

A Component Unit of Henry County, Georgia

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Prepared by: The Finance Department of the Henry County Water Authority

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2023

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Annual Comprehensive Financial Report

INTRODUCTORY SECTION

Henry County Water Authority - McDonough, Georgia

Henry County Water Authority

1695 Highway 20, W. McDonough, GA 30253

www.hcwa.com

(770) 957-6659

December 13, 2023

Board of Directors, HCWA
Customers of the Henry County Water Authority
and the Citizens of Henry County, Georgia

We are pleased to submit the Annual Comprehensive Financial Report (“ACFR”) of the Henry County Water Authority (the “Authority”) for the fiscal year ended June 30, 2023. This report is the responsibility of the management of the Authority, and was prepared in accordance with generally accepted accounting principles and in conformance with current accounting and financial reporting requirements and principles promulgated by the Governmental Accounting Standards Board (“GASB”). To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and fairly presents the financial position, results of operations and cash flows of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

The Authority has established internal controls that we believe adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions and the preparation of financial statements and the accompanying information. Reasonable assurance infers that the cost of a control should not exceed the benefits likely to be derived from that control, and the evaluation of costs and benefits depends on judgments by management. HCWA is committed to evaluating and maintaining a strong system of internal controls.

The firm of Mauldin & Jenkins, LLC, Certified Public Accountants, conducted an independent audit on these financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. As a result of the audit, Mauldin and Jenkins issued an unmodified (clean) opinion on the financial statements of the Authority for the fiscal year ended June 30, 2023. The auditor’s report is located at the front of the financial section of this report.

In accordance with generally accepted accounting principles, a narrative introduction, overview, and analysis accompany the basic financial statements in the form of the Management’s Discussion and Analysis (“MD&A”). The Authority’s MD&A is located immediately following the report of the independent auditors.

Profile of Henry County Water Authority

General

The Authority was founded in 1961 by an Act of the General Assembly of the State of Georgia, to "acquire, construct, and thereafter operate and maintain projects embracing sources of water supply and the distribution and sale of water and related facilities." The Act goes on to list the other duties of the Authority, including that to establish a sewer system. In April, 2013, new legislation was signed into law, the purpose of which was to: 1) change the Authority’s name from ‘Henry County Water & Sewerage Authority’ to simply ‘Henry County Water Authority’, and 2) more clearly define and enhance the Authority’s ability to provide water and sewer services to its current and future customer base and to protect natural resources and local water supply.

Thus, Henry County, Georgia (the “County”) was able to begin the process of planning and constructing a water and sewerage system capable of accommodating the needs of local citizens, and protecting the watersheds in order to ensure clean sources of water for County residents and businesses.

It was necessary for the Authority to purchase large tracts of land and develop its own reservoirs for a source of water, as no available streams or lakes provided adequate supply. The Authority has developed five reservoirs, covering a combined total of 3,138 acres of water surface area, and holding approximately 18.1 billion gallons of water. The reservoirs are at the south end of the County, and water is pumped significant distances across the County’s 331 square miles. Approximately 1,370 miles of water mains have been constructed, making service available to most of the County, and serving over 69,000 customer water connections. Additionally, 31.4 million gallons of potable water can be stored in ten elevated tanks, three ground water storage tanks plus the clear wells at the two water plants.

The service area for the Authority is Henry County. A few customers in neighboring counties are also served, where subdivisions or drainage basins cross county lines. The County is located in the north central portion of the State of Georgia approximately 25 miles southeast of the City of Atlanta. The County is bordered on the north by DeKalb County, on the west by Clayton County, on the south by Spalding and Butts Counties, and on the east by Newton and Rockdale Counties. There are four municipalities within the County: Stockbridge, McDonough, Hampton, and Locust Grove. Each municipality operates its own water and sewerage system. However, the Authority does supply most of the water requirements needed by Stockbridge and Hampton and some of the water requirements for McDonough and Locust Grove.

The Authority currently has 62% of meters in our Advanced Metering Infrastructure (“AMI”) system. All readings are electronically uploaded into our Customer Relationship Management (“CRM”) software and bills are generated based on the increase of the current reading over the previous reading (customer’s consumption). Thus, readings can be gathered more quickly, actual readings are used for the bills (no estimates), and the possibility of manual error is greatly reduced, if not eliminated. All water customers have water meters and are billed based on their consumption. Sewerage fees, for those customers who also have sewerage service, are based on water consumption.

The sewer system, while serving some of the higher density areas in the County, is not as extensive as the water system. The Authority currently serves over 29,000 customer sewer connections with over 30 sewerage lift stations and 3 wastewater treatment plants. Currently, the Authority’s total permitted sewerage treatment capacity is 12.25 MGD.

Governance

The Authority is governed by a six-member Board. Each Board member is appointed by the respective County Commissioner of their district, and serves a two-year term plus any additional time until their successors are appointed and qualified. The Board holds regular monthly meetings at the administrative offices of the Authority located in McDonough, GA. The daily operations of the Authority are the responsibility of the General Manager, who reports to the Board.

Accounting and Financial Reporting

The Authority operates as an Enterprise Fund. That is, the Authority is accounted for as a separate accounting entity with a self-balancing set of accounts. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, similar to accounting procedures used by private business. The accounting of the Authority complies with all pronouncements of the Governmental Accounting Standards Board. The Authority’s Revenue Bond Resolutions also prescribe an accounting structure and practices, which the Authority adheres to. Please see the ‘Notes to Financial Statements’ for further overview of the significant accounting policies used by the Authority. The Authority’s financial information is included within the Henry County, Georgia financial statements as a discretely presented component unit.

Budgetary Controls

The Authority believes that budget preparation and implementation are important in maintaining fiscal responsibility and accountability, and it is a good business practice to conduct the budgetary process annually. Accordingly, an operating budget is prepared by management and approved by the Authority Board on an annual basis. The purpose of the budget process is to authorize and control expenditures, evaluate projected revenue to determine the Authority's ability to meet its obligations under various bond covenants and to provide analysis for planning purposes.

Other Relevant Information

General

Throughout the year, both of the Authority's water treatment plants and the three wastewater treatment plants maintained compliance with all Federal and State regulations and permit requirements. The Water Distribution system and the Sewerage Collection system were also compliant with all regulations. The Authority requires all commercial and industrial customers to meet the discharge requirements delimited in the Sewer Use Ordinance.

During the past year, the Authority received a number of awards from the Georgia Association of Water Professionals ("GAWP") for outstanding performance:

GAWP Spring Conference 2023

- Education Award of Excellence - Water
- Drinking Water Platinum Award (for 16 consecutive years) – Towaliga Water Treatment
- Drinking Water Platinum Award – (for 16 consecutive years) - Tussahaw Water
- Top Ops Award Wastewater – Patrick Chesley
- Wastewater Facility Gold Award – Indian Creek Water Reclamation Facility

GAWP Fall Conference 2023

- Golden Manhole Society Inductee – Cliff Hardin, Sewer Maintenance Manager
- Platinum Collection System Award
- Platinum Distribution System Award
- Gold QA/QC Award – (5-20 MGD) Walnut Creek Water Reclamation Central Laboratory

The Authority maintains an aggressive preventive maintenance program for all water plants, storage tanks, booster pump stations, water transmission, distribution and service lines, wastewater treatment plants, lift stations, sewerage gravity lines and force mains, reservoirs, dams, spillways, and other reservoir appurtenances. The Authority vigilantly monitors and maintains erosion control at reservoirs, land application spray fields, and water and wastewater construction sites.

All of this gives evidence to the fact that the Authority takes its stewardship responsibility of preserving and protecting our environment and natural resources very seriously, and is effectively doing so.

Current economic environment

The County is one of 15 counties in the greater metropolitan Atlanta region. Economic conditions that impact Atlanta tend to have some effect on the County as well. When the economy is robust and new commercial development is taking place in Atlanta, then additional housing starts, increased housing prices, lower unemployment, and greater commercial development tend to occur in the County. When housing prices rise too high in Atlanta, more people look to the outlying counties as a place to live. While commercial businesses in the County do not necessarily have to match salary rates in Atlanta, they do have to stay close enough that their employees would not choose to make the congested daily commute into downtown Atlanta.

The Henry County Water Authority installed 254 new meters throughout fiscal year 2023. The graph below is the number of Authority water customers from 1993 to 2023.



Although the pace of growth has slowed over the past year, it is reasonable to expect continued overall growth. Housing is more affordable in the County than it is in much of the Atlanta area, and there is a great amount of undeveloped land in the County. Interstate 75 runs through the middle of the County from north to south, providing direct access to Atlanta and to the Atlanta airport. As the number of houses continues to increase, more retail businesses will be attracted to the County.

Water conservation is a significant factor in the metro-Atlanta area for a couple of reasons:

1. *Drought Preparedness* – During the calendar years of 2007 and 2008, the northern half of the State of Georgia experienced drought conditions which prompted the State to enact water conservation measures, including outdoor water use restrictions, which all water providers in the affected area were required to follow. Operational issues at Lake Lanier at that time seem to have played a role in the State’s decisions. The County enacted all conservation measures the State required, even though the drought of 2007 and 2008 did not impact the water supplies of the Authority to the same extent as it did those who depend on water supplies in the Chattahoochee basin. In fact, with our newly constructed Tussahaw Reservoir that was filling during this time, the Authority never had less than one year’s supply of raw water available. The State realized that in order to deal with future drought conditions, conservation measures should be in place before a drought occurs, and thus has continued a modified program of permanent outdoor water use restrictions that we abide by today.

The current State water conservation regulations consist of a four tier system ranging from modest restrictions during pre-drought or non-drought conditions, and escalating the severity of the restrictions through a Level 1 Drought Response, Level 2 Drought Response, or Level 3 Drought Response; with Level 3 being the most severe and eliminating all non-commercial outdoor use of water and placing restrictions on commercial use as well. The State Environmental Protection Division (“EPD”) Director determines the Drought Level, thus imposing the restrictions. There were no drought declarations declared during the year.

2. *Tri-State Water Dispute* – The States of Georgia, Florida and Alabama are currently engaged in an ongoing dispute over use of the water in Lakes Lanier and Allatoona, and the Chattahoochee River. These are the primary sources of drinking water for the metro-Atlanta area. Florida and Alabama are seeking a ruling that would drastically reduce the quantity of water that metro-Atlanta water providers would be permitted to withdraw from the Chattahoochee basin. The State of Georgia, on the other hand, believes that water withdrawals by metro area water providers are entirely reasonable and should be allowed to increase in accordance with population growth. Further, the State understands the need to exercise good stewardship of these water resources, and has enacted rules and conservation measures that enable the State to make a strong case in its defense. As it stands today, the State of Georgia has presented compelling arguments in favor of continued withdrawals for the greater metro-Atlanta area, and rulings thus far have been mostly favorable for Georgia. As a result, the Army Corps of Engineers has determined to allow water withdrawals from Lake Lanier and the Chattahoochee basin that should be sufficient to meet the metro-area’s needs through 2050. However, even though the arguments in favor of the State of Georgia have prevailed, Florida and Alabama have not abandoned further legal challenges.

The Authority is not dependent on the water sources of the Chattahoochee basin. The water supply of the County comes from reservoirs developed by the Authority in the southern part of the County, from streams that originate in the County. Any withdrawal limitations imposed on the Chattahoochee basin should have minimal direct impact on the Authority. Nonetheless, the County is part of the metro-Atlanta region, and is thus included in any water conservation regulations imposed on the metro-Atlanta region.

Water conservation measures have both positive and negative consequences for water providers. Although water conservation can foster some long-range benefits, such as delaying the need to develop the next expensive water supply source, decreased water use because of conservation measures also means decreased revenue.

Outlook

The increase in the customer base has averaged 2% per year for the past ten years. This rate of growth is sustainable - not so fast as to necessitate massive, rapid infrastructure expansions and the associated debt, and quickly use up available capacity. It is also important to be in position to adapt to change, in the event growth becomes extremely rapid as it was in 2007 and prior, or if growth slows due to economically depressed conditions as we saw in the years following 2007. The Authority is in as good a position as possible to respond to any potential change in economic conditions.

The challenge for the Authority is to have water and sewerage infrastructure in place just in time to meet increased demand, but not too soon, thus adding additional costs to the budget before the additional demand is there to pay for it. Since some facilities can take multiple years to plan and construct, projecting the timing of increased demand on our water and sewerage system is of critical importance, even though difficult to predict.

Long-Term Financial Considerations

Several years ago, the Authority agreed on a strategy of decreasing the Authority's dependence on debt to finance future projects, and instead using a 'pay-as-you-go' approach in as much as possible, and gradually adding to the Renewal and Extension Fund in order to fund large scale projects. This strategy is working, evidenced by the Authority's continually improving cash position, and ability to complete large projects from cash in hand. However, larger projects such as the expansion of the Walnut Creek Wastewater Treatment Facility do still require taking on debt. The Authority can borrow money from the Georgia Environmental Finance Authority ("GEFA") to finance qualified projects at a low interest rate. We believe it is in the Authority's best interest to take advantage of low interest rate loans, when the situation presents itself. Therefore, we anticipate borrowing up to \$100 million for this wastewater treatment plant expansion as discussed in the next paragraph.

A project is currently underway on an expansion of the Authority's largest wastewater treatment plant. The total cost to complete this expansion is expected to be \$185 million. The Authority has applied for and been granted a GEFA loan of \$50 million, with a second loan of \$50 million to follow. The remaining costs will be funded out of Authority funds, or any available American Rescue Plan Act ("ARPA") funding that is awarded to the Authority.

As for revenue bonds, the most recent issue was Revenue Bond Series 2021 in the principal amount of \$22.8 million, for the purpose of refunding Series 2010 Revenue Bonds. This refinancing resulted in total reduced debt service payments of over \$3.2 million. The Authority's Board also approved the redemption of Series 2012 Revenue Bonds. Calling and redeeming these bonds saved \$3 million in interest.

Major Initiatives

The Authority concluded a major study of its 30-year Capital Improvement Plan (the "Plan") during 2020. The Plan is adjusted each year based on actual customer rate of growth and additional infrastructure needs. Below, expressed in millions of dollars, are the amounts expected to be spent by the Authority in accordance with the 30-year Plan (future dollars based on annual inflation rate of 3%).

<u>Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
2021 - 2025	48.9	186.0	234.9
2026 - 2030	60.7	48.5	109.2
2031 - 2035	77.3	22.5	99.8
2036 - 2040	80.5	128.8	209.3
2041 - 2045	136.5	113.0	249.5
2046 - 2050	56.9	56.9	113.8
	<u>460.8</u>	<u>555.7</u>	<u>1,016.5</u>

All projects in the 30-year Plan will actually be constructed when demand on the system warrants that it is time to go ahead with them. The dates associated with the projects are the best current estimate of when that will be, and are subject to change.

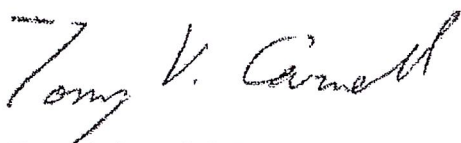
Authority staff carefully evaluate ongoing and upcoming projects on a monthly basis. The Authority adjusts the timing of projects in the Plan in an effort to match them with anticipated growth in the customer base that would create the need for the project. The Authority has a history of excellent planning and successfully executing those plans. As a result, adequate facilities are in place to meet the drinking water and wastewater treatment needs of the County.

Meter system upgrades are currently ongoing, and the initial meter change-out program will continue to take place over the next ten years, on a route by route basis. The Authority's mechanical water meters are being replaced by more technologically advanced meters which contain no moving parts. Additionally, a change is being made in the way those meters are read. The mechanical meters transmit a signal that is read as our meter reading truck goes by each month; this is called Automated Meter Reading ("AMR"). The new meters are capable of both sending transmissions to and receiving transmissions from the main office, on a real-time basis, as often as needed, by using strategically placed antennas and base stations around the County. This technology is call Advanced Metering Infrastructure ("AMI").

Acknowledgements

We express our thanks to the management of each department of the Authority, all of whom have adhered to sound practices to assure that transactions are properly recorded. Thanks, should also be expressed to the staff of the Finance Department for their commitment and dedication to the financial integrity of the Authority that makes this report possible. Finally, a great deal of thanks is given to the Board of the Authority, who keep the best interest of the citizens of Henry County foremost in mind. Their support continues to be of paramount importance to financial integrity of the Authority.

