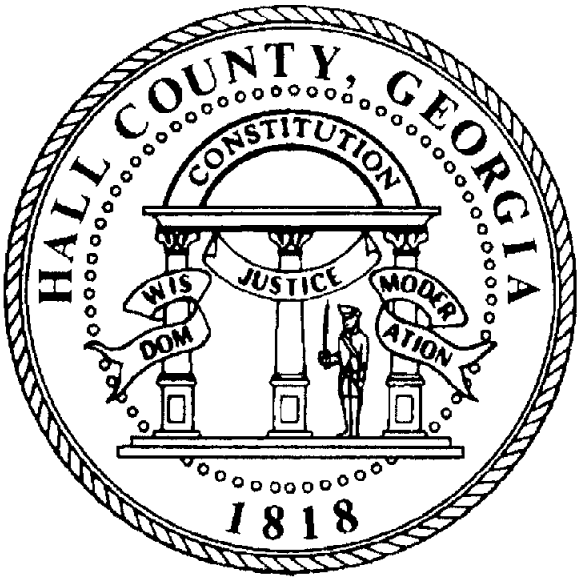
# Comprehensive Annual Financial Report

## Fiscal Year Ended June 30, 2010




## Hall County, Georgia

Prepared By:
The Office of Financial Management and Budget

**HALL COUNTY, GEORGIA**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**
**FOR THE FISCAL YEAR ENDED June 30, 2010**

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# HALL COUNTY GOVERNMENT
## BOARD OF COMMISSIONERS

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TOM OLIVER
CHAIRMAN

BOBBY BANKS, DISTRICT 1
BILLY POWELL, DISTRICT 2
STEVE GAILEY, DISTRICT 3
ASHLEY BELL, DISTRICT 4

CHARLEY NIX
COUNTY ADMINISTRATOR

PHIL SUTTON
ASSISTANT COUNTY ADMINISTRATOR

HEATHER BENNETT
COMMISSION CLERK

JESSICA YORK
EXECUTIVE ASSISTANT

December 17, 2010

Citizens,
Stakeholders,
Chairman,
and Board of Commissioners
**Hall County, Georgia:**

We are pleased to report that Hall County came through another one of the tougher years in memory by maintaining the budget through conservative fiscal management. In the midst of the recession, strategic actions, ongoing tight budgetary controls with the full cooperation of all departments and Elected Officials produced a balanced budget with no further erosion of fund balances.

The Comprehensive Annual Financial Report (CAFR) of Hall County, Georgia for the fiscal year ended June 30, 2010 was prepared as required by both local ordinances and state statutes. It provides detailed information on how the County receives, spends and accounts for its revenues along with key financial indicators. The County is responsible for the accuracy of the data and for the fairness and completeness of the presentation. The County believes this document contains all information necessary to gain an understanding of Hall County's financial activities in fiscal 2010 and that the information presented is fair and accurate. We encourage readers to consider this transmittal letter in conjunction with the annotated financial statements and management's discussion and analysis.

Bates, Carter, & Co., LLP, a firm of licensed certified public accountants has audited the County's financial statements and has issued an unqualified opinion on the Hall County financial statements for the fiscal year ended June 30, 2010. The independent auditors' report is presented as the first component of the financial section of this report.

**Profile of the Government**

Hall County is located in Northeast Georgia and encompasses 392 square miles. Gainesville, the county seat, is situated 50 miles northeast of Atlanta and 40 miles northwest of Athens. Bordered on the west by Lake Sidney Lanier, Hall County lies at the southern edge of the Chattahoochee Natural Forest and the foothills of the Blue Ridge Mountains. Hall County's population of 187,743 (U.S. Census Bureau estimate, 2009) has grown steadily in the last 20 years. Between 2000 and 2009, population changed by 34.8% compared with a state change in population of 20.1%. Gainesville-Hall County Metropolitan Statistical Area (MSA) is the third fastest growing metropolitan area in the Nation and the fastest in Georgia according to the U.S. Census Bureau. The County's largest incorporated municipality is Gainesville, with a population of

37,750 (U.S. Census Bureau estimate 2009) representing 20.1% of the entire County population. Other municipalities include Oakwood, Flowery Branch, Clermont, Lula and Gillsville as well as part of Buford and Braselton.

Hall County operates under the commission form of government as set forth in its charter. The Board of Commissioners is comprised of five members -- one Chairman is elected at-large and the other four are elected by their respective geographical districts. Elections for the district seats are staggered to provide some continuity on the Board of Commissioners. A County Administrator, appointed by the Board of Commissioners, serves as the administrative director of Hall County government. The administrator provides direction to department heads and managers to implement policies set forth by the Board of Commissioners.

The citizens of Hall County also elect a number of other officials including Sheriff, Clerk of Court, Tax Commissioner, Magistrate Court Judge, Probate Court Judge, Solicitor General, District Attorney, Superior Court Judges and State Court Judges.

The County government provides services, which include road construction and maintenance, judicial and court related functions, in addition to fire, emergency medical services (EMS), 911 communications, animal control, sheriff, detention center, parks/recreation, community services, community development and other general governmental services. The County also provides sewer in South Hall County area.

The financial statements contained herein include all activities and functions of Hall County that are under the jurisdiction of the Board of Commissioners, as set forth in state and local law. Additionally, two component units are included in these financial statements because of their operational and financial relationships to the County. District 2 Public Health Department that provides a variety of health related services in the County as well as the Hall County Library System.

**Economic Conditions and Outlook**

**Local Economy**

The national economic downturn impact to Hall County has resulted in revenue declines directly related to the housing market and other consumer spending decreases. Thanks, in large part to the foresight and stewardship of County leadership, Hall County faced the challenge by streamlining the organization to address these economic conditions. The goal was to continue to deliver sustainable quality services in a consistent, predictable and reliable manner. The strategy was to limit disruption and potential negative impacts; maintain productivity and commitment of employees. Hall County was one of the first jurisdictions' to implement mandatory furloughs to reduce operating costs in October, 2008.

- In spite of the current economic conditions, the County does continue to grow. The employment rate is 9.2% compared to last year of 9.31%. However, this rate is lower than the State (9.9%) and lower than the United States (9.6%). In 2010, 18 new and expanded industries are adding 510 new jobs, retaining 460 existing jobs and generating $156 million in new capital investment. Expanding companies include ZF, Yazaki, GMI, ElringKlinger and Kubota.
- SPLOST VI referendum was possibly the most significant initiative in FY 2009. SPLOST VI was projected to earn $240 million over six years, contributing to road improvements, water and sewer expansion, recreational facilities, administrative office relocation, fire and EMS support, a new library and other projects that would not otherwise be possible. Fiscal year 2010 resulted in a 25% decline in actual collections versus the projection, but it remains a foundation for capital improvements in the County's infrastructure.
- The millage rate has remained the same for the last four years with the last change being a decrease from 6.98 to 6.25 in FY 2007.

Tourism

- Lake Lanier Islands, 1,100-acre resort in South Hall County, is undergoing a $300 million investment and includes new infrastructure, golf course improvements, the first class Legacy Lodge Hotel and Conference Center, harbor development, retail, and health spa on the shores of Lake Sidney Lanier.

- The Lake Lanier Olympic Center, home to the 1996 Atlanta Centennial Olympic Games, continues to host many international and rowing and canoe/kayak events in North Hall County.
- The Atlanta Falcons, a National Football League team headquartered in Flowery Branch, has a $2.9 million local economic impact from their summer training camp. An Atlanta Falcons Physical Therapy Center will be located in South Hall County.
- Road Atlanta, a 2.54-mile International Grand Prix course, adds $53 million to the local economy annually. Road Atlanta hosted the 12th Petit Le Mans in September 2009.

Housing

- Dell Webb's Village at Denton Creek (550 acres with 1,300 homes) was the #1 selling residential community in Metro Atlanta with over 400 homes sold in South Hall County

Healthcare

- Northeast Georgia Health System acquired a 119 acre site for a new $200 million South Hall hospital and healthcare village. There are planned investments of over $100 million in the next five years on clinical technology to include cardiac CT, advanced stereotactic radiosurgery and cardiac catheterization laboratories. Northeast Georgia Hospital was named one of the 100 top hospitals in the Nation and was named one of the top ten places to work in the State of Georgia by Georgia Trend Magazine.

## MAJOR INITIATIVES & ACCOMPLISHMENTS

Fiscal year (FY) 2010 was another challenging year for Hall County Government, as it was for the rest of the nation due to the economic recession. However, Hall County was able to provide major infrastructure improvements, enhance public services, and initiate new programs to benefit residents, including the following:

### Finance

Hall County Government implemented a number of cost-saving measures, mainly in the area of personnel, to compensate for a decline in property taxes, sales taxes and other revenues amounting to a $7.3-million deficit from 2008 to 2010. In a successful effort to avoid layoffs in FY 2009 and FY 2010, the Board of Commissioners implemented a mandatory employee furlough of one day per month; a hiring freeze for non-critical positions, eliminated cost, merit and promotion increases, reduced overtime and postponed capital equipment purchases from the General Fund. These changes cut operating expenses without significantly affecting public services. Through the cooperation of all departments and Elected Officials, the County ended FY 2010 with a $1.4 million addition to the General Fund balance.

### Management Information System Projects

- Virtualization of the MIS Data Center completed. This project reduces the current 42 servers to 10 servers, which streamlines the data flow, reduces costs in operations and capital requirements.
- Reduced cost of data communications through a joint effort with the City of Gainesville to run fiber optic cables from the downtown administrative and courthouse facilities to the MIS Data Center.

### Hall County and State Department of Revenue (DOR) Initiative

Hall County participated in a pilot study with the Department of Revenue to better understand the sales tax data and revenue submitted to DOR and then redistributed to the County(s). The main objective was to cross match state and county vendor information to confirm tax revenue collections matched to the County's licensed businesses. The County's business license application has been modified to include the state sales tax revenue number and the Federal Identification number to enhance the data reconciliation. This continues to be an ongoing project.

### Consolidation of County Offices

The county negotiated and signed a contract to purchase a 128,000 square foot building formerly fully occupied by Liberty Mutual. This acquisition will consolidate County offices, which currently reside in multiple locations into one location making it easier and more accessible for citizens, in addition to, reduce operational costs.

**Water**
Hall County continues the commitment to provide sufficient drinking water for current use and future growth in order to secure the County's economic future. As the need for more water capacity became eminent in July 2009 due to Judge Magnusson's ruling that could limit supply form Lake Lanier, Hall County is planning an 850 acre, eleven billion gallon storage reservoir named Glades. The County has reviewed and submitted to the Environmental Protection Agency (EPD) a water needs assessment certification that will provide 80 million gallons per day. Glades Reservoir has the potential not only to supply the drinking water supply for Hall County for the next 50 years but also neighboring Forsyth County. The next step is a 404 permit with funding provided through SPLOST VI.

As another way to conserve water and provide non-potable reuse for customer at a reduced rate, Hall County has implemented a reuse water system. The usage has averaged 200,000 gallons of reuse water per day during the growing season. The County is preparing to enhance this system during the coming months.

**Sewer**
Sewer expansion in South Hall County continues with the new sewer lines. This is the groundwork for the County's central basin service that will eventually serve 2,100 acres. A north Hall sewer system master plan has commenced outlining preliminary growth areas and location of potential plants. This master plan will entail sewer service involving approximately 42,000 acres in North Hall.

**Public Works**
Hall County Road Maintenance, Engineering and Traffic Engineering divisions resurfaced 18.57 miles of county roads, paved 2.10 miles of county gravel roads. Other projects included a full depth reclamation project on approximately 1.7 miles of J.M. Turk Road and added new traffic signals at McEver Road, Chamblee Road and Thurmon Tanner Parkway and Phil Niekro Boulevard. In addition, assisted the City of Flowery Branch with a road inventory and assisted the City of Lula with a paving project on Victoria Lane. In all, the Road Maintenance Department responded to over 2,000 ticket requests from the public in 2010.

Fleet Maintenance initiated countywide project to evaluate usage and efficiency of current fleet resulting in a 10% reduction in FY 2010. A study was conducted and completed on the use of retread tires on all but public safety vehicles resulting in a significant cost savings countywide.

**Solid Waste**
The Solid Waste division completed the construction of a new 12.8 acre cell located within the Municipal Solid Waste landfill off Candler Road. The cell is projected to last three years with service beginning November 2010. Additionally, all compactor sites have been evaluated resulting in identification of long-term plans that will enhance customer service for the future.

**Resource Recovery**
The division has set the stage to begin implementation of recycling in all County schools via an Energy Efficiency and Conservation Block Grant from the State Department of Energy. In addition, research is being conducted for the possible development for a countywide environmental management system by request of the Board of Commissioners.

**Planning and Development**
The Planning Department has successfully completed a partial update to the Comprehensive Plan. This plan is now in the process to be fully updated in 15 - 18 months. The update is a state-mandated requirement to assess the county's growth and development goals for the past five years.

**Public Information**
To enhance public awareness and open government, the Hall County Board of Commissioners began using TV18, the Gainesville-Hall County government channel, to record and broadcast public meetings. The professionally produced meetings have proven to be the most watched program on TV18. The broadcasts have improved the ability of the public to directly access local government. Plans are underway to integrate Facebook and Twitter as media channels.

**County Extension Service**
Due to increased interest in locally produced food and home food production, the Hall County Cooperative Extension provided classes and seminars to more than 500 residents in the areas of fruit and vegetable production, home food preservation and nutritious meal preparation. In addition, the Farmers' Market added a third sales day – Fridays on the Gainesville Square – to serve as a convenient outlet for residents to purchase local produce from more than 50 Northeast Georgia farmers.

**Public Safety**
The Hall County Sheriff's Office was selected to participate in the Georgia Terrorism and Intelligence Project, which provided approximately $200,000 in grant funding to enhance electronic technology in the Criminal Investigation Division. It provided new computer equipment and specialized training in the areas of intelligence gathering and analytical training.

A partnership with the Atlanta DEA office where an investigator is assigned to a DEA Task Force allows the Sheriff's Office to work on large-scale drug investigations and stop illegal drugs from ever making it to Hall County. This partnership also had the added benefit of sharing seized assets of drug dealers. These seized drug funds were used to purchase 16 new patrol cars for the Uniform Patrol Division at no cost to the citizens of Hall County.

The Hall County Sheriff's Office was recognized on an international level in 2010 and received two awards from the International Association of Chiefs of Police (IACP).

The first award was First Place in the Nation for the IACP National Law Enforcement Challenge for 2010 in the 251 – 500 Officer Category. The National Law Enforcement Challenge provides law enforcement agencies with an opportunity to make a significant difference in the communities they serve. The Challenge is competition between similar sizes and types of law enforcement agencies that recognizes and rewards the best overall traffic safety programs in the United States.

The Second Award was as a semifinalist for the Webber Seavey Award. The Webber Seavey Award is presented annually to agencies worldwide in recognition for promoting a standard of excellence that exemplifies law enforcement's contribution and dedication to the quality of life in local communities.

The Hall County Jail had an average daily jail population of 1,241 inmates a day and over 14,000 people were processed through the booking area of the Jail in 2010. The Sheriff's Office has continued to generate over $6 million dollars in inmate boarding fees. These funds are returned to the Hall County General Fund to help offset the tax burden to the citizens of Hall County.

**Community Service Center**
The Community Service Center, shared with the City of Gainesville, met the needs of the community by serving a record 115,757 Meals on Wheels in FY 2010 utilizing 250 plus loyal volunteers. Ridership on the Red Rabbit bus system jumped from 114,652 to 117,917 in fiscal year 2010. This increase is as much a reflection of minor systems improvements as well as residents returning to training and employment opportunities elected to use affordable public transit. The Center for Family Prosperity introduced its income tax preparation and e-filing services to just forty-nine low to moderate-income families in January 2009 at one volunteer income tax assistance site. In FY 2010, two sites served 146 families and helped circulate over a quarter million dollars ($296K) in state and federal refunds.

**Capital Improvement Program**
Maintaining and expanding the County's infrastructure – including sewer, recreation, transportation, criminal justice and public safety – remains a high priority for the County. The Capital Improvement Program (CIP) captures and coordinates the needs and plans of all County departments. A five-year plan provides for current development, financing and maintenance needs. The county also maintains a longer-term Comprehensive Plan in accordance with state requirements.

Capital expenditures were not budgeted in FY 2009 and 2010. Only projects funded through SPLOST were initialed in 2010.

**Financial Information**
The recent recession has taken a toll on the County's reserves and financial position as it has across the State, but the County has continued initiatives with all departments and elected officials to review all areas of service and their costs; in order to continue to improve the financial position. This involves the ongoing evaluation of departmental budgets and operations along with review of the efficiencies and strategic direction of each area.

Additionally, a study and review has begun on the employee benefit package costs and how they benchmark to similar governments, in addition to, review of the employee medical benefit plan.

**Internal Controls**
County management maintains internal accounting controls to ensure that the County's assets are protected from loss, theft or misuse and that adequate accounting data allows financial statements to conform with generally accepted accounting principles. These controls provide reasonable, but not absolute, assurance of meeting our objectives, recognizing that 1) the cost of an accounting control should not exceed the likely benefit and 2) evaluating costs and benefits requires management estimates and judgments.

**Budgetary Controls**
Sound financial management and legal compliance require good budget controls. State statutes require the County to operate under an annual balanced budget adopted by local resolution. Within each fund, expenditures may not legally exceed appropriations at the department level. An on-line funds availability process provides operational control of departmental budgets, along with an encumbrance accounting system.

The Finance Department is responsible for compiling an annual budget for all County funds. No later than June 30 of each year, the County Administrator submits a proposed budget for the ensuing calendar year for each County fund. The Board reviews, meets legal requirements for advertising the budget and for holding public hearings and then adopts the annual budget prior to the first regularly scheduled Commission meeting of the year.

**Independent Audit**
The financial statements are prepared in compliance with governmental – reporting standards issued by the Governmental Accounting Standards Board; guidelines issued by the Government Finance Officers Association of the United States and Canada and generally accepted accounting principles applicable to government entities. Georgia requires an annual audit by an independent Certified Public Accountant. The preparation, design and publication of this Comprehensive Annual Financial Report represent collaboration by the Department of Finance Services, in conjunction, with the accounting firm of Bates, Carter & Co., LLP, CPAs.

**Awards**
In 2010, for the 12th consecutive year, Hall County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year 2009. The award honors easily readable, efficiently organized, comprehensive annual financial reporting that conforms to program standards. The certificate recognizes the use of generally accepted accounting principles and meeting applicable legal requirements. The county intends to maintain and surpass this standard and to submit this and future reports to GFOA for consideration.

Respectfully submitted,

Charles S. Nix
County Administrator

Michaela I. Thompson
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Hall County
## Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

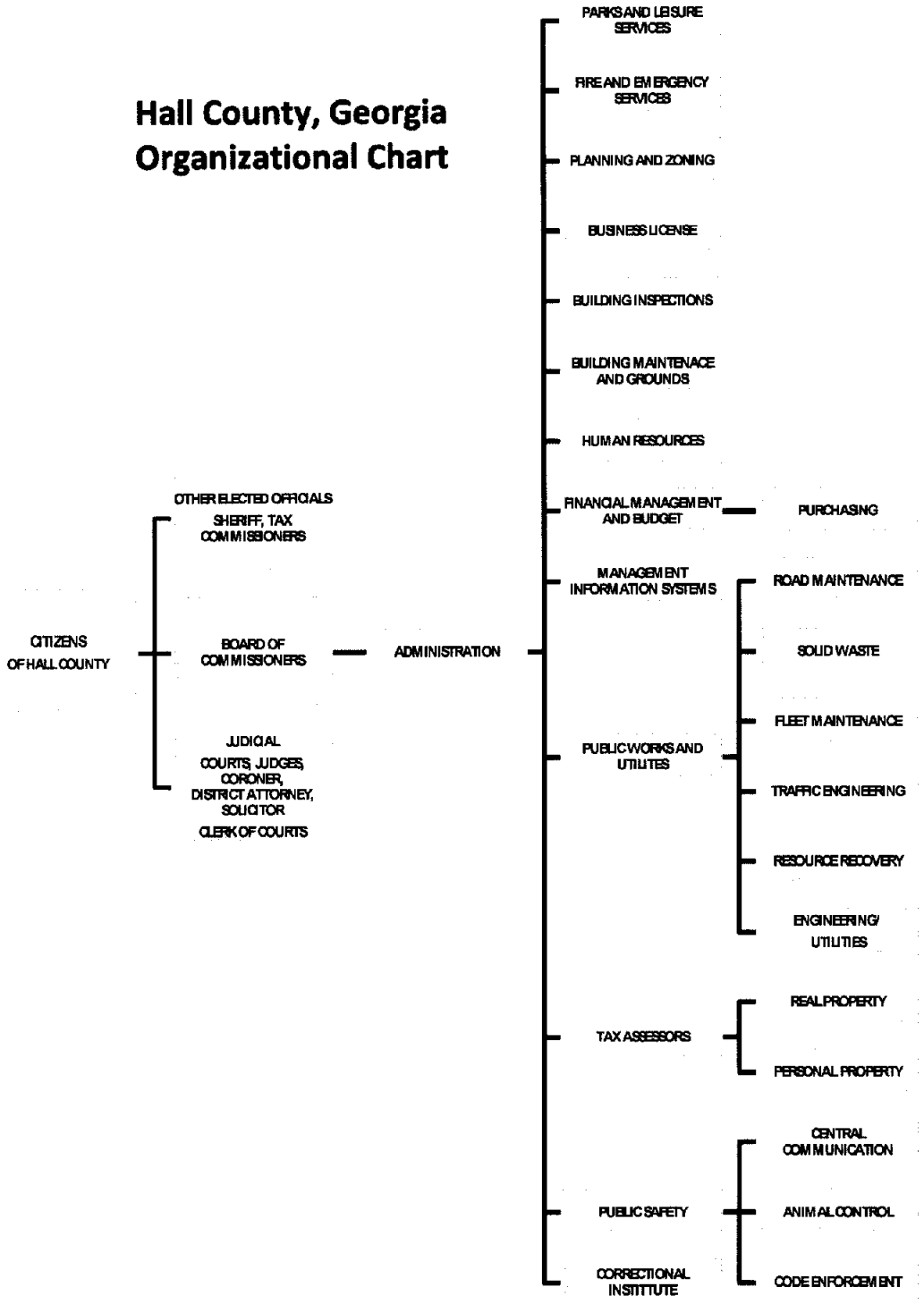
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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




President

Executive Director

# Hall County, Georgia
# Organizational Chart



# Hall County, Georgia Officials

## Hall County Board of Commissioners

- ***Tom Oliver*** - Chairman
- ***Bobby Banks*** - Commissioner District 1
- ***Billy Powell*** - Commissioner District 2
- ***Steve Gailey*** - Commissioner District 3
- ***Ashley Bell*** - Commissioner District 4

## Administration and Department Directors

- County Administrator - ***Charley Nix***
- Assistant County Administrator - ***Phil Sutton***
- County Clerk - ***Heather Bates***
- Public Relations Officer - ***Nikki Young***
- County Attorney - ***William Blalock***
- Human Resources - ***Linda Pryor***
- Financial Services - ***Michaela I. Thompson***
- Public Works & Utilities - ***Kenneth M. Rearden***
- Fire & EMS s - ***David Kimbrell***
- Planning & Zoning - ***Randy Knighton***
- Parks & Leisure - ***Greg Walker***
- Management Information Services - ***James Thomas***
- Public Safety Director - ***Marty Nix***
- Correctional Institute - ***Avery Niles***
- Business License - ***Susan Rector***
- Buildings Maintenance & Grounds - ***Brett Jockell***
- Tax Assessors - ***Michael Henderson***

## Elected Officials

- Superior Court Judges -
  - ***C. Andrew Fuller , Chief Judge***
  - ***Kathlene F. Gosselin***
  - ***Jason J. Deal***
  - ***Bonnie Chessher Oliver***
- State Court Judges -
  - ***Charles S. Wynne , Chief Judge***
  - ***B.E. Roberts, III***
  - ***Larry A. Baldwin, II***
- Sheriff - ***Steve Cronic***
- Chief Magistrate Court Judge - ***Margaret S. Gregory***
- Probate Court Judge - ***Patti P. Cornett***
- District Attorney - ***Lee Darragh***
- Solicitor General- ***Stephanie Woodard***
- State and Superior Clerk of Court - ***Charles Baker***
- Tax Commissioner - ***Keith Echols***
- Coroner - ***Marion Merck***

## Judicially Appointed Officials

- Juvenile Court Judges -
  - ***Clifford L. Joliff***
  - ***Mary R. Carden***
- Magistrate Court Judges
  - ***David Burroughs***
  - ***Tracy Loggins***
  - ***Elizabeth Reisman***
- Court Administrator - ***Reggie Forrester***
- Public Defender - ***Brad Morris***
- Elections - ***Charlotte Sosbee***

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# INDEPENDENT AUDITORS' REPORT

December 17, 2010

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, GA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA, as of, and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Commissioners of HALL COUNTY, GEORGIA. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hall County Health Department, a component unit of the County, as of and for the year then ended June 30, 2010, which statements reflect total assets of $3,219,183 as of June 30, 2010, and total revenues of $16,988,920, for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Hall County Health Department, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2010, on our consideration of HALL COUNTY, GEORGIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Fire District be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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.

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

The accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



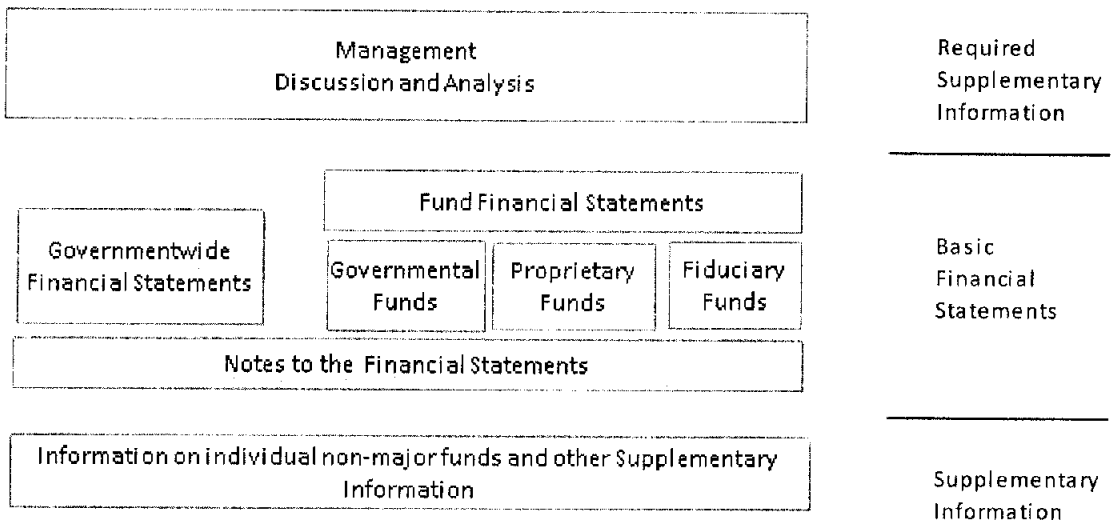
Baker, Carter & Co. LLP

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Hall County, Georgia, we offer the readers of Hall County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. This discussion's intent is to: (1) assist the reader in understanding significant financial issues; (2) provide an overview of the County's financial activities; (3) identify changes in the County's financial position; (4) identify material deviations from the original budget; and (5) identify individual fund issues or concerns. We encourage readers to consider the material presented here in conjunction with additional information furnished in the financial statements and the notes to financial statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic audited financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information, in addition to, the basic financial statements themselves as illustrated:




**Government-wide Financial Statements.** The government-wide financial statements, presented on pages 1 and 2, are designed to provide readers with a broad overview of Hall County's finances in a manner similar to that of private-sector business reporting. All governmental and business type activities are combined to arrive at a total for Primary Government. There are two government wide statements, the statement of net assets and the statement of activities which are described below:

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

- Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. The statement format is different from a traditional "income statement". The format is intended to portray the extent to which governmental activities are funded by taxes and the extent to which business-type activities are supported by the revenues they generate. The statement presents all underlying events that effect the changes in net assets, regardless of the timing of related cash flows. Therefore revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Each of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, public health and welfare, public safety, public works, recreation and culture, housing and development, and intergovernmental. The business-type activities of the County include solid waste, water utility, and sewer/wastewater utility operations.

The government-wide financial statements include not only Hall County, Georgia, itself (known as the primary government), but also a legally separate Health Department and Library for which Hall County, Georgia, is financially accountable. These legally separate entities are designated as component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from financial information presented for the primary government itself.

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

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

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

The County maintains separate governmental funds to account for the following activities: General; Special Revenue (Fire District, Emergency Telephone System, Parks, Grants, Special Assessments, Restricted Programs, Law Library, Allen Creek Soccer Complex, and Hotel Motel Tax); Capital Projects (SPLOST, Capital Projects, Impact Fees, and State Roads). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire District, SPLOST, Capital Projects, and Impact Fees, all of which are considered to be major funds. Data from the other (non-major) governmental funds are combined into a single aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Hall County adopts an annual appropriated budget for its general fund, special revenue and capital projects funds except for grant funds which are adopted on a project basis. The annual budget for capital project funds is to facilitate fiscal control and accounting of activities. However, capital projects may expand over multiple years requiring project length budgets, which are adopted for the duration of the project. A budgetary comparison schedule has been provided for the general fund and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-6 of this report.

***Proprietary funds.*** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste, water, and sewer/wastewater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management and group insurance. The County

adopts an annual budget for management purposes of these funds to facilitate fiscal control and accounting of activities in these funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, water, and sewer/wastewater operations of the County, each of which are considered to be major funds of the County.

Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 7-10 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Hall County maintains seven fiduciary called agency funds for Tax Commissioner, Clerk of Superior Court, Probate Court, Magistrate Court, Juvenile Court, Sheriff, and Inmate Fund.

The basic fiduciary fund financial statements can be found on page 11 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-49 of this report.

***Other financial information.*** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's schedule of budgetary comparisons, progress in funding its obligation to provide pension benefits to its employees, and employer pension contributions. Combining and individual fund statements and schedules can be found on pages 50-70 of this report.

- Hall County's net assets at June 30, 2010 were $473,052,572. Of this amount, $455,007,757 represents capital assets (i.e. land, buildings and improvements, infrastructure, machinery & equipment) net of accumulated depreciation and related debt. The government's ongoing obligations to the citizens of Hall County and creditors will be met with the balance of $18,044,815.

- As of June 30, 2010, the County's governmental funds reported combined ending fund balance of $28,649,059, a decrease of $18,914,026 in comparison with the prior year. The decrease in fund balance is a result of completing capital projects in the Capital Project Fund and SPLOST Funds.

- As of June 30, 2010, the County's General Fund reported a fund balance of $8,047,922; an increase of $1,420,767 in comparison with the prior year. The increase in fund balance results from continued cost reductions.

- Hall County's total long-term debt increased by $12,410,100. This is the result of continued construction of Phase II Mulberry Creek Regional Sewer Facilities projected to be completed in December 2010, an increase in other post-employment benefit (OPEB) obligation offset by the final general obligation bond payment that provided funds for the new jail facility completed in fiscal year 2008.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net assets serve as a useful indicator of a government's financial position. In the case of Hall County, on an entity-wide basis, assets exceeded liabilities by $473,052,572 at the close of the fiscal year. This represents a decrease in net assets from fiscal year 2009 of $16 million.

