Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



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, 2011

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HALL COUNTY GOVERNMENT
BOARD OF COMMISSIONERS

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TOM OLIVER
CHAIRMAN

CRAIG LUTZ, DISTRICT 1
BILLY POWELL, DISTRICT 2
SCOTT GIBBS, DISTRICT 3
ASHLEY BELL, DISTRICT 4

RANDY D. KNIGHTON
COUNTY ADMINISTRATOR

MARTY NIX
ASSISTANT COUNTY
ADMINISTRATOR

HEATHER COGGINS
COMMISSION CLERK

December 28, 2011

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

We are pleased to present the Fiscal Year 2011 Comprehensive Annual Financial Report for Hall County, GA, which continues to detail our sound fiscal position despite a difficult economy. The County's strength is due in part to our long standing tradition of 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, 2011 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 2011 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 which can be found immediately following the report of the Independent Auditor.

The County's financial statements have been audited by Bates, Carter, & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; internal controls; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Hall County, Georgia's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Hall County receives financial assistance through various federal grant programs. As required by the Single Audit Act of 1984, P.L.98-502 and the amendments of 1996 and the Office of Management and Budget (OMB) Circular A-133, audits of programs receiving federal grants have been performed for the fiscal year ending June 30, 2011. The required reports on supplemental information, compliance, internal controls and various supplementary schedules are included under the Compliance Section.

Profile of the Government

Hall County was created on December 15, 1818. It was named for Dr. Lyman Hall, a signer of the Declaration of Independence and later governor of Georgia. Hall County rests on the shores of the Chattahoochee River and Lake Sidney Lanier, in Northeast Georgia. The County encompasses 392 square miles. Gainesville, the county seat, is situated 50 miles northeast of Atlanta and 40 miles northwest of Athens. Hall County lies at the southern edge of the Chattahoochee National Forest and the foothills of the Blue Ridge Mountains.

Hall County's population of 179,684 (U.S. Census Bureau 2010) has grown steadily in the last 10 years. Between 2000 and 2010, population changed by 29.0% compared with a state change in population of 18.3%. 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 33,804 (U.S. Census Bureau 2010) representing 18.8% 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 the 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 continued national economic downturn impact to Hall County has once again 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 9.3% compared to last year of 9.2%. However, this rate is lower than the State (10.2%) and lower than the United States (9.6%). In 2011, 34 new and expanded industries are adding 1140 new jobs, retaining 780 existing jobs and generating $249 million in new capital investment. Expanding companies include ZF Windpower, Kubota, Atex, IMS Gear and Kings Hawaiian.
- SPLOST VI referendum was possibly the most significant initiative that began in FY 2010. 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 2011 resulted in a 25% reduction in this SPLOST Budget due to a

decline in actual collections versus the projection, but it remains a foundation for capital improvements in the County's infrastructure. Projects are underway such as a new North Hall community park, relocating administrative offices and several road and sewer projects.

- The millage rate has remained the same for the last five 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, completed Lanier world and Phase II of its investment in the world-class resort featuring Legacy Lodge Hotel and Conference Center, golf course improvements, harbor development, retail, and health spa on the shores of Lake Sidney Lanier. Future development was announced that includes an upscale lodge to replace PineIsle Hotel and eco-friendly transportation such as electric cars and bicycles for travel around the islands. In addition, more scenic paths, viewing stations and gardens will complete the feel of the "natural sanctuary".
- 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. Among those was the USA Kayak national Championships in August 2011 and the upcoming 2013 NCAA Division I-III Championships.
- 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 was completed and located in South Hall County.
- Road Atlanta, a 2.54-mile International Grand Prix course, attracts 320,000 visitors and adds $53 million to the local economy annually. Road Atlanta hosted the 14th Petit Le Mans in September 2011.

Housing

- Dell Webb's Village at Denton Creek (550 acres with 1,300 homes) contin ued to be the #1 selling residential community in Metro Atlanta with over 300 homes sold in South Hall County. This community is one of many gated retirement developments that have located in Hall County. Dogwood Forest and Lanier Village Estates also added another 200+ units collectively.
- Hall County is home to many Master-Planned Communities that saw some resurgence toward the end of 2011 adding new homes available for sale to the market.

Healthcare

- Northeast Georgia Medical Center (NGMC) has been ranked #1 in Georgia, and in the top 5% in the nation, for heart care six years in a row according to HealthGrades® and is one of only five hospitals to rank #1 in all four cardiac categories for 2011. NEGA Medical Center was also named one of Metro Atlanta's 10 Best Places to Work in Georgia by *Georgia Trend* Magazine.
- Northeast Georgia Health System acquired a 119 acre site in 2009-2010 for a new $200 million South Hall hospital and healthcare village. 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. NEGA Health System won approval for this new facility and financing and architectural drawings are underway for the project.
- In addition to the project above, 150,000 square feet of new medical space has been added in Hall County in the last year.

MAJOR INITIATIVES & ACCOMPLISHMENTS

Fiscal year (FY) 2011 was yet 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 continued a number of cost-saving measures implemented in fiscal years 2009 and 2010, 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 this successful effort to avoid layoffs, the Board of Commissioners continued 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 2011 with a $1.3 million addition to the General Fund balance.

Management Information System Projects
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 was completed and a new joint agreement was forged to extend these fiber optic cables to the County's new Administrative Building along with several City locations that were on the route of the cable installation, thereby reducing the total cost to the County.

Consolidation of County Offices
In fall of 2010 the County negotiated and signed a contract to purchase a 128,000 square foot building formerly fully occupied by Liberty Mutual. Over the course of 2011, plans were being made to 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. Liberty Mutual staff were allowed to remain until the fall of 2011, at which time the County could begin the renovation to convert the building to meet the needs of each Department that will be moving to the building.

Water
Hall County got a step closer in 2011 in procuring the 404 permit needed from the Army Corp of Engineers to begin the process of constructing the Glades Reservoir. The 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. This permitting process is being funded by SPLOST VI.

Preliminary engineering (including surveying and geotechnical work) began on site of the water reclamation facility in the North Oconee basin to serve Hall County's sewer service district along I-985. In 2011, Hall County newly implemented reuse water system in the South Hall area averaged 200,000 gallons of reuse water per day during the growing season. In addition, the County enhanced this system during fiscal year 2011.

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. The North Hall Sewer Master Plan was completed outlining growth areas locations of potential plants and associated pipelines and pump stations. The master plan set forth a capital improvement project (CIP) plan for the next 30 years detailing projects to provide sewer service in the North Hall area of the County. This master plan entails sewer service involving approximately 42,000 acres in North Hall. In addition, a Waste load allocation has been requested from the Georgia EPD for the water reclamation facility during the preliminary engineering phase.

Public Works
In fiscal year 2011, Hall County Road Maintenance, Engineering and Traffic Engineering divisions resurfaced 25.57 miles of county roads, paved 2.5 miles of county gravel roads. Other projects included Intersection Improvements along Spout Springs Road; adding an additional through lane at Hog Mountain Road, left turn lanes at Ivy Springs Drive and Oak Ridge Drive, left turn lane at Capitola Farm Road, turn lanes and signalization at Elizabeth Lane, and two way left turn lane from Elizabeth Lane to Union Circle to improve traffic flow at Flowery Branch High School and Spout Springs Elementary School plus a Culvert replacement on Mangum Mill Rd.. In all, the Road Maintenance Department responded to over 2,000 ticket requests from the public in 2011.

Fleet Maintenance, in an effort to better serve the community in 2011, has re-evaluated the usage and efficiency of the current fleet. This was all accomplished and department costs were reduced by 20% over previous year's budget.

Solid Waste
The Solid Waste division completed the replacement of its leachate recirculation system within the Municipal Solid Waste landfill off Candler Road. This system allows the site to re-circulate leachate produced in the landfill which helps meet compliance requirements outlined by the Georgia Environmental Protection Division. Additionally, the Candler Road Landfill received a 95 on its most recent compliance inspection, the highest since it's opening in July of 1997. The site is inspected two times a year by the Georgia Environmental Protection Division where a score below 80 results in the site being out of compliance.

Resource Recovery
Year two of the Energy Efficiency and Conservation Block Grant project continued in the schools. Approval was received from Department of Energy to expand from county into Gainesville City Schools. From January 2011 to June 2011 County and City schools recycled a total of 120.4 tons of paper. Bins for collecting aluminum and plastic beverage containers were placed in county facilities.

FY2011 also saw us implement the environmental management system (EvMS) with official approval by the Commissioners on Aug. 12, 2010, with Commissioner Bell leading the effort. We did our roll-out event on Nov. 15, 2010, coinciding with America Recycles Day. The external steering committee (composed of local governments, businesses, non-profits, schools and chamber of commerce) was established.

Planning and Development

The Planning Department has received new countywide high-resolution aerial photography from Corps of Engineers & USGS. Photography was provided to Hall County at no cost as it was acquired using American Recovery and Reinvestment Act (ARRA) funds. The photography can be viewed on the county web site GIS Map Viewer. Countywide aerial photography typically costs the county between $150,000 & $200,000.

The Metropolitan Planning Organization has successfully completed a major update over an 18 month period to the county's long range transportation plan, which is a federal mandate. The adopted 2040 metropolitan transportation plan serves as a foundation to the county's transportation planning program by providing a nearly 30 year look at the improvements needed to assure the mobility of people and goods in Gainesville-Hall area.

Public Information
To enhance public awareness and open government, the Hall County Board of Commissioners uses 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. During 2011 Facebook and Twitter were implemented as media channels distributing County News.

Recreational Facilities
Fiscal year 2011 saw the construction begin on the new North Hall Park, Community and Technology Center on Nopone Road. Opening of this new park is set for July 2012. The facility includes two (2) gymnasiums, an in-door walking/running track, weight room, large community meeting rooms and a technology center (virtual library). This is a 12 million dollar investment that has been funded out of SPLOST VI. Construction also began on the Cool Springs Park in Northwestern Hall County. Opening is scheduled for summer of 2012. Funding for this project also comes from SPLOST.

Public Safety
The Hall County Sheriff's Office was selected once again to participate in the Georgia Terrorism and Intelligence Project, which provided in excess of $200,000 in grant funding to enhance electronic technology in the Criminal Investigation Division. This project provided new computer equipment as well as specialized equipment and training in the areas of intelligence gathering, analytical training and SWAT deployment.

The Hall County Sheriff's Office received state recognition for their efforts in Traffic Safety. The sheriff's office competed in the Governors Challenge with other sheriff's agencies of the same size across the state placing second in their category. This marks the ninth time in the last ten years that the Hall County Sheriff's office has placed tops or runner up in the state of Georgia and additionally placing nationally three times with twice being rated as the nation's best.

In March of 2011 the Commission on Accreditation for Law Enforcement Agencies (CALEA) awarded national re-accreditation to the Hall County Sheriff's. This marked the third such designation, and with it, made the Hall County Sheriff's Office one of only six sheriff's office in the state to accomplish this achievement.

The Hall County Jail had an average daily jail population of over 1,200 inmates a day and over 12,000 people were processed through the booking area of the Jail in 2011. 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.

In an effort to meet budget reductions and to continue to identify cost-saving measures while at the same time maintaining the critical services necessary to meet the needs of our community several steps were taken. The Sheriff's Office formed a

financial overview committee, pulling together and gaining input from some of our communities most experienced and talented business and civic leaders. Efforts were accelerated with the ongoing and continual review of the department's budget and mission. As a result, the Sheriff's Office was able to identify and implement several initiatives designed to reduce the costs associated with our services. These efforts have led to reductions in operating costs, major cuts to overtime usage, as well as cuts in personnel which have resulted in savings to the County Budget.

Community Service Center
The Community Service Center, shared with the City of Gainesville, met the needs of the community by serving 102,364 Meals on Wheels in FY 2011 utilizing 200+ plus loyal volunteers. Ridership on the Red Rabbit bus system jumped from 117,917 to 175,834 in fiscal year 2011. This increase is as much a reflection of minor systems improvements; adjustments to the routes of the buses as well as residents returning to training and employment opportunities elected to use affordable public transit.