Respectfully submitted,



Tony V. Carnell, PE
General Manager



Dave Peterson, CPA
Chief Financial Officer

Henry County Water Authority Administration

HCWA Board Members



Jimmy Carter



Sandra Rozier



Warren Holder



Fred Mays



Myra Lott



Bruce B. Holmes

General Manager

Tony Carnell, General Manager

Karen Lake-Thompson, Executive Assistant/Clerk

Management Team

Dave Peterson -	Chief Financial Officer, Division Manager of Administration
Pat Hembree -	Division Manager of Water Production & Water Pollution Control
Scott Sage -	Division Manager of Engineering
Allen Rape -	Division Manager of Customer Support Services & Distribution Systems
Tara Brown -	Director of Strategic Planning
Tamara Woodie -	Director of Human Resources & Risk Management
Dan Newcombe -	Director of Information Technology
Ashley Moncavage -	Manager, Human Resources
Jeff Allen -	Manager, Purchasing & Inventory
Brenda MacDonald -	Manager, Finance
Randy Crumbley-	Manager, Engineering
Allan Branan -	Manager, Construction & Inspections
Darlene Johnson -	Manager, Customer Service
Eric Osborne -	Manager, Water Production
Jason Jeffares -	Manager, Water Pollution Control
Cliff Hardin -	Manager, Sewer Line Maint & Repairs
Ray Sanders -	Manager of Water & Sewer Operations Maintenance
Ken Presley -	Manager, Reservoirs & Land Management
Lesa Walker -	Manager, Operations
Jeremy Newell -	Manager, AMI/Field Services
Brock Biles -	Manager, Water Loss

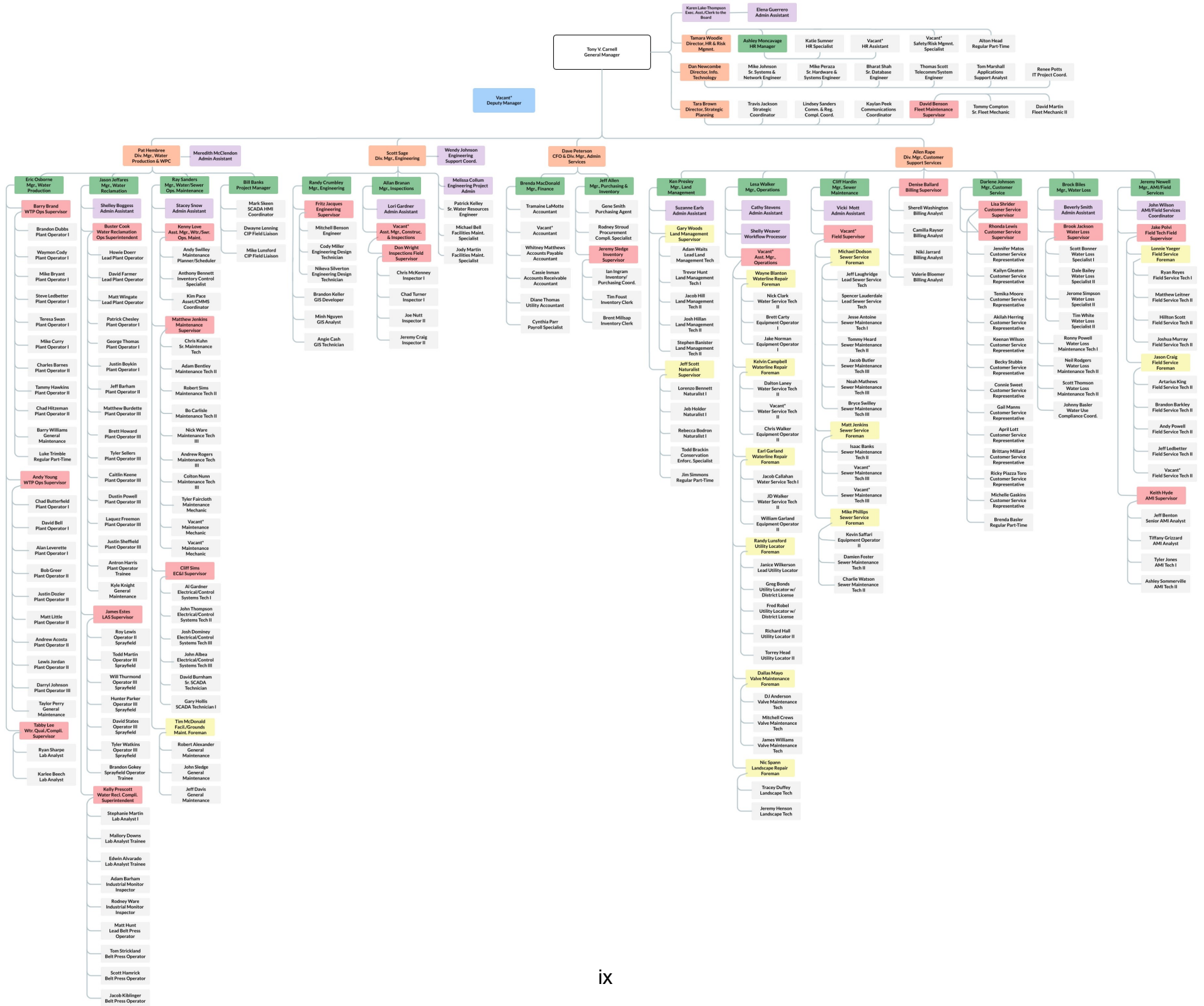
Consultants and Professional Services

Legal Counsel:

Smith, Welch, Webb & White, McDonough, Georgia

Auditors:

Mauldin & Jenkins, LLC, Macon, Georgia





Government Finance Officers Association

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Reporting

Presented to

**Henry County Water Authority
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Annual Comprehensive Financial Report

FINANCIAL SECTION

Henry County Water Authority - McDonough, Georgia



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Henry County Water Authority
McDonough, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the **Henry County Water Authority**, (the "Authority"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 – 14, the Schedule of Changes in the Authority's Net Pension Liability (Asset) and Related Ratios on pages 42 and 43, Schedule of Authority Pension Contributions on pages 44 and 45, and the Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios on pages 46 and 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 13, 2023

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the Henry County Water Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements, notes to the financial statements and statistical section.

The overall financial position of the Authority has improved from the previous fiscal year, as evidenced by an increase in total net position of \$39 million.

The Authority has a growing customer base and is expanding capital assets (infrastructure), and has the ability to implement rate increases (as evidenced by the 4% water and 5% sewer rate increase effective November 1, 2022).

Proprietary Fund Accounting and Reporting

The Authority operates as a single fund in a business-like manner. Thus, the Authority uses the accrual approach to account for and report financial transactions. This means that revenues are recognized as soon as they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of related cash inflows and outflows. All assets, deferred outflows of resources, deferred inflows of resources, and liabilities that are measurable and probable are included in the financial statements. The full acquisition costs of all capital assets are included in the Statement of Net Position and are depreciated over their estimated useful life. Consequently, the Authority's accounting practices generally resemble a commercial entity's approach.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

Net Position: The following table reflects the overall financial condition of the Authority as of the last two fiscal years. Current plus restricted assets increased from the prior fiscal year by \$26.7 million. The net investment in capital assets increased by approximately \$22.3 million.

	<u>2023</u>	<u>2022</u>
Current assets	\$ 15,738,628	\$ 11,074,509
Restricted assets	199,143,529	177,097,797
Capital assets	302,546,053	292,489,531
Other long-term assets	-	10,328,529
Total assets	<u>517,428,210</u>	<u>490,990,366</u>
Deferred refunding charges	1,950,283	2,272,589
Deferred outflows related to pensions	15,868,349	4,721,921
Deferred outflows related to other post-employment benefits	3,691,760	4,185,546
Total deferred outflows of resources	<u>21,510,392</u>	<u>11,180,056</u>
Current liabilities	38,300,343	21,305,524
Long-term liabilities	110,675,763	121,198,533
Total liabilities	<u>148,976,106</u>	<u>142,504,057</u>
Deferred refunding charges	164,454	217,790
Deferred inflows related to pensions	140,724	8,400,136
Deferred inflows related to other post-employment benefits	8,759,271	9,236,427
Total deferred inflows of resources	<u>9,064,449</u>	<u>17,854,353</u>
Net investment in capital assets	198,846,158	176,551,457
Restricted for debt service	175,835,687	158,086,178
Unrestricted	6,216,202	7,174,377
Total net position	<u>\$ 380,898,047</u>	<u>\$ 341,812,012</u>

The reduction in long-term liabilities reflects payments made on existing Revenue Bonds and long-term GEFA loans.

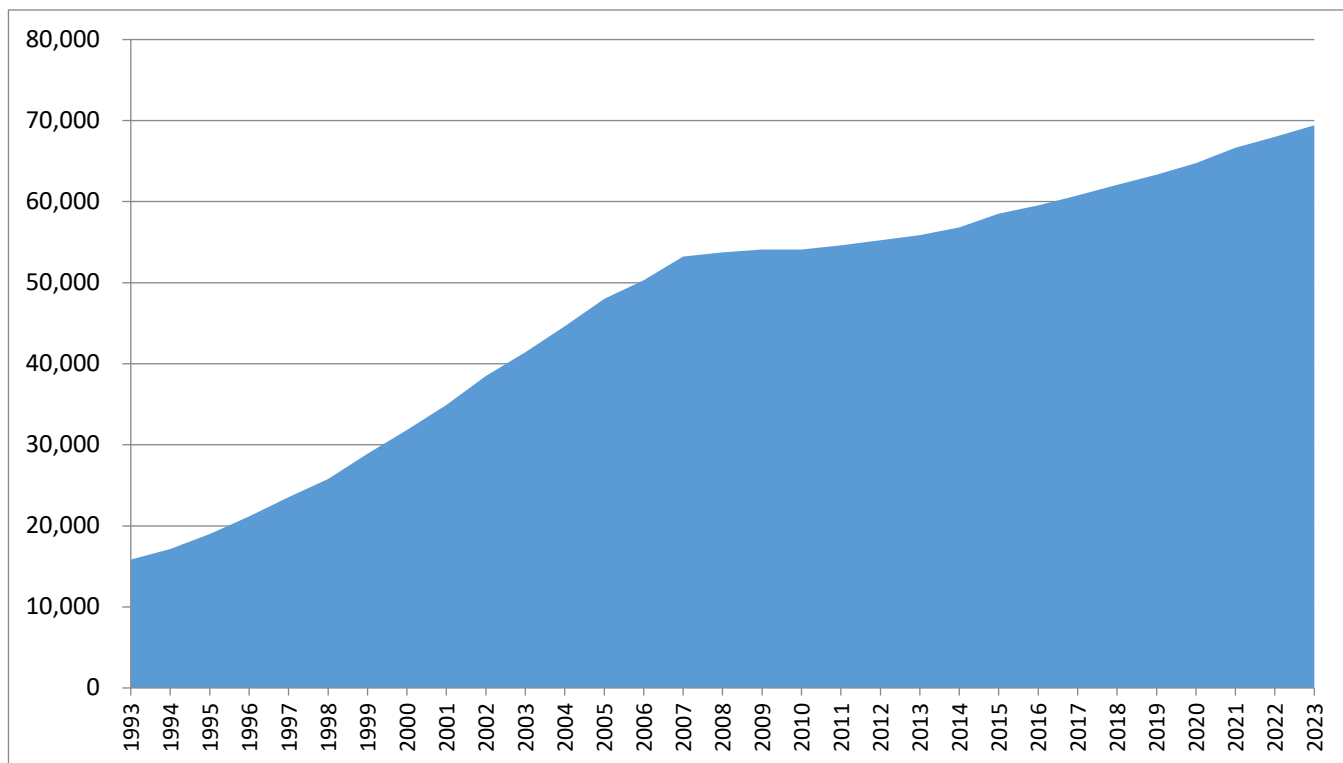
MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

The Authority expands its water and sewer infrastructure in accordance with demand, which is largely predicated on the rate of growth in population in Henry County. The graph below shows the number of Authority water customers from 1993 to 2023. There are significant differences in the pace of customer growth from 1993 through 2023. These differences can be summarized into three categories:

1. 1993 through 2007 – explosive growth, adding an average of 2,500 new customers per year. That equates to an average 9.4% rate of growth per year.
2. 2008 through 2014 – dramatic decrease in the rate of growth as a result of the nation-wide housing slump that occurred during that time. However, an average of 515 new customers per year were still being added during that seven-year window.
3. 2015 through 2023 – moderate growth, adding an average of 1,401 new customers each year, equating to a 2.3% rate of growth.

The Authority carries a significant amount of debt relative to net position. This was necessary in order to construct system improvements needed for the pre-2008 rapidly increasing customer base. The number of water customer connections to the Authority's system has increased from 15,853 in 1993 to 69,423 in 2023. Large tracks of developable land, formerly farmland, located along Interstate 75 (with seven exits in Henry County) just south of Atlanta and the Atlanta airport were among the factors contributing to the growth of the county.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Revenues, Expenses and Changes in Net Position: The following table illustrates the history of revenues, expenses and changes in net position for the past two fiscal years.

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Water revenues	\$ 49,232,887	\$ 45,871,786
Sewerage revenue	21,061,224	19,078,000
Connection fees	613,190	636,165
Other fees and charges	<u>6,902,433</u>	<u>8,993,887</u>
Total operating revenues	<u>77,809,734</u>	<u>74,579,838</u>
Operating expenses:		
Water treatment	7,771,354	5,993,568
Water purchase	21,806	124,970
Customer service and connection	4,900,008	4,292,193
Wastewater treatment	7,995,396	7,486,660
Repairs and maintenance	14,221,964	12,554,896
Administrative and engineering	10,151,080	7,971,866
Depreciation	28,122,978	28,606,721
Information technology	<u>2,316,184</u>	<u>1,929,931</u>
Total operating expenses	<u>75,500,770</u>	<u>68,960,805</u>
Operating income	<u>2,308,964</u>	<u>5,619,033</u>
Non-operating revenues (expenses):		
Real property taxes	20,088,256	17,675,099
Motor vehicle and other taxes	1,536,643	1,780,847
Interest income	4,420,907	243,833
Realized loss on investments	1,783,542	(263,457)
Interest expense and fiscal charges	(3,387,362)	(4,388,546)
Gain on disposal of capital assets	131,073	147,872
Total non-operating revenues, net	<u>24,573,059</u>	<u>15,195,648</u>
Income before contributions	26,882,023	20,814,681
Capital contributions	<u>12,204,012</u>	<u>10,546,611</u>
Change in net position	39,086,035	31,361,292
Total net position, beginning	<u>341,812,012</u>	<u>310,450,720</u>
Total net position, ending	<u>\$ 380,898,047</u>	<u>\$ 341,812,012</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

The Authority has a three tiered inclining block rate structure. Total system-wide revenue will fluctuate from year to year depending on customer consumption patterns which determine the tiers that water is billed in.

All water is metered and sold at a monthly base charge plus a usage rate per thousand gallons. The residential rates in place at June 30, 2023 are:

- \$12.89 per month base charge (household size meter)
- \$ 5.15 per thousand gallons for the first 6,000 gallons
- \$ 7.00 per thousand gallons for the next 4,000 gallons
- \$ 10.23 per thousand gallons for all usage above 10,000 gallons

Sewerage charges are based on metered water usage. Those sewerage customers who do substantial outdoor irrigation typically have separate irrigation meters. So, sewerage revenue is not as significantly impacted by weather conditions as is water revenue. The Authority added 1,239 new sewerage customers to the system during 2023. Sewer rates were also increased by 5% during the year. Residential sewerage rates at June 30, 2023, are:

- \$13.44 per month base charge
- \$ 5.20 per thousand gallons for the first 6,000 gallons
- \$ 7.07 per thousand gallons for all usage above 10,000 gallons

Approximately 42% of the Authority's water customers are also sewer customers. However, this percentage is growing as Henry County transforms to a more urbanized county, and most new subdivisions and commercial developments require public sewer.