**HALL COUNTY, GEORGIA**
**Comparative Schedule of Net Assets**
**June 30**
*($ in thousands)*

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Current and other assets | $ 49,011 | $ 64,594 | $ 19,001 | $ 20,030 | $ 68,012 | $ 84,624 |
| Capital assets (net of depreciation) | 400,462 | 403,603 | 104,271 | 87,188 | 504,733 | 490,791 |
| Total assets | 449,473 | 468,197 | 123,272 | 107,218 | 572,745 | 575,415 |
| Long-term liabilities outstanding | 35,329 | 37,399 | 51,826 | 44,875 | 87,155 | 82,274 |
| Other liabilities | 10,694 | (124) | 1,844 | 4,666 | 12,538 | 4,542 |
| Total liabilities | 46,023 | 37,275 | 53,670 | 49,541 | 99,693 | 86,816 |
| Net assets | | | | | | |
| Invested in capital assets, net of related debt | 393,603 | 390,642 | 61,405 | 47,183 | 455,008 | 437,825 |
| Restricted | 21,794 | 33,276 | - | - | 21,794 | 33,276 |
| Unrestricted | (11,947) | 7,005 | 8,197 | 10,494 | (3,750) | 17,499 |
| Total net assets | $ 403,450 | $ 430,923 | $ 69,602 | $ 57,677 | $ 473,052 | $ 488,600 |

By far the largest portion of the County's net assets (96.2%) at June 30, 2010, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), net of any related outstanding debt used to acquire those assets and accumulated depreciation. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves are not used to liquidate these liabilities. An additional portion of the County's net assets (4.6%) represents resources that are subject to external restrictions on how they may be used.

The primary change from prior year to current year is an increase in the other post-employment benefit (OPEB) costs. This liability is an amount actuarially determined in accordance with GASB45 that prior to 2009 was not reported on the financial statements but was and continues to be a pay-as-you-go policy. The change in net assets is an indication the County's financial position is foreseeable considering the current economic environment. At the end of the current fiscal year, the County is able to report positive net assets as a whole.

**Governmental Activities:**

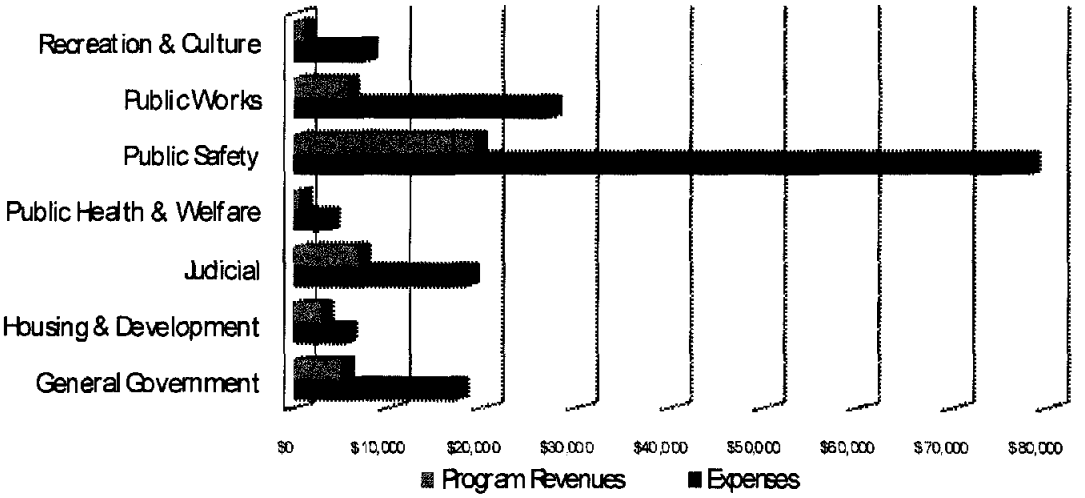
Governmental activities overall had a (6.4)% decrease from fiscal year 2009 to fiscal year 2010. This change is the result of an increase in OPEB liability of $15.9 million as mentioned previously.

- Revenue declined overall by $1.9 million (1.4%) excluding grants and contributions. The property tax collection exceeded previous year by $2.7 million as a result of increased effort in collections of past due accounts despite the decline in the tax digest. In addition, charges for services from out of county prisoners increased revenue by $1.4 million. These increases, however, were offset by the continued decline in sales tax of $3.3 million (7.9%) and other taxes and services related to consumer spending of $2.4 million under last year.

- Expenditures at the fund level, excluding capital outlay and debt service, have declined by $3.7 million from fiscal year 2009. This is the result of changes made to address the revenue shortfalls. However, partly due to the increase in OPEB obligation of $15.9 million the entity-wide statements show expenses of $6.6 million over last year.

The following charts show activities by function:

**Expense and Program Revenues - Governmental Activities**
**FY 2010**
**(in thousands)**




**Revenues by Source - Governmental Activities**
**FY 2010**

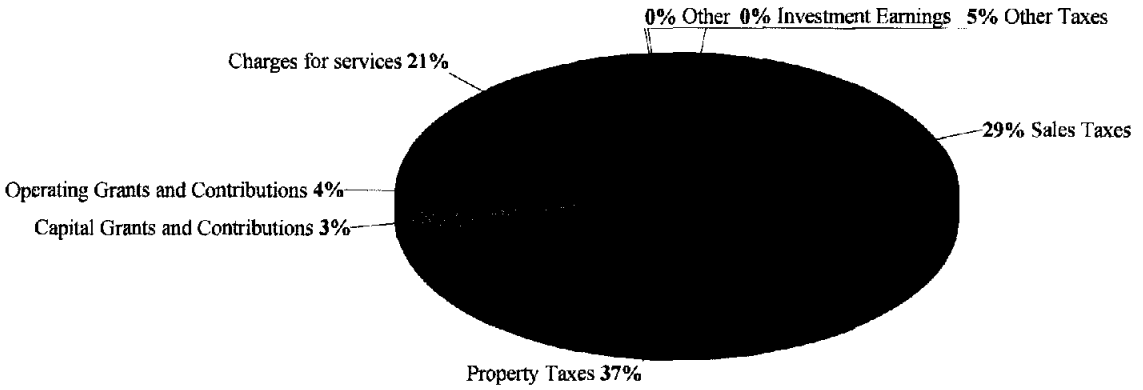



Chart shows all sources of revenue collected for governmental activities not limited to program revenue.

**Business-Type Activities:**

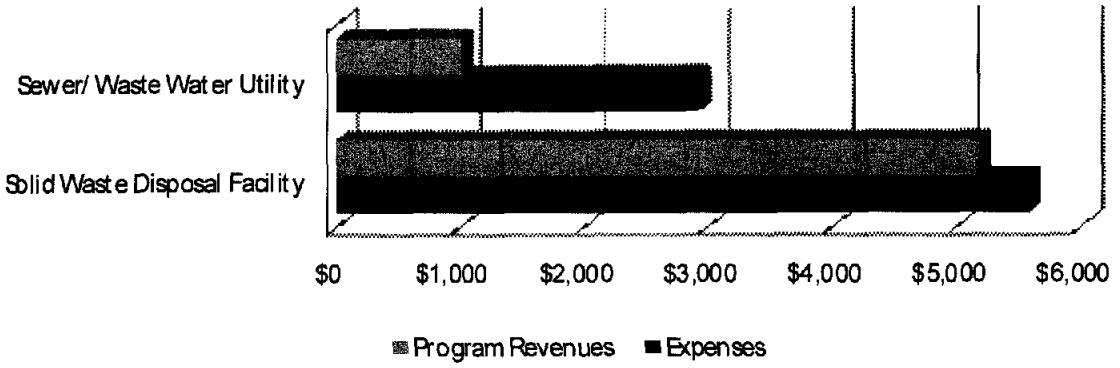
Business–type net assets increased the County's net assets by $12 million. Key elements of this increase are:

- The Sewer/Wastewater Utility Fund had an increase in net assets of $5 million. This is attributable to the continued construction of the Mulberry Creek Sewer Facility - Phase II that is a $21.4 million project to be completed in December 2010 funded in part by transfers from the SPLOST fund.

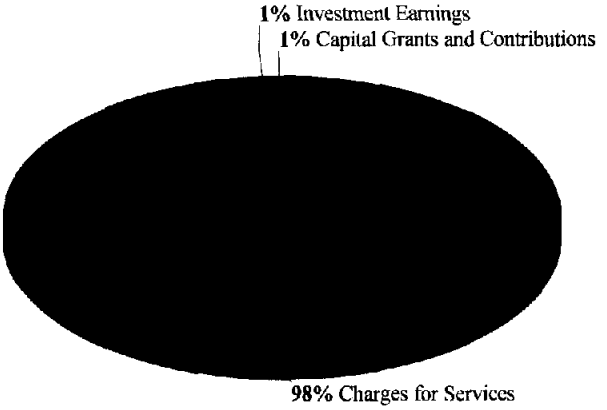
- The Solid Waste Disposal Facility Fund had an increase in net assets of $2 million. This was due to landfill structure asset additions funded in part by transfers from the SPLOST fund.

The following charts show activities by enterprise operation:

**Expense and Program Revenues - Business-Type Activites**
**FY 2010**
**(in thousands)**




**Revenues by Source - Business-Type Activities**
**FY 2010**




* Zero Data, Operating Grants and Contributions, Property Taxes, Sales Taxes, Other Taxes, Other

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $28,649,059, a decrease of $18,914,026 in comparison to the prior year. This decrease is primarily due to the final payment on the general obligation bonds used to finance the new jail construction completed in 2008.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, fund balance of the general fund was $8,047,922. As a measure of the general fund's liquidity, it may be useful to compare unreserved

fund balance to total fund expenditures. Unreserved fund balance represents 8.5% of total general fund current operating expenditures which is an increase over last year of 1.3%. The underlying increase in fund balance was due to cost cutting measures implemented which decreased expenditures by $3.7 million under last year.

The Capital Projects Fund accounts for the financial resources used for the purchase and construction of major capital facilities, other than those accounted for in specific funds. At the end of the current fiscal year, unreserved fund balance of the Capital Projects Fund was $(1,454,150), which represents deferred revenue from sale of property to complete the Mulberry Creek park project that was funded from other sources pending payment. There are no future projects currently funded.

The Impact Fee Fund accounts for financial resources provided by a fee included with the construction permitting to be used for purchase or construction of major capital facilities or equipment in service areas impacted by economic growth. These areas are parks and recreation, fire protection, Sheriff's patrol, public safety and libraries. The fund balance decreased from $4,105,766 to $3,032,402 or 26.1%. The decrease was due to the construction of ball fields in several parks and library collection materials, in addition to, reduced revenue related to the current economic environment.

The SPLOST Fund accounts for the financial resources provided from a one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for public works projects related to road and traffic improvements; parks and leisure which includes community centers and parks; courthouse and administration building relocation and rehabilitation; fire and emergency equipment; building construction projects which includes a North Hall library, Sheriff's patrol, and animal shelter; and water and sewer system projects. At the end of fiscal year 2010, SPLOST Fund reported a fund balance of $13,199,703, which represents a decrease from last year of $15,386,946. This is primarily due to the final payment of a general obligation bond used to fund the new jail facility ($10.4M). Other SPLOST projects have begun including roads, North Hall Park and Community Center, North Hall Sewer Master Plan and Glades Reservoir permitting.

The fire district fund is the principal operating fund for County fire and rescue operations. At the end of the fiscal year, its fund balance was $2,173,968, a 26.7% increase from fiscal year 2009. This increase is attributable to furlough and other cost saving measures implemented during the year. The unreserved, undesignated portion of this fund balance represents 15.0% of total fund expenditures

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Solid Waste Disposal Facility, Sewer/Wastewater Utility, and Water Utility Funds at the end of the year amounted to $8,313,998. This represents a decrease of $2,286,293 from unrestricted net assets as of June 30, 2009. Other factors related to the finances of these funds have been included in the previous discussion of the business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final budgets were $92,681,678. The actual revenue (inflow) was $89,321,892, which was under budget by $3.4 million. The actual expenditures (outflows) were $87,901,125 that represented a decrease of $4.8 million. The net result is a $1.4 million improvement in the General Fund balance. The decrease in expenditures were crucial due to the continued decline in Local Option Sales Tax by 7.2%, Fines and Forfeitures by 11%, and Licenses and Permits by 14% which represents approximately 29% of the total revenue budget; however, the Hall County Jail Facility exceeded budgeted revenue by approximately $2.1 million offsetting a portion of the decrease in other areas. While the total final expenditure budget did not change from the original budget, there were some shifts between departments. The expenditure reductions are summarized below and implementation begun in fiscal year 2009. The final cost cutting measure was the elimination of the County's employee retirement contribution in October 2009.

- Eliminated twenty-eight positions
- Mandated an open position hiring freeze

- Eliminated cost of living and merit increases
- Continued mandatory furloughs instituted in FY 2009
- Reduced operating costs
  - Curtailed travel and training
  - Reduced overtime
- Eliminated all capital purchases
- Eliminated County employee retirement contributions

Actual expenditures came in $5 below budget and can be summarized as follows:

- General Government was under budget by $3.7 million
- Judicial was under budget by $0.1 million.
- Public Safety under budget by $0.4 million
- Public Works was over budget by $8 thousand
- Public Health and Welfare under budget by $8 thousand
- Recreation and Culture was under budget by $0.2 million
- Housing and Development was under budget by $0.4 million

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The County's investment in capital assets for its government and business-type activities as of June 30, 2010, was $505 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and sewer infrastructure.

Governmental assets moved from construction in progress to the asset records during the year totaled approximately $14 million. Major projects consisted of the following:

- East Hall Park activity fields - $0.5 million
- Mulberry Creek Community Center - $4.2 million
- Animal Control Facility - $2.1 million
- Georgia State Patrol Post 6 - $2.4 million
- Flowery Branch school in a park - $1.3 million
- North Hall Park land acquisition - $2.7 million

Business-type assets moved from construction in progress to the assets records during the year totaled approximately $9 million. Major projects consisted of the following:

- Martin Road/Mulberry Basin Phase II - $2.3 million
- Spout Springs Road Sewage Facilities - $2.7 million
- Cell 1 of Candler Road Landfill - $3.7 million

**Hall County's Capital Assets**
**(Net of depreciation)**
*($ in thousands)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land and Improvements | $ 55,673 | $ 52,762 | $ 23,046 | $ 23,046 | $ 78,719 | $ 75,808 |
| Construction in Progress | 6,884 | 8,948 | 38,023 | 32,147 | 44,907 | 41,095 |
| Buildings | 133,079 | 126,234 | 8,274 | 8,562 | 141,353 | 134,796 |
| Machinery & Equipment | 16,828 | 19,142 | 1,889 | 2,192 | 18,717 | 21,334 |
| Vehicles | 8,119 | 9,154 | 114 | 138 | 8,233 | 9,292 |
| Infrastructure | 179,880 | 187,364 | 32,926 | 21,103 | 212,806 | 208,467 |
| Total Assets | $ 400,463 | $ 403,604 | $ 104,272 | $ 87,188 | $ 504,735 | $ 490,792 |

Additional information on the County's capital assets can be found in Note 5 on pages 26 through 29 of this report.

**Long–Term Debt.** The County's general obligation bonds issued to finance the new jail facility matured on October 1, 2009 eliminating all general obligation debt. The $4.9 million of the contracts payable were to fund the construction of the State Patrol Building and Animal Control Shelter, which was contracted through the Gainesville-Hall County Development Authority in May 2009 with the issuance of Series 2009 revenue bonds. The debt for the Animal Control shelter will be repaid by Special Purpose Local Option Sales Tax funds and the State Patrol by the General Fund.

**Hall County's Outstanding Debt**
**Bonds Payable, Capital Leases, Notes Payable, Claims, and Other Debts**
*($ in thousands)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Bonds Payable | $ - | $ 10,405 | $ - | $ - | $ - | $ 10,405 |
| Contracts Payable | 4,848 | 5,327 | 14,363 | 14,355 | 19,211 | 19,682 |
| Capital Leases | 560 | 714 | 491 | 964 | 1,051 | 1,678 |
| Notes Payable | - | - | 30,576 | 23,294 | 30,576 | 23,294 |
| Claims Payable (estimate) | 2,973 | 2,681 | - | - | 2,973 | 2,681 |
| Landfill Closure/Postclosure | - | - | 6,320 | 6,185 | 6,320 | 6,185 |
| Compensated Absences | 3,729 | 3,479 | 76 | 77 | 3,805 | 3,556 |
| Net OPEB Obligation | 23,219 | 7,265 | - | - | 23,219 | 7,265 |
| Totals | $ 35,329 | $ 29,871 | $ 51,826 | $ 44,875 | $ 87,155 | $ 74,746 |

The Notes Payable increase for the water and sewer fund are Georgia Environmental Finance Authority loans for the continued expansion of the Hall County Mulberry Creek sewer district. The repayment of this debt is in part covered by SPLOST VI funds and eventually sewerage customer charges. For the Water and Sewer notes, the County would be required to pay the principal and interest on these loans should Special Purpose Local Option Sales Tax or operating revenues not be adequate.

Additional information regarding Hall County's long-term debt can be found in Note 6 on pages 29 through 34 of this report. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is $764,977,700 and currently the County has no general obligation debt

## ECONOMIC OUTLOOK

With respect to the economy, 2010 ended for the County as planned and budgeted requiring no decrease in General Fund, but essentially ending with an increase of $1.4 million. The FY 2011 economic outlook for Hall County is virtually a duplication of 2010.

- The unemployment rate in Hall County is at 9.2% which is slightly above last year of 9.1%, but still lower than the State of Georgia and the United States.
- In 2010, 18 new and expanded industries are adding 510 new jobs, retaining 460 existing jobs and generating $156 million in new capital investment. Expanding companies include ZF, Yazaki, GMI, ElringKlinger and Kubota.
- Northeast Georgia Health System acquired a 119 acre site for a new $200 million South Hall hospital and healthcare village. There are planned investments of over $100 million in the next five years on clinical technology to include cardiac CT, advanced stereotactic radiosurgery and cardiac catheterization laboratories. Northeast Georgia Hospital was named one of the 100 top hospitals in the Nation and was named one of the top ten places to work in the State of Georgia by Georgia Trend Magazine.
- Pacolet Milliken plans to build a 460,000 square foot retail and commercial complex on a 55 acres tract near Exit 24 on I-985 which is also in close proximity to the Northeast Georgia Health System.
- The County is in the preliminary permitting stages to build an 80 million gallon per day water reservoir in the North Hall area. Bonds for funding have been approved by the Board of Commissioners.

- LOST and SPLOST revenues are projected to trend similar to 2010. The County is monitoring collections on a monthly basis.

- The County is not planning for any erosion to the property tax digest for FY 2011 budget.

- Hall County Government implemented a number of cost-saving measures, mainly in the area of personnel, to compensate for the drop in revenue from property taxes, sales taxes and other revenues. These changes cut operating expenses without significantly impacting public services and have been incorporated into the fiscal 2011 budget, in addition to, eliminating retirement fund match and increasing the employee share of health costs.

The current economy and the pressures from revenue decreases were taken into consideration when preparing the 2011 budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all interested in the government's financials. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Hall County, P.O. Drawer 1435, Gainesville, Georgia 30503.

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# HALL COUNTY, GEORGIA
# STATEMENT OF NET ASSETS
## June 30, 2010

| | PRIMARY GOVERNMENT | | | |
|---|---|---|---|---|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | COMPONENT UNITS |
| ASSETS | | | | |
| Cash | $ 11,151,772 | $ 2,814,426 | $ 13,966,198 | $ 2,541,423 |
| Investments | 15,279,371 | 2,720,629 | 18,000,000 | 6,257 |
| Receivables (net of allowance for uncollectibles) | 15,123,697 | 466,502 | 15,590,199 | 947,360 |
| Internal balances | 1,207,758 | (1,207,758) | - | - |
| Inventories | 353,795 | - | 353,795 | - |
| Prepaid items | 4,423,938 | 61,286 | 4,485,224 | 50,806 |
| Restricted assets: | | | | |
| Cash | - | 1,250,000 | 1,250,000 | - |
| Non-current assets: | | | | |
| Deferred charges | 90,109 | 763,086 | 853,195 | - |
| Capacity held for resale | - | 12,132,766 | 12,132,766 | - |
| Land held for resale | 18,699 | - | 18,699 | - |
| Net pension obligation | 1,361,820 | - | 1,361,820 | - |
| Capital assets: | | | | |
| Capital assets not being depreciated | 62,556,376 | 61,068,853 | 123,625,229 | - |
| Capital assets being depreciated | 559,663,451 | 56,436,861 | 616,100,312 | 5,444,724 |
| Less: accumulated depreciation | (221,757,794) | (13,234,590) | (234,992,384) | (3,653,984) |
| Capital assets, net of depreciation | 400,462,033 | 104,271,124 | 504,733,157 | 1,790,740 |
| TOTAL ASSETS | 449,472,992 | 123,272,061 | 572,745,053 | 5,336,586 |
| LIABILITIES | | | | |
| Accounts payable | 7,233,188 | 1,620,864 | 8,854,052 | 641,862 |
| Accrued interest payable | 55,626 | 72,578 | 128,204 | - |
| Other accrued items | 2,187,916 | 97,175 | 2,285,091 | - |
| Due to other governments | - | - | - | 50,203 |
| Unearned revenue | 1,032,081 | 27,749 | 1,059,830 | - |
| Amounts held in trust | 184,496 | 25,320 | 209,816 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | | | | |
| Compensated absences payable | 3,100,000 | 76,192 | 3,176,192 | 581,372 |
| Estimated claims payable | 1,570,277 | - | 1,570,277 | - |
| Accrued landfill closure / postclosure | - | 370,000 | 370,000 | - |
| Notes payable | - | 628,869 | 628,869 | - |
| Capital leases payable | 158,426 | 490,890 | 649,316 | - |
| Contracts payable | 493,274 | - | 493,274 | - |
| Due in more than one year | | | | |
| Compensated absences payable | 628,697 | - | 628,697 | 334,914 |
| Estimated claims payable | 1,402,855 | - | 1,402,855 | - |
| Accrued landfill closure / postclosure | - | 5,950,109 | 5,950,109 | - |
| Notes payable | - | 29,947,012 | 29,947,012 | - |
| Capital leases payable | 401,483 | - | 401,483 | - |
| Contracts payable | 4,355,018 | 14,363,160 | 18,718,178 | - |
| Net OPEB obligation | 23,219,226 | - | 23,219,226 | - |
| TOTAL LIABILITIES | 46,022,563 | 53,669,918 | 99,692,481 | 1,608,351 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 393,602,590 | 61,405,167 | 455,007,757 | 1,790,740 |
| Restricted for: | | | | |
| Capital outlay projects | 13,199,703 | - | 13,199,703 | - |
| Impact fee projects | 3,032,402 | - | 3,032,402 | - |
| Public safety programs | 2,597,860 | - | 2,597,860 | - |
| Parks | 466,426 | - | 466,426 | - |
| Special Assessments | 786,846 | - | 786,846 | - |
| Special / Restricted Programs | 1,711,380 | - | 1,711,380 | 769,861 |
| Unrestricted | (11,946,778) | 8,196,976 | (3,749,802) | 1,167,634 |
| TOTAL NET ASSETS | $ 403,450,429 | $ 69,602,143 | $ 473,052,572 | $ 3,728,235 |

The accompanying notes are an integral part of this statement.

# HALL COUNTY, GEORGIA
## STATEMENT OF ACTIVITIES
### For the Year Ended June 30, 2010

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES: CHARGES FOR SERVICES | PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS | PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS | NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES | PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES | PRIMARY GOVERNMENT: TOTAL | COMPONENT UNITS |
|---|---|---|---|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| General government | $ 17,275,241 | $ 4,786,104 | $ 222,422 | $ - | $ (12,266,715) | $ - | $ (12,266,715) | $ - |
| Judicial | 18,404,468 | 5,938,599 | 843,804 | - | (11,622,065) | - | (11,622,065) | - |
| Public safety | 78,047,415 | 17,514,198 | 1,620,595 | 109,198 | (58,803,424) | - | (58,803,424) | - |
| Public works | 27,152,856 | 986,232 | 223,658 | 4,396,243 | (21,546,723) | - | (21,546,723) | - |
| Public health and welfare | 3,500,813 | - | 267,376 | 351,996 | (2,881,441) | - | (2,881,441) | - |
| Recreation and culture | 7,602,407 | 1,007,525 | 34,371 | - | (6,560,511) | - | (6,560,511) | - |
| Housing and development | 5,389,025 | 507,353 | 2,234,950 | 119,824 | (2,526,898) | - | (2,526,898) | - |
| Interest | 330,881 | - | - | - | (330,881) | - | (330,881) | - |
| Total Governmental Activities | 157,703,106 | 30,740,011 | 5,447,176 | 4,977,261 | (116,538,658) | - | (116,538,658) | - |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Solid waste/recycling | 5,568,113 | 5,174,631 | - | - | - | (393,482) | (393,482) | - |
| Water and sewer | 2,921,268 | 924,507 | - | 86,749 | - | (1,910,012) | (1,910,012) | - |
| Total Business-Type Activities | 8,489,381 | 6,099,138 | - | 86,749 | - | (2,303,494) | (2,303,494) | - |
| TOTAL PRIMARY GOVERNMENT | $ 166,192,487 | $ 36,839,149 | $ 5,447,176 | $ 5,064,010 | (116,538,658) | (2,303,494) | (118,842,152) | - |
| COMPONENT UNITS | | | | | | | | |
| Health Department | $ 16,633,832 | $ 5,482,314 | $ 11,506,606 | $ - | - | - | - | 355,088 |
| Library System | 3,179,597 | 100,251 | 374,431 | 107,471 | - | - | - | (2,597,444) |
| TOTAL COMPONENT UNITS | $ 19,813,429 | $ 5,582,565 | $ 11,881,037 | $ 107,471 | - | - | - | (2,242,356) |
| GENERAL REVENUES | | | | | | | | |
| Property taxes | | | | | 53,395,036 | - | 53,395,036 | - |
| Sales taxes | | | | | 41,937,865 | - | 41,937,865 | - |
| Insurance premium taxes | | | | | 5,248,661 | - | 5,248,661 | - |
| Real estate recording taxes | | | | | 1,073,888 | - | 1,073,888 | - |
| Other taxes | | | | | 1,476,871 | - | 1,476,871 | - |
| Total taxes | | | | | 103,132,321 | - | 103,132,321 | - |
| Unrestricted investment earnings | | | | | 108,263 | 32,776 | 141,039 | 743 |
| Grants and contributions not restricted to a specific program | | | | | 6,074 | - | 6,074 | 2,433,634 |
| Gain on sale of capital assets | | | | | 15,299 | - | 15,299 | - |
| TRANSFERS | | | | | (14,195,562) | 14,195,562 | - | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 89,066,395 | 14,228,338 | 103,294,733 | 2,434,377 |
| CHANGES IN NET ASSETS | | | | | (27,472,263) | 11,924,844 | (15,547,419) | 192,021 |
| NET ASSETS, Beginning | | | | | 430,922,692 | 57,677,299 | 488,599,991 | 3,536,214 |
| NET ASSETS, Ending | | | | | $ 403,450,429 | $ 69,602,143 | $ 473,052,572 | $ 3,728,235 |

The accompanying notes are an integral part of this statement

# HALL COUNTY, GEORGIA
# BALANCE SHEET
# GOVERNMENTAL FUNDS
## June 30, 2010

| ASSETS | GENERAL | FIRE DISTRICT | SPLOST | CAPITAL PROJECTS | IMPACT FEES | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|---|---|
| Cash | $ 539,808 | $ 1,412,540 | $ 3,702,913 | $ - | $ 1,551,902 | $ 1,993,114 | $ 9,200,277 |
| Investments | 2,567,260 | 1,302,105 | 7,526,845 | - | 1,465,177 | 1,418,604 | 14,279,991 |
| Receivables (net of allowance for uncollectibles) | 8,874,826 | 366,654 | 3,122,697 | 1,418,310 | 18,920 | 1,322,292 | 15,123,699 |
| Due from other funds | 2,516,048 | - | - | - | - | - | 2,516,048 |
| Prepaid items | 278,710 | - | 3,897,376 | - | - | - | 4,176,086 |
| Inventories | 280,253 | 73,542 | - | - | - | - | 353,795 |
| TOTAL ASSETS | $ 15,056,905 | $ 3,154,841 | $ 18,249,831 | $ 1,418,310 | $ 3,035,999 | $ 4,734,010 | $ 45,649,896 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | $ 1,156,514 | $ 131,539 | $ 5,032,986 | $ - | $ 2,302 | $ 775,047 | $ 7,098,388 |
| Other accrued items | 1,543,223 | 488,264 | 17,142 | - | 1,295 | 137,710 | 2,187,634 |
| Due to other funds | - | - | - | 1,408,152 | - | 17,160 | 1,425,312 |
| Deferred revenue | 4,288,805 | 361,070 | - | 1,418,310 | - | 36,821 | 6,105,006 |
| Amounts held in trust | 20,441 | - | - | - | - | 164,056 | 184,497 |
| TOTAL LIABILITIES | 7,008,983 | 980,873 | 5,050,128 | 2,826,462 | 3,597 | 1,130,794 | 17,000,837 |
| FUND BALANCES | | | | | | | |
| Reserved: | | | | | | | |
| Encumbrances | 312,530 | 7,128 | 4,954,209 | 45,998 | 55,331 | 228,392 | 5,603,588 |
| Prepaid expenditure | 278,710 | - | 3,897,376 | - | - | - | 4,176,086 |
| Capital outlay projects | - | - | 4,348,118 | - | - | - | 4,348,118 |
| Impact fee projects | - | - | - | - | 2,977,071 | - | 2,977,071 |
| Unreserved, undesignated: | | | | | | | |
| General Fund | 7,456,682 | - | - | - | - | - | 7,456,682 |
| Capital Projects Funds | - | - | - | (1,454,150) | - | 91,857 | (1,362,293) |
| Special Revenue Funds | - | 2,166,840 | - | - | - | 3,282,967 | 5,449,807 |
| TOTAL FUND BALANCES | 8,047,922 | 2,173,968 | 13,199,703 | (1,408,152) | 3,032,402 | 3,603,216 | 28,649,059 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 15,056,905 | $ 3,154,841 | $ 18,249,831 | $ 1,418,310 | $ 3,035,999 | $ 4,734,010 | $ 45,649,896 |

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA**
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS**
**June 30, 2010**

| | | |
|---|---|---|
| **Total Fund Balances for Governmental Funds (page 3)** | | $ 28,649,059 |
| Total net assets reported for governmental activities in the statement of net assets is different because: | | |
| Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. | | 400,462,033 |
| Land held for resale used in the governmental activities is not a financial resource and therefore is not reported in the funds. | | 18,699 |
| Internal service funds are used by the County to charge the cost of group health and other types of insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: | | 207,534 |
| Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds. | | |
| Property Taxes | 3,009,025 | |
| Assessments | 29,840 | |
| Fines | 615,750 | |
| Note receivables | 1,418,310 | |
| | | 5,072,925 |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Deferred charge for issuance cost | 90,109 | |
| Accrued interest | (55,626) | |
| Compensated absences | (3,728,697) | |
| Capital leases | (559,909) | |
| Contracts payable | (4,848,292) | |
| Net pension obligation | 1,361,820 | |
| Net OPEB obligation | (23,219,226) | |
| | | (30,959,821) |
| **Total net assets of governmental activities (page 1)** | | $403,450,429 |

The accompanying notes are an integral part of this statement.

