36.29	35.87	35.87	36.11
Total Direct Tax Rate	11.81	11.69	11.74	12.04	11.24	11.20	11.20	10.97	10.97	11.75

Source: Henry County Tax Commissioner

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

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

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

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

**HENRY COUNTY, GEORGIA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	\$ 28,708,336	1	0.43 %	\$ -	-	- %
Inland Western McDonough	20,719,240	2	0.31	-	-	-
Cardinal Health 110, INC	47,979,724	3	0.71	-	-	-
Bellsouth Telecomm	19,776,866	4	0.29	-	-	-
Norfolk Southern Combined	19,417,984	5	0.29	-	-	-
US Industrial Reit II	20,856,200	6	0.31	-	-	-
Trees of Avalon LLC	17,954,616	7	0.27	-	-	-
Kens Foods, INC	22,869,352	8	0.34	-	-	-
Henry Co Development Authority	16,114,662	9	0.24	-	-	-
Prologis NA2 US LLC	15,754,800	10	0.23	-	-	-
Toys 'R Us -Distribution	-	-	-	37,691,444	2	1.32
Atlanta Motor Speedway	-	-	-	23,113,579	5	0.81
Amazon.com	-	-	-	29,001,500	3	1.02
Goodyear Tire & Rubber	-	-	-	45,835,283	1	1.61
Bellsouth	-	-	-	18,668,496	7	0.65
Killearn Properties	-	-	-	16,718,887	8	0.59
Georgia Power	-	-	-	13,190,383	9	0.46
Snapper	-	-	-	25,330,415	4	0.89
Norfolk Southern	-	-	-	11,141,673	10	0.39
Nestle	-	-	-	21,396,085	6	0.75
<b>Totals</b>	<b>\$ 230,151,780</b>		<b>3.42 %</b>	<b>\$ 242,087,745</b>		<b>8.48 %</b>

The fiscal year 2011 total taxable assessed value is: 6,722,848,575

The fiscal year 2001 total taxable assessed value is: 2,853,164,273

Source: Henry County Tax Commissioner

**HENRY COUNTY, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	103,739,072	98,638,535	95.1	4,167,615	102,806,150	99.1
2003	114,849,885	110,386,263	96.1	4,463,622	114,849,885	100.0
2004	127,299,079	124,071,710	97.5	3,227,369	127,299,079	100.0
2005	149,456,772	139,171,748	93.1	5,222,567	144,394,315	96.6
2006	167,000,428	163,055,967	97.6	3,270,634	166,326,601	99.6
2007	189,356,554	183,717,413	97.0	4,286,214	188,003,627	99.3
2008	209,079,707	198,038,407	94.7	5,750,090	203,788,497	97.5
2009	224,099,576	211,348,395	94.3	9,633,458	220,981,853	98.6
2010	232,661,093	220,510,188	94.8	12,162,480	232,672,668	100.0
2011	205,764,434	193,893,667	94.2	11,764,074	205,657,741	99.9

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		Percentage of Actual Property Value (2)	Per Capita (3)	Other Governmental Activities Debt		Total Primary Government	Percentage of Personal Income (3)	Per Capita (3)
	General Obligation Bonds				Certificates of Participation	Capital Lease Obligations			
2002	\$ -		- %	\$ -	\$ -	\$ 21,380,574	\$ 21,380,574	0.57 %	\$ 152.57
2003	-		-	-	-	18,277,616	18,277,616	0.46	121.72
2004	25,000,000	(1)	0.23	157	-	19,836,060	44,836,060	1.05	282.10
2005	25,000,000		0.21	149	-	30,806,811	55,806,811	1.24	331.78
2006	25,000,000		0.20	140.90	-	42,660,618	67,660,618	1.42	381.32
2007	16,920,000		0.12	90.82	-	42,866,616	59,786,616	1.19	320.90
2008	15,646,148		0.10	79.98	-	74,488,914	90,135,062	1.71	460.76
2009	87,240,000	(4)	0.52	433.29	-	58,362,818	145,602,818	2.63	723.16
2010	87,240,000		0.52	448.77	-	52,715,208	139,955,208	2.20	719.93
2011	71,485,000		0.50	344.01	-	52,148,384	123,633,384	1.85	594.96

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

- (1) The County issued \$25 million of general obligation bonds in 2004.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (3) See the Schedule of Demographic and Economic Statistics for personal income and population data.
- (4) The County issued \$87.24 million of general obligation bonds in 2009.