Connection fees – A connection fee, approximating the cost of the water meter equipment, is required for all new connections onto the system. At June 30, 2023, the fee for a standard $\frac{3}{4}$ inch meter is \$380 (the charge is more for larger meters). In addition, if the Authority is required to tap into the water main and run the service line to the meter, the Authority charges a fee to recover the cost for doing so. Connection fees for fiscal year 2023 were \$613,190.

Other fees and charges – This line item includes a 10% fee for late payments made by customers, which totaled \$725,507 in fiscal year 2023. A \$50 fee is also required to restore service to customers who have had their water service cut off for non-payment. During the fiscal year, \$341,775 was collected for that. Bad check fees, damage and tampering fees, plan review fees, fishing permits and various other fees are also credited to this line.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Water treatment and water purchase – This is the cost to operate the Authority’s two water treatment plants, having a permitted capacity totaling 40 million gallons per day (“mgd”), plus ten elevated water storage tanks, three ground storage tanks and several booster pump stations. Actual water production (inclusive of water purchased) during fiscal year 2023 averaged 17.9 mgd, which is a slight increase over the previous year’s total. In addition to its finished water production capability at the Authority’s two Water Treatment Plants, contracts with neighboring Clayton and DeKalb counties enable the Authority to purchase finished water on an as needed basis. Each year since the Authority’s second water treatment plant came on line in 2007, the Authority produces more than 99% of its total water requirements and purchases less than 1%.

Customer Service and Connection – This is the cost of the Customer Service Department including Billing and the Field Service technicians. All meters are read electronically each month and customers receive a monthly statement based on that reading. No estimates are used. Any meter that is found to be non-functioning at the date of reading is repaired, typically the same day or the next day. The Authority is in a multi-year meter change out program, replacing the older drive-by radio read meters (“AMR”) with Advanced Metering Infrastructure (“AMI”). The new AMI meters transmit information to the Authority office (via base station) without the need to send an employee in a truck to the site of the meter. Approximately 63% of the Authority’s meters have been changed out to AMI technology, and the remaining 37% of the meters are AMR.

Wastewater treatment – The Authority operates three wastewater treatment plants (“WWTP”). The three plants together treated an average of 8.4 mgd of sewerage during fiscal year 2023, which is an increase from 7.5 mgd treated the previous year. The combined permitted capacity of these three plants as of June 30, 2023 was 12.3 mgd, however, the collection systems for these three plants are not interconnected. As is typical of sewer systems, the collection systems make maximum use of gravity flow to deliver the sewerage to a wastewater treatment plant at or near the bottom of the respective gravity basin.

Repairs and maintenance – This is comprised of the following:

	2023	2022
Purchasing and inventory	\$ 834,827	\$ 650,290
Vehicle maintenance	432,533	341,718
Building and grounds maintenance	594,288	451,398
Security and maintenance	-	470,381
Sewer line repair and maintenance	1,989,334	1,653,480
Water and sewer operations maintenance	4,820,917	4,052,617
Reservoir and grounds	1,626,604	1,287,648
Water line repair and maintenance	3,923,461	3,647,364
Total	\$ 14,221,964	\$ 12,554,896

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Administration and Engineering – This is comprised of the following:

	2023	2022
Administrative	\$ 2,123,792	\$ 1,616,191
Finance	1,168,677	1,041,020
Human Resources	1,486,942	1,102,760
Engineering	1,873,051	1,543,739
Inspections	1,007,670	810,730
GIS	1,811,402	1,079,457
Property and liability insurance	538,496	666,136
Bad debt expense	141,050	111,833
Total	\$ 10,151,080	\$ 7,971,866

Depreciation – This is, by far, the Authority's single largest expense line item, accounting for 37.2% of the total operating expenses. The Authority owns over \$870 million in capital assets that are subject to annual depreciation. Straight line depreciation is used over the life expectancy of the assets which range from 3 to 50 years.

Real property taxes – The Authority receives a 2 mill tax levy on all taxable property within the boundaries of Henry County. The Joint Resolutions of Henry County and the Authority to issue Revenue Bonds contains a covenant to levy the 2 mill tax until all Revenue Bonds are paid in full, or provision is made therefore. The final maturity on currently outstanding Revenue Bonds is Feb 1, 2030. Henry County experienced substantial increases in the tax digest from year to year leading up through fiscal year 2009. The tax digest decreased each fiscal year beginning with fiscal year 2010 through fiscal year 2013, reflecting lower property valuations. However, since 2014, the Authority has experienced property tax revenue as follows:

Fiscal Year	Amount	% Increase
2014	\$ 9,386,971	
2015	10,509,669	12.0%
2016	11,674,596	11.1%
2017	12,773,628	9.4%
2018	13,597,092	6.4%
2019	14,894,787	9.5%
2020	15,735,981	5.6%
2021	16,649,357	5.8%
2022	17,675,099	6.2%
2023	20,088,256	13.7%

Motor vehicle and other taxes – The Authority receives a 2 mill tax on motor vehicles as well as on real property. During 2012, the State of Georgia created a 'Title Ad Valorem Tax' ("TAVT") to take the place of motor vehicle tax on all vehicles purchased after March 1, 2013. Motor Vehicle Ad Valorem tax continued to be collected on vehicles purchased prior to March 1, 2013, and the Authority continued to receive 2 mills of that tax. The Henry County Tax

MANAGEMENT'S DISCUSSION AND ANALYSIS

Commissioner also allocated a portion of the TAVT to the Authority each month until March 30, 2015, when he determined that the Authority was not eligible to participate in the TAVT. From that date through June 30, 2016, the Tax Commissioner did not distribute any TAVT to the Authority. Prior to March 2015 the Authority had been averaging more than \$80,000 per month from the distribution of motor vehicle tax and TAVT. After March 2015 the monthly distribution dropped to less than \$40,000.

However, on May 3, 2016 the Governor of Georgia signed Senate Bill 379 into law with an effective date of July 1, 2016. This law requires the Tax Commissioner to distribute to the Authority an amount each month sufficient to equal motor vehicle taxes received by the Authority during the same month in calendar year 2012. Motor vehicle and other taxes is comprised of the following:

	2023	2022
Motor Vehicles	\$ 1,046,088	\$ 1,043,042
Intangible	393,290	647,448
N.O.D.s and Mobile Homes	38,294	37,922
Penalties and interest	58,971	52,435
	\$ 1,536,643	\$ 1,780,847
Total	\$ 1,536,643	\$ 1,780,847

Interest Income – Funds are invested as permitted in accordance with Georgia Code Section 36-80-3. Interest earnings were \$4,420,907 in fiscal year 2023. This is significantly higher than the previous year, as interest rates across many financial institutions have continued to rise in fiscal year 2023.

Interest expense and fiscal charges:

	2023	2022
Impact fees	\$ 4,361,167	\$ 6,547,846
Contributions for project costs	674,980	827,398
Contributions in kind	12,204,012	10,546,611
	\$ 17,240,159	\$ 17,921,855
Total	\$ 17,240,159	\$ 17,921,855

Gain on disposal of property and equipment – As vehicles and equipment reach or exceed their useful lives and it becomes impracticable to continue to repair and maintain them, or when they are no longer of any use or value to the Authority, those items are declared to be surplus property and are sold at auction. During the fiscal year, the Authority made use of an on-line auction (Gov. Deals) to sell its surplus property. Occasionally, property that becomes surplus is of virtually no value on the open market and can only be sold for scrap value, or in some cases, simply disposed of. The Authority makes every reasonable effort to achieve the maximum net profit possible from the sale of all surplus items. During fiscal year 2023, we realized a net gain of \$131,073 on the sale of surplus property.

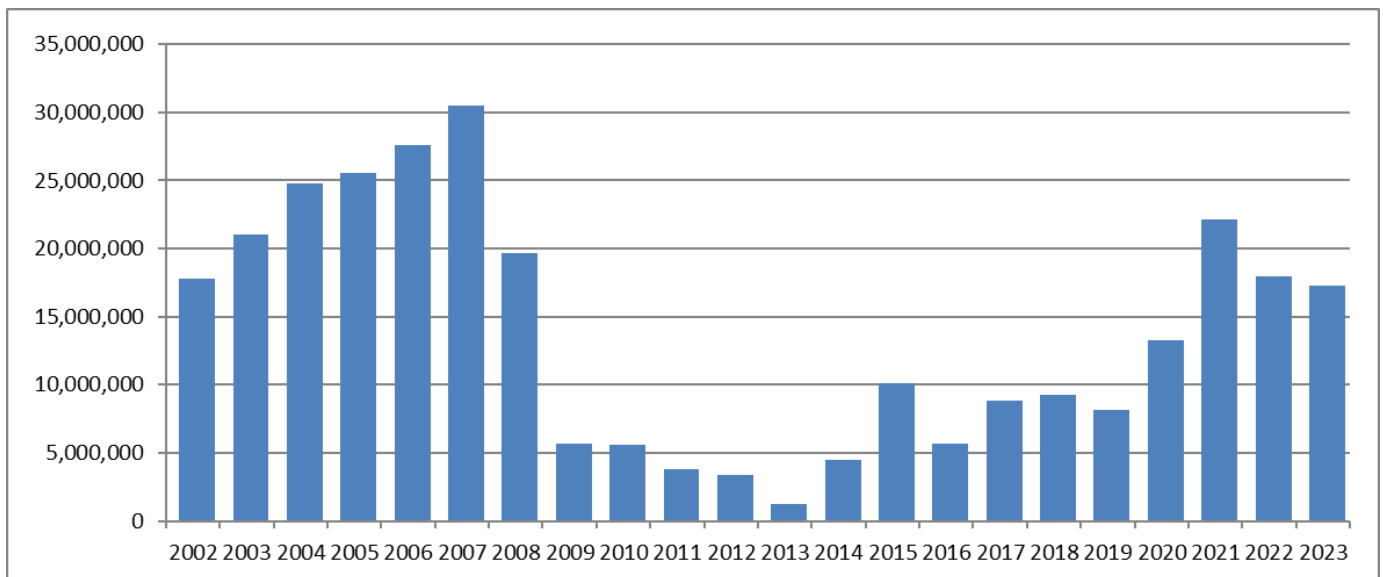
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital contributions consist of the items listed in the table below. The Authority assesses Impact Fees designed to recover a fair proportionate share of the costs of 'system improvements' needed to serve new growth and development. For residential use, anyone subscribing for initial use of water service pays \$700 per equivalent dwelling unit ("EDU"), and anyone initially connecting onto the sewer system pays \$2,700 per EDU. The commercial/industrial fees are \$350 per EDU for water and \$1,350 per EDU for sewer. The Authority defines one EDU to be 300 gallons per household per day. Impact fees are only expended for qualifying system improvements and to make debt service payments on such improvements.

Contributions for project costs, shown below, are paid to the Authority to cover the expense of improvements made to serve specific developments. Contributions in kind represent the value of assets deeded over to the Authority by developers.

	2023	2022
Revenue bond interest expense	\$ 3,370,656	\$ 4,009,069
GEFA interest expense	928,359	1,021,230
Amortization of issuance costs	(913,529)	(643,609)
Fiscal agent fees	1,876	1,766
Total	\$ 3,387,362	\$ 4,388,456

As the graph below shows, capital contributions decreased significantly from a high point of \$30.5 million reached in 2007, reflecting a steep decline in the construction of new houses and commercial development from 2008 to 2014. The increased amounts in contributions in the most recent nine fiscal years reflect an increase in new construction, after six fiscal years of decline.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets: The Authority's investment in capital assets as of June 30, 2023 before accumulated depreciation is \$871,285,846. Net of accumulated depreciation, that number comes to \$302,546,053. The investment in capital assets includes land and easements, five reservoirs, buildings, two water treatment plants, water storage tanks, three wastewater treatment plants, system improvements, construction in progress, vehicles and equipment. The Authority added 11.55 miles of water main and 8.49 miles of sewerage main to the system during fiscal year 2023.

Additional information on the Authority's capital assets can be found in Note 4 of these financial statements.

Debt Administration: As an Authority created by an act of the General Assembly of the State of Georgia, long-term borrowing by the Authority is provided through Revenue Bonds issued by the Authority and debt incurred to the Georgia Environmental Finance Authority ("GEFA").

Principal payments of \$3,149,289 on GEFA loans and \$9,430,000 on Revenue Bonds were made in accordance with the debt service schedules.

The Authority's Aa2 rating from Moody's Investor Services was unchanged during the year. Additional information on the Authority's long-term debt can be found in Note 5 of these financial statements.

Currently Known Conditions Affecting Future Operations

The Authority has received a Digest Evaluation from the County Tax Commissioner showing Net Tax to the Authority of \$23,122,990 which will be recorded as revenue in the Authority's fiscal year 2024. This is an increase of 15.2%, amounting to an additional \$3,036,733 from the amount reported to us by the Tax Commissioner a year ago and recorded in these fiscal year 2023 Financial Statements. (These numbers are before any write-offs for uncollectable taxes. Write-offs are typically less than 1% - there is no expectation that the write-off will be significantly different in fiscal year 2023 from the norm). This is the eighth consecutive fiscal year of strong growth in the tax digest.

Further Information

This financial overview is designed to provide readers with a general overview of the Authority's finances, and to show accountability. If you have questions or would like further information about this financial report, you may contact the Finance Department of the Authority located at 1695 Highway 20 West, McDonough, Georgia 30253.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash	\$ 3,230,749
Receivables, net of allowance for uncollectibles:	
Taxes	1,017,415
Interest	39,299
Accounts	8,711,573
Inventory	2,739,592
Restricted assets:	
Cash	18,820,507
Investments	180,323,022
	214,882,157
Total current assets	214,882,157
NONCURRENT ASSETS	
Capital assets:	
Land	34,968,336
Buildings	17,171,078
Improvements other than buildings	761,149,770
Machinery and equipment	20,982,813
Vehicles	6,490,020
Construction in progress	30,523,829
	871,285,846
Less accumulated depreciation	568,739,793
Total capital assets, net of accumulated depreciation	302,546,053
Total noncurrent assets	302,546,053
Total assets	517,428,210
DEFERRED OUTFLOWS OF RESOURCES	
Deferred refunding charges	1,950,283
Pension	15,868,349
Other post-employment benefits	3,691,760
	21,510,392
Total deferred outflows of resources	21,510,392

(Continued)

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

STATEMENT OF NET POSITION
JUNE 30, 2023

LIABILITIES	
CURRENT LIABILITIES	
Payable from current assets:	
Accounts payable	\$ 11,436,168
Compensated absences payable - current	627,610
Accrued expenses and other liabilities	704,913
Retainage payable	1,319,734
Customer deposits payable	5,326,197
Accrued interest payable	73,344
Notes payable - current	3,244,300
Total other post-employment benefits liability	4,563,054
	<u>27,295,320</u>
Payable from restricted assets:	
Revenue bonds payable	9,680,000
Accrued interest payable	1,325,023
	<u>11,005,023</u>
 Total current liabilities	 <u>38,300,343</u>
 LONG-TERM LIABILITIES	
Notes payable	26,237,792
Revenue bonds payable, net	65,003,898
Compensated absences payable	920,521
Total other post-employment benefits liability	10,647,128
Net pension liability	7,866,424
	<u>110,675,763</u>
 Total long-term liabilities	 <u>110,675,763</u>
 Total liabilities	 <u>148,976,106</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred refunding charges	164,454
Pension	140,724
Other post-employment benefits	8,759,271
	<u>9,064,449</u>
 Total deferred inflows of resources	 <u>9,064,449</u>
 NET POSITION	
Net investment in capital assets	198,846,158
Restricted for debt service	175,835,687
Unrestricted	6,216,202
	<u>380,898,047</u>
 Total net position	 <u>\$ 380,898,047</u>

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
JUNE 30, 2023

Operating revenues	
Charges for services:	
Water sales	\$ 49,232,887
Sewer sales	21,061,224
Connection fees	613,190
Other fees and charges	6,902,433
Total operating revenues	<u>77,809,734</u>
Operating expenses	
Water treatment	7,771,354
Water purchase	21,806
Customer service and connection	4,900,008
Wastewater treatment	7,995,396
Repairs and maintenance	14,221,964
Administrative and engineering	10,151,080
Depreciation	28,122,978
Information technology	2,316,184
Total operating expenses	<u>75,500,770</u>
Operating income	<u>2,308,964</u>
Non-operating revenues (expenses)	
Real property taxes	20,088,256
Motor vehicle and other taxes	1,536,643
Interest income	4,420,907
Gain on disposal of capital assets	131,073
Realized gain on investments	1,783,542
Interest expense and fiscal charges	<u>(3,387,362)</u>
Total non-operating revenues, net	<u>24,573,059</u>
Income before contributions	26,882,023
Capital contributions	<u>12,204,012</u>
Change in net position	39,086,035
Total net position, beginning of year	<u>341,812,012</u>
Total net position, end of year	<u>\$ 380,898,047</u>