# HALL COUNTY, GEORGIA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## GOVERNMENTAL FUNDS
## For the Year Ended June 30, 2010

| | GENERAL | FIRE DISTRICT | SPLOST | CAPITAL PROJECTS | IMPACT FEES | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|---|---|
| REVENUES | | | | | | | |
| Taxes | $ 64,177,214 | $ 14,870,616 | $ 23,893,230 | $ - | $ - | $ 7,398 | $ 102,948,458 |
| Licenses and permits | 1,356,510 | - | - | - | 301,273 | - | 1,657,783 |
| Intergovernmental | 1,557,387 | 10,608 | - | - | - | 7,230,365 | 8,798,360 |
| Fines and forfeitures | 3,389,605 | 40 | - | - | - | 1,453,928 | 4,843,573 |
| Charges for services | 18,685,859 | 43,434 | 122,980 | - | - | 5,352,229 | 24,204,502 |
| Contributions and donations | 500 | - | - | - | - | 6,926 | 7,426 |
| Interest income | 39,048 | 19,805 | (2) | 1,060 | 19,435 | 14,266 | 93,612 |
| Miscellaneous | 85,695 | - | - | 4,618 | - | 9,997 | 100,310 |
| TOTAL REVENUES | 89,291,818 | 14,944,503 | 24,016,208 | 5,678 | 320,708 | 14,075,109 | 142,654,024 |
| EXPENDITURES | | | | | | | |
| Current Expenditures | | | | | | | |
| General government | 15,356,200 | - | 62,523 | - | - | - | 15,418,723 |
| Judicial | 13,661,458 | - | 787 | - | - | 1,307,416 | 14,969,661 |
| Public safety | 41,847,788 | 13,994,535 | 1,144 | 120,857 | - | 5,530,490 | 61,494,814 |
| Public works | 5,363,594 | - | 2,325,615 | 34,282 | - | 3,551,448 | 11,274,939 |
| Public health and welfare | 2,720,716 | - | - | - | - | 410,508 | 3,131,224 |
| Recreation and culture | 4,771,827 | - | 2,153 | 30,648 | 446,593 | 880,664 | 6,131,885 |
| Housing and development | 2,941,055 | - | - | - | 15,729 | 1,975,007 | 4,931,791 |
| Intergovernmental | 150,000 | - | 4,514,266 | - | 121,630 | - | 4,785,896 |
| Capital outlay | 172,030 | 492,407 | 7,224,621 | 4,409,517 | 810,120 | 680,886 | 13,789,581 |
| Debt service | | | | | | | |
| Principal | 244,528 | - | 10,785,000 | - | - | - | 11,029,528 |
| Interest | 100,908 | - | 328,836 | - | - | - | 429,744 |
| TOTAL EXPENDITURES | 87,330,104 | 14,486,942 | 25,244,945 | 4,595,304 | 1,394,072 | 14,336,419 | 147,387,786 |
| EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES | 1,961,714 | 457,561 | (1,228,737) | (4,589,626) | (1,073,364) | (261,310) | (4,733,762) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of county property | 2,568 | - | - | - | - | 12,730 | 15,298 |
| Transfers in | 27,508 | - | - | - | - | 619,898 | 647,406 |
| Transfers out | (571,023) | - | (14,158,209) | - | - | (113,736) | (14,842,968) |
| TOTAL OTHER FINANCING SOURCES (USES) | (540,947) | - | (14,158,209) | - | - | 518,892 | (14,180,264) |
| NET CHANGE IN FUND BALANCES | 1,420,767 | 457,561 | (15,386,946) | (4,589,626) | (1,073,364) | 257,582 | (18,914,026) |
| FUND BALANCES, Beginning of year | 6,627,155 | 1,716,407 | 28,586,649 | 3,181,474 | 4,105,766 | 3,345,634 | 47,563,085 |
| FUND BALANCES, End of year | $ 8,047,922 | $ 2,173,968 | $ 13,199,703 | $ (1,408,152) | $ 3,032,402 | $ 3,603,216 | $ 28,649,059 |

The accompanying notes are an integral part of this statement

# HALL COUNTY, GEORGIA
## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
## For the Year Ended June 30, 2010

| | | |
|---|---|---|
| **Net change in fund balances (page 5)** | | $ (18,914,026) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlays | 13,789,581 | |
| Depreciation expense | (18,544,843) | |
| | | (4,755,262) |
| In the statement of activities, only the gain/loss on the sale of various equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold. | | |
| Net book value of equipment sold | (10,289) | |
| | | (10,289) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | 3,009,025 | |
| Donated assets | 1,624,725 | |
| Assessments | 29,840 | |
| Fines | 615,750 | |
| | | 5,279,340 |
| Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities. | | |
| Property taxes | (2,825,161) | |
| Assessments | (50,255) | |
| Fines | (661,491) | |
| | | (3,536,907) |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances. | | |
| Principal payments on long-term debt | 11,029,528 | |
| Bond issuance costs, current year | 90,109 | |
| Bond issuance costs, prior year | (101,558) | |
| Amortization of bond premium and discounts | 8,274 | |
| Accrued interest on bonds, current year | (55,626) | |
| Accrued interest on bonds, prior year | 153,624 | |
| | | 11,124,351 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences, current year | (3,728,697) | |
| Compensated absences, prior year | 3,478,649 | |
| | | (250,048) |
| Internal service funds are used by management to charge the costs of certain activities, such as group health and other types of insurance. The net revenue (expenses) of certain internal service funds is reported with governmental activities. | | 341,484 |
| Net pension obligation is not available during the current period and therefore is not reported in the funds. | | |
| End of year | 1,361,820 | |
| Beginning of year | (2,158,543) | |
| | | (796,723) |
| Net OPEB obligation is not available during the current period and therefore is not reported in the funds. | | |
| End of year | (23,219,226) | |
| Beginning of year | 7,265,045 | |
| | | (15,954,181) |
| Rounding | | (2) |
| **Changes in net assets of governmental activities (page 2)** | | $ (27,472,263) |

The accompanying notes are an integral part of this statement.

# HALL COUNTY, GEORGIA
# STATEMENT OF NET ASSETS
# PROPRIETARY FUND
# June 30, 2010

| | BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS | | | | |
|---|---|---|---|---|---|
| ASSETS | SOLID WASTE DISPOSAL FACILITY | SEWER / WASTE WATER UTILITY | WATER UTILITY FUND | TOTAL | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS |
| *Current Assets* | | | | | |
| Cash | $ 2,814,157 | $ 269 | $ - | $ 2,814,426 | $ 1,951,495 |
| Investments | 2,720,629 | - | - | 2,720,629 | 999,380 |
| Receivables (net of allowance for uncollectibles) | 429,782 | 36,720 | - | 466,502 | - |
| Due from other funds | 70,083 | - | - | 70,083 | - |
| Prepaid items | - | 61,283 | - | 61,283 | 247,852 |
| Restricted assets: | | | | | |
| Cash | - | 1,250,000 | - | 1,250,000 | - |
| TOTAL CURRENT ASSETS | 6,034,651 | 1,348,272 | - | 7,382,923 | 3,198,727 |
| Noncurrent Assets | | | | | |
| Deferred charges | - | 763,086 | - | 763,086 | - |
| Capacity held for resale | - | 12,132,766 | - | 12,132,766 | - |
| Capital assets | | | | | |
| Capital assets not being depreciated | 5,505,375 | 43,417,053 | 12,146,425 | 61,068,853 | - |
| Capital assets being depreciated | 24,712,117 | 31,724,744 | - | 56,436,861 | - |
| Less: accumulated depreciation | (11,585,397) | (1,649,193) | - | (13,234,590) | - |
| TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION) | 18,632,095 | 73,492,604 | 12,146,425 | 104,271,124 | - |
| TOTAL NONCURRENT ASSETS | 18,632,095 | 86,388,456 | 12,146,425 | 117,166,976 | - |
| TOTAL ASSETS | 24,666,746 | 87,736,728 | 12,146,425 | 124,549,899 | 3,198,727 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 90,876 | 1,529,985 | - | 1,620,861 | 134,800 |
| Accrued interest payable | - | 72,578 | - | 72,578 | - |
| Other accrued items | 97,175 | - | - | 97,175 | 283 |
| Due to other funds | - | 70,083 | 1,090,736 | 1,160,819 | - |
| Amounts held in trust | 25,320 | - | - | 25,320 | - |
| Unearned revenue | 27,749 | - | - | 27,749 | - |
| Compensated absences payable | 76,192 | - | - | 76,192 | - |
| Accrued landfill closure/postclosure | 370,000 | - | - | 370,000 | - |
| Estimated claims payable | - | - | - | - | 1,570,277 |
| Notes payable | 115,972 | 512,897 | - | 628,869 | - |
| Capital lease payable | 490,890 | - | - | 490,890 | - |
| TOTAL CURRENT LIABILITIES | 1,294,174 | 2,185,543 | 1,090,736 | 4,570,453 | 1,705,360 |
| Noncurrent Liabilities | | | | | |
| Estimated claims payable | - | - | - | - | 1,402,855 |
| Accrued landfill closure/postclosure | 5,950,109 | - | - | 5,950,109 | - |
| Notes payable | 1,297,648 | 28,649,364 | - | 29,947,012 | - |
| Contracts payable | - | 14,363,160 | - | 14,363,160 | - |
| TOTAL NONCURRENT LIABILITIES | 7,247,757 | 43,012,524 | - | 50,260,281 | 1,402,855 |
| TOTAL LIABILITIES | 8,541,931 | 45,198,067 | 1,090,736 | 54,830,734 | 3,108,215 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 16,727,585 | 32,531,157 | 12,146,425 | 61,405,167 | - |
| Unrestricted | (602,770) | 10,007,504 | (1,090,736) | 8,313,998 | 90,512 |
| TOTAL NET ASSETS | $ 16,124,815 | $ 42,538,661 | $ 11,055,689 | 69,719,165 | $ 90,512 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | (117,022) | |
| Net assets of business-type activities | | | | $ 69,602,143 | |

The accompanying notes are an integral part of this statement.

# HALL COUNTY, GEORGIA
# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
# PROPRIETARY FUNDS
# For the Year Ended June 30, 2010

| | BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS | | | | GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS |
|---|---|---|---|---|---|
| | SOLID WASTE DISPOSAL FACILITY | SEWER / WASTE WATER UTILITY | WATER UTILITY FUND | TOTAL | |
| OPERATING REVENUES | | | | | |
| Charges for sales and services: | | | | | |
| Water sales | $ - | $ 15,765 | $ - | $ 15,765 | $ - |
| Sewer sales | - | 863,677 | - | 863,677 | - |
| Other | - | 45,065 | - | 45,065 | - |
| Recycling and transfer fees | 5,173,980 | - | - | 5,173,980 | - |
| Charges for services-other | 651 | - | - | 651 | - |
| Charges to other funds | - | - | - | - | 16,886,530 |
| Employee contributions | - | - | - | - | 2,003,803 |
| Total Operating Revenues | 5,174,631 | 924,507 | - | 6,099,138 | 18,890,333 |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 1,975,916 | - | - | 1,975,916 | 30,715 |
| Supplies | 296,937 | - | - | 296,937 | - |
| Other services and charges | 1,815,171 | 662,444 | - | 2,477,615 | 44,434 |
| Benefit claims | - | - | - | - | 14,646,227 |
| Insurance premiums | 441,755 | - | - | 441,755 | 1,036,237 |
| General and administrative | - | - | - | - | 2,820,589 |
| Landfill closure/postclosure costs | 179,600 | - | - | 179,600 | - |
| Depreciation | 746,886 | 816,931 | - | 1,563,817 | - |
| Repairs and maintenance | 200 | 43,803 | - | 44,003 | - |
| Total Operating Expenses | 5,456,465 | 1,523,178 | - | 6,979,643 | 18,578,202 |
| OPERATING INCOME (LOSS) | (281,834) | (598,671) | - | (880,505) | 312,131 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings | 27,471 | 5,305 | - | 32,776 | 18,692 |
| Interest expense | (100,987) | (227,237) | - | (328,224) | - |
| Intergovernmental expense | - | (1,170,853) | - | (1,170,853) | - |
| Total Nonoperating Revenues (Expenses) | (73,516) | (1,392,785) | - | (1,466,301) | 18,692 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (355,350) | (1,991,456) | - | (2,346,806) | 330,823 |
| Sewer connection fees | - | 86,749 | - | 86,749 | - |
| Transfer in | 2,810,851 | 6,931,390 | 4,453,321 | 14,195,562 | - |
| CHANGE IN NET ASSETS | 2,455,501 | 5,026,683 | 4,453,321 | 11,935,505 | 330,823 |
| TOTAL NET ASSETS, Beginning of year | 13,669,314 | 37,511,978 | 6,602,368 | | (240,311) |
| TOTAL NET ASSETS, End of year | $ 16,124,815 | $ 42,538,661 | $ 11,055,689 | | $ 90,512 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | (10,661) | |
| Change in net assets of business-type activities | | | | $ 11,924,844 | |

The accompanying notes are an integral part of this statement.

# HALL COUNTY, GEORGIA
# COMBINING STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
## For the Year Ended June 30, 2010

| | BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS | | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | SOLID WASTE DISPOSAL FACILITY | SEWER / WASTE WATER UTILITY | WATER UTILITY FUND | TOTAL | INTERNAL SERVICE FUNDS |
| Receipts from customer | $ 5,155,025 | $ 968,967 | $ - | $ 6,123,992 | $ 2,003,803 |
| Payments to suppliers | (2,731,878) | (2,704,322) | - | (5,436,200) | (19,162,446) |
| Payments to employees | (1,933,727) | - | - | (1,933,727) | 253,741 |
| Internal activity-payments from (to) other funds | - | - | - | - | 16,886,530 |
| Net cash provided by (used in) operating activities | 489,420 | (1,735,355) | - | (1,245,935) | (18,372) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Principal payments on noncapital related debt | - | (116,041) | - | (116,041) | - |
| Interest expense on noncapital related debt | - | (87,213) | - | (87,213) | - |
| Net Cash provided (used) by non-capital financing activities | - | (203,254) | - | (203,254) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (2,821,528) | (10,493,498) | (4,453,321) | (17,768,347) | - |
| Sales of prepaid capacity | - | 10,190 | - | 10,190 | - |
| Connection fees paid by customers | - | 86,746 | - | 86,746 | - |
| Transfers in | 2,810,851 | 6,931,390 | 4,453,321 | 14,195,562 | - |
| Payment made on debt | (583,320) | (381,715) | - | (965,035) | - |
| Proceeds from the issuance of debt | - | 7,890,141 | - | 7,890,141 | - |
| Interest paid | (100,987) | (859,680) | - | (960,667) | - |
| Net cash provided (used) by capital and related financing activities | (694,984) | 3,183,574 | - | 2,488,590 | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment earnings | 26,549 | 5,304 | - | 31,853 | 18,582 |
| Purchase of investments | (6,195,102) | - | - | (6,195,102) | (2,275,502) |
| Proceeds from sale of investments | 5,260,037 | - | - | 5,260,037 | 2,042,830 |
| Net cash provided (used) by investing activities | (908,516) | 5,304 | - | (903,212) | (214,090) |
| Net increase (decrease) in cash and cash equivalents | (1,114,080) | 1,250,269 | - | 136,189 | (232,462) |
| CASH, Beginning of year | 3,928,237 | - | - | 3,928,237 | 2,183,957 |
| CASH, End of year | $ 2,814,157 | $ 1,250,269 | $ - | $ 4,064,426 | $ 1,951,495 |

(CONTINUED)

The accompanying notes are an integral part of this statement

# HALL COUNTY, GEORGIA
## COMBINING STATEMENT OF CASH FLOWS
## PROPRIETARY FUNDS
## For the Year Ended June 30, 2010

| | BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|---|
| | SOLID WASTE DISPOSAL FACILITY | SEWER / WASTE WATER UTILITY | TOTAL | INTERNAL SERVICE FUND FUEL DEPOT |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | $ (281,834) | $ (598,671) | $ (880,505) | $ 312,131 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 746,886 | 816,931 | 1,563,817 | - |
| Landfill closure/postclosure costs | 179,600 | - | 179,600 | - |
| (Increase) decrease in: | | | | |
| Accounts receivable | (20,351) | 44,460 | 24,109 | - |
| Prepaid expenses | - | (61,276) | (61,276) | (7,615) |
| Increase (decrease) in: | | | | |
| Accounts payable | (62,944) | - | (62,944) | 35,156 |
| Compensated absences | (729) | - | (729) | 1 |
| Amounts held in trust | (750) | - | (750) | - |
| Accrued landfill costs | (44,788) | - | (44,788) | - |
| Other accrued items | 42,918 | - | 42,918 | (7,866) |
| Deferred revenue | 1,495 | - | 1,495 | 292,321 |
| Due to other funds | (70,083) | (1,936,799) | (2,006,882) | (642,500) |
| Net cash provided by (used in) operating activities | $ 489,420 | $ (1,735,355) | $ (1,245,935) | $ (18,372) |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES | | | | |
| Net unrealized gain (loss) on investments | $ (922) | $ 181 | $ (741) | $ 110 |
| Amortization of bond refunding | $ - | $ 8,202 | $ 8,202 | $ - |
| Amortization of deferred charges | $ - | $ 19,034 | $ 19,034 | $ - |
| Intergpvermmental expense | $ - | $ 1,170,853 | $ 1,170,853 | $ - |

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA**
**STATEMENT OF ASSETS AND LIABILITIES**
**FIDUCIARY FUNDS**
**June 30, 2010**

| | AGENCY FUNDS |
|---|---|
| ASSETS | |
| Cash | $ 3,568,286 |
| TOTAL ASSETS | $ 3,568,286 |
| LIABILITIES | |
| Amount held in trust | $ 3,568,286 |
| TOTAL LIABILITIES | $ 3,568,286 |

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA**
**COMPONENT UNITS**
**COMBINING STATEMENT OF NET ASSETS**
**June 30, 2010**

| ASSETS | HEALTH DEPARTMENT | LIBRARY SYSTEM | TOTAL |
|---|---|---|---|
| Cash | $ 2,070,750 | $ 470,673 | $ 2,541,423 |
| Investments | - | 6,257 | 6,257 |
| Receivables (net of allowance for uncollectibles) | 925,616 | 21,744 | 947,360 |
| Prepaid items | - | 50,806 | 50,806 |
| Capital assets: | | | |
| Capital assets being depreciated | 533,570 | 4,911,154 | 5,444,724 |
| Less: accumulated depreciation | (310,753) | (3,343,231) | (3,653,984) |
| Capital assets, net of depreciation | 222,817 | 1,567,923 | 1,790,740 |
| TOTAL ASSETS | 3,219,183 | 2,117,403 | 5,336,586 |
| LIABILITIES | | | |
| Accounts payable | 594,202 | 47,660 | 641,862 |
| Due to other governments | 50,203 | - | 50,203 |
| Noncurrent liabilities: | | | |
| Due within one year | | | |
| Compensated absences payable | 532,000 | 49,372 | 581,372 |
| Due in more than one year | | | |
| Compensated absences payable | 260,856 | 74,058 | 334,914 |
| TOTAL LIABILITIES | 1,437,261 | 171,090 | 1,608,351 |
| NET ASSETS | | | |
| Invested in capital assets | 222,817 | 1,567,923 | 1,790,740 |
| Restricted for: | | | |
| Program income | 769,861 | | 769,861 |
| Unrestricted | 789,244 | 378,390 | 1,167,634 |
| TOTAL NET ASSETS | $ 1,781,922 | $ 1,946,313 | $ 3,728,235 |

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA**
**COMPONENT UNITS**
**COMBINING STATEMENT OF ACTIVITIES**
**For the Year Ended June 30, 2010**

| | | .....PROGRAM REVENUES..... | | | ....NET (EXPENSE) AND CHANGES IN NET ASSETS.... | | |
|---|---|---|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | **EXPENSES** | **CHARGES FOR SERVICES** | **OPERATING GRANTS AND CONTRIBUTIONS** | **CAPITAL GRANTS AND CONTRIBUTIONS** | **HEALTH DEPARTMENT** | **LIBRARY SYSTEM** | **TOTAL** |
| COMPONENT UNITS | | | | | | | |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| Health Department | $ 16,633,832 | $ 5,482,314 | $ 11,506,606 | $ - | $ 355,088 | $ - | $ 355,088 |
| Library System | 3,179,597 | 100,251 | 374,431 | 107,471 | - | (2,597,444) | (2,597,444) |
| TOTAL COMPONENT UNITS | $ 19,813,429 | $ 5,582,565 | $ 11,881,037 | $ 107,471 | 355,088 | (2,597,444) | (2,242,356) |
| GENERAL REVENUES | | | | | | | |
| Unrestricted investment earnings | | | | | - | 743 | 743 |
| Grants and contributions not restricted to a specific program | | | | | - | 2,433,634 | 2,433,634 |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | - | 2,434,377 | 2,434,377 |
| CHANGES IN NET ASSETS | | | | | 355,088 | (163,067) | 192,021 |
| NET ASSETS, Beginning | | | | | 1,426,834 | 2,109,380 | 3,536,214 |
| NET ASSETS, Ending | | | | | $ 1,781,922 | $ 1,946,313 | $ 3,728,235 |

The accompanying notes are an integral part of this statement

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of HALL COUNTY, GEORGIA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### (A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by an elected five-member commission. In addition, there are four Constitutional Officers; the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Board of County Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30 year-end.

Blended Component Unit: The Hall County Water and Sewerage Authority (Authority) is authorized to acquire, construct, add to, extend, improve, equip, operate, and maintain a water utility system of a water supply and filtration system with storage and water transmission capabilities to residents throughout Hall County and sewerage systems, both sanitary and storm, sewage disposal and sewage treatment plants, and any and all other related facilities for the County. The Authority is made up of each member of the Board of Commissioners of Hall County, Georgia, and each member of the Board of Commissioners, except the chairman, shall nominate a member to serve on the Authority; and the chairman of the Board of Commissioners shall serve as the chairman of the Authority. Decisions of the Authority require a majority of the Commissioners of Hall County. Thus, the Authority's governing body is substantially the same as the governing Board of Hall County. The Authority is reported in the Water Utility and Sewer/Waste Water Utility enterprise funds. No separate financial statements are issued for this component unit.

Discretely Presented Component Units: The Hall County Board of Health (Health Department) monitors and controls all health activities in the County. The Board is managed by seven members, four of which are appointed by the Hall County Board of Commissioners. The Health Department is dependent upon the government because the government approves the Health Department's budget and the government has the ability to impose its will upon the Health Department. During 2010, the County supplemented the Health Department's budget in the amount of $818,440. The Health Department is presented as a governmental fund type.

The Hall County Library System (Library) serves all citizens of Hall County through headquarters library in Gainesville, Georgia and five branch facilities. The Library is governed by a 10-member board of Trustees appointed by the County Board of Commissioners. The County provides the majority of funding for the Library. During 2010, the County supplemented the Library's budget in the amount of $2,433,634. The Library is presented as a governmental fund type.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Hall County Board of Health
1290 Athens Street
Gainesville, Georgia 30501

Hall County Library System
127 N. Main Street
Gainesville, Georgia 30501

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statement. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected by the end of the current fiscal year. Fines are considered available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The *Fire Special Revenue Fund* accounts for the cost of operations of the County Fire Department.

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition of construction of major capital facilities.

The *Impact Fee Fund* accounts for impact fees restricted for the acquisition or construction of specific capital projects.

The government reports the following major proprietary funds:

The *Solid Waste Disposal Facility Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

The *Sewer/Waste Water Utility Fund* accounts for revenues and expenses related to operating and maintaining a sewer utility system.

The *Water Utility Fund* accounts for revenues and expenses related to operating and maintaining a water utility system consisting of a water supply and filtration system with storage and water transmission capabilities to residents throughout Hall County.

Additionally, the government reports the following fund types:

The *Internal Service Funds* account for group insurance and risk management services provided to other departments or agencies of the government on a cost reimbursement basis.

The Agency Funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Tax Commissioner, Clerk of Court, Probate Court, Magistrate Court, Juvenile Court, Sheriff, and Inmate Fund holds for others in an agency capacity.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Solid Waste Disposal Facility enterprise fund, Water Utility enterprise fund, Sewer/Waste Water Utility enterprise fund, and of the government's Internal Service funds are charges to customers for sales and services. The Water Utility enterprise fund and Sewer/Waste Water Utility enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

### *1. Deposits and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

### 2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied by October 1 of each year. The taxes for the 2009 digest year were payable on December 1, 2009. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 1, 2010.

The County's property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the County.

The County bills and collects its own property taxes and also those for the School Board and the State. Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general and fire special revenue funds.

### 3. *Inventories and Prepaid Items*

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### 4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2010.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

| Asset | Years |
|---|---|
| Buildings | 50 |
| Nonstructural improvements | 20 |
| Machinery and equipment | 5-20 |
| Vehicles | 3-10 |
| Water lines and system | 50 |
| Infrastructure | 19-70 |

### *5. Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### *6. Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets.

### *7. Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The government-wide statement of net assets reports $21,794,617 of restricted net assets, of which $2,960,814 is restricted by enabling legislation.

### 8. *Invested in Capital Assets, Net of Related Debt*

The "invested in capital assets, net of related debt" reported on the government-wide statement of net assets as of June 30, 2010 are as follows:

| Invested in capital assets, net of related debt: | Governmental Activities | Business-type Activities |
|---|---|---|
| Cost of capital assets | $ 622,219,827 | $ 117,505,714 |
| Less accumulated depreciation | (221,757,794) | (13,234,590) |
| Book value | 400,462,033 | 104,271,124 |
| Plus construction proceeds | - | 1,250,000 |
| Less capital related debt | (6,859,443) | (44,115,957) |
| Invested in capital assets, net of related debt | $ 393,602,590 | $ 61,405,167 |

### 9. *Management Estimates*

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

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### (A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Project length budgets are adopted for the Capital Projects Funds. Annual operating budgets are prepared for each Enterprise and Internal Service Fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are not formally integrated into proprietary fund general ledgers. All unencumbered appropriations lapse at fiscal year-end with all encumbered appropriations being carried into the following budget year.

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

On or before March 31 of each year, all agencies of the government submit requests for appropriation to the government's administrator so that a budget may be prepared. The budget is prepared by fund, function and activity and line item, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before May 15, the proposed budget is presented to the government's Board of Commissioners for review. The government's Board of Commissioners holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the government's administrator or the revenue estimates must be changed by an affirmative vote of a majority of the government's Board of Commissioners.

The County finance director may amend the line item budget within a department's appropriation. Expenditures may not legally exceed budgeted appropriations at the department level.

During the year, the Commissioners authorized amendments to include appropriations for some activities that were not originally budgeted and to reclassify certain character and functional expenditures.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts, and other commitments) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

(B) DEFICIT NET ASSETS

At June 30, 2010, the Capital Projects Fund had a deficit in fund balance of $1,408,152, which resulted from overages on capital projects at June 30, 2010.

At June 30, 2010, the Multiple Grants Fund had a deficit in fund balance of $25,516, which resulted from timing difference in budget years and grant periods.

At June 30, 2010, the Group Insurance Internal Service Fund had a deficit in net assets of $92,894, which resulted from the accrual of unpaid claims June 30, 2010. The County has a five year plan to increase health care costs to departments to eliminate this deficit.

## NOTE 3 - DEPOSITS AND INVESTMENTS

*Custodial credit risk - deposits.* In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The County's policy permits the County to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of June 30, 2010, deposits of the County were insured and collateralized.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below.

- Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately.

- Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1.

The County utilized the pooled method to secure deposits of public funds.

As of June 30, 2010, Hall County had the following investments:

| | | INVESTMENT MATURITIES (in Years) | | |
|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1-5 | Rating (1) |
| Federal Farm Credit Banks Consolidated | $ 12,000,000 | $ - | $ 12,000,000 | AAA |
| Federal Home Loan Bank | 6,000,000 | 6,000,000 | - | AAA |
| *Total Debt Securities* | $ 18,000,000 | $ 6,000,000 | $ 12,000,000 | |
| Maximum Investment | | 33.33 % | 66.67 % | |

*1. Standard & Poors*

| | | |
|---|---|---|
| Cash per financial statements | | |
| Cash | $ | 13,966,198 |
| Restricted cash | | 1,250,000 |
| Deposits | $ | 15,216,198 |
| | | |
| Investments per financial statements | | |
| Investments | $ | 18,000,000 |
| Investments as listed above | $ | 18,000,000 |

The goal of Hall County in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

*Interest rate risk.* Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. Hall County has no investment policy that would further limit its investment options.

*Credit Risk.* State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. Hall County has no investment policy that would further limit its investment choices. At June 30, 2010, the ratings of its investments are shown above.

*Concentration of credit risk.* Hall County places no limit on the amount it may invest in any one issuer.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Hall County has a policy of placing investments with qualified financial institutions. As of June 30, 2010, all investments are adequately secured with insurance.

## NOTE 4 - RECEIVABLES

Receivables as of year-end for the County's individual major funds and nonmajor governmental and Internal Service Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Fire District | SPLOST | Capital Projects | Impact Fees | Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| Receivables: | | | | | | |
| Property Taxes | $ 2,647,955 | $ 361,070 | $ - | $ - | $ - | $ 29,840 |
| Fines | 13,570,822 | - | - | - | - | - |
| Accounts | 3,167,969 | - | - | - | - | 527,763 |
| Notes | - | - | - | 1,418,310 | - | - |
| Intergovernmental | 3,798,502 | 5,584 | 3,122,697 | - | 18,920 | 764,689 |
| Total Gross Receivables | 23,185,248 | 366,654 | 3,122,697 | 1,418,310 | 18,920 | 1,322,292 |
| Less: Allowance for Uncollectibles | (14,310,422) | - | - | - | - | - |
| Total Net Receivables | $ 8,874,826 | $ 366,654 | $ 3,122,697 | $ 1,418,310 | $ 18,920 | $ 1,322,292 |

Property taxes receivable at June 30, 2010, consist of the following:

| DIGEST YEAR | GENERAL FUND (2) | FIRE DISTRICT |
|---|---|---|
| 2010 (1) | $ 73,828 | $ 12,270 |
| 2009 | 1,332,434 | 206,238 |
| 2008 | 421,182 | 59,707 |
| 2007 | 232,315 | 28,354 |
| 2006 | 166,749 | 14,195 |
| 2005 | 161,845 | 14,640 |
| 2004 | 115,444 | 12,304 |
| 2003 | 122,600 | 12,062 |
| 2002 | 7,814 | 772 |
| 2001 | 1,221 | 114 |
| 2000 | 970 | 68 |
| 1999 and prior | 11,553 | 346 |
| Total | $2,647,955 | $ 361,070 |

(1) 2010 only consists of taxes due on mobile homes. Taxes on real and personal property are not levied until after fiscal year end. Therefore, they are not included.
(2) General fund amounts include interest, penalties, and other costs assessed up to June 30, 2010.