**HENRY COUNTY, GEORGIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 343,256,741	\$ 383,557,529	\$ 433,257,895	\$ 471,476,643	\$ 512,359,234	\$ 563,433,936	\$ 621,258,956	\$ 676,119,465	\$ 672,167,162	\$ 570,956,461
Total net debt applicable to limit	-	-	25,000,000	25,000,000	25,000,000	16,920,000	15,646,148	87,240,000	87,240,000	71,485,000
Legal debt margin	<u>\$ 343,256,741</u>	<u>\$ 383,557,529</u>	<u>\$ 408,257,895</u>	<u>\$ 446,476,643</u>	<u>\$ 487,359,234</u>	<u>\$ 546,513,936</u>	<u>\$ 605,612,808</u>	<u>\$ 588,879,465</u>	<u>\$ 584,927,162</u>	<u>\$ 499,471,461</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	5.77%	5.30%	4.88%	3.00%	2.52%	12.90%	12.98%	12.52%

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

Assessed value	\$ 5,709,564,608
Debt limit (10% of assessed value)	570,956,461
Debt applicable to limit:	
General obligation bonds	71,485,000
Less: Amount set aside for repayment of	
General obligation debt	-
Total net debt applicable to limit	<u>71,485,000</u>
Legal debt margin	<u>\$ 499,471,461</u>

**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**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (amounts expressed in thousands) (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (2)</b>
2002	140,137	3,777,793	26,958	33.4	25,479	3.9
2003	150,165	3,974,626	26,468	33.4	27,744	4.3
2004	158,939	4,276,616	26,907	33.4	29,912	4.0
2005	168,204	4,512,290	26,826	33.4	32,413	5.1
2006	177,436	4,768,767	26,950	33.4	37,350	4.4
2007	186,308	5,031,049	27,082	33.4	38,969	4.4
2008	195,623	5,282,602	27,004	33.4	38,421	5.9
2009	201,343	5,546,732	22,945	33.4	40,370	10.1
2010	194,400	6,360,121	43,600	33.4	40,791	10.0
2011	207,800	6,678,127	46,818	31	40,951	10.9

(1) Source: Bureau of Economic Analysis: Regional Economic Accounts 2001-2007, Atlanta Regional Commission 2008-2010

(2) Source: U. S. Bureau of Labor Statistics

(3) Source: U. S. Bureau of the Census, Census 1990 and 2000

(4) Source: Henry County Board of Education and Atlanta Regional Commission

NOTE: 2008, 2009, and 2010 population, per capita, and personal income are estimates based on past regional trends.

NOTE: 2008, 2009, and 2010 school enrollment is based on 9th month of the school year.

**HENRY COUNTY, GEORGIA**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TWELVE YEARS AGO**

Taxpayer	2011			1999		
	Employees (1)	Rank	Percentage of Total County Employment (2)	Employees (3)	Rank	Percentage of Total County Employment (2)
Henry County Board of Education	4,573	1	5.22 %	2,400	1	3.91 %
Henry County Board of Commissioners	1,687	2	1.92	830	4	1.35
Henry Medical Center	1,561	3	1.78	850	3	1.38
Wal-Mart Supercenter	1,055	4	1.20	550	5	0.90
Federal Aviation Administration	612	5	0.70	-		-
Briggs & Stratton fka Snapper	567	6	0.65			
Georgia Power Company	563	7	0.64	-		-
Symcor	500	8	0.57	-		-
Southern States, Inc.	350	9	0.40	-		-
Luxottica Retail Group	302	10	0.34	-		-
Toys R Us	-		-	1,000	2	1.63
Ford Motor Company	-		-	350	6	0.57
Dowling Textile Mfg. Co.	-		-	300	7	0.49
Smead Manufacturing, Inc.	-		-	280	8	0.46
Pep Boys	-		-	270	9	0.44
NEC Technologies	-		-	250	10	0.41
<b>Totals</b>	<b>11,770</b>		<b>13.42 %</b>	<b>7,080</b>		<b>11.53 %</b>