See Notes to Financial Statements.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 76,307,842
Payments to suppliers	(8,933,776)
Payments to employees	(28,379,971)
Net cash provided by operating activities	<u>38,994,095</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Taxes received	<u>21,475,726</u>
Net cash provided by non-capital financing activities	<u>21,475,726</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(25,975,488)
Proceeds from the sale of capital assets	131,074
Principal payments on long-term borrowings	(12,579,289)
Interest paid on long-term borrowings	(4,444,610)
Net cash used in capital and related financing activities	<u>(42,868,313)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	63,731,616
Interest received	4,420,907
Net cash provided by investing activities	<u>68,152,523</u>
Net increase in cash	85,754,031
Cash:	
Beginning	<u>105,352,667</u>
Ending	<u>\$ 191,106,698</u>
Classified as:	
Cash	\$ 3,230,749
Restricted assets:	
Cash	18,820,507
Cash equivalents included in investments	169,055,442
	<u>\$ 191,106,698</u>

(Continued)

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 2,308,964
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	28,122,978
Changes in assets and liabilities:	
Increase in accounts receivable	(1,634,215)
Decrease in due from Henry County	132,323
Increase in inventory	(1,252,828)
Increase in deferred outflows of resources	(10,652,642)
Increase in accounts payable and accrued expenses	12,144,472
Decrease in customer deposits payable	(6,520)
Increase in net pension liability	18,194,953
Decrease in deferred inflows of resources	(8,736,568)
Increase in total other post-employment benefits obligation	373,178
Net cash provided by operating activities	<u>\$ 38,994,095</u>

**SUPPLEMENTARY SCHEDULE OF NON-CASH
INVESTING AND CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital contributions from developers	\$ 12,204,012
Realized gain on investments	1,783,542
	<u>\$ 13,987,554</u>

See Notes to Financial Statements.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Henry County Water Authority (the “Authority”) a component unit of Henry County, Georgia, (the “County”) a body politic, was duly created under the Acts of the General Assembly of the State of Georgia on March 28, 1961. The Authority was created to provide water and related services throughout the County. The Authority currently serves approximately 70,000 customers in the City of McDonough and Henry County, Georgia. Related services include waste treatment, maintenance of water and sewer lines, and installation of new water and sewer lines. The Authority is governed by a Board of Directors, which are appointed by the County. The County is obligated for the debt of the Authority and, therefore, a financial burden exists.

The Authority’s financial information is included within the County’s financial statements as a discretely presented component unit.

Fund Accounting

The Authority uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type – *Enterprise Fund*. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Net position is segregated into net investment in capital assets, restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Authority's financial statements include the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and, Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. The financial statements include a Management's Discussion and Analysis ("MD&A") section providing an analysis of the Authority's overall financial position and results of operations.

Management 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, deferred outflows of resources, deferred inflows of resources, and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Revenues

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 are charges for goods and services provided. Operating expenses include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity of three months or less. Statutes authorize the Authority to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by the U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs.

Customer Accounts Receivables

Customer accounts receivables include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Property Taxes Receivables

Property taxes levied by the County in September 2022, and not collected by June 30, 2023, are recorded as receivables, net of estimated uncollectibles.

Inventories

Inventories of materials and supplies are stated at cost, which approximates market, using the weighted average method.

Restricted Assets

Certain proceeds of the revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable.

Deferred Refunding Charges

Deferred refunding charges represent the difference between the carrying amount of defeased debt and its reacquisition price. Deferred refunding charges are amortized using the straight-line method over the remaining life of the defeased debt, had it not been refunded, or the life of the new debt, whichever is shorter. Unamortized deferred refunding charges are presented as deferred outflows of resources and deferred inflows of resources.

Capital Assets

Capital assets are carried at cost. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are reported at acquisition value. Assets with a cost of \$5,000 or greater are capitalized. These assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	20 – 50
Improvements other than Buildings	10 – 50
Machinery and Equipment	3 – 20
Vehicles	3 – 10

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Leases

The Authority has considered the concepts and implications of GASB Statement No. 87 and determined the Authority does not have any agreements that fall under the provisions of the statement.

Subscription-Based Information Technology Arrangements

The Authority has considered the concepts and implications of GASB Statement No. 96 and determined the Authority does not have any agreements that fall under the provisions of the statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Contributions

Capital contributions consist of capital grants or contributions from developers, customers and other funds.

Deferred Outflows/Inflows of Resources and Net Position

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority reported three (3) items that qualified for reporting in this category for the fiscal year ended June 30, 2023. Those items are deferred bond refunding charges, the items related to the changes in the net pension liability and the total Other Postemployment Benefits (“OPEB”) liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reported three (3) items that qualified for reporting in this category for the fiscal year ended June 30, 2023. Those items are deferred bond refunding charges, the items related to the changes in the net pension liability and the total Other Postemployment Benefits (“OPEB”) liability.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions and OPEB

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

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2023, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:

Cash and cash equivalents	\$ 3,230,749
Restricted:	
Cash	18,820,507
Investments	180,323,022
	<u>\$ 202,374,278</u>
Cash deposited with financial institutions	\$ 22,051,256
Investments held by the State of Georgia	180,323,022
	<u>\$ 202,374,278</u>

At June 30, 2023, the Authority held the following investments:

Investments	Maturities	Fair Value	Rating
Investments held by the State of Georgia - Georgia Fund One	28 days	\$ 180,323,022	AAAf
		<u>\$ 180,323,022</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Georgia Fund 1. Georgia Fund 1 was created by the Official Code of Georgia Annotated (“O.C.G.A.”) §36-83-8, which is a stable net asset value investment pool which follows Standard & Poor’s criteria for AAf rated money market funds. The investment in Georgia Fund 1 represents the Authority’s portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, bankers’ acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in the Georgia Fund 1 is valued at fair value. 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 participants’ shares sold and redeemed based on \$1.00 per share. The pool is regulated by the Georgia Office of the State Treasurer.

Credit Risk. State statutes authorize the Authority 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.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Authority’s investment in a single issuer. To eliminate risk of loss from the overconcentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets in the Authority’s fund shall be diversified by maturity, issuer, and class of security.

Fair Value Measurements. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Georgia Fund 1 is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Authority does not disclose investment in Georgia Fund 1 within the fair value hierarchy. The Authority’s investments in government bonds are considered Level 1 investments.

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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. As of June 30, 2023, all of the Authority’s funds which were uninsured were collateralized as required by O.C.G.A. §45-8-12(c) and as defined by GASB pronouncements. The Authority does not have a formal custodial credit risk policy but does ensure compliance with O.C.G.A. and GASB.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all 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. The Authority’s policy requires that financial institutions and broker/dealers who provide investment services be pre-qualified based on several criteria prior to the commencement of services.

NOTE 3. RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following at June 30, 2023:

Receivables:	
Taxes	\$ 1,038,219
Interest	39,299
Accounts	<u>8,855,073</u>
Gross receivables	9,932,591
Less allowance for uncollectibles	<u>(164,304)</u>
Net total receivables	<u><u>\$ 9,768,287</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023 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	\$ 34,968,336	\$ -	\$ -	\$ -	\$ 34,968,336
Construction in progress	8,986,119	24,881,533	-	(3,343,823)	30,523,829
Total	<u>43,954,455</u>	<u>24,881,533</u>	<u>-</u>	<u>(3,343,823)</u>	<u>65,492,165</u>
Capital assets, being depreciated:					
Buildings	17,101,205	69,873	-	-	17,171,078
Improvements other than buildings	745,312,691	12,493,256	-	3,343,823	761,149,770
Machinery and equipment	20,839,986	265,803	(122,976)	-	20,982,813
Vehicles	6,204,854	469,035	(183,869)	-	6,490,020
Total	<u>789,458,736</u>	<u>13,297,967</u>	<u>(306,845)</u>	<u>3,343,823</u>	<u>805,793,681</u>
Less accumulated depreciation for:					
Buildings	(12,233,588)	(474,560)	-	-	(12,708,148)
Improvements other than buildings	(504,007,535)	(26,508,599)	-	-	(530,516,134)
Machinery and equipment	(19,865,502)	(566,218)	122,976	-	(20,308,744)
Vehicles	(4,817,035)	(573,601)	183,869	-	(5,206,767)
Total	<u>(540,923,660)</u>	<u>(28,122,978)</u>	<u>306,845</u>	<u>-</u>	<u>(568,739,793)</u>
Total capital assets, being depreciated, net	<u>248,535,076</u>	<u>(14,825,011)</u>	<u>-</u>	<u>3,343,823</u>	<u>237,053,888</u>
Total capital assets, net	<u>\$ 292,489,531</u>	<u>\$ 10,056,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,546,053</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 81,160,000	\$ -	\$ (9,430,000)	\$ 71,730,000	\$ 9,680,000
Plus unamortized premiums	4,136,396	-	(1,182,498)	2,953,898	-
Revenue bonds, net	85,296,396	-	(10,612,498)	74,683,898	9,680,000
Notes payable	32,631,381	-	(3,149,289)	29,482,092	3,244,300
Net pension liability (asset)	(10,328,529)	23,114,340	(4,919,387)	7,866,424	-
Total OPEB liability	14,837,004	1,410,164	(1,036,986)	15,210,182	4,563,054
Compensated absences	1,580,213	565,643	(597,725)	1,548,131	627,610
Total long-term liabilities	<u>\$ 124,016,465</u>	<u>\$ 25,090,147</u>	<u>\$ (20,315,885)</u>	<u>\$ 128,790,727</u>	<u>\$ 18,114,964</u>

Revenue Bonds

The Authority issues revenue bonds to improve existing water and sewer systems, for construction and equipping certain capital facilities, and to repay principal and interest of prior bond issues when necessary. These bonds are secured by and payable from net revenues of the Authority's water and sewer systems until maturity or the bonds are redeemed. Net revenues include operating revenues, property taxes, impact fees and other income less operating expenses, excluding depreciation. For the fiscal year ended June 30, 2023, net revenues totaled \$56,608,821 and total debt service related to the revenue bonds totaled \$10,612,498. Amounts pledged equal total debt service for each applicable year. Revenue bonds outstanding at June 30, 2023, are as follows:

<u>Interest Rate</u>	<u>Due Date</u>	<u>Amount</u>
3.00% – 5.25%	2030	\$ 39,630,000
2.16%	2028	17,800,000
3.00% – 5.00%	2026	14,300,000
		<u>71,730,000</u>
	Plus unamortized premiums	2,953,898
		<u>\$ 74,683,898</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,680,000	\$ 3,180,055	\$ 12,860,055
2025	10,085,000	2,797,473	12,882,473
2026	10,500,000	2,397,343	12,897,343
2027	12,110,000	1,979,153	14,089,153
2028	10,930,000	1,466,978	12,396,978
2029 and 2030	18,425,000	1,463,175	19,888,175
Total	<u>\$ 71,730,000</u>	<u>\$ 13,284,177</u>	<u>\$ 85,014,177</u>

Notes Payable

The Authority has also incurred debt to the Georgia Environmental Finance Authority ("GEFA") for construction of various water and sewer system projects. These notes are as follows at June 30, 2023:

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Amount</u>
3.00%	20 years	2030	\$ 8,013,181
3.00%	20 years	2030	9,253,832
3.00%	20 years	2032	11,281,211
3.00%	20 years	2032	933,868
			<u>\$ 29,482,092</u>

The Authority's notes payable debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,244,300	\$ 840,923	\$ 4,085,223
2025	3,344,436	740,787	4,085,223
2026	3,445,481	634,741	4,080,222
2027	3,550,279	534,944	4,085,223
2028	3,657,912	427,310	4,085,222
2029 – 2033	12,239,684	633,727	12,873,411
Total	<u>\$ 29,482,092</u>	<u>\$ 3,812,432</u>	<u>\$ 33,294,524</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN

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

Plan Membership. As of January 1, 2023, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	81
Inactive plan members entitled to but not receiving benefits	31
Active plan members	243
	355

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. Plan participants are required to contribute a percentage of their compensation to the Plan. For the fiscal year ended June 30, 2023, the active member required contribution rate was 5% and the Authority’s contribution rate was 23.33% of annual payroll. Authority contributions to the Plan were \$1,841,718 for the fiscal year ended June 30, 2023.

The Authority’s net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with updated procedures performed by the actuary to roll forward the total pension liability measured as of September 30, 2022.

The Authority’s net pension liability for the fiscal year ended June 30, 2023 is as follows:

Total pension liability	\$ 74,788,007
Plan net position	66,921,583
Net pension liability	\$ 7,866,424

Plan net position as a percentage of the total pension liability	89.5%
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NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability (Asset). The Authority's changes in the net pension liability (asset) by source and the derivation of the Authority's pension expense for the fiscal year ended June 30, 2023 are reflected below:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Pension Expense
Beginning Balance	\$ 66,933,773	\$ 77,262,302	\$ (10,328,529)	
Changes for the fiscal year:				
Service cost	1,576,653	-	1,576,653	\$ 1,576,653
Interest	4,966,312	-	4,966,312	4,966,312
Differences between expected and actual experience	3,652,474	-	3,652,474	-
Amortization of experience differences	-	-	-	1,000,550
Amortization of assumption changes	-	-	-	345,084
Contributions - employer	-	4,104,478	(4,104,478)	-
Contributions - employee	-	814,909	(814,909)	(814,909)
Net investment income (loss)	-	(12,845,098)	12,845,098	(5,790,444)
Amortization of investment earnings differences	-	-	-	1,670,835
Benefit payments, including refunds of employee contributions	(2,341,205)	(2,341,205)	-	-
Administrative expense	-	(73,803)	73,803	73,803
Net changes	<u>7,854,234</u>	<u>(10,340,719)</u>	<u>18,194,953</u>	<u>\$ 3,027,884</u>
Ending Balance	<u>\$ 74,788,007</u>	<u>\$ 66,921,583</u>	<u>\$ 7,866,424</u>	

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred Outflows and Inflows of Resources. The Authority reported deferred outflows and inflows of resources related to pensions from the following sources as of June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension experience differences	\$ 4,606,134	\$ (140,724)
Pension assumption changes	680,019	-
Pension investment return	8,740,476	-
Pension contribution subsequent to measurement date	1,841,720	-
Total	\$ 15,868,349	\$ (140,724)

Authority contributions subsequent to the measurement date of \$1,841,720 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ending June 30.</u>	
2024	\$ 3,069,021
2025	2,471,998
2026	2,731,737
2027	4,391,647
2028	699,720
Thereafter	521,782
Total	\$ 13,885,905

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

Inflation	2.25%
Salary increases	3.00% – 8.50%, including inflation
Investment return	7.375%

Mortality rates were based on the head count weighted Pri-2012 Employee Mortality Table with gender-distinct rates, multiplied by 1.25.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued). The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019.

Cost of living adjustments were assumed to be 2.75%.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions and also on considering the Plan's net position as of June 30, 2023, the Plan's net position was projected to be available to make projected future benefit payments of current Plan members for all future Plan years. Therefore, the long-term expected rate of return on pension plan investments (7.375%) becomes the discount rate and thus was applied to all projected future benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 7.375%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate.

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Authority's net pension liability (asset)	\$ 18,507,269	\$ 7,866,424	\$ (971,215)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2023, and the current sharing pattern of costs between employer and employee.

NOTE 7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of losses as well as other risks of loss such as workers' compensation insurance and general property and liability insurance.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the four prior years.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration and Benefits

The Authority administers a single-employer defined benefit Postretirement Benefit Plan (the “OPEB Plan”). The OPEB Plan is under the direction of the Authority. The Authority provides postretirement healthcare benefits for certain retirees. The provisions and obligations to contribute are established by the Authority. The requirements are that the employee must retire from the Authority from active service after the age of 55 and the completion of ten years of service. Additionally, the employee’s years of service plus age must equal 75 or greater. The benefits offered 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 and 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. The Authority established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the OPEB Plan.