Receivables as of year-end for the County's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

| **Business-type Activities:** | Solid Waste Disposal Facility | Sewer/Waste Water Utility | Total |
|---|---|---|---|
| Receivables: | | | |
| Property Taxes | $ 295,348 | $ - | $ 295,348 |
| Accounts | 134,434 | 61,578 | 196,012 |
| Total Gross Receivables | 429,782 | 61,578 | 491,360 |
| Less: Allowance for Uncollectibles | - | (24,858) | (24,858) |
| Total Net Receivables | $ 429,782 | $ 36,720 | $ 466,502 |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

| | UNAVAILABLE | UNEARNED |
|---|---|---|
| Delinquent property taxes receivable (General Fund) | $ 2,647,955 | $ - |
| Delinquent property taxes receivable (Fire District Fund) | 361,070 | - |
| Probation fines (General Fund) | 615,750 | - |
| Assessments (Special Assessment Fund) | 29,840 | - |
| Note Receivable (Capital Projects Fund) | 1,418,310 | - |
| Rental Revenue (General Fund) | - | 1,025,100 |
| Grant drawdowns prior to meeting all eligibility requirements (Grants Fund) | - | 6,981 |
| Total deferred/unearned revenue for governmental funds | $ 5,072,925 | $ 1,032,081 |

| | Health Department | Library System |
|---|---|---|
| Receivables: | | |
| Accounts | $ 114,401 | $ 21,744 |
| Intergovernmental | 811,215 | - |
| Total Gross Receivables | 925,616 | 21,744 |
| Less: Allowance for Uncollectibles | - | - |
| Total Net Receivables | $ 925,616 | $ 21,744 |

## NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

| Governmental Activities: | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Non-Depreciable Assets: | | | | | |
| Land and improvements | $ 19,604,699 | $ - | $ - | $ 2,737,914 | $ 22,342,613 |
| Infrastructure land and improvements | 33,157,190 | 173,073 | - | - | 33,330,263 |
| Construction in progress | 8,948,295 | 12,171,305 | - | (14,236,100) | 6,883,500 |
| Total non-depreciable capital assets | 61,710,184 | 12,344,378 | - | (11,498,186) | 62,556,376 |
| Depreciable Assets: | | | | | |
| Buildings and improvements | 151,906,909 | 99,406 | - | 10,579,730 | 162,586,045 |
| Machinery and equipment | 37,015,081 | 582,018 | (669,164) | - | 36,927,935 |
| Vehicles | 26,318,319 | 936,851 | (63,155) | - | 27,192,015 |
| Infrastructure | 330,587,347 | 1,451,652 | - | 918,457 | 332,957,456 |
| Total depreciable capital assets | 545,827,656 | 3,069,927 | (732,319) | 11,498,187 | 559,663,451 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and improvements | (25,673,365) | (3,833,783) | - | - | (29,507,148) |
| Machinery and equipment | (17,873,576) | (2,885,211) | 658,875 | - | (20,099,912) |
| Vehicles | (17,164,693) | (1,971,500) | 63,155 | - | (19,073,038) |
| Infrastructure | (143,223,347) | (9,854,349) | - | - | (153,077,696) |
| Total accumulated depreciation | (203,934,981) | (18,544,843) | 722,030 | - | (221,757,794) |
| Total depreciable capital assets, net | 341,892,675 | (15,474,916) | (10,289) | 11,498,187 | 337,905,657 |
| Governmental activities capital assets, net | $ 403,602,859 | $ (3,130,538) | $ (10,289) | $ 1 | $ 400,462,033 |

Additions to governmental activities capital assets for fiscal year ending June 30, 2010 consist of the following:

| | |
|---|---|
| Capital Outlay | $ 13,789,581 |
| Donated land | 173,073 |
| Donated roads | 1,451,652 |
| Rounding | (1) |
| Total | $ 15,414,305 |
| Non-depreciable capital assets additions | $ 12,344,378 |
| Depreciable capital assets additions | 3,069,927 |
| Total | $ 15,414,305 |

| Business-type Activities: | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Non-Depreciable Assets: | | | | | |
| Land and improvements | $ 23,045,770 | $ - | $ - | $ - | $ 23,045,770 |
| Construction in progress | 32,146,994 | 15,701,358 | (1,170,853) | (8,654,416) | 38,023,083 |
| Total non-depreciable capital assets | 55,192,764 | 15,701,358 | (1,170,853) | (8,654,416) | 61,068,853 |
| Depreciable Assets: | | | | | |
| Land improvements | 144,988 | - | - | - | 144,988 |
| Buildings and improvements | 10,448,282 | - | - | - | 10,448,282 |
| Machinery and equipment | 4,114,121 | 10,678 | - | - | 4,124,799 |
| Vehicles | 812,554 | - | (2) | - | 812,552 |
| Water and sewer infrastructure | 28,145,777 | - | - | 12,760,463 | 40,906,240 |
| Total depreciable capital assets | 43,665,722 | 10,678 | (2) | 12,760,463 | 56,436,861 |
| Less Accumulated Depreciation for: | | | | | |
| Land improvements | (144,988) | - | - | - | (144,988) |
| Buildings | (1,886,728) | (288,008) | - | - | (2,174,736) |
| Machinery and equipment | (1,921,757) | (314,313) | - | - | (2,236,070) |
| Vehicles | (674,530) | (24,505) | - | - | (699,035) |
| Water and sewer lines and system | (7,042,770) | (608,505) | (2) | (328,484) | (7,979,761) |
| Total accumulated depreciation | (11,670,773) | (1,235,331) | (2) | (328,484) | (13,234,590) |
| Total depreciable capital assets, net | 31,994,949 | (1,224,653) | (4) | 12,431,979 | 43,202,271 |
| Business-type activities capital assets, net | $ 87,187,713 | $ 14,476,705 | $ (1,170,857) | $ 3,777,563 | $ 104,271,124 |

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

| | |
|---|---|
| Governmental Activities: | |
| General Government | $ 285,854 |
| Judicial | 756,922 |
| Public Safety | 5,686,533 |
| Public Works | 10,352,365 |
| Public Health and Welfare | 369,588 |
| Recreation and Culture | 878,977 |
| Housing and Development | 214,604 |
| Total depreciation expense-governmental activities | $ 18,544,843 |
| Business-type Activities: | |
| Sewer/Waste Water Utility | $ 816,929 |
| Solid Waste | 746,886 |
| Total depreciation expense-business-type activities | $ 1,563,815 |

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to June 30, 2010 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end.

The source of financing for the remaining project cost is noted below:

| | Project Authorization | Expended To Date | Contracts in Progress | Authorized Not Obligated | Source |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Central Hall Multi Use Trail | $ 254,058 | $ 224,867 | $ 1,507 | $ 27,684 | SPLOST |
| Cool Springs Park | 2,100,000 | 381,716 | - | 1,718,284 | SPLOST |
| North Hall Community Park | 5,500,000 | 163,585 | 162,013 | 5,174,402 | SPLOST |
| North Hall Community Center | 5,500,000 | 94,481 | - | 5,405,519 | SPLOST |
| North Hall Library | 3,000,000 | 79,856 | 176,040 | 2,744,104 | SPLOST |
| Hall County Trail - Phase II | 17,266 | 17,266 | - | - | Capital Fund/Bonds |
| Dawsonville Highway | 1,950,000 | 1,949,204 | - | 796 | SPLOST |
| Skelton Road | 1,744,989 | 1,418,680 | 67,488 | 258,821 | SPLOST |
| Sardis Connector | 1,040,490 | 1,033,330 | 7,160 | - | SPLOST |
| Other Various Road Projects | 4,646,514 | 1,520,515 | 2,477,931 | 648,068 | SPLOST |
| | $ 25,753,317 | $ 6,883,500 | $ 2,892,139 | $ 15,977,678 | |
| **Business-type Activities:** | | | | | |
| Lula Water Reclamation Project | $ 1,543,000 | $ 700,000 | $ - | $ 843,000 | SPLOST/Sewer Fund |
| Mulberry Basin | 37,144,385 | 32,493,837 | 813,420 | 3,837,128 | SPLOST/GEFA |
| Glades Little River | 940,000 | 938,906 | - | 1,094 | SPLOST/GEFA |
| Glades Reservoir | 7,840,000 | 3,514,415 | 961,101 | 3,364,484 | SPLOST/GEFA |
| North Hall County Sewer System Master Plan | 382,850 | 278,025 | 104,825 | - | SPLOST/GEFA |
| Village at Deaton Creek Sewer Lines | 105,000 | 57,238 | - | 47,762 | Sewer Fund |
| Spout Springs WWTP | 85,000 | 40,662 | - | 44,338 | Sewer Fund |
| Water and Sewerage Projects | $ 48,040,235 | $ 38,023,083 | $ 1,879,346 | $ 8,137,806 | |

## Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2010, was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Depreciable Assets: | | | | |
| Machinery and equipment | $ 455,245 | $ 78,325 | $ - | $ 533,570 |
| Less Accumulated Depreciation | (253,965) | (56,788) | - | (310,753) |
| Capital Assets, net | $ 201,280 | $ 21,537 | $ - | $ 222,817 |

Activity for the Library for the year ended, was as follows:

| | Beginning Balance | Additions | Retirements | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Depreciable Assets: | | | | |
| Machinery and equipment | $ 544,408 | $ 56,910 | $ (46,355) | $ 554,963 |
| Books and collections | 4,909,465 | 340,746 | (894,020) | 4,356,191 |
| Total depreciable capital assets | 5,453,873 | 397,656 | (940,375) | 4,911,154 |
| Less Accumulated Depreciation for: | | | | |
| Machinery and equipment | (343,463) | (54,841) | 46,355 | (351,949) |
| Books and collections | (3,399,751) | (485,552) | 894,021 | (2,991,282) |
| Total accumulated depreciation | (3,743,214) | (540,393) | 940,376 | (3,343,231) |
| Total depreciable capital assets, net | 1,710,659 | (142,737) | 1 | 1,567,923 |
| Capital Assets, net | $ 1,710,659 | $ (142,737) | $ 1 | $ 1,567,923 |

## NOTE 6 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2010 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year | Due After One Year |
|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | |
| General obligation bonds | $ 10,405,000 | $ - | $ (10,405,000) | $ - | $ - | $ - |
| Plus: original issue premium | - | - | - | - | - | - |
| Total general obligation bonds | 10,405,000 | - | (10,405,000) | - | - | - |
| Contracts Payable | 5,298,240 | - | (470,000) | 4,828,240 | 485,000 | 4,343,240 |
| Less: original issue discount | (28,245) | - | 1,424 | (26,821) | (1,424) | (25,397) |
| Plus: original issue premium | 56,571 | - | (9,698) | 46,873 | 9,698 | 37,175 |
| Total contracts payable | 5,326,566 | - | (478,274) | 4,848,292 | 493,274 | 4,355,018 |
| Capital leases | 714,436 | - | (154,527) | 559,909 | 158,426 | 401,483 |
| Estimated claims payable | 2,680,811 | 13,648,951 | (13,356,630) | 2,973,132 | 1,570,277 | 1,402,855 |
| Net OPEB obligation | 7,265,045 | 17,497,711 | (1,543,530) | 23,219,226 | - | 23,219,226 |
| Compensated absences | 3,478,649 | 2,285,677 | (2,035,629) | 3,728,697 | 3,100,000 | 628,697 |
| Governmental activities long-term liabilities | $ 29,870,507 | $ 33,432,339 | $ (27,973,590) | $ 35,329,256 | $ 5,321,977 | $ 30,007,279 |
| **Business-type Activities:** | | | | | | |
| Contracts payable | $ 14,500,000 | $ - | $ - | $ 14,500,000 | $ - | $ 14,500,000 |
| Less: deferred amounts of refunding | (145,042) | - | 8,202 | (136,840) | - | (136,840) |
| Total contracts payable | 14,354,958 | - | 8,202 | 14,363,160 | - | 14,363,160 |
| Capital leases | 963,772 | - | (472,882) | 490,890 | 490,890 | - |
| Notes payable | 23,293,932 | 7,890,141 | (608,193) | 30,575,880 | 628,869 | 29,947,012 |
| Compensated absences | 76,921 | 45,856 | (46,585) | 76,192 | 76,192 | - |
| Landfill closure/postclosure | 6,185,297 | 372,234 | (237,422) | 6,320,109 | 370,000 | 5,950,109 |
| Business-type activities long-term liabilities | $ 44,874,880 | $ 8,308,231 | $ (1,356,880) | $ 51,826,231 | $ 1,565,951 | $ 50,260,281 |
| Total primary government long-term liabilities | $ 74,745,387 | $ 41,740,570 | $ (29,330,470) | $ 87,155,487 | $ 6,887,928 | $ 80,267,560 |

Compensated absences are generally liquidated by the general fund.

GOVERNMENTAL ACTIVITIES

GENERAL OBLIGATION BONDS

In June 2005, the County issued $40,325,000 of general obligation bonds to provide funds to construct a new jail. The bonds which bear interest at rates from 3.25% to 5.0% mature October 1, 2009. General obligation bonds are direct obligations of the County and are payable from the levy of Special Local Option Sales tax. The bonds were issued as serial bonds maturing from 2007 through 2010. These bonds were paid off during the current year.

CONTRACTS PAYABLE

On January 1, 2009, the County and City of Gainesville entered into a contract with Gainesville-Hall County Development Authority to issue $2,000,000 in taxable Revenue Bonds, Series 2009. The bonds shall bear interest on the unpaid principal at a rate per annum equal to the LIBOR Market Index Rate plus 2.50% annum. The bonds mature February 1, 2014. The bonds were issued to construct a business park. Pursuant to the intergovernmental agreement, Hall County is responsible for 15.16% of the debt. City of Gainesville is responsible for 84.84%. At June 30, 2010, the County was responsible for $303,240.

On May 5, 2009, the County entered into a contract with Gainesville-Hall County Development Authority to issue of $2,545,000 of Series 2009A Revenue Bonds. The bonds carry a rate of interest ranging from 2.25% to 4.5% per annum and mature May 1, 2029. The bonds were issued to fund construction of a state patrol office.

On May 5, 2009, the County entered into a contract with Gainesville-Hall County Development Authority to issue $2,450,000 of Series 2009B Revenue Bonds. The bonds carry a rate of interest ranging from 2.5% to 5.0% per annum and mature May 1, 2015. The bonds were issued to construct an animal control facility.

The annual requirements to amortize contract payables outstanding as of June 30, 2010 are as follows:

| June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2011 | $ 485,000 | $ 175,713 | $ 660,713 |
| 2012 | 495,000 | 161,876 | 656,876 |
| 2013 | 510,000 | 149,738 | 659,738 |
| 2014 | 828,240 | 127,241 | 955,481 |
| 2015 | 550,000 | 101,451 | 651,451 |
| 2016-2020 | 575,000 | 372,119 | 947,119 |
| 2021-2025 | 705,000 | 245,910 | 950,910 |
| 2026-2029 | 680,000 | 77,585 | 757,585 |
| | $ 4,828,240 | $ 1,411,633 | $ 6,239,873 |

CAPITAL LEASES

The County leases certain land and facilities under non-cancelable capital leases. The leases relate to the equipment for road and landfill maintenance, the community services building, and the mental health building. Ownership of the related assets will be transferred to the County at the end of the lease terms.

The assets acquired through capital leases are as follows:

| | Governmental Activities | Business-Type Activities |
|---|---|---|
| Buildings and improvements | $ 2,416,705 | $ - |
| Machinery and equipment | 44,598 | 2,036,409 |
| Vehicles | 88,968 | - |
| Less accumulated depreciation | (815,705) | (498,496) |
| | $ 1,734,566 | $ 1,537,913 |

Minimum future lease obligations for these leases, as of June 30, 2010 , are as follows:

| Year Ending June 30 | Governmental Activities |
|---|---|
| 2010 | $ 200,201 |
| 2011 | 153,461 |
| 2012 | 144,274 |
| 2013 | 143,144 |
| 2014 | - |
| Total minimum lease payments | 641,080 |
| Less: amount representing interest (4.65%-5.28%) | (81,171) |
| Present value of minimum lease payments | $ 559,909 |

BUSINESS-TYPE ACTIVITIES

CONTRACTS PAYABLE

On December 13, 2007, the County entered into a contract with Gainesville-Hall County Development Authority to issue $14,050,000 in Variable Rate Demand Revenue Bonds (Series 2007 Bonds). Pursuant to the intergovernmental agreement, the County paid the variable rate of interest on a monthly basis, and the bonds had a maturity date of April 1, 2022. The bonds were issued to purchase the Spout Springs Sewer Plant Project, a sewage treatment facility which includes a 304.37 acre tract of land, the wastewater treatment plant, and the sewer lines and pump stations connecting the Reunion neighborhood and the Sterling on the Lake neighborhood. In the event the County is unable to make purchase payments, the County is obligated to levy a tax in order to make purchase payments which are assigned to pay, and pledge to secure, the bonds.

On April 24, 2008, the County entered into a contract with Gainesville-Hall County Development Authority to fund repayment of $14,500,000 of Series 2008 Variable Rate Refunding Revenue Bonds for the current refunding of $14,050,000 in Series 2007 Variable Rate Demand Revenue bonds.

The refunding was undertaken to reduce risk associated with the variable interest rate. The reacquisition price exceeded the net carrying amount of the old debt by $155,513. This amount is netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. This transaction resulted in an economic loss of $114,406. The additional bond proceeds from the new issuance were used to fund sewer construction projects. The bonds' interest rate at June 30, 2010 was 0.30%. Interest payments are due on April 1 and October 1 each year, and the bonds mature in full on April 1, 2027.

The annual requirement to amortize the Series 2008 Variable Rate Refunding Revenue Bonds are estimated as follows:

| June 30 | Principal | Interest[1] | Total |
|---|---|---|---|
| 2011 | $ - | $ 123,179 | $ 123,179 |
| 2012 | - | 123,003 | 123,003 |
| 2013 | - | 123,003 | 123,003 |
| 204 | - | 123,003 | 123,003 |
| 2015 | - | 123,179 | 123,179 |
| 2016-2020 | - | 615,191 | 615,191 |
| 2021-2025 | - | 615,191 | 615,191 |
| 2026-2027 | 14,500,000 | 154,145 | 14,654,145 |
| Total | $ 14,500,000 | $ 1,999,894 | $ 16,499,894 |

[1]*Based on the variable rate at June 30, 2010.*

NOTES PAYABLE

At June 30, 2007, the Enterprise Funds had one Georgia Environmental Facilities Authority (GEFA) loan for the construction of infrastructure and equipment. The original amount of the note was $2,143,577 with an interest rate of 4.92%. At June 30, 2010, the loan had an outstanding balance of $1,413,620.

On July 1, 2007, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Calvary Church Road Sewer Facility. The facility is the property of the City of Gainesville, and will include a wastewater pump station, regulated gravity sewers, and a force main necessary for the County's new 1,026-bed Jail. The loan bears interest of 3% and matures on July 1, 2028. At June 30, 2010, the outstanding balance was $2,843,958.

On November 5, 2007, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Mulberry Creek Regional Sewer Facilities Phase I. The facility will include a gravity sewer main, two pump stations, force mains, and other appurtenances. The loan provides for a maximum balance of $10,000,000 and bears interest at 3%. At June 30, 2010, the outstanding balance was $9,578,396. The loan will mature on July 1, 2030.

On August 1, 2008, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Mulberry Creek Regional Sewer Facilities Phase II. The facility will include a gravity sewer main, two pump stations, force mains, and other appurtenances. The loan provides for a maximum balance of $21,200,000 and bears interest at 3%. At June 30, 2010, the outstanding balance was $16,739,906. The loan will mature on November 1, 2029.

The annual requirements to amortize notes payable outstanding as of June 30, 2010 are as follows:

| June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2011 | $ 1,045,378 | $ 1,144,753 | $ 2,190,131 |
| 2012 | 1,297,155 | 892,976 | 2,190,131 |
| 2013 | 1,339,868 | 850,263 | 2,190,131 |
| 2014 | 1,382,615 | 807,417 | 2,190,032 |
| 2015 | 1,427,417 | 762,714 | 2,190,131 |
| 2016-2020 | 7,815,577 | 3,088,670 | 10,904,247 |
| 2021-2025 | 8,181,707 | 1,851,925 | 10,033,632 |
| 2026-2030 | 8,086,163 | 561,651 | 8,647,814 |
| Total | $ 30,575,880 | $ 9,960,369 | $ 40,536,249 |

## CAPITAL LEASES

The County leases certain equipment under a non-cancelable capital lease. The lease relates to the equipment for landfill maintenance. Ownership of the related assets will be transferred to the County at the end of the lease term.

Minimum future lease obligations for these leases, as of June 30, 2010 , are as follows:

| Year Ending June 30 | Business-type Activities |
|---|---|
| 2011 | $ 500,901 |
| Total minimum lease payments | 500,901 |
| Less: amount representing interest (4.65%-5.28%) | (10,011) |
| Present value of minimum lease payments | $ 490,890 |

## COMPONENT UNITS

Activity for the Health Department for the year ended June 30, 2010, was as follows:

| **Governmental activities** | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year | Due After One Year |
|---|---|---|---|---|---|---|
| Compensated absences | $ 742,617 | $ 582,736 | $ (532,497) | $ 792,856 | $ 532,000 | $ 260,856 |

Activity for the Library for the year ended June 30, 2010, was as follows:

| **Governmental activities** | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year | Due After One Year |
|---|---|---|---|---|---|---|
| Compensated absences | $ 121,416 | $ 118,540 | $ (116,526) | $ 123,430 | $ 49,372 | $ 74,058 |

## NOTE 7 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2010, is as follows:

| | Due From | | | | |
|---|---|---|---|---|---|
| Due To | Capital Projects Fund | Other nonmajor governmental funds | Water Utility Fund | Sewer/ WasteWater Utility Fund | Total |
| General Fund | $ 1,408,152 | $ 17,160 | $ 1,090,736 | $ - | $ 2,516,048 |
| Landfill | - | - | - | 70,083 | 70,083 |
| Total | $ 1,408,152 | $ 17,160 | $ 1,090,736 | $ 70,083 | $ 2,586,131 |

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended June 30, 2010 are as follows:

| | Transfers out | | | |
|---|---|---|---|---|
| Transfers in | General Fund | SPLOST | Other nonmajor governmental funds | Total |
| General Fund | $ - | $ - | $ 27,508 | $ 27,508 |
| Other nonmajor governmental funds | 533,670 | - | 86,228 | 619,898 |
| Landfill | - | 2,810,851 | - | 2,810,851 |
| Sewer/Wastewater Utility Fund | 37,353 | 6,894,037 | - | 6,931,390 |
| Water Utility Fund | - | 4,453,321 | - | 4,453,321 |
| Total | $ 571,023 | $14,158,209 | $ 113,736 | $14,842,968 |

Transfers are used to (1) supplement operating budgets, (2) pay for the Soccer Complex, (3) help fund construction projects and debt service, (4) reimburse unrestricted revenue, and (5) move the County's matching portion on federal and state grants.

## NOTE 8 - SEWER TREATMENT CONTRACTS

In June 2004, The County purchased 1,000,000 gallons per day of waste water treatment capacity from the City of Gainesville for $14,701,513, which has been recorded as capacity held for resale. This asset will be expensed as it is sold to developers and other users. At June 30, 2010, the County has not sold any of the capacity.

In June 2004, The County purchased 400,000 gallons per day of waste water treatment capacity from the City of Flowery Branch for $4,000,000, which has been recorded as capacity held for resale. During 2006, the County transferred 200,000 gallons of this capacity to the City of Oakwood. This asset will be expensed as it is sold to developers and other users. As of June 30, 2010, 46,270 gallons had been sold to developers, and the remaining capacity is valued at $1,537,300.

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

(A) PLAN DESCRIPTION

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan (Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time, the contribution rates for the County and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339. The County's payroll for employees participating in the Plan as of January 1, 2009, (the most recent actuarial valuation date) was $11,859,831 (based on covered earnings of preceding year).

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at the earlier of: a) age 65 with 3 years of participation in the Plan or b) when age and years of service total 75.

Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.5% of average annual compensation up to $20,000 plus 2.0% of average compensation in excess of $20,000 for each year of service payable as a life annuity. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners. Effective July 1, 1998, the Plan is frozen to new participation.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Investments in securities are valued at current market prices. The trust fund is invested approximately, in 60% equities and 40% fixed income securities on a cost basis.

(B) FUNDING POLICY

Contributions totaling $2,011,035 ($2,011,035 employer and $0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2009.

ACCG Plan funding policy provides for making required actuarially determined periodic contributions under the "Projected Unit Credit" actuarial cost method.

(C) ANNUAL PENSION COST

The County is required to contribute at an actuarially determined rate. Section 47 - 20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time contribution rates for the County and its plan participants.

The County's contributions to the Plan for the years ended June 30, 2010, 2009, and 2008 were $2,011,035, $2,916,504, and $2,597,966 respectively, and were greater than the recommended annual pension cost for each year.

The information was determined as part of the actuarial valuation as of January 1, 2009. Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date | January 1, 2009 |
| Actuarial Cost method | Projected Unit Credit |
| Amortization method | Level Percent of Pay (Closed) |
| Remaining amortization period | 10 years |
| (The estimated amortization period for all unfunded liabilities combined into one amount.) | |
| Asset valuation method | Market Value |
| Actuarial assumptions: | |
| Investment rate return* | 8.0% |
| Projected salary increases* | 5.0% |
| *Includes inflation at | 3.0% |
| Cost-of-living adjustments | N/A |
| Post-retirement benefit increases | N/A |

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

| Derivation of annual pension cost: | 2010 | 2009 |
|---|---|---|
| Annual required contribution | $ 2,796,051 | $ 2,457,053 |
| Interest on net pension obligation | (167,287) | (136,529) |
| Amortization of net pension obligation | 178,994 | 144,050 |
| Annual pension cost | 2,807,758 | 2,464,574 |
| Contributions made with interest | (2,011,035) | (2,916,504) |
| Increase (decrease) in net pension obligation | 796,723 | (451,930) |
| Net pension obligation, beginning of year | (2,158,543) | (1,706,613) |
| Net pension obligation, end of year | $ (1,361,820) | $ (2,158,543) |

(D) FUNDED STATUS OF THE PLAN AND HISTORICAL TREND INFORMATION

The funded status of the plan as of the most recent valuation date, January 1, 2009, was as follows:

| (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Annual Covered Payroll (prior year) | (6) UAAL as a Percentage of Covered Payroll (4) / (5) |
|---|---|---|---|---|---|
| $ 23,783,304 | $ 46,839,428 | $ 50.78 % | $ 23,056,124 | $ 12,324,648 | 187.07 % |

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Historical trend information, designed to provide information about a public employee retirement system's progress made in accumulating sufficient assets to pay benefits when due, is presented below:

| Fiscal Year June 30 | Annual Pension Cost (APC) | Actual County Contribution | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| 2010 | $ 2,807,758 | $ 2,011,035 | 71.6 % | $(1,361,820) |
| 2009 | $ 2,464,574 | $ 2,916,504 | 118.3 % | $(2,158,543) |
| 2008 | $ 2,166,677 | $ 2,597,966 | 119.9 % | $(1,706,613) |
| 2007 | $ 1,961,678 | $ 2,568,394 | 130.9 % | $ (757,059) |

DEFINED CONTRIBUTION PLAN

(A) PLAN DESCRIPTION

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Contribution Plan (Plan A), a public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. Established by the County in July 1998 pursuant to Section 401(a) of the Internal Revenue Code of 1986 as a Money-Purchase Plan and Trust. At the inception of Plan A, the Defined Benefit Plan (Plan) was frozen to new participants. Article XIV allows the county to amend the adoption agreement or basic plan document. Plan A issues a stand alone report. It may be obtained from: Pension Services Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

All full-time County employees are eligible to participate in the Plan A after completing one year of service. All active employees that are/were participants in the Plan became participants in Plan A upon its establishment in 1998. Benefits vest after four years of service. The County contributes 4% of an eligible employee's salary as a "base" contribution, agreeing to match 50% of an eligible employee's contributions to Plan A. The match is limited to an additional 4%. Employees that were/are participants in the Plan and retire within ten years of the establishment of Plan A, have an option to retire under either plan. A participant becomes eligible to retire at the earlier of: a) age 65 or b) when age and years of service total 75 with a minimum age of 55. The participant then may receive a lump sum payment or an annuity. Any participant leaving the plan before vesting "forfeits" the County's matching contribution to Plan A. The County reduces its contributions to the Plan with these forfeited funds. These withdrawals are subject to a 10% penalty for withdrawal prior to age 59½.

(B) FUNDING POLICY

Contributions totaling $1,022,404 ($769,300 employer and $253,104 employee) were made in accordance with the Plan A guidelines and the designations by County Employees.

OTHER POST-RETIREMENT BENEFITS

(A) PLAN DESCRIPTION

The Hall County, Georgia Post-Retirement Medical and Dental Benefits Plan is a single-employer defined benefit healthcare plan. The plan does not issue a stand-alone report. The plan provides healthcare coverage including medical, dental, vision, and prescription drug benefits for eligible retirees and their spouses through the County's self-funded health insurance plan, which covers both active and retired members.

Eligible individuals include terminated employees who have attained the age of 55 and have credited service of at least 10 full years at the date of his or her termination who is entitled to receive distribution of benefits under the terms of either of the County's qualified retirement plans. The election to receive this health coverage must be made within 30 days after termination of employment. Post-65 retirees are covered under a Medicare Advantage plan.

The plan was established by resolution of the Board of Commissioners. It may also be amended by resolution of same.

The percentage of the terminated employee's premium which will be contributed by the County is based on the number of full years of service with the County, as follows:

| Years of Service | Percentage Paid by County |
|---|---|
| 10-14 | 20% |
| 15-19 | 30% |
| 20-24 | 40% |
| 25-29 | 50% |
| 30 or more | 60% |

(B) FUNDING POLICY

The post-retirement medical insurance benefits are currently funded on a pay-as-you-go basis. The County currently funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits. For fiscal year 2010, the County contributed $1,428,561 to the plan. In fiscal year 2010, total member contributions were $591,919.

(C) ANNUAL OPEB COST AND NET OPEB OBLIGATION

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution by the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

| | 2010 | 2009 |
|---|---|---|
| Annual required contribution | $ 14,137,856 | $ 8,808,575 |
| Interest on note OPEB obligation | 719,749 | - |
| Adjustment to annual required contribution | 2,525,137 | - |
| Annual OPEB cost | 17,382,742 | 8,808,575 |
| Employer contributions made with interest | (1,428,561) | (1,543,530) |
| Increase (decrease) in net OPEB obligation | 15,954,181 | 7,265,045 |
| Net OPEB obligation, Beginning of year | 7,265,045 | - |
| Net OPEB obligation, End of year | $ 23,219,226 | $ 7,265,045 |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year is as follows:

| Fiscal Year Ending June 30, | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|---|
| 2010 | $ 17,382,742 | $ 1,428,561 | 8.2% | $ (23,219,226) |
| 2009 | $ 8,808,575 | $ 1,543,530 | 17.5% | $ (7,265,045) |

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2009, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was $116,673,382, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $116,673,382. The covered payroll (annual payroll of active employees covered by the benefits) was $61,328,352, and the ratio of the UAAL to the covered payroll was 190 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information, following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since this is the first year the requirements are in effect, only one year's data is shown. Additional years will be added over time.

(E) ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The information was determined as part of the actuarial valuation as of July 1, 2009. Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date | July 1, 2009 |
| Actuarial cost method | Projected Unit Credit |
| Amortization method | 30-year open period; percent of pay payment |
| Asset valuation method | N/A |
| Actuarial assumptions: | |
| Investment rate return | 4.00% |
| Healthcare cost trend rate(s): | |
| Select rates | 10.00% to 4.50% for medical and 7.00% to 4.50& for dental |
| Ultimate rate | 4.50% |
| Post retirement benefit increase | N/A |
| Projected salary increases | 3.00% per year |

OTHER PLANS

In addition to the above pension plans, the following pension plans cover County employees but the county is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures.

(A) PROBATE JUDGES' RETIREMENT FUND OF GEORGIA
The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(B) CLERK OF SUPERIOR COURT RETIREMENT FUND
The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(C) SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND
The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

(D) GEORGIA STATE EMPLOYEES' RETIREMENT SYSTEM
The Health Department's eligible employees participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.

(E) TEACHER RETIREMENT SYSTEM OF GEORGIA (TRS)
All full-time librarians and clerical personnel employed by the Hall County Library System are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing multiple employer public employee retirement system (PERS).

## NOTE 10 - RISK MANAGEMENT

### GROUP HEALTH INSURANCE

The County accounts for the risks associated with the employee's health insurance plan in the Group Insurance Fund, an internal service fund where assets are set aside for claim settlements. In 2004, the County changed from purchasing commercial insurance to a partially self-insured plan where commercial insurance is purchased for claims in excess of coverage provided by the County. During the year ended June 30, 2010, Hall County was covered under two separate aggregate stop loss policies as the reinsurance contracts straddled this period.