(1) Source: Henry County Development Authority

(2) Source: U.S. Bureau of Labor Statistics - Henry County Employment 61,412 (1999) 87,677 (2010)

(3) Source: Hospital Authority of Henry County Revenue Certificates Series 1999

**Note:** Information on the principal employers was not readily available for fiscal years 2000 - 2002



## HENRY COUNTY, GEORGIA

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

Function	Full-time Equivalent Employees as of June 30,									
	2002 (3)	2003 (3)	2004 (3)	2005 (3)	2006 (4)	2007 (4)	2008 (4)	2009 (4)	2010 (4)	2011 (4)
General Government	464	535	550	581	605	598	582	576	639	615
Public Safety										
Police & Sheriff										
Officers	137	161	169	188	211	262	256	302	368	296
Civilians	36	35	35	33	59	57	54	53	53	53
Corrections	81	158 (1)	168	109	117	122	153	160	157	163
Fire										
Firefighters	219	230	231	245	257	267	300	264	265	260
Civilians	7	9	9	9	8	12	9	27	27	27
Highways and streets										
Engineering	26	25	21	26	22	21	24	24	19	19
Maintenance	74	66	92 (2)	84	80	83	90	84	80	74
Social services	-	-	-	-	-	-	78	100	101	73
Culture and recreation	24	23	28	30	36	44	56	71	66	50
<b>Total</b>	<u>1,068</u>	<u>1,242</u>	<u>1,303</u>	<u>1,305</u>	<u>1,395</u>	<u>1,466</u>	<u>1,602</u>	<u>1,661</u>	<u>1,775</u>	<u>1,630</u>

(1) The addition of a jail pod and the restoration of the old jail required additional corrections employees in 2003.

(2) The County added a third patching crew to the road maintenance department in 2004.

(3) Source: Henry County Human Resources Department.

(4) Source: Department of Community Affairs Annual Survey of Government Employment for March of each year.

**HENRY COUNTY, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN CALENDAR YEARS**

Function	Calendar Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrest	4,215	3,739	3,984	3,959	5,394	6,482	7,119	6,715	6,652	6,498
Parking violations	36	60	51	35	51	19	16	83	20	58
Traffic violations	35,565	24,184	21,981	36,662	52,921	67,728	70,045	65,394	66,061	65,105
Fire										
Calls answered	11,387	12,007	13,263	14,704	17,059	18,065	18,471	19,240	20,245	21,581
Inspections	1,261	3,001	4,739	4,163	4,070	3,827	6,698	8,431	11,856	8,382
Highways and streets										
Street resurfacing	n/a	n/a	55	25	45	30	27	56	56	65
Culture and recreation										
Athletic field permits issued	12,690	21,020	15,464	5,155	19,191	48,896	105,184	121,576	125,544	151,826
Community center admissions	37,807	65,092	34,331	11,444	30,631	45,198	74,656	79,143	79,876	59,473

**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**

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	2	2	2	2	4	4	4	4	5	5
Patrol Units	130	158	195	232	232	288	282	310	230	196
Patrol Zones	11	11	11	11	20	20	20	20	20	20
Fire Stations	12	12	12	12	12	13	13	13	13	13
Public Works										
Streets (miles)	1,221	1,244	1,281	1,318	1,163	1,172	1,195	1,221	1,230	1,236
Traffic Signals	14	15	15	15	23	24	24	27	30	32
Culture and Recreation										
Park Acreage	756.9	756.9	836.9	836.9	1,162.9	1,162.9	1,162.9	1,258.2	1,268.7	1,271
Playgrounds	18	18	18	18	22	22	33	33	33	33
Baseball/Softball Diamonds	66	66	66	66	66	67	74	74	74	73
Soccer/Football Fields	16	16	17	17	18	24	27	27	us	33
Community Centers	3	3	3	3	4	6	9	9	10	10

**NOTE:** Indicators are not available for the general government function.

**NOTE:** Fiscal year 2006 street miles only includes County maintained roads where previous years included all roads within the County.