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the postretirement benefit plan as of the latest actuarial valuation at July 1, 2022:

Active members	258
Retired members	<u>67</u>
	<u><u>325</u></u>

Contributions

The Authority has elected to fund the OPEB Plan on a “pay as you go” basis. For the fiscal year ended June 30, 2023, the Authority contributed \$408,556 for the pay as you go benefits for the OPEB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Total OPEB Liability of the Authority

The Authority's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	4.13%
Healthcare Cost Trend Rate:	7.00% graded by 1.05% per year to an ultimate rate of 4.50%
Inflation Rate:	2.50%

Mortality rates were based on the MP-2021 scale Mortality Table, with separate rates for males and females.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period 2010 – 2014.

Discount rate

The discount rate used to measure the total OPEB liability was 4.13%. This rate was determined using an index rate of 20-year, tax-exempt general obligation ("GO") municipal bonds with an average rating of AA/Aa or higher – which was 4.09% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability of the Authority

The changes in the total OPEB liability of the Authority for the fiscal year ended June 30, 2023 were as follows:

	Total OPEB Liability
Beginning balance	\$ 14,837,004
Changes for the fiscal year:	
Service cost	779,712
Interest	630,452
Differences between expected and actual experience	(533,262)
Assumption changes	(95,168)
Benefit payments	(408,556)
Net change	373,178
Ending balance	\$ 15,210,182

The required schedule of changes in the Authority's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 17,857,702	\$ 15,210,182	\$ 13,076,741

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage–point lower (3.50%) or 1-percentage–point higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 12,632,523	\$ 15,210,182	\$ 18,569,083

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 revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2023, and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of \$798,364. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,049,867	\$ (4,183,496)
Other changes in assumptions	2,641,893	(4,575,775)
Total	\$ 3,691,760	\$ (8,759,271)

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year ending June 30,</u>	
2024	\$ (611,800)
2025	(611,800)
2026	(611,800)
2027	(611,800)
2028	(611,800)
Thereafter	<u>(2,008,511)</u>
Total	<u>\$ (5,067,511)</u>

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Authority has active construction projects as of June 30, 2023. The projects include a pumping station upgrade as well as a rivet improvement. As of June 30, 2023, the Authority has contractual commitments on uncompleted construction contracts of approximately \$155,320,320.

The Authority is a defendant in various lawsuits incidental to its business. Management believes that any liability that may result from such lawsuits will not have a material adverse effect on its operations or financial position.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. NET INVESTMENT IN CAPITAL ASSETS

As required by the Government Finance Officers Association ("GFOA"), the following schedule provides the details of the net investment in capital assets classification of net position:

Calculation of net investment in capital assets:	
Capital assets, non-depreciable assets	\$ 65,492,165
Capital assets, depreciable assets	805,793,681
Accumulated depreciation	(568,739,793)
Bonds payable	(71,730,000)
Notes payable	(29,482,092)
Unamortized premiums on bonds payable	(2,953,898)
Unamortized deferred loss on refundings	(164,454)
Unamortized deferred gain on refundings	1,950,283
Retainage payable	(1,319,734)
Total	<u>\$ 198,846,158</u>

REQUIRED SUPPLEMENTARY INFORMATION

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN FOR THE EMPLOYEES OF HENRY COUNTY WATER AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 1,576,653	\$ 1,448,259	\$ 1,406,792
Interest on total pension liability	4,966,312	4,580,820	4,320,962
Differences between expected and actual experience	3,652,474	1,245,565	(246,267)
Changes in assumptions and/or cost method	-	-	-
Benefit payments, including refunds of employee contributions	(2,341,205)	(2,010,857)	(1,988,057)
Other	-	-	-
Net change in total pension liability	<u>7,854,234</u>	<u>5,263,787</u>	<u>3,493,430</u>
Total pension liability - beginning	<u>66,933,773</u>	<u>61,669,986</u>	<u>58,176,556</u>
Total pension liability - ending (a)	<u>74,788,007</u>	<u>66,933,773</u>	<u>61,669,986</u>
Plan fiduciary net position			
Contributions - employer	4,104,478	3,655,469	3,574,711
Contributions - employee	814,909	798,915	742,761
Net investment income (loss)	(12,845,098)	14,676,636	5,267,416
Benefit payments, including refunds of member contributions	(2,341,205)	(2,010,857)	(1,988,057)
Administrative expenses	(73,803)	(70,440)	(65,401)
Net change in Plan fiduciary net position	<u>(10,340,719)</u>	<u>17,049,723</u>	<u>7,531,430</u>
Plan fiduciary net position - beginning	<u>77,262,302</u>	<u>60,212,579</u>	<u>52,681,149</u>
Plan fiduciary net position - ending (b)	<u>66,921,583</u>	<u>77,262,302</u>	<u>60,212,579</u>
Authority's net pension liability (asset) - ending (a) - (b)	<u>\$ 7,866,424</u>	<u>\$ (10,328,529)</u>	<u>\$ 1,457,407</u>
Plan fiduciary net position as a percentage of the total pension liability	89.5%	115.4%	97.6%
Covered payroll	\$ 16,265,494	\$ 15,517,566	\$ 14,612,496
Net pension liability (asset) as a percentage of covered payroll	48.4%	66.6%	10.0%

Notes to the Schedule:

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

2020	2019	2018	2017	2016	2015
\$ 1,098,505	\$ 1,032,427	\$ 1,072,546	\$ 1,000,593	\$ 873,093	\$ 828,707
3,394,245	3,130,126	2,889,636	2,723,839	2,437,024	2,402,683
1,001,746	938,583	218,837	(187,652)	1,626,538	(279,992)
1,586,712	-	-	-	-	(1,474,753)
(1,752,046)	(1,539,195)	(1,409,873)	(1,385,052)	(1,086,584)	(980,474)
7,813,274	-	710,468	-	-	-
13,142,436	3,561,941	3,481,614	2,151,728	3,850,071	496,171
45,034,120	41,472,179	37,990,565	35,838,837	31,988,766	31,492,595
58,176,556	45,034,120	41,472,179	37,990,565	35,838,837	31,988,766
3,251,345	3,152,054	2,959,374	2,821,460	2,581,723	2,148,491
699,792	669,528	645,104	611,151	583,536	554,460
1,551,648	4,305,486	5,386,788	3,381,048	244,742	2,643,980
(1,752,046)	(1,539,195)	(1,409,873)	(1,385,052)	(1,086,584)	(980,474)
(63,032)	(61,086)	(60,440)	(34,444)	(36,929)	(28,323)
3,687,707	6,526,787	7,520,953	5,394,163	2,286,488	4,338,134
48,993,442	42,466,655	34,945,702	29,551,539	27,265,051	22,926,917
52,681,149	48,993,442	42,466,655	34,945,702	29,551,539	27,265,051
\$ 5,495,407	\$ (3,959,322)	\$ (994,476)	\$ 3,044,863	\$ 6,287,298	\$ 4,723,715
90.6%	108.8%	102.4%	92.0%	82.5%	85.2%
14,282,591	\$ 13,183,975	\$ 12,459,878	\$ 12,058,778	\$ 11,570,213	\$ 10,400,334
38.5%	-30.0%	-8.0%	25.3%	54.3%	45.4%

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 946,801	\$ 1,276,245	\$ 1,418,372
Contributions in relation to the actuarially determined contribution	<u>1,841,718</u>	<u>3,655,469</u>	<u>3,574,711</u>
Contribution deficiency (excess)	<u>\$ (894,917)</u>	<u>\$ (2,379,224)</u>	<u>\$ (2,156,339)</u>
Covered payroll	\$ 16,979,316	\$ 15,797,623	\$ 14,290,183
Contributions as a percentage of covered payroll	10.85%	23.14%	25.02%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2023
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25 % plus service based merit increases
Cost of Living Adjustments	2.75%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 818,741	\$ 766,256	\$ 800,622	\$ 985,126	\$ 910,825	\$ 1,134,312
<u>3,446,068</u>	<u>3,229,669</u>	<u>3,135,643</u>	<u>2,963,849</u>	<u>2,865,866</u>	<u>2,557,728</u>
<u>\$ (2,627,327)</u>	<u>\$ (2,463,413)</u>	<u>\$ (2,335,021)</u>	<u>\$ (1,978,723)</u>	<u>\$ (1,955,041)</u>	<u>\$ (1,423,416)</u>
\$14,186,030	\$ 13,571,798	\$ 13,561,854	\$ 12,058,778	\$ 11,570,213	\$ 10,400,334
24.29%	23.80%	23.12%	24.58%	24.77%	24.59%

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability			
Service cost	\$ 779,712	\$ 1,173,783	\$ 1,202,089
Interest on total OPEB liability	630,452	410,797	511,159
Changes of assumptions and other inputs	(628,430)	(4,188,085)	(1,851,917)
Benefit payments	<u>(408,556)</u>	<u>(285,582)</u>	<u>(297,375)</u>
Net change in total OPEB liability	373,178	(2,889,087)	(436,044)
Total OPEB liability - beginning	<u>14,837,004</u>	<u>17,726,091</u>	<u>18,162,135</u>
Total OPEB liability - ending	<u>\$15,210,182</u>	<u>\$ 14,837,004</u>	<u>\$ 17,726,091</u>
Covered employee payroll	\$ 17,645,993	\$ 16,501,600	\$ 15,695,764
Total OPEB liability as a percentage of covered employee payroll	86.2%	89.9%	112.9%

Notes to the Schedule:

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

The Authority is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

2020	2019	2018
\$ 954,105	\$ 967,971	\$ 969,781
550,062	600,361	541,931
2,064,915	(1,150,353)	(913,077)
<u>(246,109)</u>	<u>(245,766)</u>	<u>(197,514)</u>
3,322,973	172,213	401,121
<u>14,839,162</u>	<u>14,666,949</u>	<u>14,265,828</u>
<u>\$ 18,162,135</u>	<u>\$ 14,839,162</u>	<u>\$ 14,666,949</u>
\$ 14,186,030	\$ 13,571,798	\$ 13,561,854
128.0%	109.3%	108.1%

Annual Comprehensive Financial Report

STATISTICAL SECTION

Henry County Water Authority - McDonough, Georgia

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Henry County Water Authority's (the "Authority") Annual Comprehensive Financial Report ("ACFR") presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Authority's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	48 – 53
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity	54 – 64
<i>These schedules contain information to help the reader assess the Authority's most significant local revenue sources.</i>	
Debt Capacity	65 and 66
<i>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	67 and 68
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	69 – 71
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Authority's financial reports for the relevant year.

Note: Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social and economic data and financial trends of the Authority taken directly from its records unless otherwise indicated.

FINANCIAL TRENDS

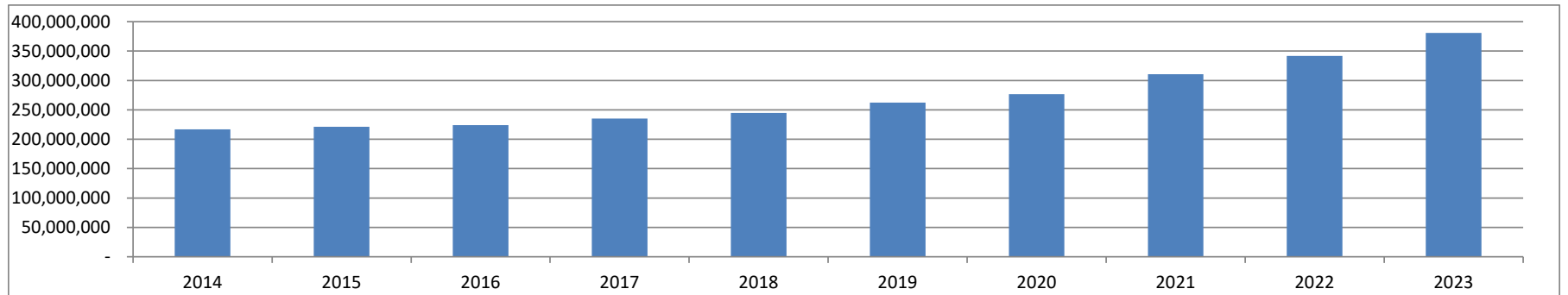
These schedules contain trend information to help the reader understand how the Henry County Water Authority's financial performance and well-being have changed over time.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$ 163,916,454	\$ 149,576,330	\$ 139,110,602	\$ 149,506,098	\$ 157,973,622	\$ 160,646,640	\$ 163,672,219	\$ 169,195,241	\$ 176,551,457	\$ 198,846,158
Restricted for:										
Debt service	56,308,020	73,776,950	86,392,853	92,040,942	92,345,098	102,764,470	126,445,455	151,242,640	158,086,178	175,835,687
Unrestricted	(3,273,595)	(2,014,333)	(1,569,678)	(6,400,714)	(5,507,472)	(1,306,101)	(13,359,557)	(9,987,161)	7,174,377	6,216,202
Total net position	\$ 216,950,879	\$ 221,338,947	\$ 223,933,777	\$ 235,146,326	\$ 244,811,248	\$ 262,105,009	\$ 276,758,117	\$ 310,450,720	\$ 341,812,012	\$ 380,898,047

NOTE: Unrestricted net position for FY 14 was adjusted to reflect the implementation of GASB 68.



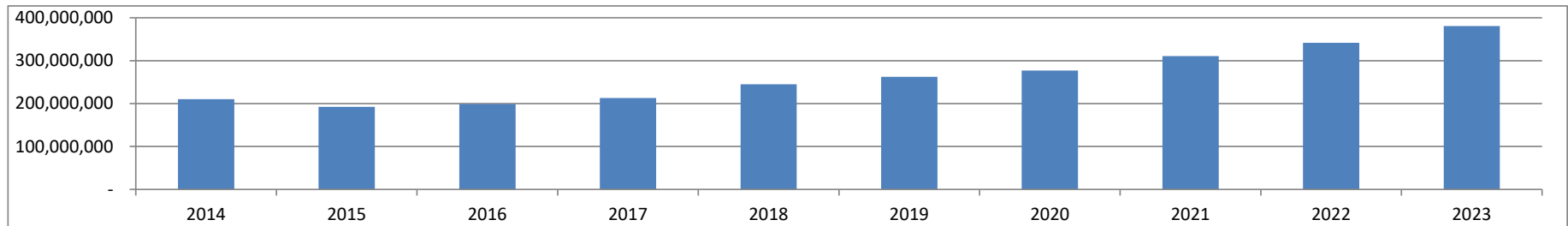
HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	\$ 48,489,781	\$ 52,356,053	\$ 54,578,649	\$ 57,347,412	\$ 58,565,973	\$ 60,612,666	\$ 63,849,957	\$ 74,808,855	\$ 74,579,838	\$ 77,809,734
Operating Expenses	72,914,560	61,274,837	61,830,962	61,833,017	61,693,398	63,475,106	75,154,180	67,050,618	68,960,805	75,500,770
Operating Income (Loss)	(24,424,779)	(8,918,784)	(7,252,313)	(4,485,605)	(3,127,425)	(2,862,440)	(11,304,223)	7,758,237	5,619,033	2,308,964
Non-Operating Revenue (Expense)	(2,791,323)	3,179,228	4,170,455	6,892,542	8,980,598	11,998,346	12,698,312	13,453,775	15,195,648	24,573,059
Gain (Loss) Before Contributions	(27,216,102)	(5,739,556)	(3,081,858)	2,406,937	5,853,173	9,135,906	1,394,089	21,212,012	20,814,681	26,882,023
Capital Contributions	4,443,957	10,127,624	5,676,688	8,805,612	9,277,853	8,157,855	13,259,019	12,480,591	10,546,611	12,204,012
Change in Net Position	(22,772,145)	4,388,068	2,594,830	11,212,549	15,131,026	17,293,761	14,653,108	33,692,603	31,361,292	39,086,035
Net Position - Beginning	233,306,741	187,762,451	196,538,587	201,728,247	229,680,222	244,811,248	262,105,009	276,758,117	310,450,720	341,812,012
Net Position - Ending	\$ 210,534,596	\$ 192,150,519	\$ 199,133,417	\$ 212,940,796	\$ 244,811,248	\$ 262,105,009	\$ 276,758,117	\$ 310,450,720	\$ 341,812,012	\$ 380,898,047