During the period of July 1, 2009, through December 31, 2009, Hall County's actual minimum calendar year attachment point was the greater of $13,539,709 or 95 percent of the first month's calculated attachment point multiplied by 12, and was based upon an aggregate attachment factor of $737.46 per enrolled employee per month during each of the months in the period referenced above. The loss limit per person was $175,000.

Effective January 1, 2010 the aggregate reinsurance coverage has been cancelled. The specific stop loss limit per person was $200,000.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2010, the County included in accrued expenses $1,023,132 for unpaid claims. This liability was determined based on actual claims received for the first two months after year-end plus projected claims based on prior years activity. These claims are expected to be paid within 12 months of the year-end.

The County pays most of the coverage for eligible employees and their dependents. Employee contributions are used to pay claims and expense of the plan incurred during the year.

| | Beginning of Year | Incurred Claims and Changes in Estimates | Claims Payments | End of Year |
|---|---|---|---|---|
| Year ended June 30, 2009 | $ 1,250,049 | $ 10,922,004 | $ (11,351,242) | $ 820,811 |
| Year ended June 30, 2010 | $ 820,811 | $ 13,361,674 | $ (13,159,353) | $1,023,132 |

### WORKERS' COMPENSATION

The County participates in the Association of County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation Fund (FUND), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees who are representatives from participating counties. The ACCG-GSIWCF operates under the authority of O.C.G.A. 34-9-150 et Seq. and the Georgia Insurance Commissioner's Office.

The members of the Fund are assessable if the losses that the Fund must pay exceed the assets of the pool. At June 30, 2010, there was no need for such an assessment. Therefore, no liability for this has been included in the amounts below.

As part of this risk pool, the County is obligated to pay all contributions and assessments to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the fund to pay any type of loss. The County is also to allow all the pool's agents and attorneys to represent the County in investigations, settlement discussions, and all levels of litigations arising out of any claim made against the County.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

HALL COUNTY, GEORGIA participates in the large deductible option with a $250,000 deductible. Under this plan, Hall County is responsible for all payments up to $250,000, per occurrence, on workers compensation claims. Once an individual claim exceeds the deductible, the plan will pay all costs in excess of the deductible. As of June 30, 2010, an actuary determined that approximately $1,950,000 is reported but unpaid and incurred but not reported claims were outstanding relating to fiscal year 2010 for which Hall County will be liable. This liability represents Hall County's portion of the liability and not the total liability including the insurer's portion.

The County accounts for the risk associated with the workers' compensation plan in the Risk Management Fund, an internal service fund where assets are set aside for claim settlements.

| | Beginning of Year | Incurred Claims and Changes in Estimates | Claims Payments | End of Year |
|---|---|---|---|---|
| Year ended June 30, 2009 | $ 1,340,000 | $ 880,486 | $ (360,486) | $ 1,860,000 |
| Year ended June 30, 2010 | $ 1,860,000 | $ 287,277 | $ (197,277) | $ 1,950,000 |

OTHER

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2010, the County contracted with several different insurance providers for various insurance coverages.

| Type | Amount in Force |
|---|---|
| Property | $ 161,401,592 |

| | Limits of Liability | |
|---|---|---|
| Type | Each Occurrence | Aggregate |
| General Liability | $ 1,000,000 | $ 3,000,000 |
| Law Enforcement Liability | 1,000,000 | 3,000,000 |
| Public Officials Liability | 1,000,000 | 2,000,000 |
| Automobile Liability | 1,000,000 | 1,000,000 |
| Employee Benefits Liability | 1,000,000 | 2,000,000 |
| Employment Practices Liability | 1,000,000 | 1,000,000 |
| Blanket Crime Bond | 500,000 | None |
| Worker's Compensation | Statutory | Statutory |

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

## NOTE 11 - RELATED PARTY TRANSACTIONS

*Development Authority*

The capital lease obligations for the community services building and the mental health building referred to in NOTE 6 are with the Gainesville and Hall County Development Authority (the Authority). The Authority is a jointly governed organization consisting of nine members, four appointed by the Commissioners of Hall County, four appointed by the Commissioners of the City of Gainesville, and one elected by the members of the Authority for a full four-year term. The Authority issued bonds to finance the related projects and the County is making the related debt payments to banks to fund the repayment of this debt. In April 2008, the Authority issued Variable Rate Demand Revenue Bonds to fund the development of sewer projects, and the County entered into an intergovernmental agreement to help fund the repayment of these bonds. Refer to Note 6 for the amounts involved in these transactions. In 2009, the Authority issued various bonds referred to in Note 6 and the County entered into intergovernmental agreements to help fund the repayment of these bonds.

*Mental Health/Mental Retardation*

The Regional Board for Mental Health, Mental Retardation and Substance Abuse is a jointly governed organization with several northeast Georgia counties. No one county appoints a majority of the Board.

*Other*

The Board of Commissioners appoints the majority of the governing board of the Chicopee Woods Area Parks Commission and the Hospital Authority of Hall County but is not able to impose its will on these bodies, nor does the county provide operating subsidies, guarantee debt, or exhibit any other indications of financial accountability with regard to these authorities.

## NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable for grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

In 2000, the County accepted a Community Development Block Grant from the Department of Community Affairs in the amount of $500,000 for the construction of a new Adult Literacy Center. As a condition of the grant, the County agreed to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on a 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount will begin upon closeout of the grant and continue twenty years from that date, expected to be sometime in 2020.

The Greenspace grant agreement requires that the original award and the interest earned thereon be used to acquire interest in real property located within Hall County. The property is to be used for Greenspace as defined in O.C.G.A. 36-22-2(3) and to operate and maintain the lands designated as Greenspace property in such a manner as to achieve one or more of the nine statutory goals of the Act including, protecting or enhancing water quality, providing flood protection, providing natural habitat and corridors for native plant and animal species, protecting archaeological and historic resources, providing passive recreation, or providing connective links between lands contributing to the goals of the Greenspace Act. If property acquired with this grant money is converted to a use inconsistent with the Act, the County may be required to reimburse the Georgia Greenspace Trust Fund for any principal and interest amount of the grant funds.

During 2007, the Hospital Authority of Hall County issued bonds in the amount of $350,000,000 for the construction of the main campus and south hall campus for the Northeast Georgia Medical Center, Inc. The County entered into an agreement with the Hospital Authority and City of Gainesville, Georgia, dated August 24, 2006. This agreement requires the County to guarantee up to $350,000,000 of aggregate principal amount of certificates issued in the event that the Hospital Authority of Hall County is unable to meet debt service requirements. The County can levy an annual tax on all taxable property at or within the seven mill limit as may be necessary to make the payments called for by this agreement.

During 2008, the County entered into an intergovernmental agreement with the Gainesville and Hall County Developmental Authority ("Authority") to develop an industrial park. The County conveyed 26 acres to the Authority to be developed and sold. The Authority entered into a 20 year option and purchase and sale agreement with a builder to sell the lots in the industrial park. The County reports the land in governmental activity at cost as land held for resale. The County agrees to pay to the Authority the funds necessary for the development of the industrial park. Those funds are to be repaid to the County from proceeds of sales of lots in the industrial park.

During 2010, the County entered into an intergovernmental agreement with the Georgia Department of Natural Resources ("Department") to enhance the development of the Don Carter State Park. The Department purchased land from the County for development of the Park. The County will provide paving activities for roads and parking areas at the Park valued at not less than $465,000. This agreement is effective until the County completes the services.

## NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date.

As of June 30, 2010, the County has recorded a liability for the Allen Creek Landfill of $4,822,726, which represents the estimated closure and postclosure costs based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used. As of June 30, 2010, the County has recorded liability for the Candler Road landfill of $1,497,383, which represents the estimated closure and postclosure costs based on 21% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,633,012 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. The County expects to close the landfill in the year 2033. The estimated costs are subject to changes such as the effects of inflation, revision of laws and other variables. The revised liability for the closure, postclosure and remediation costs has been estimated by the Hall County Engineering Department.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County has fulfilled this requirement for the period ended June 30, 2010 using the applicable financial ratio tests.

## NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Six of the estimates qualified as a significant estimate, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for the closure/postclosure costs of the County's Allen Creek Landfill qualifies as a significant estimate. Hall County's Engineering Department has estimated the remaining closure, remediation, and the thirty year post closure monitoring cost to be $4,822,726. The County has accrued the difference between the estimated liability this year and the amount accrued as of June 30, 2009, as an operating expense in the current year. The ultimate cost, however, will depend on the extent of contamination found as the project progresses and may be as much as $9,492,426.

The estimate for the closure/postclosure cost of the County's Candler Road Landfill qualifies as a significant estimate. Hall County's Engineering Department has estimated closure and the thirty year post closure monitoring to be $1,497,383, which represents the estimated closure and postclosure costs based on 21% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,633,012 as the remaining estimated capacity is filled.

The estimate for allowance for doubtful accounts relating to Hall County EMS accounts receivable qualifies as a significant estimate. The estimate is calculated based on the previous year's collection percentage of accounts greater than one year old.

The estimate for allowance for doubtful accounts related to fines receivable qualifies as a significant estimate. The estimate is calculated based on prior years' collection experience.

The estimates for claims payable for workers compensation and health insurance as discussed in Note 10, qualify as significant estimates.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets depreciated over the estimated useful lives using the straight line method.

## NOTE 15 - GEORGIA MOUNTAINS REGIONAL COMMISSION

Under Georgia law, the County, in conjunction with other cities and counties in the area are members of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues there to. During its year ended June 30, 2010, the County paid $147,617 in such dues. Membership in an GMRC is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the GMRC in Georgia.

The GMRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an GMRC. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission
P. O. Box 1720
Gainesville, Georgia 30503-1720

## NOTE 16 - HOTEL/MOTEL TAX

During the year ended June 30, 2010, the County collected $7,398 of which $2,959 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $71,660. This was 2,422% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County complied with the requirements of this law.

## NOTE 17 - SUBSEQUENT EVENTS

On September 9, 2010, the County entered into a contract with GHCDA Economic Development Corporation to issue $15,390,000 of Certificates of Participation. The Certificates of Participation carry a rate of interest ranging from 2.0% to 5.0% per annum and mature May 1, 2015. The Certificates of Participation were issued to fund North Hall Park Project.

On November 11, 2010, the County entered into a contract with Gainesville-Hall County Development Authority to issue $7,600,000 of Series 2010 Revenue Bonds. The bonds carry a rate of interest ranging from 3.0% to 4.5% per annum and mature May 1, 2020. The bonds were issued to fund the Glades Farm reservoir project.

**HALL COUNTY, GEORGIA**
**REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF FUNDING PROGRESS**
**For the Year Ended June 30, 2010**
**"Unaudited"**

**DEFINED BENEFIT PENSION PLAN**

| Actuarial Valuation Date January 1 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Annual Covered Payroll (prior year) | (6) UAAL as a Percentage of Covered Payroll (4) / (5) |
|---|---|---|---|---|---|---|
| 2002 | $ 20,965,764 | $ 25,037,127 | $ 83.74 % | $ 4,071,363 | $ 17,016,778 | 23.93 % |
| 2003 | 20,064,077 | 27,381,576 | 73.28 % | 7,317,499 | 18,084,982 | 40.46 % |
| 2004 | 22,749,923 | 29,190,687 | 77.94 % | 6,440,764 | 17,841,644 | 36.10 % |
| 2005 | 24,006,330 | 29,479,406 | 81.43 % | 5,473,076 | 17,436,073 | 31.39 % |
| 2006 | 24,268,573 | 43,737,657 | 55.49 % | 19,469,084 | 13,222,978 | 147.24 % |
| 2007 | 25,580,570 | 43,260,257 | 59.13 % | 17,679,687 | 14,111,019 | 125.29 % |
| 2008 | 26,206,529 | 44,201,287 | 59.29 % | 17,994,758 | 14,188,604 | 126.83 % |
| 2009 | $ 23,783,304 | $ 46,839,428 | 50.78 % | $ 23,056,124 | $ 12,324,648 | 187.07 % |

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financial stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

**OTHER POST-EMPLOYMENT BENEFITS**

| Actuarial Valuation Date July 1 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Annual Covered Payroll (prior year) | (6) UAAL as a Percentage of Covered Payroll (4) / (5) |
|---|---|---|---|---|---|---|
| 2008 | $ - | $ 79,771,369 | 0.00 % | $ 79,771,369 | $ 62,037,301 | 128.59 % |
| 2009 | $ - | $ 116,673,382 | 0.00 % | $ 116,673,382 | $ 61,089,487 | 190.99 % |

2008 was the first year that this plan was effective.

# HALL COUNTY, GEORGIA
# BUDGETARY COMPARISON SCHEDULE
# GENERAL FUND
## For the Year Ended June 30, 2010
## (Required Supplementary Information)

| | BUDGET AMOUNTS ORIGINAL | BUDGET AMOUNTS FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 6,627,155 | $ 6,627,155 | $ 6,627,155 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 69,048,396 | 69,048,396 | 64,177,214 | (4,871,182) |
| Licenses and permits | 2,063,954 | 2,063,954 | 1,356,510 | (707,444) |
| Intergovernmental | 1,478,398 | 1,478,398 | 1,557,387 | 78,989 |
| Fines and forfeitures | 3,798,897 | 3,798,897 | 3,389,605 | (409,292) |
| Charges for services | 16,203,983 | 16,203,983 | 18,685,859 | 2,481,876 |
| Contributions and donations | - | - | 500 | 500 |
| Investment income | 41,700 | 41,700 | 39,046 | (2,654) |
| Miscellaneous | 16,350 | 16,350 | 85,695 | 69,345 |
| Sale of county property | 30,000 | 30,000 | 2,568 | (27,432) |
| Transfers in | - | - | 27,508 | 27,508 |
| Total Resources (Inflows) | 92,681,678 | 92,681,678 | 89,321,892 | (3,359,786) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 99,308,833 | 99,308,833 | 95,949,047 | (3,359,786) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| General Government | | | | |
| Legislative | 918,828 | 918,828 | 885,238 | 33,590 |
| Elections | 530,129 | 530,129 | 506,351 | 23,778 |
| Financial administration | 652,543 | 652,543 | 632,764 | 19,779 |
| Business license | 145,580 | 145,580 | 137,221 | 8,359 |
| Purchasing | 277,311 | 277,311 | 260,708 | 16,603 |
| Data processing/MIS | 1,113,268 | 1,113,268 | 1,048,888 | 64,380 |
| Human resources | 527,292 | 527,292 | 463,884 | 63,408 |
| Tax commissioner | 1,547,088 | 1,547,675 | 1,509,765 | 37,910 |
| Tax assessor-real property | 1,075,660 | 1,187,370 | 1,164,966 | 22,404 |
| Tax assessor-personal property | 429,301 | 370,498 | 324,552 | 45,946 |
| Risk management | 8,307,117 | 8,084,205 | 5,208,720 | 2,875,485 |
| Buildings | 1,818,477 | 1,818,477 | 1,647,172 | 171,305 |
| General services | 2,306,436 | 2,306,766 | 1,995,484 | 311,282 |
| Agencies | 134,197 | 147,617 | 147,617 | - |
| Other general government | - | 150,000 | 150,000 | - |
| Total General Government | 19,783,227 | 19,777,559 | 16,083,330 | 3,694,229 |
| Judicial | | | | |
| Judicial administration | 524,709 | 524,709 | 511,145 | 13,564 |
| Superior court | 2,678,986 | 2,724,352 | 2,724,342 | 10 |
| Clerk of superior court | 2,209,362 | 2,121,711 | 2,067,469 | 54,242 |
| District attorney | 1,353,861 | 1,353,861 | 1,349,875 | 3,986 |
| State court | 1,322,220 | 1,402,016 | 1,402,008 | 8 |
| Magistrate court | 1,059,212 | 1,052,716 | 1,046,006 | 6,710 |
| Probate court | 490,369 | 490,369 | 464,827 | 25,542 |
| Juvenile court | 1,261,829 | 1,261,829 | 1,251,777 | 10,052 |
| Public defender | 1,342,729 | 1,298,157 | 1,288,105 | 10,052 |
| Solicitor | 936,163 | 936,163 | 918,774 | 17,389 |
| Treatment services | 675,218 | 648,003 | 640,201 | 7,802 |
| Total Judicial | 13,854,658 | 13,813,886 | 13,664,529 | 149,357 |
| Public Safety | | | | |
| Sheriff | 14,948,162 | 14,978,718 | 14,938,619 | 40,099 |
| Detention center | 15,662,662 | 15,711,217 | 15,713,889 | (2,672) |
| Correctional institute | 2,961,942 | 2,961,942 | 2,954,362 | 7,580 |
| Emergency medical services | 7,258,706 | 7,258,706 | 7,048,461 | 210,245 |
| Coroner | 122,552 | 126,120 | 126,116 | 4 |
| Agencies | 3,855 | 238,185 | 238,185 | - |
| Animal shelter | 646,930 | 594,023 | 564,700 | 29,323 |
| Emergency management | 149,443 | 149,443 | 96,037 | 53,406 |
| Animal control | 482,030 | 482,030 | 449,142 | 32,888 |
| Total Public Safety | 42,236,282 | 42,500,384 | 42,129,511 | 370,873 |
| Public Works | | | | |
| Highways and streets | 3,368,360 | 3,382,371 | 3,423,246 | (40,875) |
| Maintenance and shop | 716,840 | 702,829 | 670,314 | 32,515 |
| Engineering | 1,256,503 | 1,422,644 | 1,422,631 | 13 |
| Total Public Works | 5,341,703 | 5,507,844 | 5,516,191 | (8,347) |

# HALL COUNTY, GEORGIA
## BUDGETARY COMPARISON SCHEDULE
## GENERAL FUND
## For the Year Ended June 30, 2010
## (Required Supplementary Information)

| CONTINUED..... | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| Public Health and Welfare | | | | |
| Health department | 878,440 | 878,440 | 875,952 | 2,488 |
| Public welfare | 1,279,781 | 965,829 | 960,824 | 5,005 |
| Community Center | 746,437 | 746,521 | 746,521 | - |
| Agencies | 138,119 | 138,119 | 137,419 | 700 |
| General services | 150,000 | 1 | - | 1 |
| Total Public Health and Welfare | 3,192,777 | 2,728,910 | 2,720,716 | 8,194 |
| Recreation and Culture | | | | |
| Parks | 2,403,564 | 2,403,564 | 2,258,641 | 144,923 |
| Library | 2,342,852 | 2,372,916 | 2,372,912 | 4 |
| Agriculture center | 276,329 | 276,329 | 213,371 | 62,958 |
| Total Recreation and Culture | 5,022,745 | 5,052,809 | 4,844,924 | 207,885 |
| Housing and development | | | | |
| Conservation | 93,831 | 93,831 | 92,706 | 1,125 |
| Building inspection | 821,718 | 821,718 | 785,898 | 35,820 |
| Planning and zoning | 1,186,536 | 1,186,536 | 1,034,135 | 152,401 |
| Code enforcement | 483,788 | 483,788 | 456,179 | 27,609 |
| Agencies | 420,910 | 470,910 | 349,250 | 121,660 |
| General services | 57,000 | 57,000 | 42,855 | 14,145 |
| County agent | 186,503 | 186,503 | 180,901 | 5,602 |
| Total Housing and Development | 3,250,286 | 3,300,286 | 2,941,924 | 358,362 |
| TOTAL CHARGES TO APPROPRIATIONS | 92,681,678 | 92,681,678 | 87,901,125 | 4,780,553 |
| CHANGE IN FUND BALANCE | - | - | 1,420,767 | 1,420,767 |
| FUND BALANCE, End of year | $ 6,627,155 | $ 6,627,155 | $ 8,047,922 | $ 1,420,767 |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
# BUDGETARY COMPARISON SCHEDULE
# FIRE DISTRICT
## For the Year Ended June 30, 2010
## (Required Supplementary Information)

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 1,716,407 | $ 1,716,407 | $ 1,716,407 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 14,966,291 | 14,966,291 | 14,870,616 | (95,675) |
| Intergovernmental | - | - | 10,608 | 10,608 |
| Fines and forfeitures | - | - | 40 | 40 |
| Charges for services | 56,040 | 56,040 | 43,434 | (12,606) |
| Investment income | 25,000 | 25,000 | 19,805 | (5,195) |
| Total Resources (Inflows) | 15,047,331 | 15,047,331 | 14,944,503 | (102,828) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 16,763,738 | 16,763,738 | 16,660,910 | (102,828) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Public safety | 14,228,113 | 14,518,434 | 14,486,942 | 31,492 |
| TOTAL CHARGES TO APPROPRIATIONS | 14,228,113 | 14,518,434 | 14,486,942 | 31,492 |
| CHANGE IN FUND BALANCE | 819,218 | 528,897 | 457,561 | (71,336) |
| FUND BALANCE, End of year | $ 2,535,625 | $ 2,245,304 | $ 2,173,968 | $ (71,336) |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific purposes. The following special revenue funds are maintained by the County:

**Emergency Telephone System** - to account for the monthly "911" charge to help fund the cost of providing the service as provided in title 46, Chapter 5 of the Official Code of Georgia Annotated.

**Parks** - to account for funds received from leases with the Corps of Engineers to be used for the development and operations of lake parks.

**Grants** - to account for funds received as grants from state and federal sources to be used for specific capital and operating expenditures.

**Special Assessment** - to account for funds received from special taxing districts for subdivision street lighting.

**Special Programs** - to account for funds, such as fines, confiscated monies and donations received by Elected Officials of Hall County to be expended within legal guidelines of each program.

**Allen Creek Soccer Complex** – to account for cost of operation for the Allen Creek Soccer Complex.

**Law Library** - to account for funds collected from fines and forfeitures to be used to maintain the Law Library as provided in title 36, chapter 15 of the Official Code of Georgia Annotated.

**Hotel/Motel Tax** – to account for taxes charged on rental of hotel/motel rooms as provided in title 48, chapter 13 of the Official Code of Georgia Annotated. These funds are used for the promotion of tourism, conventions and trade shows in the County.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds:

**State Roads** - to account for the funds received and expended from the Georgia Department of Transportation for the State's portion of road projects.

# HALL COUNTY, GEORGIA
# COMBINING BALANCE SHEET
# NONMAJOR GOVERNMENTAL FUNDS
# June 30, 2010

| | SPECIAL REVENUE FUNDS | | | | | | | | CAPITAL PROJECTS FUNDS | |
|---|---|---|---|---|---|---|---|---|---|---|
| | EMERGENCY TELEPHONE SERVICES | PARKS FUND | MULTIPLE GRANTS FUND | SPECIAL ASSESSMENTS | RESTRICTED PROGRAMS FUND | LAW LIBRARY | ALLEN CREEK SOCCER COMPLEX | SUBTOTAL SPECIAL REVENUE FUNDS | STATE ROAD FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
| ASSETS | | | | | | | | | | |
| Cash | $ 63,344 | $ 205,157 | $ - | $ 407,683 | $ 1,156,278 | $ 47,392 | $ 11,985 | $ 1,891,839 | $ 101,275 | $ 1,993,114 |
| Investments | 81,712 | 193,692 | - | 383,029 | 652,623 | - | 11,933 | 1,322,989 | 95,615 | 1,418,604 |
| Receivables (net of allowance for uncollectibles) | 424,155 | 96,004 | 583,831 | 29,840 | 176,499 | - | 11,963 | 1,322,292 | - | 1,322,292 |
| TOTAL ASSETS | $ 569,211 | $ 494,853 | $ 583,831 | $ 820,552 | $ 1,985,400 | $ 47,392 | $ 35,881 | $ 4,537,120 | $ 196,890 | $ 4,734,010 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Accounts payable | $ 50,382 | $ 20,215 | $ 577,742 | $ 3,866 | $ 87,279 | $ 4,094 | $ 31,469 | $ 775,047 | $ - | $ 775,047 |
| Other accrued items | 94,938 | 8,212 | 7,464 | - | 22,684 | - | 4,412 | 137,710 | - | 137,710 |
| Due to other funds | - | - | 17,160 | - | - | - | - | 17,160 | - | 17,160 |
| Deferred revenue | - | - | 6,981 | 29,840 | - | - | - | 36,821 | - | 36,821 |
| Amounts held in trust | - | - | - | - | 164,056 | - | - | 164,056 | - | 164,056 |
| TOTAL LIABILITIES | 145,320 | 28,427 | 609,347 | 33,706 | 274,019 | 4,094 | 35,881 | 1,130,794 | - | 1,130,794 |
| FUND BALANCES | | | | | | | | | | |
| Reserved: | | | | | | | | | | |
| Encumbrances | 800 | - | 67,024 | - | 55,535 | - | - | 123,359 | 105,033 | 228,392 |
| Unreserved, undesignated: | | | | | | | | | | |
| Capital Projects Funds | - | - | - | - | - | - | - | - | 91,857 | 91,857 |
| Special Revenue Funds | 423,091 | 466,426 | (92,540) | 786,846 | 1,655,846 | 43,298 | - | 3,282,967 | - | 3,282,967 |
| TOTAL FUND BALANCES | 423,891 | 466,426 | (25,516) | 786,846 | 1,711,381 | 43,298 | - | 3,406,326 | 196,890 | 3,603,216 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 569,211 | $ 494,853 | $ 583,831 | $ 820,552 | $ 1,985,400 | $ 47,392 | $ 35,881 | $ 4,537,120 | $ 196,890 | $ 4,734,010 |

# HALL COUNTY, GEORGIA
## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## NONMAJOR GOVERNMENTAL FUNDS
## For the Year Ended June 30, 2010

| | SPECIAL REVENUE FUNDS | | | | | | | | | CAPITAL PROJECTS FUND | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | EMERGENCY TELEPHONE SERVICE | PARKS FUND | MULTIPLE GRANTS FUND | SPECIAL ASSESSMENTS | RESTRICTED PROGRAMS FUND | HOTEL/ MOTEL TAX | LAW LIBRARY | ALLEN CREEK SOCCER COMPLEX | SUBTOTAL SPECIAL REVENUE FUNDS | STATE ROAD FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
| REVENUES | | | | | | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ 7,398 | $ - | $ - | $ 7,398 | $ - | $ 7,398 |
| Intergovernmental | - | - | 3,812,859 | - | 611,618 | - | - | 34,371 | 4,458,848 | 2,771,517 | 7,230,365 |
| Fines and forfeitures | - | - | - | - | 1,296,833 | - | 157,095 | - | 1,453,928 | - | 1,453,928 |
| Charges for services | 3,419,028 | 632,990 | - | 997,025 | 189,742 | - | - | 113,444 | 5,352,229 | - | 5,352,229 |
| Contributions and donations | - | - | - | - | 6,926 | - | - | - | 6,926 | - | 6,926 |
| Interest income | 2,282 | 1,588 | (2) | 3,843 | 5,335 | - | 6 | - | 13,052 | 1,214 | 14,266 |
| Miscellaneous | 3,056 | 75 | 1,866 | - | 5,000 | - | - | - | 9,997 | - | 9,997 |
| TOTAL REVENUES | 3,424,366 | 634,653 | 3,814,723 | 1,000,868 | 2,115,454 | 7,398 | 157,101 | 147,815 | 11,302,378 | 2,772,731 | 14,075,109 |
| EXPENDITURES | | | | | | | | | | | |
| Current Expenditures | | | | | | | | | | | |
| Judicial | - | - | 454,434 | - | 693,096 | - | 159,886 | - | 1,307,416 | - | 1,307,416 |
| Public safety | 3,948,660 | - | 579,068 | - | 1,002,762 | - | - | - | 5,530,490 | - | 5,530,490 |
| Public works | - | - | - | 773,824 | - | - | - | - | 773,824 | 2,777,624 | 3,551,448 |
| Public health and welfare | - | - | 410,508 | - | - | - | - | - | 410,508 | - | 410,508 |
| Recreation and culture | - | 503,454 | - | - | - | 71,660 | - | 305,550 | 880,664 | - | 880,664 |
| Housing and development | - | - | 1,975,007 | - | - | - | - | - | 1,975,007 | - | 1,975,007 |
| Capital outlay | - | - | 480,693 | - | 200,193 | - | - | - | 680,886 | - | 680,886 |
| Debt service | | | | | | | | | | | |
| TOTAL EXPENDITURES | 3,948,660 | 503,454 | 3,899,710 | 773,824 | 1,896,051 | 71,660 | 159,886 | 305,550 | 11,558,795 | 2,777,624 | 14,336,419 |
| EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES | (524,294) | 131,199 | (84,987) | 227,044 | 219,403 | (64,262) | (2,785) | (157,735) | (256,417) | (4,893) | (261,310) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | |
| Sale of county property | - | - | - | - | 12,730 | - | - | - | 12,730 | - | 12,730 |
| Transfers in | - | - | 68,533 | - | 329,368 | 64,262 | - | 157,735 | 619,898 | - | 619,898 |
| Transfers out | - | - | (27,508) | - | (86,228) | - | - | - | (113,736) | - | (113,736) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 41,025 | - | 255,870 | 64,262 | - | 157,735 | 518,892 | - | 518,892 |
| NET CHANGE IN FUND BALANCES | (524,294) | 131,199 | (43,962) | 227,044 | 475,273 | - | (2,785) | - | 262,475 | (4,893) | 257,582 |
| FUND BALANCES, Beginning of year | 948,185 | 335,227 | 18,446 | 559,802 | 1,236,108 | - | 46,083 | - | 3,143,851 | 201,783 | 3,345,634 |
| FUND BALANCES, End of year | $ 423,891 | $ 466,426 | $ (25,516) | $ 786,846 | $ 1,711,381 | $ - | $ 43,298 | $ - | $ 3,406,326 | $ 196,890 | $ 3,603,216 |