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 pla n 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, 2010 and 2011. Only projects funded through SPLOST were initiated in 2011.

Financial Information
The recent recession continued to take 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.

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 30th of each year, the County Administrator submits a proposed budget for the ensuing fiscal 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 2011, for the 19th consecutive year, Hall County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year 2010. 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,

Randy D. Knighton
County Administrator

Timothy C. Sims
Interim 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, 2010

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



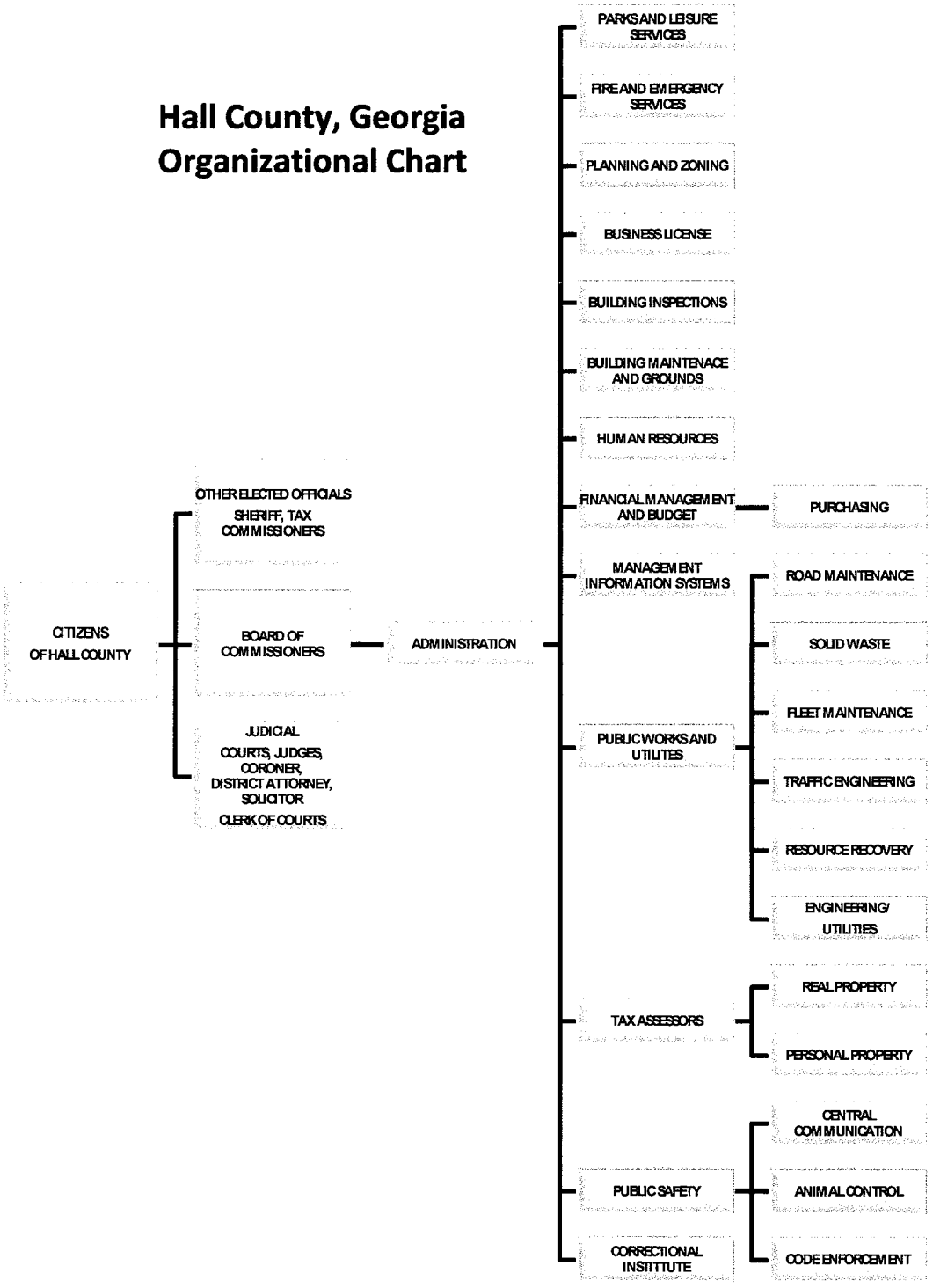
Linda C. Davidson

President

Jeffrey L. Esser

Executive Director

Hall County, Georgia
Organizational Chart



Hall County, Georgia Officials

Hall County Board of Commissioners

- ***Tom Oliver*** - Chairman
- ***Craig Lutz*** - Commissioner District 1
- ***Billy Powell*** - Commissioner District 2
- ***Scott Gibbs*** - Commissioner District 3
- ***Ashley Bell*** - Commissioner District 4

Administration and Department Directors

- County Administrator - ***Randy D. Knighton***
- Asst. County Administrator - ***Marty Nix***
- County Clerk - ***Heather Bates***
- Public Relations Officer - ***Nikki Young***
- County Attorney - ***William Blalock***
- Human Resources - ***Linda Pryor***
- Interim Financial Services - ***Timothy C. Sims***
- Public Works & Utilities - ***Kenneth M. Rearden***
- Fire & EMSs - ***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 - ***Steve Watson***

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 28, 2011

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, 2011, 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, 2011, which statements reflect total assets of $3,863,903 as of June 30, 2011, and total revenues of $16,909,470, 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 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, 2011, and the respective changes in financial position, and where applicable, cash flows, 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 28, 2011, on our consideration of HALL COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, 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.

Bates, Carter & Co, LLP

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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, 2011. 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.

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); and 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. 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 14-51 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 52-73 of this report.

- Hall County's net assets at June 30, 2011 were $443,903,968. Of this amount, $438,045,317 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 $5,858,651.

- As of June 30, 2011, the County's governmental funds reported combined ending fund balance of $44,007,817, a change of $15,358,758 in comparison with the prior year. The increase in fund balance is a result of tax proceeds that had not yet been spent in the SPLOST Fund as well as debt proceeds that had not been spent in the capital projects fund.

- As of June 30, 2011, the County's General Fund reported a fund balance of $9,310,695; an increase of $1,262,773 in comparison with the prior year. The increase in fund balance results from continued cost reductions.

- Hall County's total long-term debt changed by $49,733,821. This increase is the result of continued construction of Phase II Mulberry Creek Regional Sewer Facilities projected to be completed in December 2011, issuing debt for the Glades reservoir project, the North Hall Park and Technology Center, and to purchase the Liberty Mutual building, an increase in other post-employment benefit (OPEB) obligation offset by normal payments of debt as scheduled

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 $443,903,968 at the close of the fiscal year. This represents a change in net assets from fiscal year 2010 of $(29,148,604) million.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 62,178	$ 49,011	$ 27,094	$ 20,030	$ 89,272	$ 69,041
Capital assets (net of depreciation)	400,541	400,462	103,893	87,188	504,434	487,650
Total assets	462,719	449,473	130,987	107,218	593,706	556,691
Long-term liabilities outstanding	73,093	35,329	63,797	51,826	136,890	87,155
Other liabilities	10,222	10,694	2,690	1,844	12,912	12,538
Total liabilities	83,315	46,023	66,487	53,670	149,802	99,693
Net assets						

Invested in capital assets, net of related debt	386,017	393,603	52,028	61,405	438,045	455,008
Restricted	21,184	21,794	-	-	21,184	21,794
Unrestricted	(27,797)	(11,947)	12,472	8,197	(15,325)	(3,750)
Total net assets	$379,404	$403,450	$ 64,500	$ 69,602	$443,904	$473,052

By far the largest portion of the County's net assets (98.7%) at June 30, 2011, 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 (4.8%) 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 of $3.4 million plus $8.9 million prior period adjustment for prior year costs. This liability is an amount actuarially determined in accordance with GASB 45 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.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	$ 30,831	$ 30,740	$ 6,192	$ 6,099	$ 37,023	$ 36,839
Operating grants and contributions	6,094	5,447	-	-	6,094	5,447
Capital grants and contributions	4,632	4,977	236	86	4,868	5,063
General revenue						
Property taxes	52,313	53,395	-	-	52,313	53,395
Sales taxes	42,483	41,938	-	-	42,483	41,938
Other taxes	7,937	7,799	-	-	7,937	7,799
Gain on sale of assets	203	15	-	-	203	15
Unrestricted investment earnings	66	108	17	32	83	140
Grants and contributions not restricted to a specific program	-	6	-	-	-	6
Total revenue	144,559	144,425	6,445	6,217	151,004	150,642
Expenses:						
General government	20,540	17,275	-	-	20,540	17,275
Judicial	17,954	18,404	-	-	17,954	18,404
Public safety	77,796	78,047	-	-	77,796	78,047
Public works	29,633	27,153	-	-	29,633	27,153
Public health and welfare	3,304	3,501	-	-	3,304	3,501
Recreation and culture	7,794	7,602	-	-	7,794	7,602
Housing and development	5,979	5,389	-	-	5,979	5,389
Interest and paying fees	493	331	-	-	493	331
Solid waste	-	-	6,059	5,568	6,059	5,568
Water and sewer utilities	-	-	1,791	2,921	1,791	2,921
Total expenses	163,493	157,702	7,850	8,489	171,343	166,191

Increase in net assets before transfers	(18,934)	(13,277)	(1,405)	(2,272)	(20,339)	(15,549)
Transfers	3,697	(14,196)	(3,697)	14,196	-	-
Increase (Decrease) in net assets	(15,237)	(27,473)	(5,102)	11,924	(20,339)	(15,549)
Prior period adjustment	(8,809)	-	-	-	(8,809)	-
Net assets, beginning of year	403,450	430,923	69,602	57,678	473,052	488,601
Net assets, end of year	$ 379,404	$ 403,450	$ 64,500	$ 69,602	$ 443,904	$ 473,052

The comparative schedule of changes in net assets denotes a change of $29 million in net assets. The primary contributor to this decrease is, as mentioned previously, the prior period adjustment (Note 18) of $9 million.

Revenue increased $362 thousand in fiscal year 2011. This increase is attributable to various revenue sources. Expenses increased by $5 million (5.1%) from the previous year. The primary reason for this increase is due to retirement contributions and other post-employment benefit (OPEB) costs for 2011.

Governmental Activities:

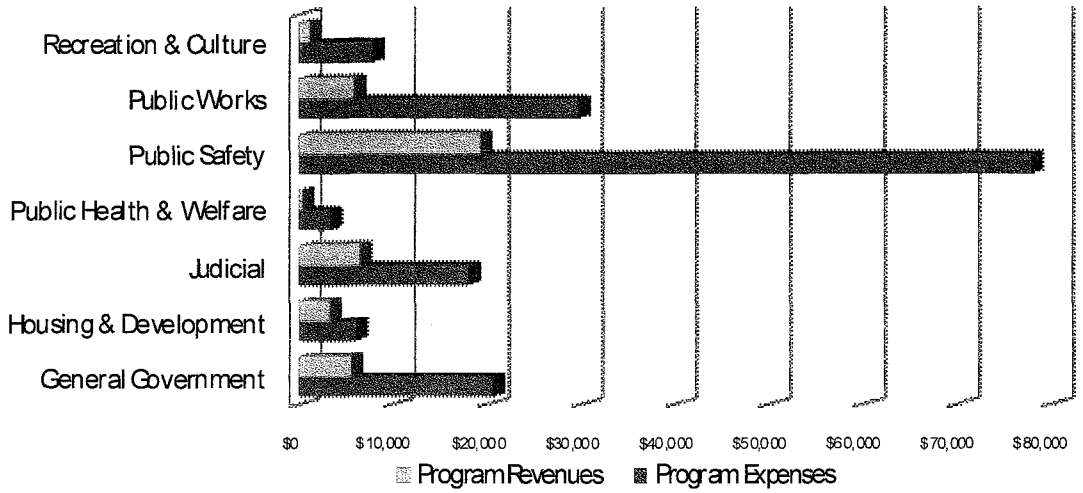
Governmental activities overall had a (6.0)% decrease from fiscal year 2010 to fiscal year 2011. This change is the result of the prior period adjustment of $9 million as mentioned previously.