Source: Various County departments.

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## COMPLIANCE SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henry County, Georgia as of and for the year ended June 30, 2011, which collectively comprise Henry County, Georgia's basic financial statements and have issued our report thereon dated December 20, 2011. As discussed in Note 1, Henry County, Georgia implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Henry County Department of Public Health, as described in our report on Henry County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS 2011-1 to be a material weakness.

### **Compliance and Other Matters**

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

We noted certain additional matters that we reported to the management of Henry County, Georgia in a separate letter dated December 20, 2011.



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

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 20, 2011



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of Henry County, Georgia with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Henry County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Henry County, Georgia's management. Our responsibility is to express an opinion on Henry County, Georgia's compliance based on our audit.

Henry County, Georgia's basic financial statements include the operations of the Henry County Water and Sewerage Authority, which received \$15,164,168 in federal awards, which is not included in the Schedule of Expenditures of Federal Awards of Henry County, Georgia during the year ended June 30, 2011. A Schedule of Expenditures of Federal Awards for the Henry County Water and Sewerage Authority has been included in the separately issued financial statements of the Henry County Water and Sewerage Authority.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Henry County, Georgia's compliance with those requirements and

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performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Henry County, Georgia's compliance with those requirements.

As described in item SA 2011-1 in the accompanying schedule of findings and questioned costs, Henry County, Georgia did not comply with the requirements regarding unallowable costs / cost principles applicable to the Community Care Services Program - Title III, Part B and C and Nutrition Services Incentive Program, which comprise the Aging Cluster. Compliance with such requirements is necessary, in our opinion, for Henry County, Georgia to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Henry County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of Henry County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Henry County, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133 but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Henry County, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies which are described in the accompanying schedule of findings and questioned costs as items SA 2011-1 and SA 2011-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Mauldin & Jenkins, LLC*

Macon, Georgia  
December 20, 2011

## HENRY COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Award Program	CFDA #	Grant I. D.	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Pass Through Program - Georgia Department of Human Resources			
Community Care Services Program - Title III, Part B	93.044	Title III B Subcontractor	\$ 47,700
Community Care Services Program - Title III, Part C	93.045	GA DHR 10 IIIC Subcontractor	238,150
Nutrition Services Incentive Program	93.053	GA DHR 10 AOA NSIP	25,604
Total Aging Cluster			311,454
Community Care Services Program - Title III, Part E (National Family Caregiver Support)	93.052	GA DHR 10 III E Subcontract	28,825
Temporary Assistance for Needy Families	93.558	427-67-14251	897
ARRA - Community Services Block Grant	93.569	42700-040-0000003552	56,102
Community Services Block Grant	93.569	42700-040-0000006788	94,672
Community Services Block Grant	93.569	42700-040-0000003672	9,458
Total Community Services Block Grant (CSBG) Cluster			160,232
Social Services Block Grant	93.667	GA DHR SSBG	65,549
<b>Total U.S. Department of Health and Human Services</b>			566,957
<b>U.S. Department of Justice</b>			
Pass Through Program - Department of Juvenile Justice			
Purchase of Services for Juvenile Offenders	16.523	JB-07ST-004	3,000
Purchase of Services for Juvenile Offenders	16.523	JB-08ST-002	11,700
			14,700
Bulletproof Vest Grant	16.607	2009-BOBX-09048586	3,232
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2008-MO-BX-0020	86,574
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2008-CK-WX-0782	140,727
Public Safety Partnership and Community Policing Grants (COPS)	16.710	2009-CK-WX-0501	34,484
			175,211

(Continued)