# HALL COUNTY, GEORGIA
# EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
# SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 948,185 | $ 948,185 | $ 948,185 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for services | 3,618,411 | 3,618,411 | 3,419,028 | (199,383) |
| Investment income | 9,000 | 9,000 | 2,282 | (6,718) |
| Miscellaneous | 2,800 | 2,800 | 3,056 | 256 |
| Total Resources (Inflows) | 3,630,211 | 3,630,211 | 3,424,366 | (205,845) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 4,578,396 | 4,578,396 | 4,372,551 | (205,845) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Public safety | 4,590,289 | 4,590,289 | 3,948,660 | 641,629 |
| TOTAL CHARGES TO APPROPRIATIONS | 4,590,289 | 4,590,289 | 3,948,660 | 641,629 |
| CHANGE IN FUND BALANCE | (960,078) | (960,078) | (524,294) | 435,784 |
| FUND BALANCE, End of year | $ (11,893) | $ (11,893) | $ 423,891 | $ 435,784 |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
# PARKS SPECIAL REVENUE FUND
# SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 335,227 | $ 335,227 | $ 335,227 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for services | 424,400 | 424,400 | 632,990 | 208,590 |
| Investment income | 9,000 | 9,000 | 1,588 | (7,412) |
| Miscellaneous | 300 | 300 | 75 | (225) |
| Total Resources (Inflows) | 433,700 | 433,700 | 634,653 | 200,953 |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 768,927 | 768,927 | 969,880 | 200,953 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Recreation and culture | 590,412 | 590,412 | 503,454 | 86,958 |
| TOTAL CHARGES TO APPROPRIATIONS | 590,412 | 590,412 | 503,454 | 86,958 |
| CHANGE IN FUND BALANCE | (156,712) | (156,712) | 131,199 | 287,911 |
| FUND BALANCE, End of year | $ 178,515 | $ 178,515 | $ 466,426 | $ 287,911 |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
# MULTIPLE GRANTS SPECIAL REVENUE FUND
# SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 18,446 | $ 18,446 | $ 18,446 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 3,637,828 | 3,746,985 | 3,812,859 | 65,874 |
| Investment income | - | - | (2) | (2) |
| Miscellaneous | - | - | 1,866 | 1,866 |
| Transfer in | 153,000 | 153,000 | 68,533 | (84,467) |
| Total Resources (Inflows) | 3,790,828 | 3,899,985 | 3,883,256 | (16,729) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 3,809,274 | 3,918,431 | 3,901,702 | (16,729) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Judicial | 300,854 | 454,458 | 454,434 | 24 |
| Public safety | 378,223 | 642,232 | 669,723 | (27,491) |
| Public health and welfare | 245,861 | 410,737 | 410,508 | 229 |
| Housing and development | 2,865,890 | 2,392,558 | 2,392,553 | 5 |
| TOTAL CHARGES TO APPROPRIATIONS | 3,790,828 | 3,899,985 | 3,927,218 | (27,233) |
| CHANGE IN FUND BALANCE | - | - | (43,962) | (43,962) |
| FUND BALANCE, End of year | $ 18,446 | $ 18,446 | $ (25,516) | $ (43,962) |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
## SPECIAL ASSESSMENTS SPECIAL REVENUE FUND
## SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 559,802 | $ 559,802 | $ 559,802 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Charges for services | 887,095 | 887,095 | 997,025 | 109,930 |
| Investment income | 6,000 | 6,000 | 3,843 | (2,157) |
| Total Resources (Inflows) | 893,095 | 893,095 | 1,000,868 | 107,773 |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 1,452,897 | 1,452,897 | 1,560,670 | 107,773 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Public works | 893,095 | 893,095 | 773,824 | 119,271 |
| TOTAL CHARGES TO APPROPRIATIONS | 893,095 | 893,095 | 773,824 | 119,271 |
| CHANGE IN FUND BALANCE | - | - | 227,044 | 227,044 |
| FUND BALANCE, End of year | $ 559,802 | $ 559,802 | $ 786,846 | $ 227,044 |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
# RESTRICTED PROGRAM SPECIAL REVENUE FUND
# SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 1,236,108 | $ 1,236,108 | $ 1,236,108 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 695,434 | 703,374 | 611,618 | (91,756) |
| Fines and forfeitures | 521,694 | 530,823 | 1,296,833 | 766,010 |
| Charges for services | 210,203 | 210,203 | 189,742 | (20,461) |
| Contributions and donations | - | 7,086 | 6,926 | (160) |
| Investment income | - | - | 5,335 | 5,335 |
| Miscellaneous | - | 5,000 | 5,000 | - |
| Sale of county property | - | - | 12,730 | 12,730 |
| Transfer in | 267,093 | 267,093 | 329,368 | 62,275 |
| Total Resources (Inflows) | 1,694,424 | 1,723,579 | 2,457,552 | 733,973 |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 2,930,532 | 2,959,687 | 3,693,660 | 733,973 |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Judicial | 677,522 | 773,456 | 779,324 | (5,868) |
| Public safety | 1,222,730 | 1,982,920 | 1,202,955 | 779,965 |
| TOTAL CHARGES TO APPROPRIATIONS | 1,900,252 | 2,756,376 | 1,982,279 | 774,097 |
| CHANGE IN FUND BALANCE | (205,828) | (1,032,797) | 475,273 | 1,508,070 |
| FUND BALANCE, End of year | $ 1,030,280 | $ 203,311 | $ 1,711,381 | $ 1,508,070 |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
## HOTEL/MOTEL TAX SPECIAL REVENUE FUND
## SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ - | $ - | $ - | $ - |
| RESOURCES (INFLOWS) | | | | |
| Taxes | 10,000 | 10,000 | 7,398 | (2,602) |
| Transfer in | 61,660 | 61,660 | 64,262 | 2,602 |
| Total Resources (Inflows) | 71,660 | 71,660 | 71,660 | - |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 71,660 | 71,660 | 71,660 | - |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Recreation and culture | 71,660 | 71,660 | 71,660 | - |
| TOTAL CHARGES TO APPROPRIATIONS | 71,660 | 71,660 | 71,660 | - |
| CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, End of year | $ - | $ - | $ - | $ - |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
## LAW LIBRARY SPECIAL REVENUE FUND
## SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ 46,083 | $ 46,083 | $ 46,083 | $ - |
| RESOURCES (INFLOWS) | | | | |
| Fines and forfeitures | 164,748 | 164,748 | 157,095 | (7,653) |
| Investment income | - | - | 6 | 6 |
| Miscellaneous | 325 | 325 | - | (325) |
| Total Resources (Inflows) | 165,073 | 165,073 | 157,101 | (7,972) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 211,156 | 211,156 | 203,184 | (7,972) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Judicial | 165,073 | 165,073 | 159,886 | 5,187 |
| TOTAL CHARGES TO APPROPRIATIONS | 165,073 | 165,073 | 159,886 | 5,187 |
| CHANGE IN FUND BALANCE | - | - | (2,785) | (2,785) |
| FUND BALANCE, End of year | $ 46,083 | $ 46,083 | $ 43,298 | $ (2,785) |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

# HALL COUNTY, GEORGIA
## ALLEN CREEK SOCCER COMPLEX SPECIAL REVENUE FUND
## SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
## For the Year Ended June 30, 2010

| | BUDGET AMOUNTS ORIGINAL | BUDGET AMOUNTS FINAL | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| FUND BALANCE, Beginning of year | $ - | $ - | $ - | $ - |
| RESOURCES (INFLOWS) | | | | |
| Intergovernmental | 41,330 | 41,330 | 34,371 | (6,959) |
| Charges for services | 104,417 | 104,417 | 113,444 | 9,027 |
| Transfer in | 206,879 | 206,879 | 157,735 | (49,144) |
| Total Resources (Inflows) | 352,626 | 352,626 | 305,550 | (47,076) |
| AMOUNTS AVAILABLE FOR APPROPRIATION | 352,626 | 352,626 | 305,550 | (47,076) |
| CHARGES TO APPROPRIATIONS (OUTFLOWS) | | | | |
| Current Expenditures | | | | |
| Recreation and culture | 352,626 | 352,626 | 305,550 | 47,076 |
| TOTAL CHARGES TO APPROPRIATIONS | 352,626 | 352,626 | 305,550 | 47,076 |
| CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, End of year | $ - | $ - | $ - | $ - |

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

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# INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The following internal service funds are maintained by the County:

**Group Insurance Fund** - to account for charges to other funds and contributions from employees and for the payment of health, disability, and life insurance premiums and benefits.

**Risk Management Fund** - to account for charges to other funds and for the payment of workers' compensation claims, and liability claims.

**HALL COUNTY, GEORGIA**
**COMBINING STATEMENT OF NET ASSETS**
**INTERNAL SERVICE FUNDS**
**June 30, 2010**

| ASSETS | GROUP INSURANCE | RISK MANAGEMENT | TOTAL |
|---|---|---|---|
| Current Assets | | | |
| Cash | $ 894,371 | $ 1,057,124 | $ 1,951,495 |
| Investments | - | 999,380 | 999,380 |
| Prepaid items | 35,867 | 211,985 | 247,852 |
| TOTAL CURRENT ASSETS | 930,238 | 2,268,489 | 3,198,727 |
| TOTAL ASSETS | 930,238 | 2,268,489 | 3,198,727 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | - | 134,800 | 134,800 |
| Other accrued items | - | 283 | 283 |
| Estimated claims payable | 1,023,132 | 547,145 | 1,570,277 |
| TOTAL CURRENT LIABILITIES | 1,023,132 | 682,228 | 1,705,360 |
| Noncurrent Liabilities | | | |
| Estimated claims payable | - | 1,402,855 | 1,402,855 |
| TOTAL NONCURRENT LIABILITIES | - | 1,402,855 | 1,402,855 |
| TOTAL LIABILITIES | 1,023,132 | 2,085,083 | 3,108,215 |
| NET ASSETS | | | |
| Unrestricted | (92,894) | 183,406 | 90,512 |
| TOTAL NET ASSETS | $ (92,894) | $ 183,406 | $ 90,512 |

**HALL COUNTY, GEORGIA**
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**
**INTERNAL SERVICE FUNDS**
**For the Year Ended June 30, 2010**

| | GROUP INSURANCE | RISK MANAGEMENT | TOTAL |
|---|---|---|---|
| OPERATING REVENUES | | | |
| Charges for sales and services: | | | |
| Charges to other funds | $ 14,773,315 | $ 2,113,215 | $ 16,886,530 |
| Employee contributions | 2,003,803 | - | 2,003,803 |
| Total Operating Revenues | 16,777,118 | 2,113,215 | 18,890,333 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | - | 30,715 | 30,715 |
| Other services and charges | - | 44,434 | 44,434 |
| Benefit claims | 13,361,674 | 1,284,553 | 14,646,227 |
| General and administrative | 2,820,589 | - | 2,820,589 |
| Insurance premiums | - | 1,036,237 | 1,036,237 |
| Total Operating Expenses | 16,182,263 | 2,395,939 | 18,578,202 |
| OPERATING INCOME (LOSS) | 594,855 | (282,724) | 312,131 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 8,987 | 9,705 | 18,692 |
| Total Nonoperating Revenues (Expenses) | 8,987 | 9,705 | 18,692 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 603,842 | (273,019) | 330,823 |
| CHANGE IN NET ASSETS | 603,842 | (273,019) | 330,823 |
| TOTAL NET ASSETS, Beginning of year | (696,736) | 456,425 | (240,311) |
| TOTAL NET ASSETS, End of year | $ (92,894) | $ 183,406 | $ 90,512 |

# HALL COUNTY, GEORGIA
# COMBINING STATEMENT OF CASH FLOWS
# INTERNAL SERVICE FUNDS
## For the Year Ended June 30, 2010

| CASH FLOWS FROM OPERATING ACTIVITIES | GROUP INSURANCE | RISK MANAGEMENT | TOTAL |
|---|---|---|---|
| Receipts from customer | $ 2,003,803 | $ - | $ 2,003,803 |
| Payments to suppliers | (16,828,220) | (2,334,226) | (19,162,446) |
| Payments to employees | 194,467 | 59,274 | 253,741 |
| Internal activity-payments from (to) other funds | 14,773,315 | 2,113,215 | 16,886,530 |
| Net cash provided by (used in) operating activities | 143,365 | (161,737) | (18,372) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment earnings | 8,985 | 9,597 | 18,582 |
| Purchase of investments | (1) | (2,275,501) | (2,275,502) |
| Proceeds from sale of investments | 2 | 2,042,828 | 2,042,830 |
| Net cash provided (used) by investing activities | 8,986 | (223,076) | (214,090) |
| Net increase (decrease) in cash and cash equivalents | 152,351 | (384,813) | (232,462) |
| CASH, Beginning of year | 742,020 | 1,441,937 | 2,183,957 |
| CASH, End of year | $ 894,371 | $ 1,057,124 | $ 1,951,495 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | $ 594,855 | $ (282,724) | $ 312,131 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| (Increase) decrease in: | | | |
| Prepaid expenses | (3,457) | (4,158) | (7,615) |
| Increase (decrease) in: | | | |
| Accounts payable | - | 35,156 | 35,156 |
| Compensated absences | 1 | - | 1 |
| Other accrued items | (7,855) | (11) | (7,866) |
| Claims payable | 202,321 | 90,000 | 292,321 |
| Due to other funds | (642,500) | - | (642,500) |
| Net cash provided by (used in) operating activities | $ 143,365 | $ (161,737) | $ (18,372) |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES | | | |
| Net unrealized gain (loss) on investments | $ 2 | $ 108 | $ 110 |

# FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. Agency funds maintained by theCounty are as follows:

**Tax Commissioner** - to account for the collection of property taxes, motor vehicle tag and title fees and mobile home fees, etc. which are disbursed to various taxing units.

**Clerk of Superior Court** - to account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, recording of intangibles, fees, civil awards, etc. which are disbursed to other parties.

**Probate Court** - to account for the collection of fees for a probate of wills, administration of estates, issuance of marriage licenses, and maintenance of other vital records which are disbursed to other parties.

**Magistrate Court** - to account for the collection of fees in jurisdiction of small claims courts which are disbursed to other parties.

**Juvenile Court** - to account for the collection of probation supervision fees which are disbursed to other parties.

**Sheriff** - to account for the collection of cash bonds, fines, forfeitures, fifas, etc. which are disbursed to other parties.

**Inmate Fund** - to account for the collection and disbursements of cash for the benefit of the inmates incarcerated at the Hall County Detention Center.

# HALL COUNTY, GEORGIA
## COMBINING STATEMENT OF ASSETS AND LIABILITIES
## ALL AGENCY FUNDS
## June 30, 2010

| | TAX COMMISSIONER | CLERK OF SUPERIOR COURT | PROBATE COURT | MAGISTRATE COURT | JUVENILE COURT | SHERIFF | INMATE FUND | TOTAL |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | $ 416,433 | $ 1,258,779 | $ 903,395 | $ 171,928 | $ 43,228 | $ 639,942 | $ 134,581 | $ 3,568,286 |
| TOTAL ASSETS | 416,433 | 1,258,779 | 903,395 | 171,928 | 43,228 | 639,942 | 134,581 | 3,568,286 |
| LIABILITIES | | | | | | | | |
| Amounts held for others | 416,433 | 1,258,779 | 903,395 | 171,928 | 43,228 | 639,942 | 134,581 | 3,568,286 |
| TOTAL LIABILITIES | $ 416,433 | $ 1,258,779 | $ 903,395 | $ 171,928 | $ 43,228 | $ 639,942 | $ 134,581 | $ 3,568,286 |

# HALL COUNTY, GEORGIA
## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
## ALL AGENCY FUNDS
## For the Year Ended June 30, 2010

| | TAX COMMISSIONER | CLERK OF SUPERIOR COURT | PROBATE COURT | MAGISTRATE COURT | JUVENILE COURT | SHERIFF | INMATE FUND | TOTAL |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Cash | | | | | | | | |
| Balance, July 1, 2009 | $ 766,353 | $ 1,727,866 | $ 907,533 | $ 125,867 | $ 45,145 | $ 881,267 | $ 117,442 | $ 4,571,473 |
| Additions | 148,678,219 | 10,125,318 | 439,671 | 1,108,253 | 114,098 | 671,970 | 1,790,446 | 162,927,975 |
| Deductions | (149,028,139) | (10,594,405) | (443,809) | (1,062,192) | (116,015) | (913,295) | (1,773,307) | (163,931,162) |
| Balance, June 30, 2010 | 416,433 | 1,258,779 | 903,395 | 171,928 | 43,228 | 639,942 | 134,581 | 3,568,286 |
| TOTAL ASSETS | $ 416,433 | $ 1,258,779 | $ 903,395 | $ 171,928 | $ 43,228 | $ 639,942 | $ 134,581 | $ 3,568,286 |
| LIABILITIES | | | | | | | | |
| Due to County | | | | | | | | |
| Balance, July 1, 2009 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Additions | 59,757,528 | 6,117,984 | 181,426 | 445,551 | 31,077 | 192,218 | 15,785 | 66,741,569 |
| Deductions | (59,757,528) | (6,117,984) | (181,426) | (445,551) | (31,077) | (192,218) | (15,785) | (66,741,569) |
| Balance,, June 30, 2010 | - | - | - | - | - | - | - | - |
| Amounts held for others | | | | | | | | |
| Balance, July 1, 2009 | 766,353 | 1,727,866 | 907,533 | 125,867 | 45,145 | 881,267 | 117,442 | 4,571,473 |
| Additions | 88,920,691 | 4,007,334 | 258,245 | 662,702 | 83,021 | 479,752 | 1,774,661 | 96,186,406 |
| Deductions | (89,270,611) | (4,476,421) | (262,383) | (616,641) | (84,938) | (721,077) | (1,757,522) | (97,189,593) |
| Balance, June 30, 2010 | 416,433 | 1,258,779 | 903,395 | 171,928 | 43,228 | 639,942 | 134,581 | 3,568,286 |
| Total Liabilities | | | | | | | | |
| Balance, July 1, 2009 | 766,353 | 1,727,866 | 907,533 | 125,867 | 45,145 | 881,267 | 117,442 | 4,571,473 |
| Additions | 148,678,219 | 10,125,318 | 439,671 | 1,108,253 | 114,098 | 671,970 | 1,790,446 | 162,927,975 |
| Deductions | (149,028,139) | (10,594,405) | (443,809) | (1,062,192) | (116,015) | (913,295) | (1,773,307) | (163,931,162) |
| TOTAL LIABILITIES | $ 416,433 | $ 1,258,779 | $ 903,395 | $ 171,928 | $ 43,228 | $ 639,942 | $ 134,581 | $ 3,568,286 |

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**HALL COUNTY, GEORGIA**
**OTHER SUPPLEMENTAL INFORMATION**
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX**
**Year Ended June 30, 2010**

| PROJECT | ORIGINAL ESTIMATED COSTS | CURRENT ESTIMATED COSTS | EXPENDITURES PRIOR YEARS | EXPENDITURES CURRENT YEAR |
|---|---|---|---|---|
| **SPLOST IV (effective July 1, 2000)** | | | | |
| Road Projects | $ 42,000,000 | $ 38,254,052 | $ 38,254,052 | $ - |
| Water Projects | 29,000,000 | 23,094,229 | 20,077,968 | - |
| Sewer Projects | 39,000,000 | 29,564,264 | 29,303,211 | 261,053 |
| Park and Leisure Projects | 18,000,000 | 18,443,680 | 18,423,720 | - |
| Fire Stations | 12,000,000 | 9,831,018 | 7,951,015 | - |
| Intergovernmental Allocations: | | | | |
| Clermont | 376,272 | 288,767 | 288,766 | - |
| Flowery Branch | 1,170,864 | 898,570 | 931,021 | - |
| Gainesville - included in the above projects | | | 1,450,000 | - |
| Gillsville | 108,778 | 83,481 | 83,481 | - |
| Lula | 952,848 | 731,255 | 731,255 | - |
| Oakwood | 1,366,902 | 1,051,320 | 1,051,320 | - |
| Buford | 24,336 | - | - | - |
| TOTAL SPLOST IV | $ 144,000,000 | $ 122,240,636 | $ 118,545,809 | $ 261,053 |
| **SPLOST V (effective July 1, 2004)** | | | | |
| Road Projects | $ 40,300,000 | $ 40,300,000 | $ 29,777,520 | $ 2,212,731 |
| Water and Sewer Projects | 1,000,000 | 5,670,580 | 5,670,580 | - |
| Recreational Facilities | 8,500,000 | 8,500,000 | 4,611,631 | 1,317,668 |
| New Detention Center | 54,000,000 | 81,153,921 | 81,153,921 | 10,652,525 |
| New Fire Station | 5,200,000 | 5,200,000 | - | - |
| 800 MHZ Radio System | 16,000,000 | 16,000,000 | 15,776,635 | - |
| Landfill improvement | 8,500,000 | 8,500,000 | 1,411,562 | 2,811,995 |
| Library | 4,000,000 | 4,000,000 | 527,284 | - |
| Municipal Projects | | | | |
| Braselton | 6,085 | 6,085 | 13,664 | - |
| Buford | 26,977 | - | - | - |
| Clermont | 110,819 | 110,819 | 107,018 | - |
| Flowery Branch | 477,658 | 477,658 | 453,632 | - |
| Gainesville | 6,764,982 | 6,764,982 | 6,532,908 | - |
| Gillsville | 44,169 | 44,169 | - | 39,979 |
| Lula | 358,112 | 358,112 | 345,827 | - |
| Oakwood | 711,198 | 711,198 | 704,291 | - |
| TOTAL SPLOST V | $ 146,000,000 | $ 177,797,524 | $ 147,086,473 | $ 17,034,898 |

**HALL COUNTY, GEORGIA**
**OTHER SUPPLEMENTAL INFORMATION**
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX**
**Year Ended June 30, 2010**

| PROJECT | ORIGINAL ESTIMATED COSTS | CURRENT ESTIMATED COSTS | EXPENDITURES CURRENT YEAR |
|---|---|---|---|
| **SPLOST VI (effective July 1, 2009)** | | | |
| **COUNTY PROJECTS** | | | |
| Road Projects | $ 68,000,000 | $ 68,000,000 | $ 2,896,885 |
| Water and Sewer Projects | 53,037,000 | 57,037,000 | 11,123,975 |
| Landfill | 4,000,000 | | - |
| Recreational Facilities | 21,000,000 | 21,000,000 | 2,872,270 |
| Courthouse and Administration Building Projects | 17,000,000 | 17,000,000 | - |
| Fire and Emergency Projects | 4,000,000 | 4,000,000 | - |
| Public Safety Facilities | 10,000,000 | 10,000,000 | - |
| Public Health Facility | 5,000,000 | 5,000,000 | - |
| Correctional Institution/Animal Care Facility | 5,000,000 | 5,000,000 | 662,328 |
| Post Office | 3,000,000 | 3,000,000 | - |
| Library Facility | 3,000,000 | 3,000,000 | 77,460 |
| Welcome Center | 1,500,000 | 1,500,000 | - |
| Airport | 500,000 | 500,000 | - |
| **Subtotal County Projects** | 195,037,000 | 195,037,000 | 17,632,918 |
| **MUNICIPAL PROJECTS** | | | |
| **City of Braselton** | | | |
| Sidewalks | 32,000 | 32,000 | 3,176 |
| **City of Buford** | | | |
| Road Paving | 141,000 | 141,000 | 14,019 |
| **City of Clermont** | | | |
| Municipal Buildings | 550,000 | 550,000 | 54,726 |
| Parks | 150,000 | 150,000 | 14,925 |
| Streets & Sidewalks | 250,000 | 250,000 | 24,876 |
| Subtotal | 950,000 | 950,000 | 94,527 |
| **City of Flowery Branch** | | | |
| Cinnamon Cove Lift Station & Force Main Line | 1,300,000 | 1,300,000 | 129,368 |
| 9 Police Cars (over 6 years) | 200,000 | 200,000 | 19,903 |
| Road Resurfacing and Sidewalks | 500,000 | 500,000 | 49,757 |
| City Administration Real Estate/Buildings | 500,000 | 500,000 | 49,757 |
| Subtotal | 2,500,000 | 2,500,000 | 248,784 |
| **City of Gainesville** | | | |
| Previously Incurred Debt | 7,500,000 | 7,500,000 | 746,329 |
| New Public Safety Facility | 13,000,000 | 13,000,000 | 1,293,637 |
| Fire Station Replacement | 6,500,000 | 6,500,000 | 646,818 |
| Transportation | 2,500,000 | 2,500,000 | 248,776 |
| Downtown Streetscape | 3,000,000 | 3,000,000 | 298,532 |
| Parks & Recreation | 3,000,000 | 3,000,000 | 298,532 |
| Subtotal | 35,500,000 | 35,500,000 | 3,532,624 |
| **City of Gillsville** | | | |
| Road Improvements | 40,000 | 40,000 | 3,981 |
| Community Park Upgrades | 95,000 | 95,000 | 9,454 |
| Downtown Improvements | 105,000 | 105,000 | 10,449 |
| Subtotal | 240,000 | 240,000 | 23,883 |
| **City of Lula** | | | |
| Road Resurfacing | 300,000 | 300,000 | 29,854 |
| Parks & Recreation | 300,000 | 300,000 | 29,854 |
| Water System and Sewer Projects | 1,300,000 | 1,300,000 | 129,369 |
| Subtotal | 1,900,000 | 1,900,000 | 189,078 |
| **City of Oakwood** | | | |
| Infrastructure Projects | 1,500,000 | 1,500,000 | 149,269 |
| Transportation Project | 200,000 | 200,000 | 19,902 |
| Transportation Project | 1,200,000 | 1,200,000 | 119,415 |
| Sewer Project | 800,000 | 800,000 | 79,610 |
| Subtotal | 3,700,000 | 3,700,000 | 368,196 |
| TOTAL SPLOST VI | $ 472,427,000 | $ 472,427,000 | $ 22,107,205 |

## STATISTICAL SECTION

This part of the county's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

**Contents** **Table**


Financial Trends

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

| | |
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| Changes in Net Assets | 2 |
| Fund Balances of Governmental Funds | 3 |
| Changes in Fund Balances of Governmental Funds | 4 |
| General Governmental Tax Revenues by Source | 5 |

Revenue Capacity

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax and another significant local revenue source, sales taxes.*

| | |
|---|---|
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| Property Tax Rates (Direct and Overlapping Governments) | 7 |
| Principal Property Taxpayers | 8 |
| Property Tax Levies and Collections | 9 |
| Taxable Sales and Sales Taxes | 10 |

Debt Capacity

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

| | |
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| Ratios of Outstanding Debt by Type | 11 |
| Ratios of Net General Bonded Debt Outstanding | 12 |
| Direct and Overlapping Bonded Debt | 13 |
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Demographic and Economic Information

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

Demographic and Economic Statistics 16
Principal Employers 17

Operating Information

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

Full-Time Equivalent County Government Employees by Function 18
Operating Indicators by Function 19
Capital Asset Statistics by Function 20

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

Note: Tables may not add and may differ from basic financial statements due to rounding.

**HALL COUNTY, GEORGIA**
**NET ASSETS BY COMPONENT**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| GOVERNMENTAL ACTIVITIES | | | | | | | | |
| Invested in capital assets, net of related debt | $ 115,401 | $ 338,119 | $ 340,878 | $ 359,038 | $ 403,769 | $ 125,119 | $ 390,642 | $ 393,603 |
| Restricted: | | | | | | | | |
| Capital outlay | - | - | - | - | 20,604 | 8,761 | 13,680 | 13,200 |
| Debt service | - | - | 605 | 9,903 | 10,923 | 2,706 | 10,695 | - |
| Impact fee projects | - | - | - | - | 6,148 | 5,898 | 4,106 | 3,032 |
| Other programs | - | 26,394 | 49,971 | 44,440 | 5,973 | 6,355 | 4,796 | 5,563 |
| Unrestricted: | 42,266 | 38,235 | 20,778 | 21,931 | 16,139 | 346,120 | 7,004 | (11,948) |
| Total governmental activities net assets | $ 157,667 | $ 402,748 | $ 412,232 | $ 435,312 | $ 463,556 | $ 494,959 | $ 430,923 | $ 403,450 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | |
| Invested in capital assets, net of related debt | $ 48,351 | $ 49,404 | $ 54,522 | $ 24,934 | $ 31,419 | $ 41,859 | $ 47,183 | $ 61,405 |
| Restricted | - | - | - | - | - | - | - | - |
| Unrestricted | 5,058 | 21,857 | 21,119 | 13,689 | 12,346 | 10,883 | 10,494 | 8,314 |
| Total business-type activities net assets | $ 53,409 | $ 71,261 | $ 75,641 | $ 38,623 | $ 43,765 | $ 52,742 | $ 57,677 | $ 69,719 |
| PRIMARY GOVERNMENT | | | | | | | | |
| Invested in capital assets, net of related debt | $ 163,752 | $ 387,523 | $ 395,400 | $ 383,972 | $ 435,188 | $ 166,978 | $ 437,825 | $ 455,008 |
| Restricted | - | 26,394 | 50,576 | 54,343 | 43,648 | 23,720 | 33,277 | 21,795 |
| Unrestricted | 47,324 | 60,092 | 41,897 | 35,620 | 28,485 | 357,003 | 17,498 | (3,634) |
| Total primary government net assets | $ 211,076 | $ 474,009 | $ 487,873 | $ 473,935 | $ 507,321 | $ 547,701 | $ 488,600 | $ 473,169 |

The County adopted GASB 34 in 2003. Data for years prior to this are not available.
The County implemented retroactive infrastructure reporting in 2004.

**HALL COUNTY, GEORGIA**
**CHANGES IN NET ASSETS**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| EXPENSES | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | $ 14,004 | $ 13,394 | $ 13,868 | $ 15,203 | $ 19,195 | $ 16,964 | $ 20,350 | $ 17,275 |
| Judicial | 9,267 | 10,485 | 13,100 | 14,459 | 14,330 | 15,846 | 16,738 | 18,404 |
| Public health and welfare | 3,051 | 3,914 | 1,980 | 2,430 | 3,483 | 3,511 | 3,905 | 3,501 |
| Public safety | 43,765 | 48,062 | 50,903 | 54,600 | 54,972 | 68,089 | 71,870 | 78,047 |
| Public works | 8,523 | 15,556 | 16,844 | 18,113 | 17,970 | 18,153 | 25,211 | 27,153 |
| Recreation and culture | 4,723 | 5,435 | 5,062 | 8,158 | 5,710 | 8,351 | 7,267 | 7,602 |
| Housing and development | 2,803 | 3,649 | 3,751 | 4,015 | 4,555 | 5,564 | 5,057 | 5,389 |
| Interest on long-term debt | 217 | 121 | 186 | (85) | 1,846 | 643 | 671 | 330 |
| Total governmental activities expenses | 86,353 | 100,616 | 105,694 | 116,893 | 122,061 | 137,121 | 151,069 | 157,701 |
| Business-type activities: | | | | | | | | |
| Solid Waste | 5,687 | 5,320 | 5,328 | 5,379 | 5,307 | 5,717 | 5,905 | 5,568 |
| Water and sewer utilities | 302 | 371 | 863 | 37,715 | 70 | 2,108 | 1,581 | 2,921 |
| Total business-type activities expenses | 5,989 | 5,691 | 6,191 | 43,094 | 5,377 | 7,825 | 7,486 | 8,489 |
| Total primary government expenses | $ 92,342 | $ 106,307 | $ 111,885 | $ 159,987 | $ 127,438 | $ 144,946 | $ 158,555 | $ 166,190 |
| PROGRAM REVENUES | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| General government | $ 4,644 | $ 4,048 | $ 5,505 | $ 4,472 | $ 4,678 | $ 5,020 | $ 4,985 | $ 4,786 |
| Judicial | 5,679 | 6,024 | 2,925 | 6,697 | 4,560 | 6,899 | 6,627 | 5,939 |
| Public health and welfare | 7 | - | 7 | 1 | - | - | - | - |
| Public safety | 6,817 | 7,177 | 6,985 | 9,428 | 8,205 | 9,915 | 14,691 | 17,514 |
| Public works | 502 | 505 | 569 | 592 | 738 | 930 | 890 | 986 |
| Recreation and culture | 1,136 | 1,653 | 880 | 2,588 | 1,039 | 1,013 | 953 | 1,008 |
| Housing and development | 1,347 | 1,027 | 1,132 | 1,453 | 3,409 | 1,668 | 910 | 507 |
| Total charges for services | 20,132 | 20,434 | 18,003 | 25,231 | 22,629 | 25,445 | 29,056 | 30,740 |
| Operating grants and contributions | 2,496 | 4,148 | 3,967 | 4,623 | 4,266 | 6,762 | 4,317 | 5,402 |
| Capital grants and contributions | 13,916 | 7,978 | 6,270 | 9,101 | 18,090 | 17,946 | 12,847 | 4,977 |
| Total governmental activities program revenues | 36,544 | 32,560 | 28,240 | 38,955 | 44,985 | 50,153 | 46,220 | 41,119 |
| Business-type activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| Solid Waste | 4,643 | 4,794 | 4,950 | 5,292 | 5,085 | 5,767 | 5,466 | 5,175 |
| Water and sewer utilities | 26 | 39 | 28 | 34 | 27 | 290 | 961 | 925 |
| Total charges for services | 4,669 | 4,833 | 4,978 | 5,326 | 5,112 | 6,057 | 6,427 | 6,100 |
| Operating grants and contributions | - | - | - | 75 | 25 | 5 | - | - |
| Capital grants and contributions | 143 | 25 | 245 | - | - | 12,374 | 1,104 | 87 |
| Total business-type activities program revenues | 4,812 | 4,858 | 5,223 | 5,401 | 5,137 | 18,436 | 7,531 | 6,187 |
| Total primary government program revenues | $ 41,356 | $ 37,418 | $ 33,463 | $ 44,356 | $ 50,122 | $ 68,589 | $ 53,751 | $ 47,306 |

**HALL COUNTY, GEORGIA**
**CHANGES IN NET ASSETS**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Net (expense)/revenue | | | | | | | | |
| Governmental activities | $ (49,809) | $ (68,056) | $ (77,454) | $ (77,454) | $ (77,076) | $ (86,968) | $ (104,849) | $ (116,582) |
| Business-type activities | (1,177) | (833) | (968) | (968) | (240) | 10,611 | 45 | (2,302) |
| Total primary government net expense | $ (50,986) | $ (68,889) | $ (78,422) | $ (78,422) | $ (77,316) | $ (76,357) | $ (104,804) | $ (118,884) |
| GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Taxes | | | | | | | | |
| Property Taxes | $ 32,900 | $ 34,741 | $ 37,177 | $ 39,513 | $ 42,400 | $ 48,977 | $ 50,679 | $ 53,395 |
| Sales Taxes | 37,995 | 41,267 | 43,317 | 49,696 | 51,744 | 51,438 | 45,246 | 41,938 |
| Insurance premium tax | 3,807 | 4,083 | 4,418 | 4,717 | 4,944 | 5,198 | 5,325 | 5,249 |
| Real estate and recording taxes | 2,758 | 3,044 | 2,789 | 3,161 | 3,391 | 2,259 | 1,318 | 1,074 |
| Other taxes | 599 | 1,406 | 1,417 | 1,491 | 1,530 | 1,560 | 1,502 | 1,478 |
| Total taxes | 78,059 | 84,541 | 89,118 | 98,578 | 104,009 | 109,432 | 104,070 | 103,134 |
| Unrestricted grants and contributions | 2,072 | 1,860 | 1,931 | 2,042 | 2,071 | 2,029 | 2,107 | 6 |
| Investment earnings | 2,025 | 789 | 1,436 | 3,965 | 4,440 | 2,076 | 553 | 108 |
| Miscellaneous | 3 | - | - | - | - | - | - | - |
| Gain on sale of capital assets | (1,374) | 689 | 1,635 | 107 | - | 1,816 | 71 | 15 |
| Transfers | (15,667) | (16,944) | (5,231) | (559) | (5,200) | 1,828 | (4,286) | (14,196) |
| Total governmental activities | 65,118 | 70,935 | 88,889 | 104,133 | 105,320 | 117,181 | 102,515 | 89,067 |
| Business-type activities: | | | | | | | | |
| Investment earnings | 606 | 1,743 | 112 | 117 | 181 | 194 | 65 | 33 |
| Gain on sale of capital assets | (12) | - | 5 | - | - | - | (541) | - |
| Transfers | 15,667 | 16,944 | 5,231 | 559 | 5,200 | (1,828) | 4,286 | 14,196 |
| Total business-type activities | 16,261 | 18,687 | 5,348 | 676 | 5,381 | (1,634) | 3,810 | 14,229 |
| Total primary government | $ 81,379 | $ 89,622 | $ 94,237 | $ 104,809 | $ 110,701 | $ 115,547 | $ 106,325 | $ 103,296 |
| CHANGE IN NET ASSETS | | | | | | | | |
| Governmental activities | $ 15,309 | $ 2,879 | $ 11,435 | $ 26,679 | $ 28,244 | $ 30,213 | $ (2,334) | $ (27,515) |
| Business-type activities | 15,084 | 17,854 | 4,380 | (292) | 5,141 | 8,977 | 3,855 | 11,927 |
| Total primary government | $ 30,393 | $ 20,733 | $ 15,815 | $ 26,387 | $ 33,385 | $ 39,190 | $ 1,521 | $ (15,588) |

The County adopted GASB 34 in 2003. Data for years prior to this are not available.