NOTE:

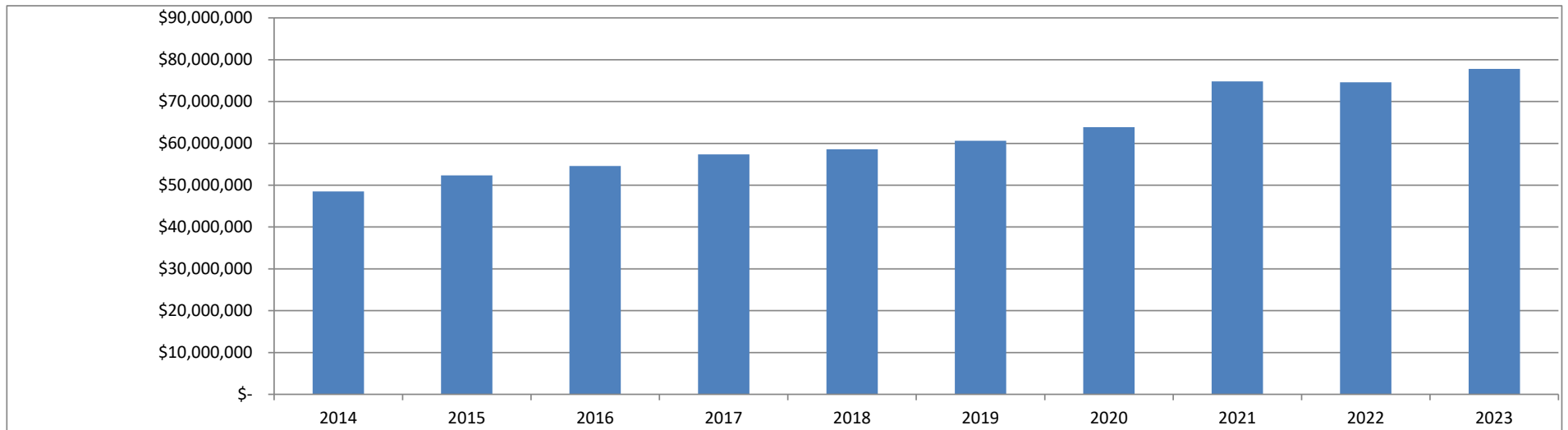
Beginning Balance restated in 2014 to implement GASB 65, in 2015 to implement GASB 68, and in 2018 to implement GASB 75.
 See the Operating Revenues statistical schedule for a breakdown by revenue source.
 See the Non-Operating Revenues (Expenses) statistical schedule for a breakdown by non-operating revenue (expense) item.



HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Water Revenues</u>	<u>Sewer Revenues</u>	<u>Connection Fees</u>	<u>Other Fees and Charges</u>	<u>Total</u>
2014	\$ 33,706,604	\$ 12,686,632	\$ 294,935	\$ 1,801,610	\$ 48,489,781
2015	36,473,745	13,740,887	340,685	1,800,736	52,356,053
2016	38,002,333	14,469,173	398,641	1,708,502	54,578,649
2017	40,142,775	15,029,973	550,438	1,624,226	57,347,412
2018	40,014,846	16,132,156	580,280	1,838,691	58,565,973
2019	41,023,897	16,727,091	566,104	2,295,574	60,612,666
2020	44,036,598	17,540,975	552,556	1,719,828	63,849,957
2021	44,298,536	18,373,760	804,177	11,332,382	74,808,855
2022	45,871,786	19,078,000	636,165	8,993,887	74,579,838
2023	49,232,887	21,061,224	613,190	6,902,433	77,809,734

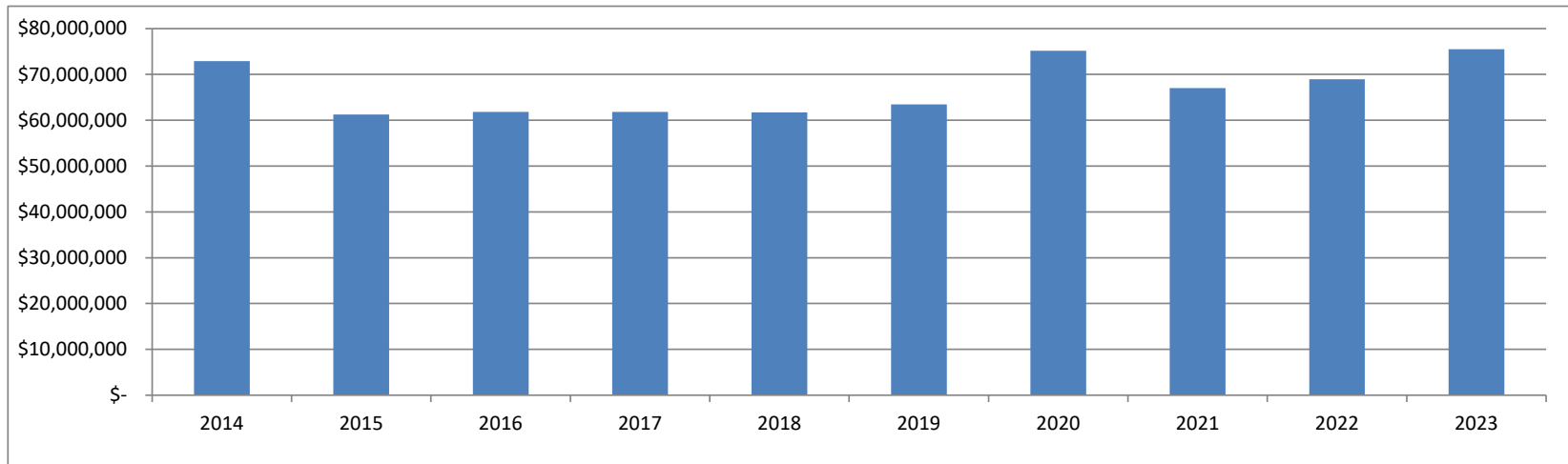


HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

OPERATING EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	Water Treatment	Water Purchase	Customer Service and Connection	Wastewater Treatment	Repairs and Maintenance	Administrative and Engineering	Depreciation	Information Technology	Total Operating Expenses
2014	\$ 6,788,579	\$ 169,601	\$ 4,675,927	\$ 6,899,904	\$ 14,029,159	\$ 7,330,298	\$ 31,074,795	\$ 1,946,297	\$ 72,914,560
2015	4,796,858	176,514	3,406,955	4,834,437	10,230,372	5,349,187	30,998,869	1,481,645	61,274,837
2016	4,754,710	115,338	3,351,042	5,147,464	10,425,409	5,577,957	30,870,714	1,588,328	61,830,962
2017	5,201,521	507,997	3,124,717	5,175,434	10,747,963	5,911,797	29,556,617	1,606,971	61,833,017
2018	4,958,852	134,553	3,294,158	5,509,515	10,626,391	6,154,155	29,408,928	1,606,846	61,693,398
2019	5,128,871	120,455	3,502,732	5,860,431	11,281,782	6,406,171	29,534,179	1,640,485	63,475,106
2020	7,039,358	7,282	3,980,742	7,442,762	15,490,825	9,514,351	29,503,686	2,175,174	75,154,180
2021	5,846,014	7,372	3,697,250	6,724,976	12,619,039	7,782,670	28,449,531	1,923,766	67,050,618
2022	5,993,568	124,970	4,292,193	7,486,660	12,554,896	7,971,866	28,606,721	1,929,931	68,960,805
2023	7,771,354	21,806	4,900,008	7,995,396	14,221,964	10,151,080	28,122,978	2,316,184	75,500,770

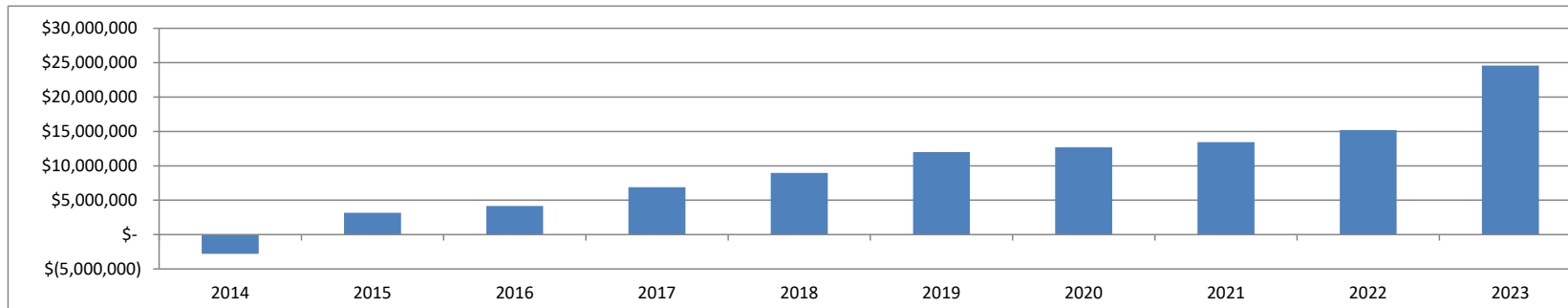
NOTE: Operating expenses for FY 14 were adjusted to reflect the implementation of GASB 68.



HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

NON-OPERATING REVENUES (EXPENSES)
LAST TEN FISCAL YEARS

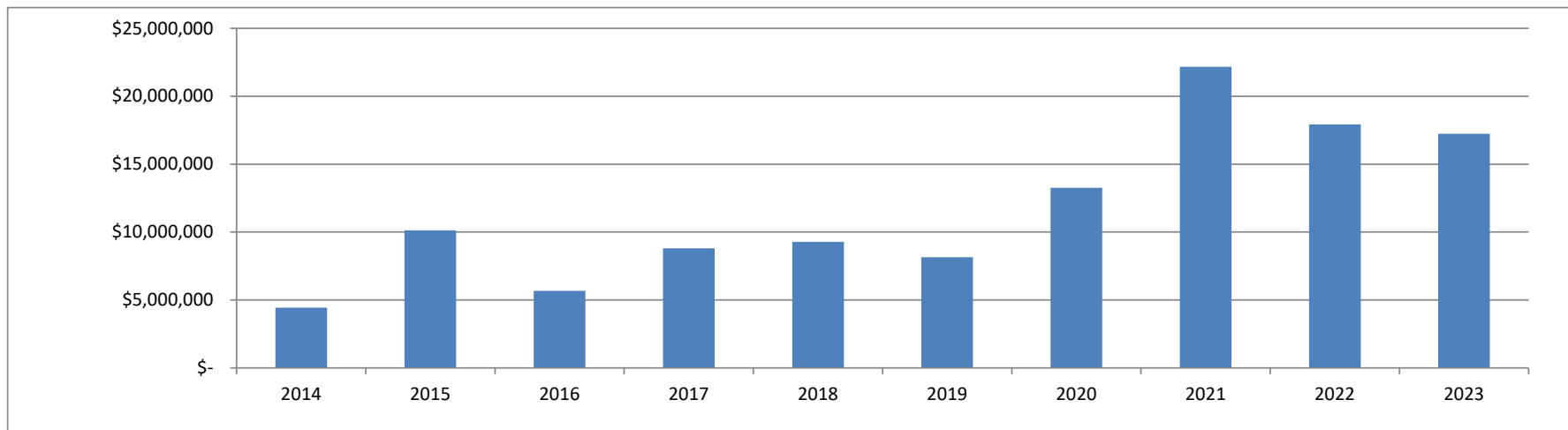
<u>Fiscal Year</u>	<u>Real Property Taxes</u>	<u>Motor Vehicle and Other Taxes</u>	<u>Interest Income</u>	<u>Realized Gains (Losses) on Investments</u>	<u>Interest Expense and Fiscal Charges</u>	<u>Gain (Loss) on Disposal of Capital Assets</u>	<u>Total Non-Operating Revenue (Expense)</u>
2014	\$ 9,386,971	\$ 1,295,644	\$ 29,962	\$ -	\$ (9,091,132)	\$ (4,412,768)	\$ (2,791,323)
2015	10,509,669	1,142,548	47,831	-	(8,549,199)	28,379	3,179,228
2016	11,674,596	739,780	181,278	-	(8,256,354)	(168,845)	4,170,455
2017	12,773,628	1,433,838	506,771	-	(7,939,498)	117,803	6,892,542
2018	13,597,092	1,335,999	1,240,907	-	(7,471,327)	277,927	8,980,598
2019	14,894,787	1,421,916	2,370,412	-	(6,840,284)	151,515	11,998,346
2020	15,735,981	1,420,927	1,778,140	-	(6,271,437)	34,701	12,698,312
2021	16,649,357	1,696,896	108,841	-	(5,065,852)	64,533	13,453,775
2022	17,675,099	1,780,847	243,833	(263,457)	(4,388,546)	147,872	15,195,648
2023	20,088,256	1,536,643	4,420,907	1,783,542	(3,387,362)	131,073	24,573,059



HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

**CAPITAL CONTRIBUTIONS FROM DEVELOPERS AND IMPACT FEES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Impact Fees</u>	<u>Contributions for Project Improvements</u>	<u>Contributions in Kind</u>	<u>Total</u>
2014	\$ 2,788,161	\$ 1,655,796	\$ -	\$ 4,443,957
2015	3,433,352	3,888,395	2,805,877	10,127,624
2016	3,376,469	2,017,301	282,918	5,676,688
2017	5,076,123	3,231,733	497,756	8,805,612
2018	4,405,111	4,872,742	-	9,277,853
2019	4,046,492	452,645	3,658,718	8,157,855
2020	5,500,069	7,758,950	-	13,259,019
2021	8,273,728	1,410,800	12,480,591	22,165,119
2022	6,547,846	827,398	10,546,611	17,921,855
2023	4,361,167	674,980	12,204,012	17,240,159



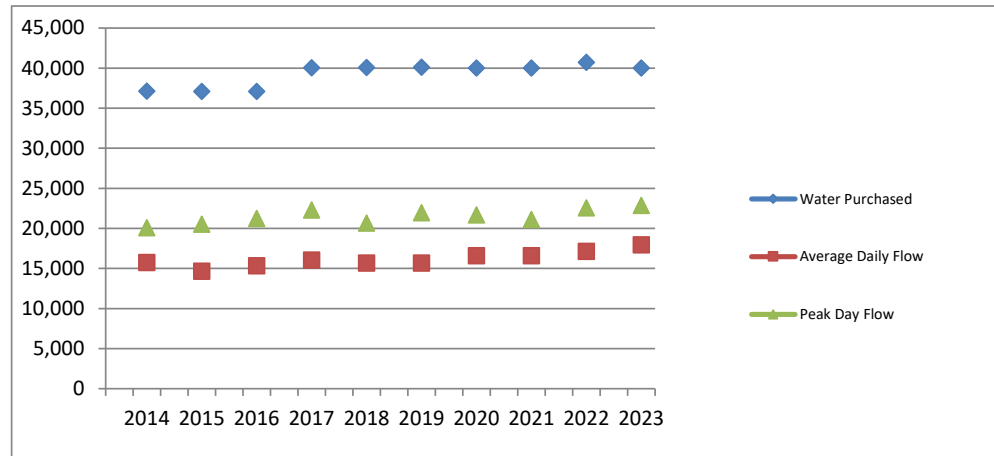
REVENUE CAPACITY

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its user service charges.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

**WATER CAPACITY COMPARED WITH ANNUAL AVERAGE DAILY FLOW
LAST TEN FISCAL YEARS**
(ALL NUMBERS EXPRESSED IN THOUSANDS OF GALLONS)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Permitted Daily Capacity of Water Treatment Plants:										
Towaliga water treatment plant	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Tussahaw water treatment plant	13,000	13,000	13,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Water purchased	141	116	110	64	105	129	26	14	753	14
	<u>37,141</u>	<u>37,116</u>	<u>37,110</u>	<u>40,064</u>	<u>40,105</u>	<u>40,129</u>	<u>40,026</u>	<u>40,014</u>	<u>40,753</u>	<u>40,014</u>
Average daily flow	15,753	14,689	15,366	16,069	15,676	15,676	16,605	16,609	17,160	17,951
Percent of capacity used	42%	40%	41%	40%	39%	39%	41%	42%	42%	45%
Avg. summer peak day flow	20,090	20,537	21,248	22,312	20,689	21,978	21,703	21,138	22,587	22,888
Percent of capacity used	54%	55%	57%	56%	52%	55%	54%	53%	55%	57%