- Revenue remained relatively stable during 2011. Property tax collections decreased by $1.1 million due to the decline in the tax digest. This decline was offset by increases in charges for services, sales tax revenues and various small increases in other categories.

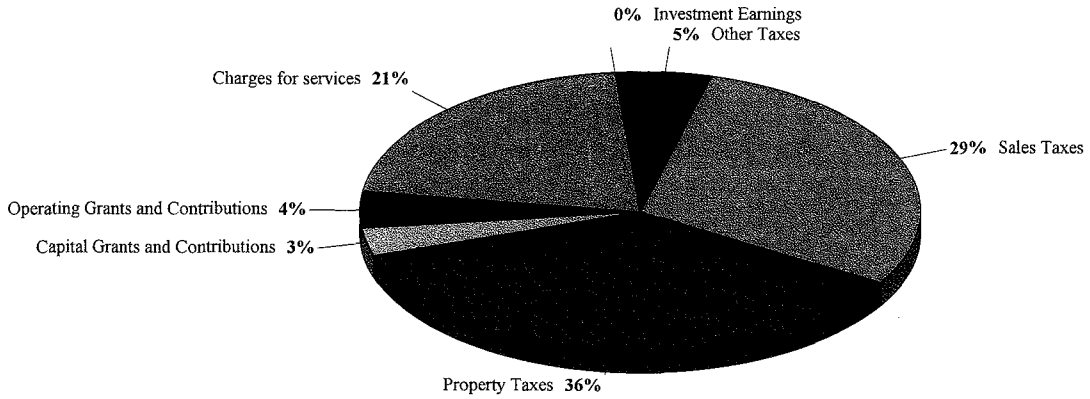
- Expenses increased $5.7 million from fiscal year 2010. This primarily due to increase in other post-employment benefit (OPEB) costs for 2011.

The following charts show activities by function:

Expense and Program Revenues - Governmental Activities
FY 2011
(in thousands)



Revenues by Source - Governmental Activities
FY 2011



* Zero Data, Other

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

Business-Type Activities:

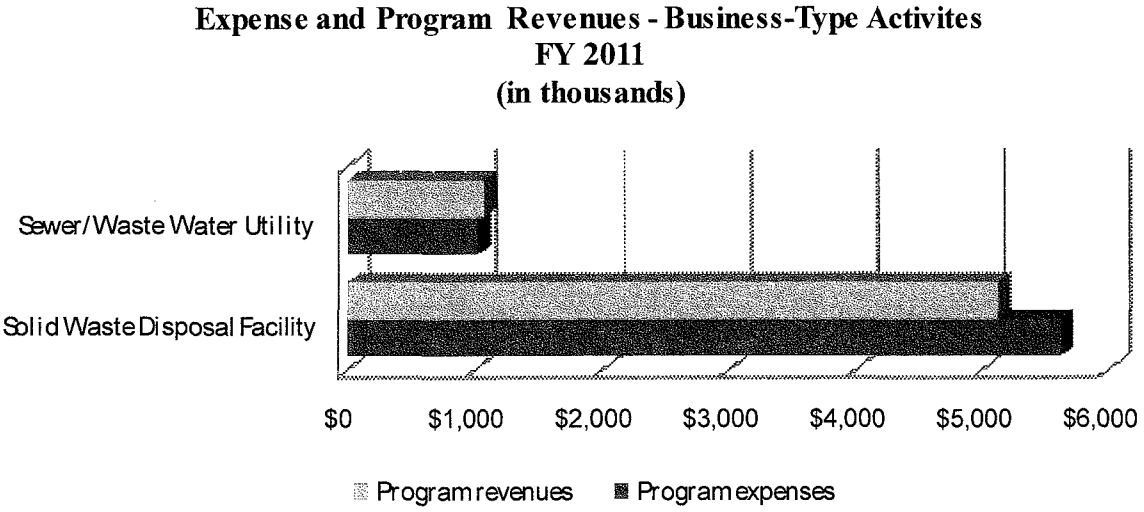
Business–type net assets decreased by $(5) million. Key elements of this increase are:

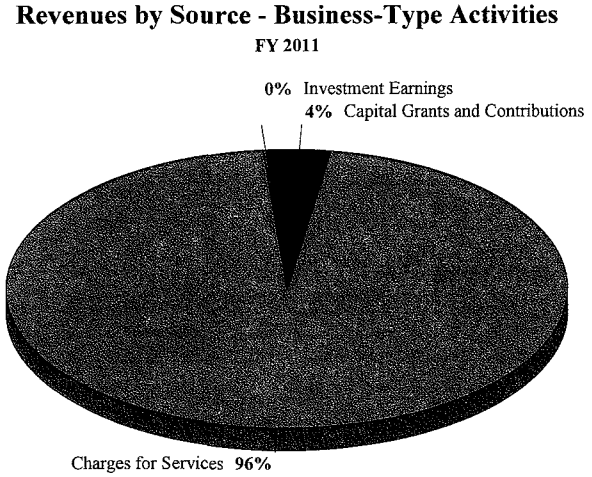
- The Solid Waste Disposal Facility Fund net assets decreased by $2 million. This was due to a transfer to the general fund for pension contributions.

- The Sewer/Wastewater Utility Fund net assets increased by $2 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 2011 funded by transfers from the SPLOST fund.

- The Water Utility Fund net assets decreased by $5 million. This was due to the Water Utility Fund reimbursing the SPLOST fund for capital outlay costs initially paid by SPLOST.

The following charts show activities by enterprise operation:





* 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 $44,007,817, a change of $15,358,758 in comparison to the prior year. The increase in fund balance is a result of tax proceeds had not yet been spent in the SPLOST Fund as well as debt proceeds that had not yet been spent in the capital projects fund..

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 $9,310,695. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 8.5% of total general fund current operating expenditures which is an increase over last year of $-%. The underlying increase in fund balance was due to conservative budgeting and cost cutting measures implemented which reduced expenditures to $943 thousand below budget.

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 $4,293,408, which represents bond proceeds unspent for the North Hall Park and the purchase of the Liberty Mutual Building for County administrative offices.

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 changed from $3,032,402 to $2,798,391 or 7.7%. The decrease was due to the start of construction of Cool Springs Park 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 2011, SPLOST Fund reported a fund balance of $22,671,361, which represents a change from last year of $9,471,658. This is primarily due to tax revenues exceeding expenditures as projects have been slower to get underway than planned. SPLOST projects under construction include 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 $2,421,781, a 11.4% increase from fiscal year 2010. This increase is attributable to continued furlough and other cost saving measures continued during the year. The fund balance represents 16.7% of total fund expenditures.

Governmental Fund Revenue and Expenditure Comparison

($ in thousands)

	2011	2010	Inc/Dec	%Inc/Dec		2011	2010	Inc/Dec	%Inc/Dec
Revenue					Expenditures				
Taxes	$ 102,600	$ 102,948	$ (348)	(0.3)%	General Government	$ 17,737	$ 15,418	$ 2,319	15 %
License and Permits	1,357	1,658	(301)	(18.2)%	Judicial	14,888	14,970	(82)	(1)%
Intergovernmental	6,449	8,798	(2,349)	(26.7)%	Public Health and Welfare	2,888	3,131	(243)	(8)%
Fines and Forfeitures	3,772	4,844	(1,072)	(22.1)%	Public Safety	62,322	61,495	827	1 %
Charges for Services	25,547	24,076	1,471	6.1 %	Public Works	10,994	8,886	2,108	24 %
Investment income	232	94	138	146.8 %	Recreation and Culture	6,314	6,131	183	3 %
Miscellaneous	539	107	432	403.7 %	Housing and Development	5,475	4,932	543	11 %
					Intergovernmental	4,946	4,786	160	3 %
					Capital Outlay	17,321	16,179	1,142	7 %
					Debt Service	3,947	11,460	(7,513)	(66)%
Total Revenues	$ 140,496	$ 142,525	$ (2,029)	(1.4)%	Total Expenditures	$ 146,832	$ 147,388	$ (556)	(11)%

The changes in fund balances for the Governmental Funds are as shown:

Hall County Governmental Funds
Changes in Fund Balance
($ in thousands)

	2011	2010	Incr/(Decr)	% Incr/-Decr
General Fund	$ 9,311	$ 8,048	$ 1,263	15.7 %
Fire District	2,422	2,174	248	11.4 %
SPLOST	22,671	13,200	9,471	71.8 %
Capital Projects	4,293	(1,408)	5,701	(404.9)%
Impact Fees	2,798	3,032	(234)	(7.7)%
Non-Major Funds	2,512	3,603	(1,091)	(30.3)%
Total Fund Balance	$ 44,007	$ 28,649	$ 15,358	53.6 %

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

Hall County Proprietary Funds
Changes in Net Assets
($ in thousands)

	2011	2010	Incr/(Decr)	% Incr/-Decr
Solid Waste Disposal	$ 14,344	$ 16,125	$ (1,781)	(11.0)%
Sewer/Waste Water Utility	44,368	42,539	1,829	4.3 %
Water Utility	5,879	11,056	(5,177)	(46.8)%
Internal Service	912	91	821	902.2 %
Total Fund Balance	$ 65,503	$ 69,811	$ (4,308)	(6.2)%

Unrestricted net assets of the Solid Waste Disposal Facility, Sewer/Wastewater Utility, and Water Utility Funds at the end of the year amounted to $12,562,267. This represents a change of $4,248,269 from unrestricted net assets as of June 30, 2010. 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 budget was $90,413,876 and final budget was $91,977,752. The actual revenue (inflow) was $92,297,425, which varied from final budget by $319,673. The actual expenditures (outflows) were $91,034,652 which varied from the final expenditure budget by $943,100. That represented an increase of $3.1 million from prior year. The net result is a $1.2 million improvement in the General Fund balance. While the total final expenditure budget did change from the original budget due to retirement contributions being reinstated and various smaller items acted upon by the Commission, there were also some shifts between departments. The expenditure reductions are summarized below and implementation began in fiscal year 2011.

- Continued a mandated open position hiring freeze
- Cost of living and merit increases were not budgeted
- 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 for five months reinstating these contributions in December 2010.

Actual expenditures came in $943,100 below budget and can be summarized as follows:

- General Government was under budget by $245 thousand
- Judicial was under budget by $184 thousand
- Public Safety under budget by $252 thousand
- Public Works was over budget by $81 thousand
- Public Health and Welfare under budget by $28 thousand
- Recreation and Culture was under budget by $22 thousand
- Housing and Development was under budget by $131 thousand

Differences between the original budget and the final amended budget difference by function:

General Fund
For the Year Ended June 30, 2011

	Budget			Variance of
	Original	Final	Actual	Final Budget
General Government	$ 17,057,485	$ 19,038,549	$ 18,793,323	$ 245,226
Judicial	13,899,017	13,683,138	13,498,843	184,295
Public Safety	42,545,305	42,806,661	42,553,876	252,785
Public Works	5,417,330	5,699,842	5,618,909	80,933
Public Health and Welfare	2,975,916	2,643,946	2,616,394	27,552
Recreation and Culture	5,178,012	5,053,319	5,031,668	21,651
Housing and Development	3,340,811	3,052,297	2,921,639	130,658
Total Charges to Appropriations	$ 90,413,876	$ 91,977,752	$ 91,034,652	$ 943,100

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, 2011, was $504 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 $1 million. Major projects consisted of the following:

- Road Construction - $1 million
- Mulberry Creek Community Center Additions - $86 thousand

Business-type assets moved from construction in progress to the assets records during the year totaled approximately $5 million. Major projects consisted of the following:

- Martin Road/Mulberry Basin Phase II - $821 thousand
- Spout Springs Road Sewage Facilities - $109 thousand
- Cell 1 of Candler Road Landfill - $177 thousand
- Glades land reclassified out of construction in progress

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land and Improvements	$ 56,547	$ 55,673	$ 26,935	$ 23,046	$ 83,482	$ 78,719
Construction in Progress	19,571	6,884	37,294	38,023	56,865	44,907
Buildings	129,074	133,079	7,986	8,274	137,060	141,353
Machinery & Equipment	14,288	16,828	2,702	1,889	16,990	18,717
Vehicles	6,623	8,119	266	114	6,889	8,233
Infrastructure	174,438	179,880	28,710	32,926	203,148	212,806
Total Assets	$ 400,541	$ 400,463	$ 103,893	$ 104,272	$ 504,434	$ 504,735

Additional information on the County's capital assets can be found in Note 6 on pages 28 through 31 of this report.