## HENRY COUNTY, GEORGIA

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Award Program	CFDA #	Grant I. D.	Expenditures
<b>U.S. Department of Justice (Continued)</b>			
State Criminal Alien Assistance Program (SCAAP)	16.606	2010-AP-BX-0335	\$ 11,884
Pass Through Program - Criminal Justice Coordinating Council			
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-059	73,457
ARRA - Community Based Youth Gang Violence Prevention Project	16.803	B82-8-061	45,996
			119,453
ARRA - Edward Byrne Memorial Justice Assistance Grant Local Program	16.804	2009-SB-B9-1730	3,514
Criminal Intelligence Unit Grant	16.738	2010-DJBX-1663	20,321
Total JAG Program Cluster			143,288
Pass Through Program - Criminal Justice Coordinating Council			
Violence Against Women Formula Grant	16.588	W08-8-050	119,640
Violence Against Women Formula Grant	16.588	W09-8-058	21,147
Violence Against Women Formula Grant	16.588	W10-8-058	62,690
			203,477
<b>Total U.S. Department of Justice</b>			638,366
<b>U.S. Department of Homeland Security</b>			
Citizen Corps Grant	97.053	2009-SS-T9-0047	3,489
Citizen Corps Grant	97.053	2008-GE-T8-0017	85
			3,574
Assistance to Firefighters Program	97.044	EMW-2009-FO-04885	16,044
Office of Domestic Preparedness Management Performance	97.042	P09-9-077	35,802
<b>Total U.S. Department of Homeland Security</b>			55,420
<b>U.S. Department of Transportation</b>			
Pass Through Program- Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	GA 2010-75-00385	14,086
State and Community Highway Safety	20.600	GA 2011-75-00389	36,644
Total Highway Safety Cluster			50,730
Pass Through Program- Georgia Department of Human Resources			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-65-369001	28,045
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	427-65-379001	83,470
Total Transit Services Program Cluster			111,515

(Continued)

# HENRY COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Award Program	CFDA #	Grant I. D.	Expenditures
<b>U.S. Department of Transportation (Continued)</b>			
Pass Through Program- Georgia Department of Transportation .			
ARRA - Federal Transit Formula Grants	20.507	GA-96-X001	\$ 113,668
Federal Transit Formula Grants	20.507	GA-90-X263-00	88,193
Total Transit Federal Transit Cluster			201,861
ARRA - Transportation Enhancement Activities	20.205	Project ID #0002638	5,061,586
ARRA - Transportation Enhancement Activities	20.205	Project ID #332945	339,339
Transportation Enhancement Activities	20.205	Project ID #343500	86,657
Total Highway Planning & Construction Cluster			5,487,582
Intermodal Programs	20.509	GA-18-4031	398,966
Intermodal Programs	20.509	GA-86-X001	361,200
			760,166
<b>Total U.S. Department of Transportation</b>			6,611,854
<b>U.S. Department of Energy</b>			
ARRA - Energy Efficient and Conservation Block Grant	81.128	DE-SC0002192	182,337
<b>Total U.S. Department of Energy</b>			182,337
<b>U.S. Department of Education</b>			
Pass Through Program- Georgia Department of Human Resources			
Rehabilitation Services-Total Vocational Rehabilitation Cluster	84.126	427-11-420001	1,976
<b>Total U.S. Department of Education</b>			1,976
<b>U.S. Department of Housing and Urban Development</b>			
CDBG Entitlement Grants	14.218	B-11-UN-13-0008	991
<b>Total U.S. Department of Housing and Urban Development</b>			991
<b>Total Expenditures of Federal Awards</b>			<b>\$ 8,057,901</b>

Note: The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the basic financial statements.

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### Federal Awards

Internal Control over major programs:  
Material weaknesses identified?

yes  no

Significant deficiencies identified not considered to be material weaknesses?

yes  none reported

Type of auditor's report issued on compliance for major programs

Qualified

Any audit findings disclosed that are required to be reported in accordance  
with OMB Circular A-133, Section 510(a)?

yes  no

Identification of major program:

CFDA Number  
81.128  
20.205  
93.044, 93.045, 93.053

Name of Federal Program  
ARRA - Energy Efficiency and Conservation Block  
Grant Program  
Highway Planning and Construction Cluster  
Health and Human Services Aging Cluster



# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Federal Awards (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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### SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