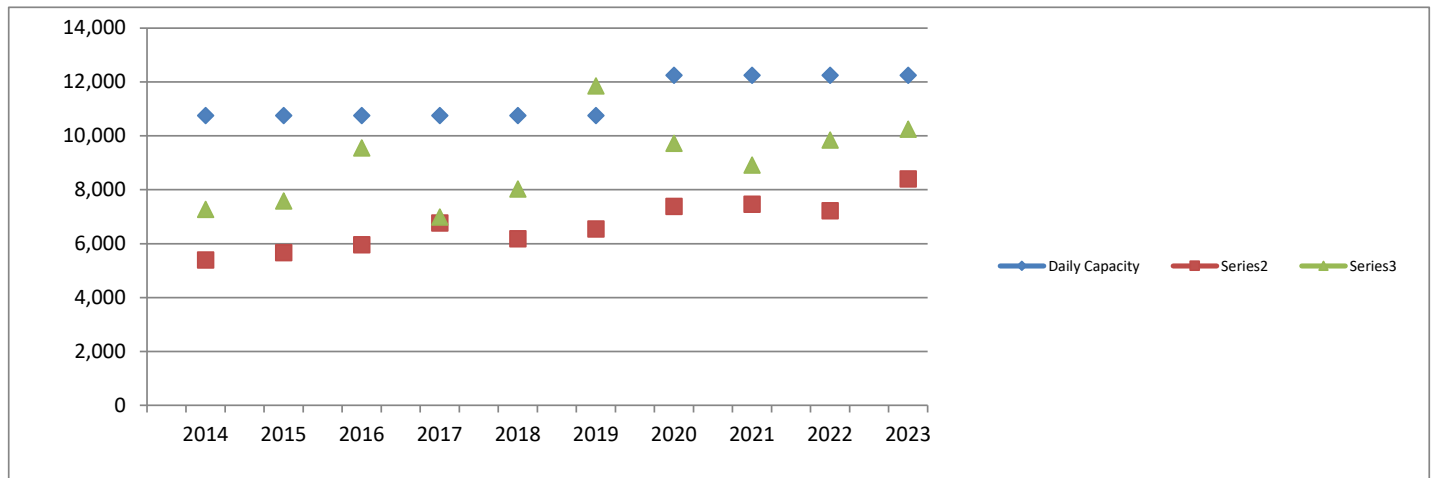


Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

SEWERAGE TREATMENT CAPACITY COMPARED WITH ANNUAL AVERAGE DAILY FLOW
LAST TEN FISCAL YEARS
(ALL NUMBERS EXPRESSED IN THOUSANDS OF GALLONS)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Permitted Daily Capacity of Sewerage Treatment Plants:										
Indian Creek sewerage plant	1,500	1,500	1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000
Bear Creek sewerage plant	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Walnut Creek sewerage plant	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Permitted Capacity	10,750	10,750	10,750	10,750	10,750	10,750	12,250	12,250	12,250	12,250
Average daily flow	5,389	5,663	5,950	6,765	6,181	6,545	7,374	7,458	7,214	8,401
Percent of capacity used	42%	53%	55%	63%	57%	61%	60%	61%	59%	69%
Avg. monthly peak day flow	7,263	7,583	9,546	6,984	8,026	11,856	9,725	8,912	9,839	10,244
Percent of capacity used	53%	68%	71%	89%	65%	75%	79%	73%	73%	84%

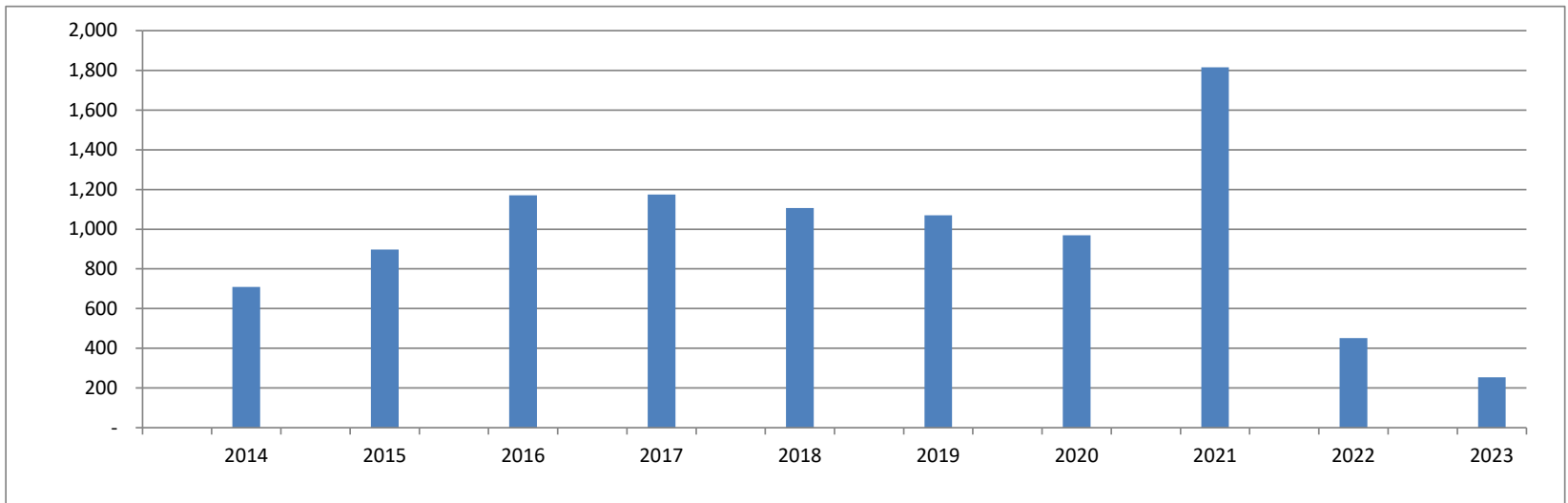


Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

NEW WATER METERS ADDED TO THE SYSTEM
LAST TEN FISCAL YEARS

Size of Meter	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3/4"	666	855	1,132	1,085	1,034	990	893	1,676	322	149
1"	32	33	27	47	40	54	53	89	87	49
1.5"	2	-	3	-	2	-	-	2	-	-
2"	6	4	6	20	17	16	8	17	15	23
4"	1	-	1	-	1	-	-	5	2	0
6"	1	3	1	6	6	4	6	6	7	10
8"	1	2	1	9	1	4	6	16	11	13
10"	-	-	-	8	5	2	3	5	7	10
Total	709	897	1,171	1,175	1,106	1,070	969	1,816	451	254

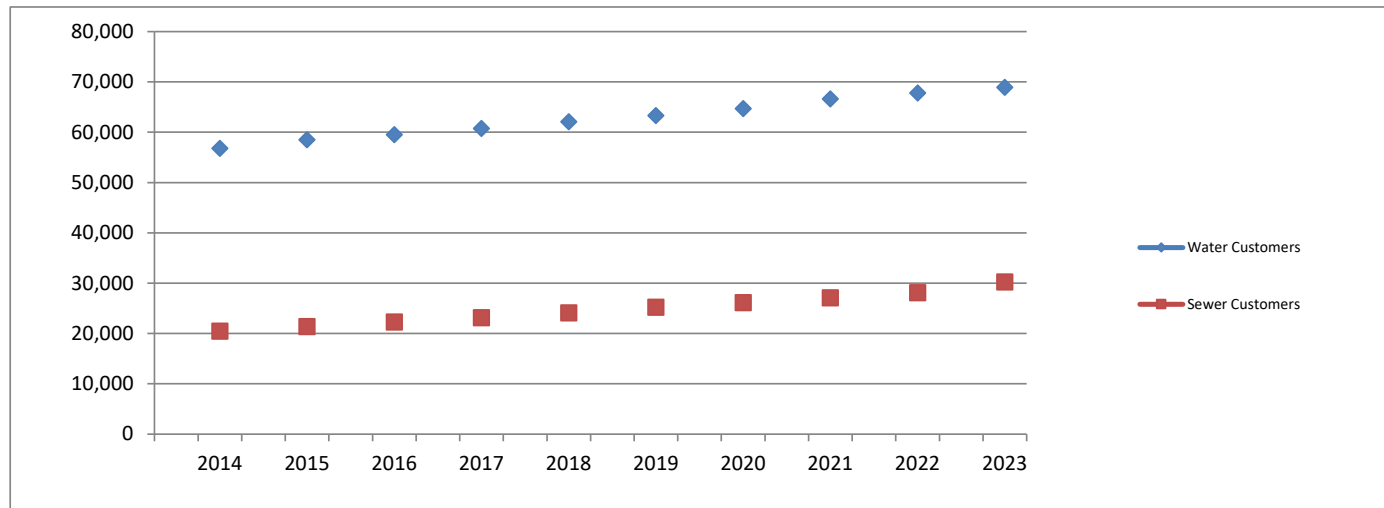


Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

NUMBER OF CUSTOMERS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Customers										
Residential	54,887	56,577	57,551	58,691	59,922	61,159	62,467	64,350	65,540	66,665
Commercial and industrial	1,924	1,955	1,988	2,057	2,158	2,189	2,273	2,310	2,278	2,278
Municipal	4	4	4	4	4	4	4	4	4	4
	<u>56,815</u>	<u>58,536</u>	<u>59,543</u>	<u>60,752</u>	<u>62,084</u>	<u>63,352</u>	<u>64,744</u>	<u>66,664</u>	<u>67,822</u>	<u>68,947</u>
Sewerage Customers										
Residential	19,598	20,499	21,396	22,222	23,128	24,185	25,083	26,029	27,039	29,206
Commercial and industrial	903	915	927	937	1,023	1,042	1,067	1,082	1,072	1,072
Municipal	-	1	1	1	1	-	-	-	-	-
	<u>20,501</u>	<u>21,415</u>	<u>22,324</u>	<u>23,160</u>	<u>24,152</u>	<u>25,227</u>	<u>26,150</u>	<u>27,111</u>	<u>28,111</u>	<u>30,278</u>



Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

RESIDENTIAL WATER AND SEWERAGE RATES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water										
Base Charge	12.39	12.39	12.39	12.39	12.64	12.64	12.89	12.89	12.89	12.89
Charge per 1,000 gallons:										
over 3,000 gallons										
-0- to 6,000 gallons	4.68	4.68	4.68	4.77	4.87	4.87	4.97	4.97	4.97	5.15
6,001 to 10,000 gallons	6.37	6.37	6.37	6.50	6.63	6.63	6.76	6.76	6.76	7.00
over 10,000 gallons	9.31	9.31	9.31	9.50	9.69	9.69	9.88	9.88	9.88	10.23
Sewerage										
Base Charge	12.39	12.39	12.39	12.39	12.64	12.64	12.89	12.89	12.89	13.44
Charge per 1,000 gallons:										
over 3,000 gallons										
-0- to 6,000 gallons	4.68	4.68	4.68	4.77	4.87	4.87	4.97	4.97	4.97	5.20
over 6,000 gallons	6.37	6.37	6.37	6.50	6.63	6.63	6.76	6.76	6.76	7.07

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

COMMERCIAL WATER AND SEWERAGE RATES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water										
Base Charge:										
3/4"	12.39	13.01	13.01	13.01	13.27	13.27	13.81	13.81	13.81	12.89
1"	12.39	13.01	13.01	13.01	13.27	13.27	13.54	13.54	13.54	12.89
1.5"	61.98	65.08	65.08	65.08	66.38	66.38	67.71	67.71	67.71	67.71
2"	171.92	180.52	180.52	180.52	184.13	184.13	187.81	187.81	187.81	187.81
3"	322.35	338.47	338.47	338.47	345.24	345.24	352.14	352.14	352.14	352.14
4"	472.78	496.42	496.42	496.42	506.35	506.35	516.48	516.48	516.48	516.48
6"	653.29	685.95	685.95	685.95	699.67	699.67	713.66	713.66	713.66	713.66
8"	808.02	924.21	924.21	924.21	942.67	942.67	961.54	961.54	961.54	961.54
10"	1,255.04	1,317.79	1,317.79	1,317.79	1,344.15	1,344.15	1,371.03	1,371.03	1,371.03	1,371.03
Charge per 1,000 gallons:										
over 3,000 gallons										
per 1,000 gallons	6.37	6.69	6.69	6.82	6.96	6.96	7.10	7.10	7.10	7.35
Sewerage										
Base Charge										
	12.39	13.01	13.01	13.01	13.27	13.27	13.54	13.54	13.54	13.54
Charge per 1,000 gallons:										
over 3,000 gallons										
per 1,000 gallons	6.37	6.69	6.69	6.82	6.96	6.96	7.10	7.10	7.10	7.42

HENRY COUNTY WATER AUTHORITY
(A Component Unit of 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)					
2014	\$ 3,034,741,148	\$ 2,426,561,125	\$ 495,286,040	\$ 8,991,946	\$ 1,250,359,481	\$ 4,715,220,778	14.50	\$ 11,788,051,945	40 %
2015	3,571,245,625	2,538,835,322	407,309,750	8,692,776	1,308,650,163	5,217,433,310	14.30	13,043,583,275	40 %
2016	3,983,559,997	2,685,707,573	305,971,820	8,775,263	1,329,555,852	5,654,458,801	13.87	14,136,147,003	40 %
2017	4,435,554,023	2,925,492,842	227,952,810	8,001,091	1,417,330,098	6,179,670,668	12.73	15,449,176,670	40 %
2018	4,847,645,599	3,040,284,134	169,265,750	7,105,668	1,502,301,571	6,561,999,580	12.73	16,404,998,950	40 %
2019	5,260,890,366	4,547,355,794	126,596,220	6,896,749	2,825,608,811	7,116,130,318	12.73	17,790,325,795	40 %
2020	5,810,657,562	3,654,097,770	104,696,750	7,872,371	2,086,430,196	7,490,894,257	12.73	18,727,235,643	40 %
2021	6,357,713,749	3,786,983,136	85,403,900	8,190,127	2,278,767,029	7,959,523,883	12.73	19,898,809,708	40 %
2022	7,071,020,261	3,825,384,642	71,117,340	8,130,550	2,544,809,311	8,430,843,482	12.73	21,077,108,705	40 %
2023	8,832,262,255	4,349,152,637	63,704,080	11,355,269	3,609,969,308	9,646,504,933	17.73	24,116,262,333	40 %

Source: Henry County Tax Commissioner

(1) Includes Heavy Equipment, Mobile Homes, and Timber.

NOTE: Information provided includes all of Henry County and is not only related to Henry County Water Authority.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Henry County rates										
Maintenance and Operations										
Unincorporated	18.39	17.65	16.45	16.28	16.15	15.95	12.04	12.36	12.24	11.59
Municipal rates										
McDonough (2)	4.38	4.92	4.56	4.30	4.08	3.81	3.81	3.62	3.03	3.03
Hampton	-	-	-	-	-	-	-	-	4.50	4.00
Stockbridge	-	-	-	-	-	-	-	-	-	3.77
LOST Reduction	(4.09)	(3.78)	(3.71)	(3.55)	(3.42)	(3.21)	(3.25)	(3.57)	3.54	(3.54)
Police Protection	1.92	1.79	1.89	1.68	1.81	(1.55)	-	-	-	-
Fire Protection	0.60	0.57	0.56	0.50	0.62	(0.57)	-	-	-	-
Planning and Development (3)	0.02	0.01	0.02	-	-	(0.01)	-	-	-	-
Water Authority	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation SSD (4)	-	-	-	-	-	-	0.69	0.69	0.60	0.43
Fire SSD (4)	-	-	-	-	-	-	1.11	1.11	1.21	1.79
Police SSD (4)	-	-	-	-	-	-	1.82	1.82	1.90	2.16
Unincorporated SSD (4)	-	-	-	-	-	-	0.33	0.33	0.32	0.30
Board of Education										
Maintenance and Operations	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Debt Service	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63	3.63
State of Georgia	0.10	0.05	-	-	-	-	-	-	-	-
Total Unincorporated	40.03	39.55	38.36	38.36	38.36	38.36	38.36	38.36	38.36	38.36
Total Municipalities										
McDonough	41.32	42.10	40.45	40.48	40.01	40.04	38.91	38.72	37.96	37.15
Stockbridge	40.03	39.55	38.36	38.36	38.36	38.36	38.03	38.03	38.04	39.67
Hampton	38.04	37.76	36.48	36.68	36.55	36.81	36.21	36.21	40.64	39.90
Locust Grove	37.83	37.75	36.46	36.68	36.55	36.81	36.21	36.21	36.14	35.90
Total Direct Tax Rate	14.30	13.87	12.73	12.73	12.73	12.73	12.73	12.73	12.73	12.73

Source: Henry County Tax Commissioner

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

(2) In 2019, the City of Stockbridge received a reduction for planning and development services.