Long–Term Debt. The $40.2 million of the contracts payable were to fund the construction of the State Patrol Building, Animal Control Shelter, North Hall Park, Glades Reservoir, and the purchase of Spout Springs Treatment Plant, and Liberty Mutual Building which was contracted through the Gainesville-Hall County Development Authority.

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	
	2011	2010	2011	2010	2011	2010
Contracts Payable	17,962	4,848	22,319	14,363	40,281	19,211
Capital Leases	407	560	1,463	491	1,870	1,051
Notes Payable	-	-	33,445	30,576	33,445	30,576
Claims Payable (estimate)	2,821	2,973	-	-	2,821	2,973
Landfill Closure/Postclosure	-	-	6,496	6,320	6,496	6,320
Compensated Absences	3,733	3,729	74	76	3,807	3,805
Net OPEB Obligation	48,170	23,219	-	-	48,170	23,219
Totals	$ 73,093	$ 35,329	$ 63,797	$ 51,826	$ 136,890	$ 87,155

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 7 on pages 31 through 36 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, 2011 ended for the County as planned with budgetary performance which required no decrease in General Fund, but essentially ended with an increase of $1.2 million. The FY 2012 economic outlook for Hall County is virtually a duplication of 2011.

- The unemployment rate in Hall County is at 9.3% which is slightly above last year of 9.2%, but still lower than the State of Georgia and the United States.

- In 2011, 34 new and expanded industries are adding 1,410 new jobs, retaining 780 existing jobs and generating $249 million in new capital investment. Expanding companies include ZF Windpower, Atex, IMS Gear, Kings Hawaiian and Kubota.

- The Northeast Georgia Health System had financing and architectural plans underway on 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*.

- The County is in the final permitting stages to build an 80 million gallon per day water reservoir in the North Hall area. Bonds for funding was obtained in 2011 for this project..

- LOST and SPLOST revenues are projected to trend similar to 2011. The County is monitoring collections on a monthly basis.

- The County is planning for some erosion to the property tax digest for FY 2012 budget as the economy still falters.

- 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 2012 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 2012 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, 2011

	PRIMARY GOVERNMENT			
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Cash	$ 36,901,707	$ 4,867,090	$ 41,768,797	$ 2,462,262
Investments	-	-	-	7,555
Receivables (net of allowance for uncollectibles)	11,111,410	490,621	11,602,031	1,611,315
Internal balances	728,632	(728,632)	-	-
Inventories	569,308	-	569,308	-
Prepaid items	7,219,983	5,000	7,224,983	52,836
Restricted assets:				
Cash	5,028,970	4,672,961	9,701,931	-
Non-current assets:				
Deferred charges	284,090	848,461	1,132,551	-
Capacity held for resale	-	16,938,813	16,938,813	-
Land held for resale	18,699	-	18,699	-
Net pension obligation	315,868	-	315,868	-
Capital assets:				
Capital assets not being depreciated	76,118,629	64,229,197	140,347,826	-
Capital assets being depreciated	563,598,359	53,282,337	616,880,696	5,668,875
Less: accumulated depreciation	(239,176,195)	(13,619,003)	(252,795,198)	(3,924,225)
Capital assets, net of depreciation	400,540,793	103,892,531	504,433,324	1,744,650
TOTAL ASSETS	462,719,460	130,986,845	593,706,305	5,878,618
LIABILITIES				
Accounts payable	6,528,340	2,438,030	8,966,370	586,773
Accrued interest payable	115,061	127,474	242,535	-
Other accrued items	2,344,692	58,617	2,403,309	-
Due to other governments	-	-	-	370,098
Unearned revenue	1,033,037	25,707	1,058,744	115,551
Amounts held in trust	201,651	40,420	242,071	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	3,400,000	29,460	3,429,460	622,759
Estimated claims payable	1,367,289	-	1,367,289	-
Accrued landfill closure / postclosure	-	370,000	370,000	-
Notes payable	-	1,022,030	1,022,030	-
Capital leases payable	133,016	475,335	608,351	-
Contracts payable	1,198,071	1,031,572	2,229,643	-
Due in more than one year				
Compensated absences payable	332,588	44,190	376,778	324,150
Estimated claims payable	1,454,000	-	1,454,000	-
Accrued landfill closure / postclosure	-	6,125,823	6,125,823	-
Notes payable	-	32,422,927	32,422,927	-
Capital leases payable	273,571	987,544	1,261,115	-
Contracts payable	16,764,009	21,287,921	38,051,930	-
Net OPEB obligation	48,169,962	-	48,169,962	-
TOTAL LIABILITIES	83,315,287	66,487,050	149,802,337	2,019,331
NET ASSETS				
Invested in capital assets, net of related debt	386,017,179	52,028,138	438,045,317	1,744,650
Restricted for:				
Capital outlay projects	13,863,903	-	13,863,903	-
Impact fee projects	2,798,391	-	2,798,391	-
Judicial programs	478,709	-	478,709	-
Public safety programs	2,980,743	-	2,980,743	-
Health and welfare programs	4,525	-	4,525	756,385
Recreation and culture	512,701	-	512,701	14,419
Special Assessments	545,015	-	545,015	-
Unrestricted	(27,796,993)	12,471,657	(15,325,336)	1,343,833
TOTAL NET ASSETS	$ 379,404,173	$ 64,499,795	$ 443,903,968	$ 3,859,287

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

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	NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: TOTAL	NET (EXPENSE) AND CHANGES IN NET ASSETS: COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	$ 20,540,970	$ 5,365,714	$ 141,971	$ -	$ (15,033,285)	$ -	$ (15,033,285)	$ -
Judicial	17,954,179	5,511,344	923,026	-	(11,519,809)	-	(11,519,809)	-
Public safety	77,796,439	17,555,747	1,684,351	-	(58,556,341)	-	(58,556,341)	-
Public works	29,633,396	941,484	264,091	4,626,974	(23,800,847)	-	(23,800,847)	-
Public health and welfare	3,304,481	-	276,227	5,259	(3,022,995)	-	(3,022,995)	-
Recreation and culture	7,794,283	1,051,682	37,221	-	(6,705,380)	-	(6,705,380)	-
Housing and development	5,978,553	405,261	2,767,550	-	(2,805,742)	-	(2,805,742)	-
Interest	492,549	-	-	-	(492,549)	-	(492,549)	-
Total Governmental Activities	163,494,850	30,831,232	6,094,437	4,632,233	(121,936,948)	-	(121,936,948)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	6,059,105	5,119,817	-	-	-	(939,288)	(939,288)	-
Water and sewer	1,475,097	1,072,471	-	235,815	-	(166,811)	(166,811)	-
Water utilities	316,762	-	-	-	-	(316,762)	(316,762)	-
Total Business-Type Activities	7,850,964	6,192,288	-	235,815	-	(1,422,861)	(1,422,861)	-
TOTAL PRIMARY GOVERNMENT	$ 171,345,814	$ 37,023,520	$ 6,094,437	$ 4,868,048	(121,936,948)	(1,422,861)	(123,359,809)	-
COMPONENT UNITS								
Health Department	$ 16,683,922	$ 5,263,309	$ 11,646,161	$ -	-	-	-	225,548
Library System	3,156,166	116,042	323,661	79,458	-	-	-	(2,637,005)
TOTAL COMPONENT UNITS	$ 19,840,088	$ 5,379,351	$ 11,969,822	$ 79,458	-	-	-	(2,411,457)
GENERAL REVENUES								
Property taxes					52,313,231	-	52,313,231	-
Sales taxes					42,482,618	-	42,482,618	-
Insurance premium taxes					5,104,702	-	5,104,702	-
Real estate recording taxes					1,013,297	-	1,013,297	-
Other taxes					1,819,304	-	1,819,304	-
Total taxes					102,733,152	-	102,733,152	-
Miscellaneous					-	-	-	-
Unrestricted investment earnings					66,324	17,388	83,712	1,375
Grants and contributions not restricted to a specific program					-	-	-	2,541,134
Gain on sale of capital assets					203,069	-	203,069	-
TRANSFERS					3,696,875	(3,696,875)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					106,699,420	(3,679,487)	103,019,933	2,542,509
CHANGES IN NET ASSETS					(15,237,528)	(5,102,348)	(20,339,876)	131,052
NET ASSETS, Beginning					403,450,429	69,602,143	473,052,572	3,728,235
PRIOR PERIOD ADJUSTMENT					(8,808,728)	-	(8,808,728)	-
NET ASSETS, Beginning as restated					394,641,701	69,602,143	464,243,844	3,728,235
NET ASSETS, Ending					379,404,173	$ 64,499,795	$ 443,903,968	$ 3,859,287

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

ASSETS	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash	$ 2,471,544	$ 2,631,264	$ 22,730,919	$ -	$ 2,762,139	$ 2,758,283	$ 33,354,149
Receivables (net of allowance for uncollectibles)	7,131,487	373,553	2,393,758	16,184	36,252	1,160,175	11,111,409
Due from other funds	7,087,002	-	-	-	-	-	7,087,002
Prepaid items	270,398	-	6,698,469	-	-	-	6,968,867
Inventories	353,943	215,365	-	-	-	-	569,308
Restricted assets:							
Cash	-	-	-	5,028,970	-	-	5,028,970
TOTAL ASSETS	$ 17,314,374	$ 3,220,182	$ 31,823,146	$ 5,045,154	$ 2,798,391	$ 3,918,458	$ 64,119,705
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	1,867,749	102,002	3,210,209	751,746	-	531,468	6,463,174
Other accrued items	1,880,957	327,249	9,707	-	-	126,418	2,344,331
Due to other funds	-	-	5,931,869	-	-	517,111	6,448,980
Deferred revenue	4,242,836	369,150	-	-	-	41,767	4,653,753
Amounts held in trust	12,137	-	-	-	-	189,513	201,650
TOTAL LIABILITIES	8,003,679	798,401	9,151,785	751,746	-	1,406,277	20,111,888
FUND BALANCES							
Nonspendable:							
Prepaid expenditure	270,398	-	6,698,469	-	-	-	6,968,867
Inventories	353,943	215,365	-	-	-	-	569,308
Restricted:							
Capital outlay projects	-	-	15,972,892	4,293,408	-	-	20,266,300
Impact fee projects	-	-	-	-	2,798,391	-	2,798,391
Special assessments	-	-	-	-	-	545,015	545,015
Judicial programs	-	-	-	-	-	478,709	478,709
Public safety programs	-	2,206,416	-	-	-	774,328	2,980,744
Health and welfare programs	-	-	-	-	-	4,525	4,525
Parks and recreation programs	-	-	-	-	-	512,701	512,701
Assigned:							
Encumbrances	312,530	-	-	-	-	-	312,530
Capital equipment and infrastructure	-	-	-	-	-	196,903	196,903
Operating reserve	708,650	-	-	-	-	-	708,650
Unassigned:	7,665,174	-	-	-	-	-	7,665,174
TOTAL FUND BALANCES	9,310,695	2,421,781	22,671,361	4,293,408	2,798,391	2,512,181	44,007,817
TOTAL LIABILITIES AND FUND BALANCES	$ 17,314,374	$ 3,220,182	$ 31,823,146	$ 5,045,154	$ 2,798,391	$ 3,918,458	$ 64,119,705

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, 2011

Total Fund Balances for Governmental Funds (page 3)		$ 44,007,817
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.		400,540,793
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:		1,002,469
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	3,142,359	
Assessments	38,956	
Fines	439,402	
		3,620,717
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	284,090	
Accrued interest	(115,061)	
Compensated absences	(3,732,588)	
Capital leases	(406,587)	
Contracts payable	(17,962,080)	
Net pension obligation	315,868	
Net OPEB obligation	(48,169,962)	
		(69,786,320)
Rounding		(2)
Total net assets of governmental activities (page 1)		$379,404,173