**HALL COUNTY, GEORGIA**
**FUND BALANCES OF GOVERNMENTAL FUNDS**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| General fund | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Prepaid expenditures | $ 132 | $ 20 | $ 346 | $ 351 | $ 587 | $ 471 | $ 66 | $ 838 | $ 20 | $ 279 |
| Encumbrances | 428 | 195 | - | - | - | 127 | 127 | 181 | 27 | 313 |
| Other programs | 1,469 | - | - | - | - | - | - | - | - | (1) |
| Total reserved | 2,029 | 215 | 346 | 351 | 587 | 598 | 193 | 1,019 | 591 | 591 |
| Unreserved | 16,736 | 16,280 | 11,519 | 11,124 | 11,853 | 14,535 | 15,320 | 8,269 | 6,580 | 7,457 |
| Total general fund | $ 18,765 | $ 16,495 | $ 11,865 | $ 11,475 | $ 12,440 | $ 15,133 | $ 15,513 | $ 9,288 | $ 7,171 | $ 8,048 |
| All other governmental funds | | | | | | | | | | |
| Reserved: | | | | | | | | | | |
| Prepaid expenditures | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Encumbrances | - | - | - | - | - | - | 787 | 182 | 233 | 5,291 |
| Capital outlay | 36,381 | 30,250 | 26,627 | 25,194 | 81,276 | 77,136 | 20,604 | 17,786 | 20,720 | 19,735 |
| Debt service | - | - | - | - | 605 | 10,405 | 10,923 | 11,290 | 10,848 | - |
| Other programs | 776 | 70 | 132 | 1,238 | 6 | 96 | 6,148 | 5,898 | 4,106 | 7,948 |
| Total reserved | 37,157 | 30,320 | 26,759 | 26,432 | 81,887 | 87,637 | 38,462 | 32,546 | 32,974 | 32,974 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 7,381 | 12,083 | 12,068 | 11,693 | 9,688 | 5,220 | 6,010 | 6,391 | 4,827 | 5,450 |
| Capital projects funds | 3,982 | 8,825 | 9,518 | 7,446 | 5,908 | 152 | 183 | 1,122 | 202 | (17,823) |
| Total unreserved | 11,363 | 20,908 | 21,586 | 19,139 | 15,596 | 5,372 | 6,193 | 7,513 | 5,029 | (12,373) |
| Total all other governmental funds | $ 48,520 | $ 51,228 | $ 48,345 | $ 45,571 | $ 97,483 | $ 93,009 | $ 44,655 | $ 40,059 | $ 38,003 | $ 20,601 |
| Total reserved | $ 39,186 | $ 30,535 | $ 27,105 | $ 26,783 | $ 82,474 | $ 88,235 | $ 38,655 | $ 33,565 | $ 33,565 | $ 33,565 |
| Total unreserved | $ 28,099 | $ 37,188 | $ 33,105 | $ 30,263 | $ 27,449 | $ 19,907 | $ 21,513 | $ 15,782 | $ 11,609 | $ (4,916) |
| Total all funds | $ 67,285 | $ 67,723 | $ 60,210 | $ 57,046 | $109,923 | $108,142 | $ 60,168 | $ 49,347 | $ 45,174 | $ 28,649 |

**HALL COUNTY, GEORGIA**
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| REVENUES | | | | | | | | | | |
| Taxes (see table 5) | $ 75,953 | $ 80,549 | $ 78,815 | $ 84,509 | $ 88,715 | $ 98,567 | $ 104,167 | $ 108,924 | $ 103,539 | $ 102,949 |
| Licenses and permits | 2,141 | 2,189 | 2,228 | 3,115 | 3,645 | 4,612 | 4,777 | 3,107 | 2,238 | 1,658 |
| Fines and forfeitures | 3,570 | 4,391 | 4,271 | 4,669 | 4,964 | 4,202 | 5,028 | 5,564 | 4,732 | 4,844 |
| Charges for services | 9,405 | 9,595 | 11,909 | 12,739 | 13,162 | 15,498 | 15,311 | 17,028 | 21,765 | 24,205 |
| Investment earnings | 3,675 | 2,955 | 1,899 | 550 | 1,496 | 3,877 | 4,331 | 1,967 | 419 | 94 |
| Intergovernmental | 6,890 | 6,137 | 7,407 | 8,638 | 7,714 | 7,400 | 7,794 | 10,447 | 8,852 | 8,798 |
| Miscellaneous | 161 | 106 | 248 | 138 | 115 | 260 | 108 | 371 | 194 | 108 |
| Total revenues | 101,795 | 105,922 | 106,777 | 114,358 | 119,811 | 134,416 | 141,516 | 147,408 | 141,739 | 142,656 |
| EXPENDITURES | | | | | | | | | | |
| General government | 11,790 | 14,233 | 13,693 | 13,021 | 13,506 | 15,041 | 17,335 | 17,043 | 18,233 | 15,419 |
| Judicial | 6,888 | 7,949 | 9,201 | 9,650 | 12,032 | 13,800 | 13,384 | 15,069 | 15,368 | 14,970 |
| Public works | 4,743 | 5,354 | 6,840 | 7,774 | 6,761 | 7,062 | 8,054 | 7,643 | 12,635 | 11,275 |
| Public health and welfare | 2,248 | 2,786 | 2,818 | 3,703 | 1,759 | 2,209 | 3,275 | 3,287 | 3,604 | 3,131 |
| Public safety | 32,906 | 37,271 | 42,161 | 45,343 | 48,180 | 51,800 | 52,029 | 62,946 | 62,684 | 61,495 |
| Recreation and culture | 1,864 | 2,658 | 4,404 | 4,223 | 4,518 | 7,677 | 5,151 | 7,691 | 6,247 | 6,132 |
| Housing and development | - | - | 2,738 | 3,176 | 3,307 | 3,522 | 4,092 | 5,189 | 4,635 | 4,932 |
| Intergovernmental | 1,230 | 1,193 | 815 | 842 | 2,796 | 2,444 | 4,484 | 2,477 | 2,400 | 4,786 |
| Capital Outlay | 36,318 | 25,786 | 15,227 | 12,994 | 14,923 | 32,566 | 64,093 | 26,631 | 10,205 | 13,790 |
| Principal on long-term debt | 675 | 712 | - | 828 | 480 | 178 | 9,982 | 10,171 | 10,344 | 11,030 |
| Interest on long-term debt | 303 | 206 | - | 121 | 93 | 62 | 2,482 | 1,280 | 847 | 430 |
| Other debt service payments | - | - | - | - | 266 | - | - | - | - | - |
| Total expenditures | 98,965 | 98,148 | 97,897 | 101,675 | 108,621 | 136,361 | 184,361 | 159,427 | 147,202 | 147,390 |
| Excess of revenues over (under) expenditures | 2,830 | 7,774 | 8,880 | 12,683 | 11,190 | (1,945) | (42,845) | (12,019) | (5,463) | (4,734) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | 5,914 | 5,646 | 4,315 | 6,338 | 6,389 | 6,422 | 3,107 | 7,164 | 1,124 | 647 |
| Transfers out | (7,605) | (8,192) | (19,982) | (23,282) | (8,362) | (6,918) | (8,307) | (5,336) | (5,411) | (14,843) |
| Issuance of bond debt | - | - | - | - | 40,325 | - | - | - | 103 | - |
| Premium on bonds issued | - | - | - | - | 1,960 | - | - | - | - | - |
| Proceeds from installment sale | - | 703 | - | - | - | - | - | - | - | - |
| Proceeds from capital leases | - | - | - | - | - | - | - | 134 | - | - |
| Sale of capital assets | 4 | 4,590 | 1,301 | 1,095 | 1,677 | 659 | 72 | 1,846 | 71 | 15 |
| Total other financing sources (uses) | (1,687) | 2,747 | (14,366) | (15,849) | 41,989 | 163 | (5,128) | 3,808 | (4,113) | (14,181) |
| Net change in fund balances | $ 1,143 | $ 10,521 | $ (5,486) | $ (3,166) | $ 53,179 | $ (1,782) | $ (47,973) | $ (8,211) | $ (9,576) | $ (18,915) |
| Debt service as a percentage of noncapital expenditures | 1.6% | 1.3% | 0.0% | 1.1% | 0.9% | 0.2% | 10.4% | 8.6% | 8.2% | 8.6% |

**HALL COUNTY, GEORGIA**
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**
**(amounts expressed in thousands)**

| Fiscal Year | Property Taxes | Special Local Option Sales Tax (SPLOST) | Local Option Sales Tax (LOST) | Insurance Premium Tax | Real Estate & recording taxes | Other Taxes | Total |
|---|---|---|---|---|---|---|---|
| 2001 | $ 32,331 | $ 21,902 | $ 16,685 | $ 2,860 | $ 1,515 | $ 660 | $ 75,953 |
| 2002 | 35,752 | 21,896 | 16,772 | 3,448 | 2,051 | 630 | 80,549 |
| 2003 | 33,655 | 21,572 | 16,423 | 3,807 | 2,759 | 599 | 78,815 |
| 2004 | 34,709 | 23,478 | 17,789 | 4,083 | 3,044 | 1,406 | 84,509 |
| 2005 | 36,474 | 24,592 | 18,725 | 4,718 | 2,789 | 1,417 | 88,715 |
| 2006 | 39,502 | 28,288 | 21,408 | 4,717 | 3,161 | 1,491 | 98,567 |
| 2007 | 42,557 | 29,457 | 22,288 | 4,944 | 3,391 | 1,530 | 104,167 |
| 2008 | 48,470 | 29,290 | 22,148 | 5,198 | 2,259 | 1,559 | 108,924 |
| 2009 | 50,149 | 25,791 | 19,455 | 5,325 | 1,318 | 1,501 | 103,539 |
| 2010 | $ 53,211 | $ 23,893 | $ 18,045 | $ 5,249 | $ 1,074 | $ 1,477 | $ 102,949 |

**HALL COUNTY, GEORGIA**
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**
**(amounts expressed in thousands)**

| Fiscal Year | Tax Year | Real Property | | | | Personal Property | | | | Less Exemptions: | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value (3) | Assessed Value as a Percentage of Actual Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Residential Property | Agricultural Property (1) | Commercial & Industrial | Public Utilities | Inventory & Equipment (4) | Motor Vehicles | Mobile Homes | Other (2) | Real Property | Personal Property | | | | |
| 2001 | 2000 | $ 1,804,552 | $ 222,358 | $ 502,017 | $ 88,296 | $ 665,791 | $ 339,402 | $ 29,984 | $ 81,761 | $ 135,576 | $ 43,320 | $ 3,555,265 | 7.00 | $ 8,888,163 | 40.00% |
| 2002 | 2001 | 1,920,263 | 198,641 | 537,835 | 84,974 | 723,785 | 385,710 | 29,802 | 85,764 | 147,500 | 96,103 | 3,723,171 | 7.48 | 9,307,928 | 40.00% |
| 2003 | 2002 | 2,181,940 | 202,473 | 589,564 | 84,979 | 685,792 | 403,915 | 29,821 | 82,228 | 137,981 | 82,411 | 4,040,320 | 7.32 | 10,100,800 | 40.00% |
| 2004 | 2003 | 2,717,688 | 357,103 | 721,942 | 94,500 | 675,267 | 408,260 | 31,182 | 75,358 | 235,296 | 150,981 | 4,695,023 | 6.52 | 11,737,558 | 40.00% |
| 2005 | 2004 | 2,835,006 | 356,964 | 744,871 | 99,294 | 678,692 | 426,445 | 29,814 | 81,681 | 240,870 | 147,832 | 4,864,065 | 6.50 | 12,160,163 | 40.00% |
| 2006 | 2005 | 3,003,513 | 361,252 | 795,001 | 104,700 | 729,313 | 425,737 | 28,798 | 92,235 | 252,550 | 178,696 | 5,109,303 | 6.99 | 12,773,258 | 40.00% |
| 2007 | 2006 | 3,230,489 | 364,734 | 834,281 | 111,856 | 796,612 | 421,830 | 27,261 | 107,226 | 250,565 | 203,337 | 5,440,387 | 6.98 | 13,600,968 | 40.00% |
| 2008 | 2007 | 3,972,378 | 525,420 | 1,121,349 | 120,228 | 878,857 | 464,822 | 26,460 | 119,085 | 367,383 | 249,168 | 6,612,048 | 6.26 | 16,530,120 | 40.00% |
| 2009 | 2008 | 4,177,689 | 533,564 | 1,157,412 | 115,014 | 890,844 | 485,543 | 26,304 | 124,608 | 374,144 | 239,309 | 6,897,525 | 6.25 | 17,243,813 | 40.00% |
| 2010 | 2009 | $ 4,235,536 | $ 545,407 | $ 1,215,007 | $ 129,135 | $ 885,853 | $ 503,330 | $ 25,627 | $ 109,882 | $ 77,950 | $ 534,310 | $ 7,037,517 | 6.25 | $ 17,593,793 | 40.00% |

Source: County Board of Equalization and Assessment.

(1) Includes conservation use property.
(2) Includes aircraft, boats, miscellaneous personal property, timber and heavy equipment.
(3) Property that is exempt from taxation has not been included. That is typically property owned by governments and not-for-profit organizations like churches.
(4) Includes furniture and fixtures.

## HALL COUNTY, GEORGIA
### Property Tax Rates - Mills
### Last Ten Fiscal Years
(Mills)

| *Tax Year* / *Fiscal Year* | *2000* / *2001* | *2001* / *2002* | *2002* / *2003* | *2003* / *2004* | *2004* / *2005* | *2005* / *2006* | *2006* / *2007* | *2007* / *2008* | *2008* / *2009* | *2009* / *2010* |
|---|---|---|---|---|---|---|---|---|---|---|
| ***Unincorporated Districts*** | | | | | | | | | | |
| County-Unincorporated | 7.000 | 7.480 | 7.320 | 6.520 | 6.500 | 6.990 | 6.980 | 6.260 | 6.250 | 6.250 |
| Hall Co. Schools | 14.230 | 14.510 | 15.770 | 14.410 | 15.130 | 16.300 | 17.200 | 15.750 | 16.420 | 16.420 |
| Hall Co. Schools-Bonds | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| State of Georgia | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Fire District Unincorporated | 2.520 | 2.520 | 1.880 | 1.620 | 1.620 | 1.120 | 1.120 | 1.510 | 1.510 | 1.510 |
| **Total Hall County Unincorporated** | **24.000** | **24.760** | **25.220** | **22.800** | **23.500** | **24.660** | **25.550** | **23.770** | **24.430** | **24.430** |
| ***Incorporated Districts*** | | | | | | | | | | |
| County - Incorporated except for City of Gainesville | 7.000 | 7.480 | 7.320 | 6.520 | 6.500 | 6.990 | 6.980 | 6.260 | 6.250 | 6.250 |
| County - Incorporated - City of Gainesville (2) | 6.940 | 7.370 | 7.130 | 5.520 | 6.030 | 6.550 | 6.980 | 6.260 | 6.250 | 6.250 |
| Hall Co. Schools | 14.230 | 14.510 | 15.770 | 14.410 | 15.130 | 16.300 | 17.200 | 15.750 | 16.420 | 16.420 |
| State of Georgia | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Fire District Incorporated | 3.620 | 3.620 | 3.120 | 2.990 | 2.980 | 2.470 | 2.470 | 2.720 | 2.710 | 2.710 |

***To calculate the Incorporated rate, add the appropriate School District Rate plus the rate for Municipality in which the property is located. Hall County School Rate should only be included for the properties not in Gainesville or Buford.***

| ***Municipalities*** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| City of Gainesville (1) | 2.300 | 2.350 | 2.300 | 2.750 | 2.620 | 2.600 | 2.890 | 2.660 | 2.660 | 2.660 |
| Gainesville City Schools (1) (3) | 7.350 | 7.350 | 6.990 | 7.500 | 7.970 | 7.920 | 7.450 | 6.960 | 7.810 | 7.710 |
| City of Oakwood | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 | 2.480 |
| City of Flowery Branch | 2.440 | 2.440 | 2.440 | 2.220 | 1.810 | 2.845 | 2.837 | 2.837 | 2.837 | 2.837 |
| Buford City Schools | 13.750 | 13.650 | 13.600 | 13.500 | 13.400 | 13.350 | 15.350 | 13.300 | 13.250 | 13.200 |

(1) Note: City of Gainesville taxes on 100% of assessed value, Hall County taxes on 40% of assessed value.
The millage rate shown below is 2.5 times the rates shown above in order to put on a comparable basis to the remaining rates.

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *City of Gainesville* | *5.750* | *5.875* | *5.750* | *6.875* | *6.550* | *6.500* | *7.225* | *6.650* | *6.650* | *6.650* |
| *Gainesville City Schools* | *18.375* | *18.375* | *17.475* | *18.750* | *19.925* | *19.800* | *18.625* | *17.400* | *19.525* | *19.275* |

(2) The millage rate for the residents of the City of Gainesville is reduced due to the rollback for Tax Equity issues under House Bill 489 beginning in tax year 2000 and ending in 2005.
(3) The millage rate for City of Gainesville Schools includes amounts for bonds as well as maintenance and operations.

**HALL COUNTY, GEORGIA**
**PRINCIPAL PROPERTY TAXPAYERS**
**Current year and 9 years ago**
**(amounts expressed in thousands)**

| | Tax Year 2009 | | | Tax Year 2000 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **Taxable Assessed Value** | **Rank** | **Percentage of Total Taxable Assessed Value** | **Taxable Assessed Value** | **Rank** | **Percentage of Total Taxable Assessed Value** |
| Wrigley Manufacturing Company | $ 63,982 | 1 | 0.91% | $ 53,373 | 2 | 1.50% |
| Jackson EMC | 32,675 | 2 | 0.46% | 54,826 | 1 | 1.54% |
| Georgia Power Company | 37,871 | 3 | 0.54% | 51,444 | 5 | 1.45% |
| Fieldale Farms Corp | 20,773 | 4 | 0.30% | 34,578 | 10 | 0.97% |
| Tree Lake Associates | 12,976 | 5 | 0.18% | | | 0.00% |
| Bellsouth | 17,174 | 6 | 0.24% | 57,274 | 6 | 1.61% |
| UNISIA Steering Systems | 16,627 | 7 | 0.24% | | | 0.00% |
| Wal-Mart Stores East, LP | 9,754 | 8 | 0.14% | | | 0.00% |
| NNP-Looper Lake LLC | 9,436 | 9 | 0.13% | | | 0.00% |
| LLI Management Company LLC | 8,634 | 10 | 0.12% | | | 0.00% |
| S.K.F USA Inc. | - | | 0.00% | 43,277 | 3 | 1.22% |
| ZUA Auto Parts | - | | 0.00% | 36,790 | 7 | 1.03% |
| New Holland Milliken | - | | 0.00% | 34,310 | 8 | 0.97% |
| World Color Dittler | - | | 0.00% | 38,141 | 4 | 1.07% |
| KSL Lake Lanier | - | | 0.00% | 25,394 | 9 | 0.71% |
| Totals | $ 229,902 | | 3.27% | $ 429,407 | | 12.08% |

Source: Hall County Tax Commissioner
Rank is based on the amount of County maintenance & operations taxes billed since exemptions that reduce the assessed value can vary by entity.

**HALL COUNTY, GEORGIA**
**PROPERTY TAX LEVIES AND COLLECTIONS**
**Last Ten Tax Years**
**(amounts expressed in thousands)**

| Tax Year | Taxes Levied for the Tax Year (Original Levy) | Adjustments | Interest, Costs and Penalties | Total Adjusted Levy | Collected within Fiscal year of the Levy | | Collections in Subsequent Years | Total Collections to Date | | Uncollected Balance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy | |
| 2001 | $ 35,344 | $ 2,160 | $ 773 | $ 38,277 | $ 37,194 | 105.23% | $ 1,082 | $ 38,276 | 100.00% | $ 1 |
| 2002 | 36,499 | 1,605 | 775 | 38,879 | 38,160 | 104.55% | 715 | 38,875 | 99.99% | 4 |
| 2003 | 37,602 | 1,541 | 734 | 39,877 | 39,130 | 104.06% | 664 | 39,794 | 99.79% | 83 |
| 2004 | 38,091 | 2,837 | 807 | 41,735 | 40,954 | 107.52% | 697 | 41,651 | 99.80% | 84 |
| 2005 | 40,349 | 2,936 | 768 | 44,053 | 43,341 | 107.42% | 591 | 43,932 | 99.73% | 121 |
| 2006 | 43,873 | 3,025 | 860 | 47,758 | 46,918 | 106.94% | 712 | 47,630 | 99.73% | 128 |
| 2007 | 50,830 | 2,497 | 1,210 | 54,537 | 53,055 | 104.38% | 1,282 | 54,337 | 99.63% | 200 |
| 2008 | 52,955 | 2,833 | 1,405 | 57,193 | 55,300 | 104.43% | 1,510 | 56,810 | 99.33% | 383 |
| 2009 | 55,751 | 843 | 892 | 57,486 | 56,162 | 100.74% | 53 | 56,215 | 97.79% | 1,271 |
| 2010 | $ 3,738 | $ (4) | $ 207 | $ 3,941 | $ 3,804 | 101.77% | $ - | $ 3,804 | 96.52% | $ 137 |

Note: Information for 2000 is not available.

Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes.

Property taxes levied during the calendar year 2009 are recorded as revenues in the financial statements in 2010 since they are levied to finance that year's expenditures.

Property taxes are normally billed in the fall of each year based on assessed values as of January 1 of that year.

Mobile home taxes are billed in the spring based on values as of January 1 of that year. The millage rate used is the rate for the previous calendar year's property taxes.

Because the mobile home digest is denoted with the digest year they are billed, they are included in the levy and collections for that digest year.

For financial statements, revenue from mobile homes is recognized in the year the taxes are collected. The total levy has been about $600,000 per year.

The taxes for motor vehicles are accounted for like mobile home taxes even though they are billed throughout the year.

Since the 2010 property taxes had not been levied until after the end of the fiscal year, they are not included above. They will be added to the schedule in the next year.

# HALL COUNTY, GEORGIA
## TAXABLE SALES AND SALES TAXES
## Last Ten Fiscal Years
## (amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| Taxable sales | $ 1,668,529 | $ 1,677,145 | $ 1,644,428 | $ 1,778,942 | $ 1,866,039 | $ 2,140,833 | $ 2,228,778 | $ 1,742,857 | $ 1,529,592 | $ 4,769,388 |
| County direct sales tax rate (LOST) | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| County SPLOST tax rate | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |
| ***SPLOST (2)*** | | | | | | | | | | |
| Portion of taxes collected for : | | | | | | | | | | |
| City of Gainesville | 1,531 | 1,997 | 1,450 | 0 | 1,549 | 1,644 | 1,697 | 1,369 | 1,205 | 3,690 |
| City of Clermont | 60 | 60 | 61 | 62 | 25 | 26 | 27 | 22 | 20 | 99 |
| City of Lula | 152 | 152 | 153 | 154 | 82 | 87 | 89 | 75 | 61 | 197 |
| City of Flowery Branch | 187 | 187 | 188 | 189 | 109 | 116 | 119 | 97 | 85 | 260 |
| City of Braselton | n/a | n/a | n/a | n/a | 1 | 1 | 2 | 1 | 1 | 3 |
| City of Gillsville | 17 | 17 | 17 | 18 | 9 | 11 | 11 | 0 | 0 | 25 |
| City of Oakwood | 219 | 219 | 220 | 221 | 161 | 168 | 178 | 144 | 127 | 385 |
| City of Buford | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 |

Source:
Rates - State Department of Revenue (DOR).
Taxable sales - These figures are unavailable. They have been estimated based on the amount of taxes received from the DOR.

Notes:
(1) The Local Option Sales Tax (LOST) is approved by the voters of the County. It is collected until repealed. Property taxes are reduced by the amount of LOST collected. The LOST may be used for any purpose. A portion of this tax is distributed directly to the cities by DOR. The portion that the cities receive is renegotiated every 10 years. The last renegotiation took place in 2002. The portion allocated to the cities was unchanged from the prior 10 year distribution agreement.

(2) The Special Purpose Local Option Sales Tax is approved periodically by the voters of the County. It is limited to use for capital outlay projects or to repay debt specified in the resolution. It is collected for a number of years (currently 6) or until the amount specified in the resolution is collected. By agreement, a portion of the tax received by the County from DOR is earmarked for City projects. A report on the expenditures of SPLOST is included in the Comprehensive Annual Financial Report.

**HALL COUNTY, GEORGIA**
**RATIOS OF OUTSTANDING DEBT BY TYPE**
**Last Ten Fiscal Years**
**(amounts expressed in thousands)**

| | Governmental Activities | | | Business-Type Activities | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Notes Payable | Capital Leases | Contracts Payable | Notes Payable | Capital Leases | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
| 2001 | $ - | $ - | $ 4,514 | $ - | $ 3,878 | $ - | $ 8,392 | 0.24% | $ 60 |
| 2002 | - | 703 | 3,801 | - | 3,754 | - | 8,258 | 0.22% | 54 |
| 2003 | - | 470 | 2,175 | - | 3,747 | 356 | 6,748 | 0.17% | 43 |
| 2004 | - | 236 | 1,580 | - | 5,413 | 52 | 7,281 | 0.17% | 43 |
| 2005 | 40,325 | - | 1,337 | - | 5,247 | - | 46,909 | 1.01% | 277 |
| 2006 | 40,325 | - | 1,159 | - | 1,825 | - | 43,309 | 0.90% | 252 |
| 2007 | 30,530 | - | 971 | - | 1,729 | - | 33,230 | 0.65% | 185 |
| 2008 | 20,570 | - | 894 | 14,347 | 11,239 | - | 47,050 | 0.89% | 261 |
| 2009 | 10,405 | 5,327 | 714 | 14,355 | 23,294 | 964 | 55,059 | 0.96% | 293 |
| 2010 | $ - | $ 4,848 | $ 560 | $ 14,363 | $ 30,576 | $ 491 | $ 50,838 | 0.88% | $ 270 |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.

**HALL COUNTY, GEORGIA**
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**
**Last Ten Fiscal Years**
**(amounts expressed in thousands)**

| Fiscal Year | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Total | Percentage of Personal Income (2) | Percentage of Estimated Actual Taxable Value of Property (1) | Per Capita (2) |
|---|---|---|---|---|---|---|
| 2001 | $ - | $ - | $ - | 0.00% | 0.00% | $ - |
| 2002 | - | - | - | 0.00% | 0.00% | - |
| 2003 | - | - | - | 0.00% | 0.00% | - |
| 2004 | - | - | - | 0.00% | 0.00% | - |
| 2005 | 42,236 | - | 42,236 | 908.71% | 0.35% | 1,538 |
| 2006 | 41,643 | 9,903 | 31,740 | 657.34% | 0.25% | 1,129 |
| 2007 | 30,530 | 11,300 | 19,230 | 376.34% | 0.14% | 675 |
| 2008 | 20,570 | 11,290 | 9,280 | 176.29% | 0.06% | 318 |
| 2009 | 10,405 | 10,848 | (443) | -8.02% | 0.00% | (15) |
| 2010 | $ - | $ - | $ - | 0.00% | 0.00% | $ - |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See Table 6 for property value data.
(2) See Table 15 for population data.

**HALL COUNTY, GEORGIA**
**Direct and Overlapping Governmental Activities Debt**
**As of June 30, 2010**
**(amounts expressed in thousands)**

| *Governmental Unit* | *General Obligation Bonded Debt Outstanding* | *Percentage Applicable to Government* | *Amount Applicable to Government* |
|---|---|---|---|
| Overlapping: | | | |
| City of Gainesville Schools [3] | $ 58,439 | 100% | $ 58,439 |
| City of Gainesville [2] | 179,052 | 100% | 179,052 |
| Hall County Board of Education[1] | 27,354 | 100% | 27,354 |
| City of Oakwood [4] | 8,500 | 100% | 8,500 |
| Hall County Direct Debt [5] | 49,363 | 100% | 49,363 |
| Total direct and overlapping debt | $ 322,708 | | $ 322,708 |

Source: Gainesville-Hall County Development Authority

[1] The Hall County School District debt is comprised of $47,360,000 of general obligation bonds, $11,078,546 of lease-purchase/installment sale debt tax, some of which is intergovernmental contract debt; all of this debt is intended to be paid from a 1% educational sales.