#### FS 2011-1. Allowance for Doubtful Accounts

Criteria:	Generally accepted accounting principles require allowances for doubtful accounts to be recorded and recognized in the accounting period in which a receivable becomes doubtful for collection.
Condition:	We noted the County did not properly address and record a sufficient allowance for doubtful accounts (bad debts) as of June 30, 2011 in the General Fund for the ambulance billing receivables. During fiscal year 2009, the responsibility for collecting prior year ambulance billing receivables was given to the County's Fire Department. During fiscal year 2011, very little activity was noted in the collection of such receivables, and upon inquiry it was noted that very little, if any, efforts to collect had been made by those responsible parties.
Context:	We addressed this matter with County officials and they were able to determine the amount of the allowance for doubtful accounts that should be recorded in this fund as of June 30, 2011.
Effect:	An audit adjustment in the amount of \$2,803,775 was required to increase the allowance for doubtful accounts for ambulance billing receivables as reported in the General Fund. Specifically, the allowance for the receivables included on the County's old ambulance system was increased from 35% to 100%. This increase was attributed to lack of payments received during fiscal year 2011.
Recommendation:	We recommend the County begin monitoring the aging of receivables for ambulance billing and the respective allowance account, and record all necessary adjustments at the end of each financial reporting cycle. We also recommend the County consider writing off old receivables for which the County cannot collect. These write-offs must be approved by the Board of Commissioners.
Views of Responsible Officials and Planned Corrective Action:	We concur with this finding. The County is in the process of adjusting our policies and procedures to monitor the collection efforts of all receivables, and to adjust such receivables to their net realizable value. Management anticipates modifying the current policies and procedures relative to receivables related to the non-Medicare/Medicaid portion of such services and their respective charges. Such modifications will substantially address the concept of writing off the uncollectible portions in a timely manner.

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

#### SA 2011-1. Unallowable Costs

##### Federal Program

##### Information:

CFDA No. #93.044, #93.045, and #93.053

Aging Cluster

Title III, Part B-Grants for Supporting Services and Senior Centers, Title III, Part C-Special Programs for the Aging, Nutrition Services, and the Nutrition Services Incentive Program

##### Criteria:

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

##### Condition:

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

##### Context:

The payroll information was received from the Human Resources department at the County. This information was then keyed into the rate calculation report that was sent to the ARC for approval and for which all reimbursements of services provided under the grant were based.

##### Effect:

Due to this oversight, the reimbursement rate calculated and approved by the ARC was overstated. Therefore, the County received more reimbursement for each meal and service hour provided than was due to them.

## HENRY COUNTY, GEORGIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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#### SA 2011-1. Unallowable Costs (Continued)

**Questioned Costs:** Known questioned costs were calculated to be \$27,564 for the four months tested. This was calculated by computing a new rate based on correct salaries and multiplying this rate by the number of meals/services hours provided for each month tested. This was compared to the rate approved by the ARC times the number of meals/service hours provided. Likely questioned costs were calculated to be approximately \$86,847. This was calculated by performing the above procedure across all twelve (12) months of fiscal year 2011.

**Recommendation:** We recommend that upper management of the County perform a significant and detailed review of the rate calculation report prior to the report being sent to the ARC for approval. This will ensure that all data provided is accurate and reliable.

**Views of Responsible  
Officials and Planned**

**Corrective Action:** We concur with this finding. The County is in process of addressing this issue. When Senior Services hires an individual, the information provided to Human Resources regarding rate of pay and hours worked have been included on the personnel action form and documented accordingly. Additionally, any new hires or new employees who work on specific grant related programs are submitted to the payroll accountant for verification of accurate rate and hour calculations.

# HENRY COUNTY, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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### SA 2011-2. Program Income

#### Federal Program

##### Information:

CFDA No. #93.044, #93.045, and #93.053

Aging Cluster

Title III, Part B-Grants for Supporting Services and Senior Centers, Title III, Part C-Special Programs for the Aging, Nutrition Services, and the Nutrition Services Incentive Program

##### Criteria:

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

##### Condition:

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

##### Context:

Participants are billed on a monthly basis for the services received. Bills are prepared by the Accountant at Senior Services per a spreadsheet provided by the coordinators and/or case managers in each area (congregate, home delivered meals, and personal care/homemaker). These spreadsheets are prepared from manual listings such as sign-in sheets for congregate meals, meals delivery reports for meals on wheels, and Home Health Aide Service Forms for personal care and homemaker services. The billing rates are manually input from the income and number in household taken from each participant's file compared with the applicable sliding scale for services provided to them.