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, 2011

	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	$ 63,808,563	$ 14,579,771	$ 24,207,281	$ -	$ -	$ 4,204	$ 102,599,819
Licenses and permits	1,133,763	-	-	-	223,698	-	1,357,461
Intergovernmental	1,620,653	8,936	-	-	-	4,819,329	6,448,918
Fines and forfeitures	2,934,132	-	-	-	-	837,386	3,771,518
Charges for services	20,436,290	5,894	-	-	-	5,104,927	25,547,111
Contributions and donations	-	117,312	100,000	-	-	160	217,472
Investment income	17,407	7,916	156,474	35,038	7,825	7,151	231,811
Miscellaneous	295,773	6,000	-	-	-	20,599	322,372
TOTAL REVENUES	90,246,581	14,725,829	24,463,755	35,038	231,523	10,793,756	140,496,482
EXPENDITURES							
Current Expenditures							
General government	17,721,427	-	6,016	9,448	-	-	17,736,891
Judicial	13,492,899	-	1,759	-	-	1,393,824	14,888,482
Public safety	42,250,279	14,478,016	508	-	-	5,592,928	62,321,731
Public works	5,461,825	-	4,387,954	-	-	1,144,151	10,993,930
Public health and welfare	2,616,394	-	-	-	-	271,433	2,887,827
Recreation and culture	4,935,018	-	2,409	-	398,146	978,665	6,314,238
Housing and development	2,915,571	-	-	-	-	2,558,958	5,474,529
Intergovernmental	-	-	4,945,774	-	-	-	4,945,774
Capital outlay	208,147	-	4,595,761	11,870,399	67,388	579,674	17,321,369
Debt service							
Principal	248,322	-	2,890,000	-	-	-	3,138,322
Interest	161,104	-	399,840	-	-	-	560,944
Issuance costs	-	-	-	247,504	-	-	247,504
TOTAL EXPENDITURES	90,010,986	14,478,016	17,230,021	12,127,351	465,534	12,519,633	146,831,541
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	235,595	247,813	7,233,734	(12,092,313)	(234,011)	(1,725,877)	(6,335,059)
OTHER FINANCING SOURCES (USES)							
Sale of county property	203,069	-	-	1,400,000	-	-	1,603,069
Premium on bonds/contracts payable issued	-	-	-	1,003,873	-	-	1,003,873
Contract payable issued	-	-	-	15,390,000	-	-	15,390,000
Transfers in	1,847,775	-	4,558,496	-	-	1,053,666	7,459,937
Transfers out	(1,023,666)	-	(2,320,572)	-	-	(418,824)	(3,763,062)
TOTAL OTHER FINANCING SOURCES (USES)	1,027,178	-	2,237,924	17,793,873	-	634,842	21,693,817
NET CHANGE IN FUND BALANCES	1,262,773	247,813	9,471,658	5,701,560	(234,011)	(1,091,035)	15,358,758
FUND BALANCES, Beginning of year	8,047,922	2,173,968	13,199,703	(1,408,152)	3,032,402	3,603,216	28,649,059
FUND BALANCES, End of year	$ 9,310,695	$ 2,421,781	$ 22,671,361	$ 4,293,408	$ 2,798,391	$ 2,512,181	$ 44,007,817

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, 2011

Net change in fund balances (page 5)		$ 15,358,758
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays	17,321,369	
Depreciation expense	(18,811,299)	(1,489,930)
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	(2,335,116)	
Less gain recognized in prior years	(1,418,310)	
		(3,753,426)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	3,142,359	
Donated assets	3,903,806	
Assessments	38,956	
Fines	439,402	
		7,524,523
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(3,009,025)	
Assessments	(29,839)	
Fines	(615,750)	
		(3,654,614)
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.		
Proceeds from borrowing including premiums and discounts	(16,393,873)	
Principal payments on long-term debt	3,138,322	
Principal payments on long-term debt included as intergovernmental expense	113,729	
Bond issuance costs paid in current year	247,504	
Amortization of bond premiums, discounts, and issuance costs	127,835	
Accrued interest payable, current year	(115,061)	
Accrued interest payable, prior year	55,626	
		(12,825,918)
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	(3,732,588)	
Compensated absences, prior year	3,728,697	
		(3,891)
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.		794,935
Net pension obligation is not available during the current period and therefore is not reported in the funds.		
End of year	315,868	
Beginning of year	(1,361,820)	
		(1,045,952)
Net OPEB obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(48,169,962)	
less prior period adjustment of beginning of year balance	8,808,728	
Beginning of year	23,219,226	
		(16,142,008)
Rounding		(5)
Changes in net assets of governmental activities (page 2)		$ (15,237,528)

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2011

	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	$ 3,901,081	$ 966,009	$ -	$ 4,867,090	$ 3,547,558
Receivables (net of allowance for uncollectibles)	431,842	58,779	-	490,621	-
Due from other funds	452,714	-	-	452,714	-
Prepaid items	-	5,000	-	5,000	251,118
Restricted assets:					
Cash	1,462,879	1,249,960	1,960,122	4,672,961	-
TOTAL CURRENT ASSETS	6,248,516	2,279,748	1,960,122	10,488,386	3,798,676
Noncurrent Assets					
Deferred charges	-	744,042	104,419	848,461	-
Prepaid capacity	-	16,938,813	-	16,938,813	-
Capital assets					
Capital assets not being depreciated	5,505,375	45,705,605	13,018,217	64,229,197	-
Capital assets being depreciated	25,387,666	27,894,671	-	53,282,337	-
Less: accumulated depreciation	(11,713,981)	(1,905,022)	-	(13,619,003)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	19,179,060	71,695,254	13,018,217	103,892,531	-
TOTAL NONCURRENT ASSETS	19,179,060	89,378,109	13,122,636	121,679,805	-
TOTAL ASSETS	25,427,576	91,657,857	15,082,758	132,168,191	3,798,676
LIABILITIES					
Current Liabilities					
Accounts payable	1,640,409	679,549	118,072	2,438,030	65,166
Accrued interest payable	2,817	77,524	47,133	127,474	-
Other accrued items	58,617	-	-	58,617	362
Due to other funds	-	-	1,090,736	1,090,736	-
Amounts held in trust	26,020	14,400	-	40,420	-
Unearned revenue	25,707	-	-	25,707	-
Compensated absences payable	29,460	-	-	29,460	-
Accrued landfill closure/postclosure	370,000	-	-	370,000	-
Estimated claims payable	-	-	-	-	1,367,289
Notes payable	121,784	900,246	-	1,022,030	-
Capital lease payable	475,335	-	-	475,335	-
Contracts payable	-	(8,213)	1,039,785	1,031,572	-
TOTAL CURRENT LIABILITIES	2,750,149	1,663,506	2,295,726	6,709,381	1,432,817
Noncurrent Liabilities					
Estimated claims payable	-	-	-	-	1,454,000
Compensated absences payable	44,190	-	-	44,190	-
Accrued landfill closure/postclosure	6,125,823	-	-	6,125,823	-
Notes payable	1,175,864	31,247,063	-	32,422,927	-
Capital lease payable	987,544	-	-	987,544	-
Contracts payable	-	14,379,589	6,908,332	21,287,921	-
TOTAL NONCURRENT LIABILITIES	8,333,421	45,626,652	6,908,332	60,868,405	1,454,000
TOTAL LIABILITIES	11,083,570	47,290,158	9,204,058	67,577,786	2,886,817
NET ASSETS					
Invested in capital assets, net of related debt	16,421,763	28,694,225	6,912,150	52,028,138	-
Unrestricted	(2,077,757)	15,673,474	(1,033,450)	12,562,267	911,859
TOTAL NET ASSETS	$ 14,344,006	$ 44,367,699	$ 5,878,700	64,590,405	$ 911,859
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(90,610)	
Net assets of business-type activities				$ 64,499,795	

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, 2011

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Charges for sales and services:					
Water sales	$ -	$ 26,394	$ -	$ 26,394	$ -
Sewer sales	-	990,745	-	990,745	-
Other	-	55,332	-	55,332	-
Recycling and transfer fees	5,119,742	-	-	5,119,742	-
Charges for services-other	75	-	-	75	-
Charges to other funds	-	-	-	-	16,917,276
Employee contributions	-	-	-	-	2,584,222
Total Operating Revenues	5,119,817	1,072,471	-	6,192,288	19,501,498
OPERATING EXPENSES					
Salaries and benefits	1,858,610	-	-	1,858,610	11,807
Supplies	313,977	-	-	313,977	-
Other services and charges	1,479,934	717,169	-	2,197,103	42,188
Benefit claims	-	-	-	-	14,607,951
Insurance premiums	443,478	-	-	443,478	1,053,000
General and administrative	-	-	-	-	2,974,502
Landfill closure/postclosure costs	279,875	-	-	279,875	-
Depreciation	889,013	255,829	-	1,144,842	-
Repairs and maintenance	358,185	50,118	-	408,303	-
Total Operating Expenses	5,623,072	1,023,116	-	6,646,188	18,689,448
OPERATING INCOME (LOSS)	(503,255)	49,355	-	(453,900)	812,050
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	14,975	2,158	255	17,388	9,297
Interest expense	(80,260)	(451,981)	(151,969)	(684,210)	-
Gain (loss) on sale of capital assets	(382,185)	-	(164,793)	(546,978)	-
Total Nonoperating Revenues (Expenses)	(447,470)	(449,823)	(316,507)	(1,213,800)	9,297
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(950,725)	(400,468)	(316,507)	(1,667,700)	821,347
Sewer connection fees	-	235,815	-	235,815	-
Transfer in	628,867	2,263,660	398,014	3,290,541	-
Transfer out	(1,458,951)	(269,969)	(5,258,496)	(6,987,416)	-
CHANGE IN NET ASSETS	(1,780,809)	1,829,038	(5,176,989)	(5,128,760)	821,347
TOTAL NET ASSETS, Beginning of year	16,124,815	42,538,661	11,055,689		90,512
TOTAL NET ASSETS, End of year	$ 14,344,006	$ 44,367,699	$ 5,878,700		$ 911,859
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				26,412	
Change in net assets of business-type activities				$ (5,102,348)	

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customer	$ 5,116,415	$ 1,064,812	$ -	$ 6,181,227	$ 2,584,222
Payments to suppliers	(2,992,482)	(558,228)	-	(3,550,710)	(18,750,541)
Payments to employees	(1,899,710)	-	-	(1,899,710)	(163,571)
Internal activity-payments from (to) other funds	-	-	-	-	16,917,276
Net cash provided by (used in) operating activities	224,223	506,584	-	730,807	587,386
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers out	(1,458,951)	-	-	(1,458,951)	-
Principal payments on noncapital related debt	-	(119,571)	-	(119,571)	-
Interest paid on noncapital related debt	-	(83,684)	-	(83,684)	-
Net Cash provided (used) by non-capital financing activities	(1,458,951)	(203,255)	-	(1,662,206)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,270,297)	(3,387,675)	(1,348,544)	(6,006,516)	-
Proceeds from the sale of capital assets	911,783	-	-	911,783	-
Connection fees paid by customers	-	235,815	-	235,815	-
Transfers in	628,867	1,563,660	128,045	2,320,572	-
Transfers out	-	-	(4,558,496)	(4,558,496)	-
Payment made to debt	(606,862)	(393,325)	-	(1,000,187)	-
Proceeds from the issuance of debt	1,462,879	3,497,945	7,981,271	12,942,095	-
Paid for issuance cost	-	-	(114,363)	(114,363)	-
Interest paid	(77,443)	(856,207)	(128,046)	(1,061,696)	-
Net cash provided (used) by capital and related financing activities	1,048,927	660,213	1,959,867	3,669,007	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	14,975	2,158	255	17,388	9,297
Purchase of investments	(1,902,000)	(268,000)	(1,738,000)	(3,908,000)	(1,070,000)
Proceeds from sale of investments	4,622,629	268,000	1,738,000	6,628,629	2,069,380
Net cash provided (used) by investing activities	2,735,604	2,158	255	2,738,017	1,008,677
Net increase (decrease) in cash and cash equivalents	2,549,803	965,700	1,960,122	5,475,625	1,596,063
CASH, Beginning of year	2,814,157	1,250,269	-	4,064,426	1,951,495
CASH, End of year	$ 5,363,960	$ 2,215,969	$ 1,960,122	$ 9,540,051	$ 3,547,558