[2] $51,881,056 of the City of Gainesville debt is intergovernmental contract debt; $125,581,156 of such debt is comprised of notes to the Georgia Environmental Facilities Authority incurred for improvements to Gainesville's water and sewer system and is intended to be paid from revenues of the system, even though the notes are general obligations of the City of Gainesville; the balance of such debt is capital lease debt.

[3] The Gainesville School District debt is comprised of $16,595,000 of general obligation bonds, $6,385,000 of intergovernmental contract debt, and $4,374,351 of capital lease debt; most of the Gainesville School District debt is intended to be paid from a 1% educational sales tax.

[4] $3,500,000 of the Oakwood debt is intergovernmental contract debt; $5,000,000 of such debt is comprised of notes to the Georgia Environmental Facilities Authority incurred for improvements to Oakwood's sewer system and is intended to be paid from revenues of the system, even though the notes constitute general obligations of Oakwood.

[5] Hall County Direct Debt is as of December 31, 2009; does not include the Main Campus Projects Contract which secures the Series 2010 Hospital Certificates.

**HALL COUNTY, GEORGIA**
**LEGAL DEBT MARGIN INFORMATION**
**Last Ten Fiscal Years**
**(amounts expressed in thousands)**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| Assessed value of property | $ 3,734,161 | $ 3,966,774 | $ 4,260,712 | $ 5,081,300 | $ 5,252,767 | $ 5,540,549 | $ 5,894,289 | $ 7,228,599 | $ 7,510,978 | $ 7,649,777 |
| Debt limit (10% of total assessed value) | 373,416 | 396,677 | 426,071 | 508,130 | 525,277 | 554,055 | 589,429 | 722,860 | 751,098 | 764,978 |
| Amount of Debt applicable to limit: | | | | | | | | | | |
| General obligation bonds | - | - | - | - | 42,236 | 41,643 | 30,530 | 20,570 | 10,405 | - |
| Less: Resources restricted to paying principal | - | - | - | - | - | 9,903 | 11,300 | 11,290 | 10,848 | - |
| Total net debt applicable to limit | - | - | - | - | 42,236 | 31,740 | 19,230 | 9,280 | (443) | - |
| Legal debt margin | $ 373,416 | $ 396,677 | $ 426,071 | $ 508,130 | $ 483,041 | $ 522,315 | $ 570,199 | $ 713,580 | $ 751,541 | $ 764,978 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 8.04% | 5.73% | 3.26% | 1.28% | -0.06% | 0.00% |

## HALL COUNTY, GEORGIA
## PLEDGED REVENUE COVERAGE
### Last Ten Fiscal Years

| | Sales Tax Increment Bonds [1] | | | |
|---|---|---|---|---|
| Fiscal Year | Sales Tax Increment | Debt Service Principal | Debt Service Interest | Coverage |
| 2001 | $ - | $ - | $ - | - |
| 2002 | - | - | - | - |
| 2003 | - | - | - | - |
| 2004 | - | - | - | - |
| 2005 | - | - | - | - |
| 2006 | 28,288 | - | 605 | 46.76 |
| 2007 | 29,457 | 9,795 | 1,945 | 2.51 |
| 2008 | 29,290 | 9,960 | 1,455 | 2.57 |
| 2009 | 25,791 | 10,165 | 968 | 2.32 |
| 2010 | $ 23,893 | $ 10,405 | $ 248 | 2.24 |

[1] Sales tax increment bonds are backed by the sales tax revenue produced by the sales tax rate in effect when the bonds were issued.

Details regarding the government's outstanding debt can be found in the notes to the financial statements.

General obligation bonds were issued in fiscal year 2006.

# HALL COUNTY, GA
## DEMOGRAPHIC AND ECONOMIC STATISTICS
### Last Ten Fiscal Years

| Fiscal Year | Population | Personal Income (amounts expressed in thousands) | Per Capita Personal Income | Median Age | Education Level as a Percent of Population 25 yrs & Older: High School or Higher | Education Level as a Percent of Population 25 yrs & Older: College or Higher | School Enrollment | Unemployment Rate (e) |
|---|---|---|---|---|---|---|---|---|
| 2001 | 139,277 | $ 3,468,972 | $ 24,907 | n/a | n/a | n/a | 20,956 | 2.30% |
| 2002 | 151,555 | 3,794,937 | 25,040 | n/a | n/a | n/a | 21,112 | 3.50% |
| 2003 | 156,101 | 3,929,530 | 25,173 | n/a | n/a | n/a | 22,430 | 3.40% |
| 2004 | 169,966 | 4,301,160 | 25,306 | n/a | n/a | n/a | 22,515 | 3.10% |
| 2005 | 169,273 | 4,647,898 | 27,458 | 32.3 | 74.5% | 19.6% | 23,094 | 4.30% |
| 2006 | 171,774 | 4,828,567 | 28,110 | n/a | n/a | n/a | 24,826 | 4.20% |
| 2007 | 179,271 | 5,109,723 | 28,503 | n/a | n/a | n/a | 25,558 | 4.00% |
| 2008 | 180,175 | 5,264,080 | 29,216 | n/a | 67.7% | 16.6% | 25,558 | 4.74% |
| 2009 | 184,814 | 5,521,344 | 29,875 | n/a | 79.8% | 25.6% | 26,435 | 9.10% |
| 2010 | 187,943 | $ 5,746,169 | $ 30,574 | 32.2 | 82.7% | 24.1% | 25,706 | 9.00% |

Data sources:
(a) Population estimate based upon Hall County Planning Department (Comprehensive Plan).
(b) Georgia Mountains Regional Development Center- US Census Bureau.
(c) Federal Bureau of Economic Analysis (Greater Hall Chamber of Commerce).
(d) Hall County Board Of Education (October 2008).
(e) U.S. Department of Labor (Bureau of Labor Statistics as of August, 2008).

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

# HALL COUNTY, GEORGIA
# PRINCIPAL EMPLOYERS
## Current year and 9 years ago

| Employer | 2010 Employees | 2010 Rank | 2010 Percentage of Total County Employment | 2001 Employees | 2001 Rank | 2001 Percentage of Total County Employment |
|---|---|---|---|---|---|---|
| Northeast Georgia Medical Center | 4,817 | 1 | 6.96% | - | | - |
| Fieldale Farms | 2,410 | 2 | 3.48% | 2,057 | 1 | 2.85% |
| Pilgrims Pride | 1,600 | 3 | 2.31% | - | | - |
| Mar-Jac | 1,100 | 4 | 1.59% | 952 | 3 | 1.32% |
| Coleman Natural Foods | 850 | 5 | 1.23% | - | | - |
| Wrigley Manufacturing Company | 850 | 6 | 1.23% | 714 | 5 | 0.99% |
| Kubota Manufacturing of America | 610 | 7 | 0.88% | 985 | 2 | 1.36% |
| Koch Foods, Inc. | 520 | 8 | 0.75% | - | | - |
| Wal-Mart Super Center | 400 | 9 | 0.58% | - | | - |
| Cottrell, Inc. | 490 | 10 | 0.71% | 746 | 4 | 1.03% |
| All other employers | 55,558 | | 80.28% | 66,781 | | 92.45% |
| Total | 69,205 | | 100.00% | 72,235 | | 100.00% |

Source:Greater Hall Chamber of Commerce.

Note 1: Excludes governmental and educational employers. Percentage of employment is based on 2007 Hall County annual average employment per the Georgia Department of Labor and U.S. Bureau of Labor Statistics.

Note 2: Complete information for fiscal year 2001 is unavailable.

**HALL COUNTY, GEORGIA**
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**
**Last Ten Fiscal Years**

| | Full-time Equivalent Employees as of June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2001** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** |
| **Function** | | | | | | | | | | |
| General government | 118 | 121 | 123 | 125 | 126 | 127 | 146 | 137 | 136 | 125 |
| Public safety | | | | | | | | | | |
| Sheriff | | | | | | | | | | |
| Officers | 251 | 281 | 296 | 296 | 307 | 307 | 330 | 423 | 423 | 423 |
| Civilians | 23 | 26 | 29 | 29 | 32 | 35 | 38 | 59 | 59 | 59 |
| Fire and EMS | | | | | | | | | | |
| Firefighters & EMT's | 235 | 249 | 268 | 268 | 284 | 286 | 311 | 317 | 317 | 316 |
| Civilians | 8 | 9 | 9 | 9 | 10 | 10 | 11 | 16 | 16 | 16 |
| Other public safety | 83 | 94 | 104 | 104 | 95 | 96 | 98 | 104 | 105 | 118 |
| Court system | 127 | 133 | 142 | 151 | 151 | 174 | 191 | 202 | 208 | 207 |
| Public works | 97 | 100 | 100 | 101 | 95 | 94 | 96 | 96 | 96 | 90 |
| Health and welfare | - | - | - | - | - | - | - | - | - | - |
| Recreation and culture | 25 | 31 | 33 | 31 | 32 | 35 | 42 | 43 | 43 | 41 |
| Housing and development | 32 | 35 | 36 | - | 40 | 40 | 40 | 40 | 40 | 30 |
| Solid Waste | 28 | 28 | 28 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Water & Sewer | - | - | - | - | - | - | - | - | - | - |
| Total | 1,027 | 1,107 | 1,168 | 1,143 | 1,201 | 1,233 | 1,332 | 1,466 | 1,472 | 1,454 |

Source: Hall County Finance and Human Resources Departments.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

**HALL COUNTY, GEORGIA**
**OPERATING INDICATORS BY FUNCTION**
**Last Ten Fiscal Years**

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police | | | | | | | | | | |
| Physical arrests | 1,045 | 2,346 | 4,629 | 6,370 | 6,021 | 5,768 | 5,805 | 5,987 | 6,025 | 6,214 |
| Traffic violations | 8,492 | 11,427 | 10,294 | 13,274 | 12,242 | 11,309 | 12,984 | 13,240 | 13,501 | 13,767 |
| Fire | | | | | | | | | | |
| Number of calls answered | 22,890 | 23,551 | 21,178 | 20,840 | 20,799 | 23,479 | 24,073 | 25,331 | 26,655 | 28,048 |
| Inspections | 523 | 1,060 | 1,699 | 954 | 814 | 1,352 | 1,874 | 1,395 | 1,240 | 1,262 |
| Highways and streets | | | | | | | | | | |
| Street resurfacing (miles) | 23 | 33 | 7 | 39 | 32 | 33 | 51 | 43 | 52 | 49 |
| Potholes repaired | n/a | n/a | 279 | 616 | 523 | 201 | 282 | 532 | 406 | 531 |
| Sanitation | | | | | | | | | | |
| Refuse collected (tons/day) | 210 | 212 | 218 | 238 | 234 | 258 | 244 | 274 | 284 | 156 |
| Recyclables collected (tons/day) | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 14 | 15 | 10 |
| Culture and recreation | | | | | | | | | | |
| Athletic field permits issued | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* |
| Community center admissions | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* | n/a* |
| Water | | | | | | | | | | |
| New connections | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Water mains breaks | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Average daily consumption | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| (thousands of gallons) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,950 | 2,050 | 2,050 |

Sources: Various County departments.

Note 1: Hall County Community Centers are free admission to the public.
Note 2: Hall County does not operate a water system, however, sewer capacity was purchased in FY 2008. The Spout Springs Reclamation Plant has 750 gallons per day capacity with an additional 1.2 million per day purchased treatment capacity from cities of Flowery Branch and Oakwood.

**HALL COUNTY, GEORGIA**
**CAPITAL ASSET STATISTICS BY FUNCTION**
**Last Ten Fiscal Years**

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Public safety | | | | | | | | | | |
| Sheriff headquarters &/or precincts | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Fire Stations | 12 | 13 | 13 | 13 | 13 | 13 | 14 | 15 | 15 | 15 |
| Solid Waste | | | | | | | | | | |
| Compactor Sites | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Highways and streets | | | | | | | | | | |
| Streets (miles) | 997 | 1,011 | 1,020 | 1,025 | 1,026 | 1,037 | 1,046 | 1,052 | 1,052 | 1,052 |
| Streetlights* | 166 | 192 | 210 | 233 | 255 | 283 | 308 | 312 | 316 | 324 |
| Traffic signals | 26 | 26 | 28 | 27 | 26 | 26 | 29 | 35 | 35 | 35 |
| Culture and recreation | | | | | | | | | | |
| Parks acreage | 800 | 850 | 850 | 850 | 850 | 974 | 1,359 | 1,359 | 1,359 | 1,359 |
| Parks | 17 | 17 | 17 | 17 | 17 | 19 | 20 | 20 | 20 | 20 |
| Tennis courts | 18 | 30 | 30 | 30 | 30 | 34 | 34 | 34 | 34 | 34 |
| Community centers | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 |
| Water | | | | | | | | | | |
| Water mains (miles) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Fire hydrants | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Maximum daily capacity | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| (thousands of gallons) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Sewer | | | | | | | | | | |
| Sanitary sewers (miles) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 32 | 32 | 32 |
| Storm sewers (miles) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Maximum daily treatment capacity (thousands of gallons) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1,950 | 1,950 | 2,050 |

Sources: Various County departments.

Note 1: No capital asset indicators are available for the general government function.

Note 2: Hall County does not operate a Water or Sewer System. We contract with the municipalities in our County to handle this for us and we provide the necessary infrastructure funding to accommodate this area of service.

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**HALL COUNTY , GEORGIA**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**For Year Ended June 30, 2010**

| FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | GRANT/ CONTRACT NUMBER | PROGRAM OR AWARD AMOUNT | EXPENDITURES |
|---|---|---|---|---|
| U.S. DEPARTMENT OF JUSTICE | | | | |
| State Criminal Alien Assistance Program (SCAAP) | 16.606 | 2009-AP-BX-0466 | $ 162,554 | $ 162,554 |
| *ARRA* - Edward Byrne JAG Grant-Hall County Sheriff | 16.804 | 2009-SB-B9-0027 | 128,245 | 9,566 |
| Edward Byrne JAG Grant-Hall County Sheriff | 16.738 | 2009-DJ-BX-1044 | 31,261 | 31,261 |
| Bureau of Justice Assistance | 16.585 | 2009-DC-BX-0068 | 199,078 | 34,129 |
| Bulletproof Vest Partnership | 16.607 | FY 2009 | 7,082 | 6,959 |
| Passed through the Georgia Bureau of Investigations | | | | |
| Multiple Program Area Codes | 16.575 | 2009-VA-GX-0045/C09-8-081 | 40,869 | 36,012 |
| Multiple Program Area Codes | 16.575 | 2008-VA-GX-0015/C08-8-072 | 40,869 | 3,934 |
| Victims of Crime Assistance | 16.575 | 2009-VA-GX-0045 /C09-8-082 | 44,046 | 33,626 |
| Victims of Crime Assistance | 16.575 | 2008-VA-GX-0015/C08-8-071 | 44,046 | 8,096 |
| Victims of Crime Assistance | 16.575 | 2009-VA-GX-0045/C09-8-080 | 37,400 | 33,029 |
| Violence Against Women Act Grant | 16.575 | 2008-VA-GX-0015/C08-8-073 | 30,000 | 5,000 |
| | | | 237,230 | 119,696 |
| Recovery Act-Byrne/JAG (Solicitor) | 16.803 | 2009-SU-B9-0003/B82-8-015 | 32,000 | 21,709 |
| *ARRA* - Byrne/JAG (District Attorney) | 16.803 | 2009-SU-B9-0003/B82-8-016 | 33,587 | 22,591 |
| *ARRA* - Byrne/JAG (District Attorney) | 16.803 | 2009-SU-B9-0003/B82-8-120 | 25,000 | 25,000 |
| *ARRA* - Byrne/JAG (CI) | 16.803 | 2009-SU-B9-0003/B82-8-114 | 25,000 | 13,006 |
| *ARRA* - Byrne/JAG (Jail) | 16.803 | 2009-SU-B9-0003/B82-8-124 | 25,000 | 19,937 |
| *ARRA* - Byrne/JAG (Solicitor) | 16.803 | 2009-SU-B9-0003/B82-8-121 | 52,000 | 19,186 |
| *ARRA* - Byrne/JAG (Treatment Svcs) | 16.803 | 2009-SU-B9-0003/B82-8-123 | 36,450 | 5,190 |
| | | | 229,037 | 126,619 |
| GILEE | 16.738 | 2008-DJ-BX-0011/B08-8-052 | 4,500 | 4,500 |
| Passed through GA Judicial Council | | | | |
| Purchase of Services for Juvenile Offenders | 16.523 | 06-B-ST-0001 | 12,700 | 3,745 |
| Purchase of Services for Juvenile Offenders | 16.523 | 07B-ST-0001 | 7,500 | 7,500 |
| | | | 20,200 | 11,245 |
| **Total U.S. Department of Justice** | | | **1,019,187** | **506,530** |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Passed-through the Georgia Department of Community Affairs | | | | |
| CHIP Grant 2003 | 14.239 | 03m-y-069-1-2852 | 289,275 | 1,388 |
| CHIP Grant 2007 | 14.239 | 07m-y-069-1-2962 | 299,250 | - |
| CHIP Grant 2008 | 14.239 | 08m-y-069-1-6010 | 298,725 | 71,725 |
| CHIP Grant 2009 | 14.239 | 09-m-y-069-1-6018 | 300,000 | 174,240 |
| CHIP Grant 2007 Set-Aside | 14.239 | 07m-y-069-1-2978 | 199,720 | 53,997 |
| | | | 1,386,970 | 301,350 |
| CDBG Grant Multi-Activity | 14.228 | 05b-y-069-1-3059 | 790,881 | 252,215 |
| NSP | 14.228 | 08-ns-5064 | 2,311,737 | 825,082 |
| Subtotal - State Administered Small Cities Program Cluster | | | 3,102,618 | 1,077,297 |
| **Total U.S. Department of Housing and Urban Development** | | | **4,489,588** | **1,378,647** |

**HALL COUNTY , GEORGIA**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**For Year Ended June 30, 2010**

| FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | GRANT/ CONTRACT NUMBER | PROGRAM OR AWARD AMOUNT | EXPENDITURES |
|---|---|---|---|---|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Passed-through the Georgia Department of Transportation | | | | |
| Capital Improvement Assistance Grant | 20.507 | MTG00-0142-00-003/GA-90-0254 | 176,562 | 135,962 |
| Transit Operating Assistance Grant | 20.507 | GA-90-X259-01 | 466,796 | 290,748 |
| *ARRA* - Capital Improvement Assistance Grant | 20.507 | GA-96-X012 | 600,000 | 11,170 |
| Capital Improvement Assistance Grant | 20.500 | MTG00-0145-00(003)/GA-04-0006 | 317,048 | 282,106 |
| Subtotal - Federal Transit Cluster | | | 1,560,406 | 719,985 |
| *ARRA* - Capital Improvement Assistance Grant | 20.509 | GA-86-X001 | 200,000 | 7,242 |
| Transit Operating Assistance Grant | 20.509 | GA-18-4030 | 333,565 | 259,615 |
| | | | 533,565 | 266,857 |
| Transit Planning Assistance Grant | 20.505 | MTG00-0155-00-009/GA-80-005 | 48,595 | 48,572 |
| Passed-through the Georgia Department of Public Safety | | | | |
| State and Community Highway Safety | 20.600 | GA2009-232-00815 | 93,800 | 19,619 |
| Passed-through the Georgia Department of Human Resources | | | | |
| Transportation Grant | 20.513 | 427-93-10100245-99 | 50,430 | 50,430 |
| Passed-through the Georgia Emergency Management Agency | | | | |
| LEPC/HMEP Grant | 20.703 | L09-9-017 | 4,500 | 4,500 |
| **Total U.S. Department of Transportation** | | | **2,608,344** | **1,109,964** |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed-through the Georgia Department of Human Resources | | | | |
| Transportation Grant | 93.667 | 427-93-10100245-99 | 22,056 | 22,056 |
| Transportation Grant | 93.044 | 427-93-10100245-99 | 78,861 | 78,861 |
| Transportation Grant | 93.558 | 427-93-10100245-99 | 3,185 | 3,185 |
| **Total U.S. Department of Health and Human Services** | | | **104,103** | **104,102** |
| DEPARTMENT OF HOMELAND SECURITY | | | | |
| Passed-through the Georgia Emergency Management Agency | | | | |
| Hazard Mitigation Grant | 97.039 | HMGP-1686-0057 | 12,825 | 7,105 |
| GEMA/EMA | 97.053 | 2009-SS-T9-0047 | 14,000 | 4,836 |
| GEMA/EMA | 97.004 | 2007-GE-T7-0054 | 70,362 | 67,933 |
| GEMA Hall County Sheriff's Dept | 97.067 | 2006-GE-T6-0066 | 142,200 | 5,782 |
| GEMA Hall County Sheriff's Dept | 97-067 | 2006-GE-T6-0066 | 53,675 | 51,646 |
| GEMA Sheriff's Department/Court Services | 97.067 | 2008-GE-T8-0017 | 32,500 | 26,103 |
| GEMA Sheriff's Department/Court Services | 97.067 | 2008-GE-T8-0017 | 13,500 | 8,398 |
| | | | 241,875 | 91,930 |
| GEMA PPA | 97.042 | P09-9-071 | 42,033 | 33,215 |
| GEMA PPA | 97.042 | P08-9-033 | 41,783 | 39,351 |
| | | | 83,816 | 72,566 |
| **Total Department of Homeland Security** | | | **422,878** | **244,370** |

**HALL COUNTY , GEORGIA**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**For Year Ended June 30, 2010**

| FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | GRANT/ CONTRACT NUMBER | PROGRAM OR AWARD AMOUNT | EXPENDITURES |
|---|---|---|---|---|
| US ENVIRONMENTAL PROTECTION AGENCY | | | | |
| EPA-North Hall Sewer Project | 66.202 | XP-95457710-0 | 58,911 | 58,911 |
| EPA-WPDG | 66.461 | CD-96402404-0 | 500,000 | 143,938 |
| | | | 558,911 | 202,849 |
| **Total US Environmental Protection Agency** | | | **558,911** | **202,849** |
| US DEPARTMENT OF ENERGY | | | | |
| *ARRA* - DOE/EECBG | 81.128 | DE-SC0001439 | 762,600 | 134,781 |
| **Total US Department of Energy** | | | **762,600** | **134,781** |
| APPALACHIAN REGIONAL COMMISSION | | | | |
| Appalachian Area Development | 23.002 | GA-16419-09 | 35,000 | 35,000 |
| **Total Appalachian Regional Commission** | | | **35,000** | **35,000** |
| **GRAND TOTAL** | | | **$ 10,000,611** | **$ 3,716,243** |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
1. This schedule is prepared on the modified accrual basis of accounting.

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# 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*

December 17, 2010

Board of Commissioners
Hall County, Georgia
Gainesville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA as of and for the year ended June 30, 2010, which collectively comprise the HALL COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 17, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Hall County Health Department, as described in our report on HALL COUNTY, GEORGIA's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered HALL COUNTY, GEORGIA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HALL COUNTY, GEORGIA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the HALL COUNTY, GEORGIA's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, findings 10-02 through 10-04. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HALL COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 10-01.

We noted certain matters that we reported to management of HALL COUNTY, GEORGIA, in a separate letter dated December 17, 2010.

HALL COUNTY, GEORGIA's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit HALL COUNTY, GEORGIA's response, and accordingly, we express no opinion on it.

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

Batts, Carter & Co, LLP

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# REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 17, 2010

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

## Compliance

We have audited the compliance of HALL COUNTY, GEORGIA with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. HALL COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants, applicable to each of its major federal programs is the responsibility of HALL COUNTY, GEORGIA's management. Our responsibility is to express an opinion on HALL COUNTY, GEORGIA's compliance based on our audit.

HALL COUNTY, GEORGIA's basic financial statements include the operations of a legally separate component unit, Hall County Health Department. Any amounts of federal awards received by that component unit are not included in the accompanying schedule of expenditures of federal awards. Our audit, described below, did not include the operations of Hall County Health Department because the component unit engaged other auditors to perform any audit required in accordance with OMB Circular A-133.

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

for our opinion. Our audit does not provide a legal determination on HALL COUNTY, GEORGIA's compliance with those requirements.

In our opinion, HALL COUNTY, GEORGIA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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# HALL COUNTY, GEORGIA
# AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
# Year Ended June 30, 2010

## I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unqualified opinion.
2. Compliance (financial statements) – One material instance of noncompliance.
3. Internal Control (financial statements) – Three significant deficiencies, no material weaknesses.
4. Compliance (major programs) – Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) – No material weaknesses.
6. Audit findings required to be reported under A133 Section 510(a)
    i) Significant deficiencies in internal controls over major programs – None reported
    ii) Material noncompliance related to major programs – None reported
    iii) Known questioned costs greater than $10,000 for major programs – None reported
    iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
    v) Circumstances if report on compliance is other than unqualified – N/A
    vi) Known fraud – N/A
    vii) Misrepresentation in schedule of prior audit findings – None reported
7. Major programs for the year – State Administered Small Cities Program Cluster, CFDA 14.228; Federal Transit Cluster, CFDA 20.500, 20.507; DOE/EECBG, CFDA 81.128.
8. Dollar threshold used to distinguish between Type A and Type B programs – $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 – Yes.

## II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

**Finding Number**

***COMPLIANCE***

FINANCE

**10-01** ***Statement of Condition:***
Costs associated with radio maintenance were charged in the E911 Fund.

***Criteria:***
9-1-1 funds are required to be expended in compliance with the expenditure requirements of the Official Code of Georgia Annotated, Section 46-5-134.

***Effect of Condition:***
E911 fund balance is understated.

***Cause of Condition:***
Unknown.

***Recommendation:***
We recommend that management carefully review the Official Code of Georgia Annotated, Section 46-5-134 and make adjustments so that only allowable costs are charged in the E911 fund.

***Response:***
Marty Nix, Hall County Public Safety Director, states the Department has collected $145,438.75 within the last year. These revenues are not associated with the fees collected from the wireless or landline carriers and are not subject to any code within Title 46.

Hall County has not used 911 funds to purchase radio equipment. Our 800 MHz radio system was purchased with funds from SPLOST VI. A small portion of the 9-1-1 funds are used to maintain equipment related to the emergency responses. The intent behind Title 46 was to generate funds to subsidize a system to make it easier to notify public safety personnel of emergencies. The "backroom equipment" as well as the 911 system is a system of complicated factions. The computer aided dispatch, radio system, mapping, and recorder are all linked together by a "net clock" which keeps all systems working together. Under code 46-5-122, an Emergency 9-1-1 System is clearly defined. It states the following: "calls to 9-1-1 are answered or otherwise responded to by public safety answering points established and operated by the local government."

It is our opinion that we are in compliance with 46-5-134 in that the radio system currently operating is a digital system complied of hardware and software and is furthermore part of the 911 system. Therefore as defined below in paragraph six we are able to use these funds to maintain the system.

(6) The lease, purchase, or maintenance of computer hardware and software used at a public safety answering point, including computer-assisted dispatch systems;

§ 46-5-121. Legislative intent
(a) The General Assembly finds and declares that it is in the public interest to shorten the time required for a citizen to request and receive emergency aid. There currently exist numerous different emergency phone numbers throughout the state. Provision for a single, primary three-digit emergency number through which emergency services can be quickly and efficiently obtained would provide a significant contribution to law enforcement and other public service efforts by making it easier to notify public safety personnel. Such a simplified means of procuring emergency services will result in the saving of lives, a reduction in the destruction of property, and quicker apprehension of criminals. It is the intent of the General Assembly to establish and implement a cohesive state-wide emergency telephone number 9-1-1 system which will provide citizens with rapid, direct access to public safety agencies by dialing telephone number 9-1-1 with the objective of reducing the response time to situations requiring law enforcement, fire, medical, rescue, and other emergency services.

46-5-122
(5) "Emergency 9-1-1 system" or "9-1-1 system" means a telephone service, computer service, wireless service, or other service which facilitates the placing of calls by persons in need of emergency services to a public safety answering point by dialing the telephone number 9-1-1 and under which calls to 9-1-1 are answered or otherwise responded to by public safety answering points established and operated by the local government subscribing to the 9-1-1 service. The term "emergency 9-1-1 system" also includes "enhanced 9-1-1 service," which means an emergency system that provides the user with emergency 9-1-1 system service and, in addition, directs 9-1-1 calls to appropriate public safety answering points by selective routing based on the geographical location from which the call originated and provides the capability for automatic number identification and automatic location identification features.
(10) "Mobile telecommunications service" means commercial mobile radio service, as such term is defined in 47 C.F.R. Section 20.3.

## ***SIGNIFICANT DEFICIENCY***

**10-02** ***Statement of Condition:***
The terms of certain intergovernmental agreements with the City of Flowery Branch and the City of Oakwood for capacity held for resale are not begin adhered to.

***Criteria:***
The terms of all agreements should be followed to ensure all components are being executed and recorded properly.

***Effect of Condition:***
Payments received by the City of Flowery Branch and the City of Oakwood are not being remitted to the County as set forth in the agreements.

***Cause of Condition:***
There are political disagreements that are causing the intergovernmental agreements to not be followed.

***Recommendation:***
We recommend that management review these agreements, determine their status and if applicable revise them.

***Response:***
These intergovernmental agreements are periodically reviewed. Flowery Branch is maintaining records of the usage and has set the revenue aside, but no payments will be made until the County and city officials meet to discuss. The Finance Director will contact the Flowery Branch City Manager to request a report on a monthly or quarterly basis on the usage. In order to address water and sewer intergovernmental agreements, the County is in the planning stages of mediation with the City of Gainesville to discuss the FY 2006 intergovernmental agreement.

**10-03** ***Statement of Condition:***
Intergovernmental agreements do not incorporate a monitoring component.

***Criteria:***
A monitoring component in intergovernmental agreements ensure agreements are being executed and recorded properly.

***Effect of Condition:***
The status of certain intergovernmental agreements is unknown.

***Cause of Condition:***
Management has not considered the need for a monitoring component.

***Recommendation:***
We recommend that management incorporate a monitoring component into all intergovernmental agreements.

***Response:***
A report denoting the measurable components of the agreements either monetary, usage

or both should be integrated as a requirement to maintain the validity of each agreement. This monitoring should also contain time parameters and/or deadlines. The Finance Department agrees with the recommendation and will present to the Board of Commissioners during the 2011 annual retreat.

**10-04** ***Statement of Condition:***
Non-liquid investments are being considered with liquid cash in management decisions because it is accounted for in the same general ledger account as liquid cash.

***Criteria:***
Non-liquid assets should be accounted for and considered separate from liquid cash.

***Effect of Condition:***
A reclassifying entry is made every year to facilitate proper financial statement presentation.

***Cause of Condition:***
Unknown.

***Recommendation:***
We recommend that non-liquid investments be moved to a separate account from liquid cash.

***Response:***
The non-liquid assets (investments) are separated by the Fund 088. This fund provides a contra account to the cash (1111) in order to provide management with the complete picture. This cash report is reviewed monthly as the Finance Director maintains a cash flow analysis on at least a quarterly basis and/or monthly during the crucial time prior to annual tax bill notification. The combined account allows for ease of interest allocation. The recommended change will stay under advisement and could more easily be made as the County moves to updating the current financial software.

## III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to Federal awards reported for the year ended June 30, 2010.