##### Effect:

See above condition.

##### Questioned Costs:

None.

## HENRY COUNTY, GEORGIA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

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#### SA 2011-2. Program Income (Continued)

Recommendation: We recommend that all participants be re-assessed to ensure participants are being charged the correct rate based on number in household and annual income compared to the correct sliding scale. Additionally, this will ensure that all participants are billed from the most updated sliding scale. As noted above, a new congregate sliding scale was put into place in November of 2010. Additionally, we recommend the County consider purchasing a software system which will allow electronic transfer of information. This could help alleviate the problems associated with the manual transfer of data from the sign in sheets and service forms to the spreadsheet from which monthly billing statements are performed.

Views of Responsible  
Officials and Planned

Corrective Action: We concur with this finding. Management is working on an action plan to put in place that will eliminate the inappropriate charges under this program. Management expects this matter to be completely addressed in the immediate future.

# HENRY COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

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### 2010-1. Recording of Accounts Payable

Criteria: Generally accepted accounting principles require reporting of all current liabilities when goods have been received or services have been performed.

Condition: The County did not properly address the above criteria as of June 30, 2010 as it relates to accounts payable in the SPLOST III Fund at June 30, 2010.

Auditee

Response/Status: Resolved

### 2010-2. Grants Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period. This includes revenue associated with grants awarded to the County.

Condition: The County did not properly record a year-end receivable for a Department of Transportation grant as of June 30, 2010.

Auditee

Response/Status: Resolved

# HENRY COUNTY, GEORGIA

## SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2011

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

#### Federal Program

Information: CFDA No. 20.205  
Transportation Enhancement Activities  
U.S. Department of Transportation (DOT)  
Grant No.'s Project ID #332945 and Project ID #343500

Criteria: As a recipient of the Transportation Enhancement Activities Grant, the County is required to monitor contractors for compliance with the Davis-Bacon Act.

Condition: The County did not monitor contractors for compliance with the Davis-Bacon Act.

#### Auditee

Response/Status: Resolved



## INDEPENDENT ACCOUNTANT'S REPORT ON LOCAL ASSISTANCE GRANTS

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

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Form about Henry County, Georgia's compliance during the year ended June 30, 2011, with the requirement to use grant proceeds solely for the purpose or purposes for which the grant was made for Local Assistance Grants #08-C-L-246. Management is responsible for Henry County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Henry County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Henry County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Henry County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Henry County, Georgia complied with the aforementioned requirement for the year ended June 30, 2011, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Henry County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Macon, Georgia  
December 20, 2011

*Mauldin & Jenkins, LLC*

**State of Georgia Grant Certification Form  
Local Government Recipient (with no subrecipient)**

LINE

A Local Government .....	Henry County of the State of Georgia
B State Awarding Agency .....	Department of Community Affairs State of Georgia
C Grant Identification Number .....	08-C-L-246
D Grant Title .....	Local Assistance Grant
E Grant Award Date .....	08/23/07
F Grant Amount .....	\$10,000.00

COLUMN 1  
Current Year Activity

COLUMN 2  
Cumulative Grant Activity

For the Year Ended:  
June 30, 2011


Through the Year Ended:  
June 30, 2011

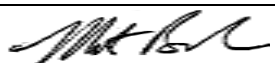
G

H	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$100.33	
I	Grant Receipts or Revenue Recognized	\$0.00	\$10,000.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	\$100.33	\$10,000.00
K	Disbursements or Expenditures for Audit Fees	\$0.00	\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	\$0.00	\$0.00

**Certification of Local Government Officials**

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official  Date 12/19/11

Signature of Chief Financial Officer  Date 12/19/11