(CONTINUED)

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUND FUEL DEPOT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (503,255)	$ 49,355	$ -	$ (453,900)	$ 812,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	889,013	255,829	-	1,144,842	-
Landfill closure/postclosure costs	279,875	-	-	279,875	-
(Increase) decrease in:					
Accounts receivable	(2,060)	(22,059)	-	(24,119)	-
Prepaid expenses	-	56,283	-	56,283	(3,266)
Increase (decrease) in:					
Accounts payable	89,884	222,859	-	312,743	(69,634)
Compensated absences	(2,542)	-	-	(2,542)	-
Amounts held in trust	700	14,400	-	15,100	-
Accrued landfill costs	(104,161)	-	-	(104,161)	-
Other accrued items	(38,558)	-	-	(38,558)	79
Deferred revenue	(2,042)	-	-	(2,042)	(151,843)
Due to other funds	(382,631)	(70,083)	-	(452,714)	-
Net cash provided by (used in) operating activities	$ 224,223	$ 506,584	$ -	$ 730,807	$ 587,386
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES					
Net book value of disposals	$ (1,293,968)	$ -	$ (164,793)	$ (1,458,761)	$ -
Net book value of capital assets transferred	$ -	$ 269,969	$ (269,969)	$ -	$ -
Capital assets reclassified as prepaid capacity	$ -	$ (4,106,047)	$ -	$ (4,106,047)	$ -
Transfer of prepaid capacity	$ -	$ 700,000	$ (700,000)	$ -	$ -
Amortization of original issue premium & bond refunding	$ -	$ (8,215)	$ 33,154	$ 24,939	$ -
Amortization of deferred charges	$ -	$ (19,044)	$ (9,944)	$ (28,988)	$ -

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

	AGENCY FUNDS
ASSETS	
Cash	$ 3,952,833
TOTAL ASSETS	$ 3,952,833
LIABILITIES	
Amount held in trust	$ 3,952,833
TOTAL LIABILITIES	$ 3,952,833

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2011

ASSETS	HEALTH DEPARTMENT	LIBRARY SYSTEM	TOTAL
Cash	$ 1,998,250	$ 464,012	$ 2,462,262
Investments	-	7,555	7,555
Receivables (net of allowance for uncollectibles)	1,587,937	23,378	1,611,315
Prepaid items	-	52,836	52,836
Capital assets:			
Capital assets being depreciated	646,121	5,022,754	5,668,875
Less: accumulated depreciation	(368,405)	(3,555,820)	(3,924,225)
Capital assets, net of depreciation	277,716	1,466,934	1,744,650
TOTAL ASSETS	3,863,903	2,014,715	5,878,618
LIABILITIES			
Accounts payable	550,773	36,000	586,773
Due to other governments	370,098	-	370,098
Unearned revenue	115,551	-	115,551
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	572,000	50,759	622,759
Due in more than one year			
Compensated absences payable	248,011	76,139	324,150
TOTAL LIABILITIES	1,856,433	162,898	2,019,331
NET ASSETS			
Invested in capital assets	277,716	1,466,934	1,744,650
Restricted for:			
Program income	756,385		756,385
Grant expenditures		14,419	14,419
Unrestricted	973,369	370,464	1,343,833
TOTAL NET ASSETS	$ 2,007,470	$ 1,851,817	$ 3,859,287

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, 2011

		.....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	$ 16,683,922	$ 5,263,309	$ 11,646,161	$ -	$ 225,548	$ -	$ 225,548
Library System	3,156,166	116,042	323,661	79,458	-	(2,637,005)	(2,637,005)
TOTAL COMPONENT UNITS	$ 19,840,088	$ 5,379,351	$ 11,969,822	$ 79,458	225,548	(2,637,005)	(2,411,457)
GENERAL REVENUES							
Unrestricted investment earnings					-	1,375	1,375
Grants and contributions not restricted to a specific program					-	2,541,134	2,541,134
TOTAL GENERAL REVENUES AND TRANSFERS					-	2,542,509	2,542,509
CHANGES IN NET ASSETS					225,548	(94,496)	131,052
NET ASSETS, Beginning					1,781,922	1,946,313	3,728,235
NET ASSETS, Ending					$ 2,007,470	$ 1,851,817	$ 3,859,287

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 2011, 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 2011, the County supplemented the Library's budget in the amount of $2,533,634. 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 2010 digest year were payable on December 1, 2010. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 1, 2011.

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. $520,115 of interest was capitalized during 2011.

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

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

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- *Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.
- *Assigned* - Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.
- *Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

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

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, 2011 are as follows:

Invested in capital assets, net of related debt:	Governmental Activities	Business-type Activities
Cost of capital assets	$ 639,716,988	$ 117,511,534
Less accumulated depreciation	(239,176,195)	(13,619,003)
Book value	400,540,793	103,892,531
Plus construction proceeds	5,028,970	4,672,961
Less capital related debt	(19,552,584)	(56,537,354)
Invested in capital assets, net of related debt	$ 386,017,179	$ 52,028,138

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 - FUND BALANCE/NET ASSETS

The government-wide statement of net assets reports $21,183,987 of restricted net assets, of which $5,549,822 is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:

Fire District Fund	
Public Safety programs - For funds restricted for fire services from a separate tax levy	$ 2,206,416
SPLOST Fund	
Capital outlay projects - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum	15,972,892
Capital Projects Fund	
Capital outlay projects - For funds received from issuance of bonds that has not been spent	4,293,408

Impact Fees Fund	
Impact Fee projects - For funds received from impact fees that has not been spent	2,798,391
Nonmajor Special Revenue Funds	
Special Assessments -	
Special Assessments Fund - To account for funds received from special assessments for street lighting	545,015
Judicial Programs -	
Multiple Grant Fund - To account for funds received from grants restricted by grantors for various judicial programs	38,605
Restricted Programs Fund - to account for funds collected from fines and forfeitures to be used for drug abuse, treatment and education programs, victims assistance programs	373,572
Law Library Fund - to account for funds collected from fines and forfeitures to be used for the operation of the Law Library	66,532
Public Safety programs -	
Restricted Programs Fund - to account for funds collected from fines and forfeitures to be used for drug abuse, treatment and education programs, victims assistance programs	774,328
Health and Welfare Programs -	
Restricted Programs Fund - to account for funds collected from fines and forfeitures to be used for drug abuse, treatment and education programs, victims assistance programs	4,525
Parks and Recreation programs -	
Parks Fund - For proceeds from leases on Lake Lanier restricted by contract with the Army Corps of Engineers for recreation programs	512,701
Total Restricted Fund Balance	$ 27,586,385
Assigned:	
General Fund	
For Encumbrances	$ 312,530
Appropriated as a resource in next year's budget	708,650
Nonmajor Capital Projects Funds	
State Road Fund - For road infrastructure & maintenance	196,903
Total Assigned Fund Balance	$ 1,218,083

NOTE 3 - 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

There are no funds with deficits.

NOTE 4 - 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, 2011, 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, 2011, Hall County had the following investments:

		INVESTMENT MATURITIES (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	Rating (1)
Federated Treasury Obligations	$ 10,769,404	$ 10,769,404	$ -	AAA
Total Debt Securities	$ 10,769,404	$ 10,769,404	$ -	
Maximum Investment		100.00 %	- %	

1. Standard & Poors

Cash per financial statements (page 1)	
Cash	$ 41,768,797
Restricted cash	9,701,931
less cash equivalents that are investments	(10,769,404)
Cash held by Fiduciary Funds (page 11)	3,952,833
Deposits	$ 44,654,157
Investments per financial statements	
Investments included in cash equivalents	$ 10,769,404
Investments as listed above	$ 10,769,404

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, 2011, 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, 2011, all investments are adequately secured with insurance.

NOTE 5 - 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	$ 2,773,208	$ 369,150	$ -	$ -	$ -	$ 38,956
Fines	13,331,033	-	-	-	-	-
Accounts	1,029,871	4,403	-	16,184	444	496,880
Intergovernmental	2,988,497	-	2,393,758	-	35,808	624,339
Total Gross Receivables	20,122,609	373,553	2,393,758	16,184	36,252	1,160,175
Less: Allowance for Uncollectibles	(12,991,122)	-	-	-	-	-
Total Net Receivables	$ 7,131,487	$ 373,553	$ 2,393,758	$ 16,184	$ 36,252	$ 1,160,175

Property taxes receivable at June 30, 2011, consist of the following:

DIGEST YEAR	GENERAL FUND (2)	FIRE DISTRICT
2011 (1)	$ 67,865	$ 11,288
2010	1,185,514	192,622
2009	488,104	65,000
2008	344,605	38,801
2007	208,234	21,996
2006	160,813	12,504
2005	176,321	13,828
2004	121,195	12,003
2003	4,780	504
2002	1,336	83
2001	1,413	113
2000 and prior	13,028	408
Total	$2,773,208	$ 369,150

(1) 2011 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, 2011.

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	$ 294,147	$ -	$ 294,147
Accounts	137,695	110,923	248,618
Total Gross Receivables	431,842	110,923	542,765
Less: Allowance for Uncollectibles	-	(52,144)	(52,144)
Total Net Receivables	$ 431,842	$ 58,779	$ 490,621

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)	$ 2,773,208	$ -
Delinquent property taxes receivable (Fire District Fund)	369,150	-
Probation fines (General Fund)	439,402	-
Assessments (Special Assessment Fund)	38,956	-
Rental Revenue (General Fund)	-	1,030,226
Grant drawdowns prior to meeting all eligibility requirements (Grants Fund)	-	2,811
Total deferred/unearned revenue for governmental funds	$ 3,620,716	$ 1,033,037

	Health Department	Library System
Receivables:		
Accounts	$ 576,634	$ 23,378
Intergovernmental	1,011,303	-
Total Gross Receivables	1,587,937	23,378
Less: Allowance for Uncollectibles	-	-
Total Net Receivables	$ 1,587,937	$ 23,378

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 22,342,613	$ 180,890	$ -	$ -	$ 22,523,503
Infrastructure land and improvements	33,330,263	693,626	-	-	34,023,889
Construction in progress	6,883,500	16,195,718	(2,328,157)	(1,179,824)	19,571,237
Total non-depreciable capital assets	62,556,376	17,070,234	(2,328,157)	(1,179,824)	76,118,629
Depreciable Assets:					
Buildings and improvements	162,586,045	-	-	86,094	162,672,139
Machinery and equipment	36,927,935	228,859	(280,060)	-	36,876,734
Vehicles	27,192,015	461,621	(1,119,797)	-	26,533,839
Infrastructure	332,957,456	3,464,461	-	1,093,730	337,515,647
Total depreciable capital assets	559,663,451	4,154,941	(1,399,857)	1,179,824	563,598,359
Less Accumulated Depreciation for:					
Buildings and improvements	(29,507,148)	(4,090,550)	-	-	(33,597,698)
Machinery and equipment	(20,099,912)	(2,769,309)	280,060	-	(22,589,161)
Vehicles	(19,073,038)	(1,951,102)	1,112,838	(1)	(19,911,303)
Infrastructure	(153,077,696)	(10,000,338)	-	1	(163,078,033)
Total accumulated depreciation	(221,757,794)	(18,811,299)	1,392,898	-	(239,176,195)
Total depreciable capital assets, net	337,905,657	(14,656,358)	(6,959)	1,179,824	324,422,164
Governmental activities capital assets, net	$ 400,462,033	$ 2,413,876	$ (2,335,116)	$ -	$ 400,540,793

Additions to governmental activities capital assets for fiscal year ending June 30, 2011 consist of the following:

Capital Outlay	$ 17,321,369
Donated land	439,344
Donated roads	3,464,461

Rounding	1
Total	$ 21,225,175

Non-depreciable capital assets additions	$ 17,070,234
Depreciable capital assets additions	4,154,941
Total	$ 21,225,175

Business-type Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 23,045,770	$ -	$ -	$ 3,888,994	$ 26,934,764
Construction in progress	38,023,083	4,431,364	(164,794)	(4,995,220)	37,294,433
Total non-depreciable capital assets	61,068,853	4,431,364	(164,794)	(1,106,226)	64,229,197
Depreciable Assets:					
Land improvements	144,988	-	-	-	144,988
Buildings and improvements	10,448,282	-	-	-	10,448,282
Machinery and equipment	4,124,799	2,417,332	(2,036,409)	-	4,505,722
Vehicles	812,552	182,360	(17,986)	-	976,926
Water and sewer infrastructure	40,906,240	-	-	(3,699,821)	37,206,419
Total depreciable capital assets	56,436,861	2,599,692	(2,054,395)	(3,699,821)	53,282,337
Less Accumulated Depreciation for:					
Land improvements	(144,988)	-	-	-	(144,988)
Buildings	(2,174,736)	(288,009)	-	-	(2,462,745)
Machinery and equipment	(2,236,070)	(310,228)	742,440	-	(1,803,858)
Vehicles	(699,035)	(29,855)	17,989	-	(710,901)
Water and sewer lines and system	(7,979,761)	(516,750)	-	-	(8,496,511)
Total accumulated depreciation	(13,234,590)	(1,144,842)	760,429	-	(13,619,003)
Total depreciable capital assets, net	43,202,271	1,454,850	(1,293,966)	(3,699,821)	39,663,334
Business-type activities capital assets, net	$ 104,271,124	$ 5,886,214	$ (1,458,760)	$ (4,806,047)	$ 103,892,531

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

Governmental Activities:	
General Government	$ 309,217
Judicial	754,838
Public Safety	5,614,307
Public Works	10,477,880
Public Health and Welfare	416,654
Recreation and Culture	1,024,049
Housing and Development	214,354
Total depreciation expense-governmental activities	$ 18,811,299

Business-type Activities:	
Sewer/Waste Water Utility	$ 255,829
Solid Waste	889,013
Total depreciation expense-business-type activities	$ 1,144,842

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, 2011 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	$ 231,082	$ 22,976	$ -	SPLOST
Cool Springs Park	1,840,000	1,104,203	735,797	-	SPLOST/Impact Fees
North Hall Community Park	5,500,000	2,947,688	2,538,400	13,912	SPLOST
North Hall Community Center	5,500,000	2,478,024	3,021,976	-	SPLOST
North Hall Library	1,790,000	81,792	1,600,000	108,208	SPLOST
Liberty Mutual Building	9,000,000	6,440,302	74,500	2,485,198	SPLOST
Hall County Trail - Phase II	225,000	42,610	25,000	157,390	SPLOST/Grant Fund
Various Road Projects	6,245,536	6,245,536	-	-	SPLOST
	$ 30,354,594	$ 19,571,237	$ 8,018,649	$ 2,764,708	
Business-type Activities:					
Mulberry Basin	$ 37,144,385	$ 34,893,429	$ 2,250,000	$ 956	SPLOST/GEFA
Glades Reservoir	7,840,000	2,136,118	1,500,000	4,203,882	SPLOST
Spout Springs Water Reclamation	2,464,614	113,937	-	2,350,677	SPLOST/Sewer Fund
North Hall County Sewer System Master Plan	43,336	43,336	-	-	SPLOST/Sewer Fund
North Oconee Water Reclamation	107,613	107,613	-	-	SPLOST
Water and Sewerage Projects	$ 47,599,948	$ 37,294,433	$ 3,750,000	$ 6,555,515	

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 533,570	$ 112,551	$ -	$ 646,121
Less Accumulated Depreciation	(310,753)	(57,652)	-	(368,405)
Capital Assets, net	$ 222,817	$ 54,899	$ -	$ 277,716

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 554,963	$ 8,135	$ -	$ 563,098
Books and collections	4,356,191	376,973	(273,508)	4,459,656
Total depreciable capital assets	4,911,154	385,108	(273,508)	5,022,754
Less Accumulated Depreciation for:				
Machinery and equipment	(351,949)	(55,265)	-	(407,214)
Books and collections	(2,991,282)	(430,832)	273,508	(3,148,606)
Total accumulated depreciation	(3,343,231)	(486,097)	273,508	(3,555,820)
Total depreciable capital assets, net	1,567,923	(100,989)	-	1,466,934
Capital Assets, net	$ 1,567,923	$ (100,989)	$ -	$ 1,466,934

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Contracts Payable	$ 4,828,240	$ 15,390,000	$ (3,098,729)	$ 17,119,511	$ 982,100	$ 16,137,411
Less: original issue discount	(26,821)	-	1,424	(25,397)	(1,424)	(23,973)
Plus: original issue premium	46,873	1,003,873	(182,780)	867,966	217,395	650,571
Total contracts payable	4,848,292	16,393,873	(3,280,085)	17,962,080	1,198,071	16,764,009
Capital leases	559,909	-	(153,322)	406,587	133,016	273,571
Estimated claims payable	2,973,132	14,133,597	(14,285,440)	2,821,289	1,367,289	1,454,000
Net OPEB obligation	23,219,226	26,494,266	(1,543,530)	48,169,962	-	48,169,962
Compensated absences	3,728,697	2,039,520	(2,035,629)	3,732,588	3,400,000	332,588
Governmental activities long-term liabilities	$ 35,329,256	$ 59,061,256	$ (21,298,006)	$ 73,092,506	$ 6,098,376	$ 66,994,130
Business-type Activities:						
Contracts payable	$ 14,500,000	$ 7,600,000	$ -	$ 22,100,000	$ 1,000,000	$ 21,100,000
Plus: original issue premium	-	381,271	(33,154)	348,117	39,785	308,332
Less: deferred amounts of refunding	(136,840)	-	8,216	(128,624)	(8,213)	(120,411)
Total contracts payable	14,363,160	7,981,271	(24,938)	22,319,493	1,031,572	21,287,921
Capital leases	490,890	1,462,879	(490,890)	1,462,879	475,335	987,544
Notes payable	30,575,880	3,497,945	(628,868)	33,444,957	1,022,030	32,422,927
Compensated absences	76,192	44,043	(46,585)	73,650	29,460	44,190
Landfill closure/postclosure	6,320,109	372,234	(196,520)	6,495,823	370,000	6,125,823
Business-type activities long-term liabilities	$ 51,826,231	$ 13,358,372	$ (1,387,801)	$ 63,796,802	$ 2,928,397	$ 60,868,405
Total primary government long-term liabilities	$ 87,155,487	$ 72,419,628	$ (22,685,807)	$ 136,889,308	$ 9,026,773	$ 127,862,535

Compensated absences, net pension obligation, and net other postemployment benefit obligation are generally liquidated by the general fund.

Short-term debt activity for temporary borrowing for cash flow purposes was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Line of credit	$ -	$ 9,167,000	$ (9,167,000)	$ -

GOVERNMENTAL ACTIVITIES

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, 2011, 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.

On September 9, 2010, the County entered into a contract with GHCDA Economic Development Corporation to fund repayment of $15,390,000 of Series 2010 Certificates of Participation (COPS). The COPS carry a rate of interest ranging from 2% to 5.0% per annum and mature May 1, 2015. The COPS were issued to construct a park facility on Nopone Road in North Hall as well as acquire and renovate an administration building (Liberty Mutual Building).

The annual requirements to amortize contract payables outstanding as of June 30, 2011 are as follows:

June 30	Principal	Interest	Total
2012	$ 3,570,000	$ 645,428	$ 4,215,428
2013	3,675,000	541,040	4,216,040
2014	3,974,511	426,549	4,401,060
2015	3,940,000	270,951	4,210,951
2016	105,000	82,359	187,359
2017-2021	600,000	350,481	950,481
2022-2026	735,000	215,464	950,464
2027-2029	520,000	47,310	567,310
	$ 17,119,511	$ 2,579,582	$ 19,699,093

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
Land	$ 2,827,148	$ -
Buildings and improvements	10,345,119	-
Machinery and equipment	-	2,371,432
Less accumulated depreciation	(429,524)	(12,351)
	$ 12,742,743	$ 2,359,081

Minimum future lease obligations for these leases, as of June 30, 2011 , are as follows:

Year Ending June 30	Governmental Activities
2012	$ 151,540
2013	144,274
2014	148,146
Total minimum lease payments	443,960
Less: amount representing interest (4.65%-5.28%)	(37,373)
Present value of minimum lease payments	$ 406,587

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 from revenues from the sewerage treatment facility, 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 mentioned above.

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, 2011 was 0.08%. Interest payments are due on April 1 and October 1 each year, and the bonds mature in full on April 1, 2027.

On November 11, 2010, the County entered into a contract with Gainesville-Hall County Development Authority to fund repayment of $7,600,000 of Series 2010 Revenue Bonds. The bonds carry a rate of interest ranging from 3% to 4.5% per annum and mature May 1, 2020. The bonds were issued to provide funds for the development of the Glades reservoir.

The annual requirements to amortize the contracts payable for business-type activities are estimated as follows:

June 30	Principal	Interest[1]	Total
2012	$ 1,000,000	$ 373,903	$ 1,373,903
2013	500,000	343,903	843,903
2014	515,000	328,903	843,903
2015	530,000	313,629	843,629
2016	1,000,000	297,553	1,297,553
2017-2021	4,055,000	881,791	4,936,791
2022-2026	-	451,708	451,708
2027	14,500,000	11,200	14,511,200
Total	$ 22,100,000	$ 3,002,590	$ 25,102,590

[1]Based on the variable rate at June 30, 2011.

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, 2011, the loan had an outstanding balance of $1,297,648.

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, 2011, the outstanding balance was $2,724,387.

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, 2011, the outstanding balance was $9,185,070. 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, 2011, the outstanding balance was $20,237,852. The loan will mature on November 1, 2032.

The annual requirements to amortize notes payable outstanding as of June 30, 2011 are as follows:

June 30	Principal	Interest	Total
2012	$ 1,022,030	$ 713,374	$ 1,735,404
2013	1,434,176	974,661	2,408,837
2014	1,479,792	928,946	2,408,738
2015	1,527,549	881,288	2,408,837
2016	1,576,440	832,398	2,408,838
2017-2021	8,447,205	3,367,163	11,814,368
2022-2026	9,086,538	2,040,624	11,127,162
2027-2031	8,203,649	659,127	8,862,776
2032	667,578	5,854	673,432
Total	$ 33,444,957	$ 10,403,435	$ 43,848,392

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, 2011 , are as follows:

Year Ending June 30	Business-type Activities
2012	$ 506,236
2013	506,236
2014	506,235
Total minimum lease payments	1,518,707
Less: amount representing interest (2.37%)	(55,828)
Present value of minimum lease payments	$ 1,462,879

COMPONENT UNITS

Activity for the Health Department for the year ended June 30, 2011, was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 792,856	$ 599,706	$ (572,551)	$ 820,011	$ 572,000	$ 248,011

Activity for the Library for the year ended June 30, 2011, was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 123,430	$ 117,869	$ (114,401)	$ 126,898	$ 50,759	$ 76,139

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

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

	SPLOST	Due From Other nonmajor governmental funds	Water Utility Fund	Total
Due To				
General Fund	$ 5,479,155	$ 517,111	$ 1,090,736	$ 7,087,002
Landfill	452,714	-	-	452,714
Total	$ 5,931,869	$ 517,111	$ 1,090,736	$ 7,539,716

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, 2011 are as follows:

	Transfers out						
Transfers in	General Fund	SPLOST	Other nonmajor governmental funds	Solid Waste Fund	Sewer/ Wastewater Utility Fund	Water Utility Fund	Total
General Fund	$ -	$ -	$ 388,824	$1,458,951	$ -	$ -	$ 1,847,775
SPLOST	-	-	-	-	-	4,658,496	4,658,496
Other nonmajor governmental funds	869,829	-	30,000	-	-	-	899,829
Solid Waste Fund	-	628,867	-	-	-	-	628,867
Sewer/Wastewater Utility Fund	-	1,563,660	-	-	-	700,000	2,263,660
Water Utility Fund	-	128,045	-	-	269,969	-	398,014
Total	$ 869,829	$2,320,572	$ 418,824	$1,458,951	$ 269,969	$5,358,496	$10,696,641

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, (5) reimburse pension costs, and (6) move the County's matching portion on federal and state grants.