(3) In 2020, Fire SSD, Police SSD, Unincorporated SSD and Recreation SSD are now billed in the District that utilizes these services.

NOTE: Information provided includes all of Henry County and is not only related to Henry County Water Authority.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	2023 (2022 Digest)			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	\$ 63,321,952	1	0.66 %	\$ 35,119,190	1	-
Luxtotta of America, Inc	192,353,683	2	1.99	-	-	- %
CPUS Lamber Farms LP	28,866,640	3	0.30	-	-	-
US Industrial REIT II	28,169,520	4	0.29	21,000,000	2	0.40
Kens Foods, Inc	37,414,672	5	0.39	-	-	-
Icon DP WH ATL Owner A LLC	26,000,000	6	0.27	-	-	-
Big Box Property Owner A, LLC	25,690,320	7	0.27	-	-	-
Colton Creek XII LLC and Colton Creek XIX L	25,200,000	8	0.26	-	-	-
Eastwood Village Gardens LP	20,413,440	9	0.21	-	-	-
Prologis	23,200,000	10	0.24	-	-	-
Atlanta Motor Speedway	-	-	-	24,699,200	3	0.47
Trees of Avalon LLC	-	-	-	18,100,000	4	0.35
Norfolk Southern Combined	-	-	-	21,187,054	5	0.41
Bellsouth Telecom	-	-	-	18,769,346	6	0.36
Tanger Properties	-	-	-	13,264,880	7	0.25
USEF Ga Industrial I LLC	-	-	-	15,484,240	8	0.30
MRP South Point LLC	-	-	-	10,567,880	9	0.20
Inland Western McDonough	-	-	-	14,906,750	10	0.29
	<u>\$ 407,308,275</u>		<u>4.88 %</u>	<u>\$ 193,098,540</u>		<u>3.03 %</u>

The fiscal year 2023 total taxable assessed value is: \$ 9,646,504,933
The fiscal year 2014 total taxable assessed value is: \$ 5,217,433,310

Source: Henry County Tax Commissioner

NOTE: Information provided includes all of Henry County and is not only related to Henry County Water Authority.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of 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
2014	\$ 172,499,793	\$ 167,977,729	97.4%	\$ 4,084,658	\$ 172,062,387	99.7%
2015	193,276,894	188,413,250	97.5%	3,376,296	191,789,546	99.2%
2016	212,123,295	208,089,985	98.1%	3,294,368	211,384,353	99.7%
2017	227,730,138	223,762,249	98.3%	3,583,226	227,345,475	99.8%
2018	244,488,313	238,793,983	97.7%	1,333,771	240,127,754	98.2%
2019	267,182,391	258,913,367	96.9%	2,550,442	261,463,809	97.9%
2020	284,195,037	279,539,263	98.4%	2,269,603	281,808,866	99.2%
2021	302,939,026	299,153,278	99.0%	3,066,603	302,219,881	99.8%
2022	324,113,000	297,248,118	92.0%	2,277,630	299,525,748	92.0%
2023	384,122,736	378,687,026	98.6%	-	378,687,026	99.3%

Source: Henry County Tax Commissioner

NOTE: Information provided includes all of Henry County and is not only related to Henry County Water Authority.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

TEN LARGEST CUSTOMERS
CURRENT FSICAL YEAR AND NINE FISCAL YEARS AGO

Water			
	2023		2014
City of Hampton	\$ 1,057,850	Henry Co Board of Education	\$ 898,305
City of Stockbridge	1,017,753	City of Hampton	539,306
Henry Co Board of Education	976,937	City of Stockbridge	518,346
City of Locust Grove	779,265	Kens Foods Inc	433,398
Kens Foods Inc	532,608	Henry Medical Center	267,788
Piedmont Henry Medical Center	328,288	Henry County Board of Commissioners	169,655
Henry Co Board of Comm	316,184	City of McDonough	148,129
City Of McDonough	279,104	Preston Creek Apartments	128,684
Assembly Eagles Landing Apartment Homes	221,192	Amber Chase Apartments	124,089
Colton Creek XII LLC	178,499	Wilwat Properties Inc	115,470
	\$ 5,687,680		\$ 3,343,170
% of Total Water Revenue	11.55%		10.48%
Sewer			
	2023		2014
Henry Co Bored of Education	\$ 412,536	Henry Co Board of Education	\$ 412,408
Kens Foods Inc	393,345	Kens Foods Inc	301,986
Henry Co Board of Comm	239,156	Henry Medical Center	212,459
Piedmont Henry Medical Center	226,599	Henry County Board of Commissioners	119,424
Assembly Eagles Landing Apartment Homes	200,776	Preston Creek Apartments	113,260
Colton Creek XII LLC	165,047	Sable Chase Apartments	105,617
Preston Creek Apartments	157,938	Wilwat Properties Inc	102,080
Hampton Point Owner GA LLC	147,672	Hollingsworth Capital Part-McD	98,834
Amber Chase Gardens LP	145,500	Amber Chase Apartments	97,824
American Homes 4 Rent LLC	132,304	Bridge Mill Apartments	93,831
	\$ 2,220,874		\$ 1,657,723
% of Total Sewer Revenue	10.54%		11.94%

Source: Henry County Water Authority historical financial records.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Jr. Lien Revenue Bonds</u>	<u>Sr. Lien Revenue Bonds</u>	<u>Total Revenue Bonds</u>	<u>GEFA Notes</u>	<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income</u>	<u>Population</u>	<u>Debt per Capita</u>
2014	\$ 65,900,000	\$ 133,735,978	\$ 199,635,978	\$ 53,469,825	\$ 253,105,803	3.84%	214,500	\$ 1,180
2015	60,700,000	127,071,247	187,771,247	50,954,357	238,725,604	3.30%	218,700	1,092
2016	55,400,000	120,332,130	175,732,130	48,363,823	224,095,953	3.10%	223,600	1,002
2017	50,000,000	113,494,869	163,494,869	45,691,644	209,186,513	2.77%	229,000	913
2018	44,500,000	106,521,223	151,021,223	42,939,596	193,960,819	2.27%	234,800	826
2019	38,900,000	99,109,322	138,009,322	40,103,841	178,113,163	1.97%	240,900	739
2020	33,200,000	91,576,153	124,776,153	37,182,940	161,959,093	N/A	246,800	656
2021	27,300,000	83,478,975	110,778,975	35,687,710	146,466,685	N/A	246,800	593
2022	21,500,000	63,796,396	85,296,396	32,631,381	117,927,777	N/A	246,800	478
2023	17,800,000	56,883,898	74,683,898	29,482,092	104,165,990	N/A	248,300	420

N/A - Not available

NOTE: The only pledged revenue debt is Revenue Bond debt.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues					Operating Expenses (Excluding Depreciation)	Net Available Revenues	Debt Service			Coverage Ratio
	Operating Revenues	Other Income (Loss)	Property Taxes	Impact Fees				Principal	Interest	Total	
2014	\$ 48,489,781	\$ (4,382,806)	\$ 10,682,615	\$ 2,788,161	\$ 30,275,968	\$ 31,168,055	\$ 9,515,000	\$ 7,687,046	\$ 17,202,046	0.09	
2015	52,356,053	76,210 (3)	11,652,217	3,433,352	30,960,248	38,780,180	10,875,000	7,513,966	18,388,966	2.03 (1)	
2016	54,578,649	12,433	12,414,376	3,376,469	32,276,400	40,874,290	11,165,000	7,206,785	18,371,785	2.15 (2) (3)	
2017	57,347,412	624,574	14,207,466	5,076,123	32,284,470	46,189,666	11,790,000	6,837,543	18,627,543	2.41 (2)	
2018	58,565,973	1,518,834	14,933,091	4,405,111	33,940,927	47,528,775	12,340,000	6,484,758	18,824,758	2.50	
2019	60,612,666	2,521,927	16,316,703	4,046,492	33,940,927	49,556,861	12,565,000	6,061,245	18,626,245	2.66	
2020	63,899,957	1,812,841	17,156,908	5,500,069	45,650,494	42,669,281	12,565,000	5,578,210	18,143,210	2.35	
2021	74,808,855	173,374	18,346,253	8,273,728	38,601,087	63,001,123	38,150,000	5,231,828	43,381,828	1.45	
2022	74,808,855	(115,585)	19,455,946	6,547,846	40,354,084	60,113,961	20,365,000	4,347,715	24,712,715	2.43	
2023	77,809,734	1,914,615	21,624,899	4,361,167	47,377,792	58,332,623	9,430,000	3,506,800	12,936,800	4.51	

NOTE: The only pledged revenue debt is Revenue Bond debt.

- (1) During fiscal year 2013, the Authority refunded certain amounts of its outstanding debts resulting in a reduction of the current year debt service requirements.
- (2) The fiscal year 2014 and 2015 ratio includes both Jr. and Sr. Lien Bond debt. The ratio excluding Jr. Lien debt is 2.42 and 3.07, respectively.
- (3) During fiscal year 2014, the Authority decommissioned the Springdale Treatment Plant.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total County Employment (2)</u>	<u>Employees (1)</u>	<u>Rank</u>	<u>Percentage of Total County Employment (2)</u>
Henry County Board of Education	4,950	1	6.66 %	6,000	1	6.17 %
Luxottica Retail Group	2,230	2	3.00	-	-	-
Henry County Board of Commissioners	2,100	3	2.83	1,566	2	1.61
Piedmont Henry Medical Center	1,950	4	2.62	1,281	4	1.32
Federal Aviation Administration ATC	1,000	5	1.35	800	5	0.82
Phillips Van Heusen	1,000	6	1.35	660	6	0.68
Home Depot DFC #6777	750	7	1.01	350	10	0.36
Carter's, Inc.	650	8	0.87	-	-	-
Georgia Power Company	550	9	0.74	600	7	0.62
Kens Foods, Inc.	490	10	0.66	-	-	-
WalMart Supercenter	-	-	-	1,373	3	1.41
Briggs and Stratton/fka/Snapper	-	-	-	483	8	0.50
Southern States, Inc.	-	-	-	458	9	0.47
Totals	<u>15,670</u>		<u>21.09 %</u>	<u>13,571</u>		<u>13.96 %</u>

(1) **Source:** Henry County Development Authority

(2) **Source:** U.S. Bureau of Labor Statistics, Georgia Department of Labor, workforce - 110890 (October 2022)

NOTE: Information provided includes all of Henry County and is not only related to Henry County Water Authority.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Population (1)	Personal Income (Amounts Expressed in Thousands) (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2014	214,500	\$ 6,596,125	\$ 31,242	35.6	41,000	7.5
2015	218,700	7,224,263	33,779	36.5	41,000	6.1
2016	223,600	7,224,263	33,779	36.0	42,000	5.1
2017	229,000	7,549,198	34,671	36.3	39,500	5.0
2018	234,800	8,540,563	37,821	36.5	42,000	3.5
2019	240,900	9,021,034	39,184	36.7	42,000	3.1
2020	246,800	9,425,057	40,182	36.7	43,000	7.3
2021	238,651	10,477,246	43,812	36.6	43,000	5.5
2022	245,235	10,549,029	43,016	37.1	43,000	4.2
2023	250,215	11,103,152	44,007	36.2	44,000	3.8

(1) **Source:** ARC Regional Snapshot: 2022 Population Estimates

(2) **Source:** Bureau of Economic Analysis

(3) **Source:** Bureau of Economic Analysis

(4) **Source:** Henry County Board of Education Fast Facts

(5) **Source:** Georgia Department of Labor

N/A - Not available

OPERATING INFORMATION

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

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

FULL-TIME EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Treatment	30	28	28	28	48	30	29	29	32	30
Customer Service and Connection	28	27	29	31	34	38	36	33	39	44
Wastewater Treatment	31	30	31	32	98	32	29	31	31	36
Repairs and Maintenance	86	90	95	97	32	99	98	99	92	94
Administrative, Engineering and Information Technology	40	44	44	46	29	49	54	55	53	55
	<u>215</u>	<u>219</u>	<u>227</u>	<u>234</u>	<u>241</u>	<u>248</u>	<u>246</u>	<u>247</u>	<u>247</u>	<u>259</u>

Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

WATER TANK STORAGE CAPACITY
LAST TEN FISCAL YEARS
(ALL NUMBERS EXPRESSED IN THOUSANDS OF GALLONS)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ground level tanks:										
Hwy 81	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Hampton	300	-	-	-	-	-	-	-	-	-
East Lake	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
East Lake	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
	<u>11,300</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>
Elevated tanks:										
Patillo	500	500	500	500	500	500	500	500	500	500
Hwy 81	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Mt Olive	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Hudson Bridge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Hudson Bridge	500	500	500	500	500	500	500	500	500	500
Fairview	1,000	1,000	1,000	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Panola	200	200	200	200	200	200	-	-	-	-
Kelly Road	500	500	500	500	500	500	500	500	500	500
N E	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
S Ola	-	-	-	-	-	2,000	2,000	2,000	2,000	2,000
	<u>6,700</u>	<u>6,700</u>	<u>6,700</u>	<u>6,900</u>	<u>6,900</u>	<u>8,900</u>	<u>8,700</u>	<u>8,700</u>	<u>8,700</u>	<u>8,700</u>
Storage at Water Plants:										
Towaliga	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Tussahaw	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>	<u>11,500</u>
Total Water Tank Storage Capacity	<u>29,500</u>	<u>29,200</u>	<u>29,200</u>	<u>29,400</u>	<u>29,400</u>	<u>31,400</u>	<u>31,200</u>	<u>31,200</u>	<u>31,200</u>	<u>31,200</u>

Source: Henry County Water Authority historical financial records

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

RAW WATER SUPPLY IN RESERVOIRS
LAST TEN FISCAL YEARS
(ALL NUMBERS EXPRESSED IN THOUSANDS OF GALLONS)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Reservoirs										
Gardner	733,500	733,500	733,500	733,500	733,500	733,500	733,500	733,500	733,500	733,500
Longbranch	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860	1,502,860
Upper Towaliga	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800	5,965,800
Lower Towaliga	138,550	138,550	138,550	138,550	138,550	138,550	138,550	138,550	138,550	138,550
Tussahaw	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000	9,780,000
Total supply	18,120,710	18,120,710	18,120,710	18,120,710	18,120,710	18,120,710	18,120,710	18,120,710	18,120,710	18,120,660
Percent allowed for withdrawal	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Water available for use	14,496,568	14,496,568	14,496,568	14,496,568	14,496,568	14,496,568	14,496,568	14,496,568	14,496,568	14,496,528
Average daily flow										
Average daily production	15,753	14,689	15,366	16,069	15,676	15,756	16,676	16,609	17,160	17,951
Daily release downstream	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280
Total daily flow	24,033	22,969	23,646	24,349	23,956	24,036	24,956	24,889	25,440	26,231
Number of days supply	603	631	613	595	605	603	581	582	570	553

Source: Henry County Water Authority historical financial records

Annual Comprehensive Financial Report

COMPLIANCE SECTION

COMPLIANCE SECTION



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

To the Board of Directors of the
Henry County Water Authority
McDonough, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the **Henry County Water Authority** (the "Authority"), a component unit of Henry County, Georgia (the "County"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 13, 2023

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

SCHEDULE OF FINDINGS AND RESPONSES
FISCAL YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

___ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

There was not an audit of major federal award programs as of June 30, 2023 due to the total amount expended being less than \$750,000.

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

HENRY COUNTY WATER AUTHORITY
(A Component Unit of Henry County, Georgia)

SCHEDULE OF PRIOR YEAR FINDINGS
FISCAL YEAR ENDED JUNE 30, 2023

Not applicable.