NOTE 9 - 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, 2011, 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, 2011, 46,270 gallons had been sold to developers, and the remaining capacity is valued at $1,537,300.

In June 2006, The County entered into an agreement to purchase 100,000 gallons per day of waste water treatment capacity from the City of Lula for $1,543,000. As of June 30, 2011, the County has paid$700,000 which has been recorded as capacity held for resale. The County is required to pay the final balance $843,000 once the plant is complete. The plant was complete in August 2011. This asset will be expensed as it is sold to developers and other users. At June 30, 2011, the County has not sold any of the capacity. The City of Lula contends that the County owes an additional $3,000,000 instead of the final balance of $843,000. This dispute has not yet been resolved.

NOTE 10 - 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, 2010, (the most recent actuarial valuation date) was $10,929,736 (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 $1,839,947 ($1,839,947 employer and $0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2010.

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, 2011, 2010, and 2009 were $1,839,947, $2,011,035, and $2,916,504 respectively.

The information was determined as part of the actuarial valuation as of January 1, 2010. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2010
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*	7.75%
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:	2011	2010
Annual required contribution	$ 2,880,247	$ 2,796,051
Interest on net pension obligation	(80,774)	(167,287)
Amortization of net pension obligation	86,426	178,994
Annual pension cost	2,885,899	2,807,758
Contributions made with interest	(1,839,947)	(2,011,035)
Increase (decrease) in net pension obligation	1,045,952	796,723
Net pension obligation, beginning of year	(1,361,820)	(2,158,543)
Net pension obligation, end of year	$ (315,868)	$ (1,361,820)

(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, 2010, 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)
$ 21,954,426	$ 49,021,575	$ 44.79 %	$ 27,067,149	$ 11,859,831	228.23 %

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
2011	$ 2,885,899	$ 1,839,947	63.8 %	$ (315,868)
2010	$ 2,807,758	$ 2,011,035	71.6 %	$(1,361,820)
2009	$ 2,464,574	$ 2,916,504	118.3 %	$(2,158,543)

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 $2,679,148 ($2,058,502 employer and $620,646 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 2011, the County contributed $1,492,624 to the plan. In fiscal year 2011, total member contributions were $632,228.

(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:

	2011	2010
Annual required contribution	$ 17,581,441	$ 14,137,856
Interest on note OPEB obligation	1,189,749	719,749
Adjustment to annual required contribution	(1,136,558)	(687,571)
Annual OPEB cost	17,634,632	14,170,034
Employer contributions made with interest	(1,492,624)	(1,428,561)
Increase (decrease) in net OPEB obligation	16,142,008	12,741,473
Net OPEB obligation, Beginning of year	32,027,954	19,286,481
Net OPEB obligation, End of year	$ 48,169,962	$ 32,027,954

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years are as follows:

Fiscal Year Ending June 30,	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	$ 17,634,632	$ 1,492,624	8.5%	$ (48,169,962)
2010	$ 14,170,034	$ 1,428,561	10.1%	$ (32,027,954)
2009	$ 20,830,011	$ 1,543,530	7.4%	$ (19,286,481)

The tables above were revised to correct an error in reporting the OPEB cost for fiscal year 2009. The plan was changed after the original valuation report was done. The effect of that change had been recorded all in one year. It should have been amortized over 30 years as a plan amendment.

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was $145,475,289, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $145,475,289. The covered payroll (annual payroll of active employees covered by the benefits) was $61,292,853, and the ratio of the UAAL to the covered payroll was 237 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, 2010. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2010
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	9.91% 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 11 - 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. 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, 2011, the County included in accrued expenses $821,289 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, 2010	$ 820,811	$ 13,361,674	$ (13,159,353)	$1,023,132
Year ended June 30, 2011	$ 1,023,132	$ 13,624,513	$ (13,826,356)	$ 821,289

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, 2011, 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, 2011, an actuary determined that approximately $2,000,000 is reported but unpaid and incurred but not reported claims were outstanding relating to fiscal year 2011 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, 2010	$ 1,860,000	$ 287,277	$ (197,277)	$ 1,950,000
Year ended June 30, 2011	$ 1,950,000	$ 509,084	$ (459,084)	$ 2,000,000

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 2011, the County contracted with several different insurance providers for various insurance coverages.

Type	Amount in Force
Property	$ 191,727,972

	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 12 - RELATED PARTY TRANSACTIONS

Development Authority

The capital lease obligations for the community services building and the mental health building referred to in NOTE 7 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 13 - 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 2010, the County entered into an agreement with the Hospital Authority of Hall County to guarantee payment of the bonds in the amount of $250,000,000 for the construction of the main campus for the Northeast Georgia Medical Center, Inc. in the event that the Hospital Authority of Hall County is unable to meet debt service requirements.

In October 2011, the County entered into an additional agreement with the Hospital Authority to guarantee payment of bonds in the amount of $200,000,000 to be issued for the construction of the south Hall campus for the Northeast Georgia Medical Center, Inc. in the event that the Hospital Authority of Hall County is unable to meet debt service requirements.

The maximum aggregate principal under the two agreement is limited to $450,000,000 or the amount that would be provided by a levy of an annual tax on all taxable property at or within the seven mill limit allowed by State law.

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 14 - 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, 2011, the County has recorded a liability for the Allen Creek Landfill of $4,836,152, 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, 2011, the County has recorded liability for the Candler Road landfill of $1,659,671, which represents the estimated closure and postclosure costs based on 23% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,556,289 as the remaining estimated capacity is filled. These

amounts are based on what it would cost to perform all closure and postclosure care in 2011. 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, 2011 using the applicable financial ratio tests.

NOTE 15 - 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 $4,836,152. The County has accrued the difference between the estimated liability this year and the amount accrued as of June 30, 2010, 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 $10,446,152.

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 $1,659,671, which represents the estimated closure and postclosure costs based on 23% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,556,289 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 16 - 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, 2011, the County paid $151,291 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 17 - HOTEL/MOTEL TAX

During the year ended June 30, 2011, the County collected $4,204 of which $1,682 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $71,660. This was 4,260% 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 18 - PRIOR PERIOD ADJUSTMENT

As of June 30, 2011, a prior period adjustment was necessary to restate the beginning Net OPEB obligation in the amount of $8,808,728. This adjustment was necessary to reflect a change in the plan after the original valuation report was performed for fiscal year 2009. The effect of that change had been recorded all in one year. It should have been amortized over 30 years as a plan amendment. See Note 10, Other Post-Retirement Benefits.

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2011
"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)
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 %
2010	$ 21,954,426	$ 49,021,575	44.79 %	$ 27,067,149	$ 11,859,831	228.23 %

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 %
2009	$ -	$ 145,475,289	0.00 %	$ 145,475,289	$ 61,292,853	237.34 %

2008 was the first year that this plan was effective.

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2011
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 8,047,922	$ 8,047,922	$ 8,047,922	$ -
RESOURCES (INFLOWS)				
Taxes	65,253,351	65,253,351	63,808,563	(1,444,788)
Licenses and permits	1,686,871	1,686,871	1,133,763	(553,108)
Intergovernmental	1,426,095	1,496,343	1,620,653	124,310
Fines and forfeitures	3,390,348	3,390,348	2,934,132	(456,216)
Charges for services	18,197,789	18,231,866	20,436,290	2,204,424
Investment income	37,681	37,681	17,407	(20,274)
Miscellaneous	17,917	18,517	295,773	277,256
Sale of county property	15,000	15,000	203,069	188,069
Transfers in	388,824	1,847,775	1,847,775	-
Total Resources (Inflows)	90,413,876	91,977,752	92,297,425	319,673
AMOUNTS AVAILABLE FOR APPROPRIATION	98,461,798	100,025,674	100,345,347	319,673
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Legislative	937,771	1,102,022	1,061,528	40,494
Elections	695,645	770,157	742,215	27,942
Financial administration	671,422	742,731	722,122	20,609
Business license	143,193	143,623	132,194	11,429
Purchasing	274,811	304,194	288,142	16,052
Data processing/MIS	1,118,261	1,091,334	1,091,334	-
Human resources	510,689	502,375	467,107	35,268
Tax commissioner	1,581,123	1,545,671	1,528,942	16,729
Tax assessor-real property	1,071,563	1,182,118	1,151,862	30,256
Tax assessor-personal property	426,773	361,579	316,164	45,415
Risk management	4,919,849	6,341,493	6,341,490	3
Buildings	1,816,877	1,815,226	1,814,599	627
General services	2,738,217	2,984,735	2,984,333	402
Agencies	151,291	151,291	151,291	-
Total General Government	17,057,485	19,038,549	18,793,323	245,226
Judicial				
Judicial administration	514,266	523,327	513,862	9,465
Superior court	2,688,785	2,552,280	2,534,709	17,571
Clerk of superior court	2,197,190	2,044,575	2,008,932	35,643
District attorney	1,351,209	1,359,444	1,350,006	9,438
State court	1,381,684	1,396,437	1,376,801	19,636
Magistrate court	1,059,212	1,072,902	1,058,837	14,065
Probate court	490,369	495,392	478,065	17,327
Juvenile court	1,266,065	1,280,737	1,263,826	16,911
Public defender	1,300,518	1,283,735	1,267,853	15,882
Solicitor	979,553	1,017,880	993,061	24,819
Other judicial	670,166	656,429	652,891	3,538
Total Judicial	13,899,017	13,683,138	13,498,843	184,295
Public Safety				
Sheriff	14,968,197	15,365,014	15,233,489	131,525
Detention center	15,642,627	15,605,903	15,605,472	431
Correctional institute	3,074,368	3,053,085	3,006,233	46,852
Emergency medical services	7,319,795	7,310,823	7,275,084	35,739
Coroner	122,552	128,988	126,413	2,575
Agencies	9,637	9,637	5,782	3,855
Animal shelter	813,997	751,869	746,282	5,587
Emergency management	153,209	114,249	98,298	15,951
Animal control	440,923	467,093	456,823	10,270
Total Public Safety	42,545,305	42,806,661	42,553,876	252,785
Public Works				
Highways and streets	3,422,629	3,595,618	3,574,453	21,165
Maintenance and shop	716,623	688,813	644,949	43,864
Engineering	1,278,078	1,415,411	1,399,507	15,904
Total Public Works	5,417,330	5,699,842	5,618,909	80,933

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2011
(Required Supplementary Information)

CONTINUED.....	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Public Health and Welfare				
Health department	878,440	879,789	877,091	2,698
Public welfare	1,279,781	996,462	975,883	20,579
Community Center	628,731	628,731	628,731	-
Agencies	138,964	138,964	134,689	4,275
General services	50,000	-	-	-
Total Public Health and Welfare	2,975,916	2,643,946	2,616,394	27,552
Recreation and Culture				
Parks	2,567,595	2,408,256	2,408,125	131
Library	2,338,660	2,385,596	2,383,201	2,395
Agriculture center	271,757	259,467	240,342	19,125
Total Recreation and Culture	5,178,012	5,053,319	5,031,668	21,651
Housing and development				
Conservation	93,073	93,615	93,093	522
Building inspection	813,723	844,419	806,905	37,514
Planning and zoning	1,335,062	1,034,348	1,033,524	824
Code enforcement	433,321	424,413	409,133	15,280
Agencies	420,910	420,910	349,250	71,660
General services	57,000	42,856	42,855	1
County agent	187,722	191,736	186,879	4,857
Total Housing and Development	3,340,811	3,052,297	2,921,639	130,658
TOTAL CHARGES TO APPROPRIATIONS	90,413,876	91,977,752	91,034,652	943,100
CHANGE IN FUND BALANCE	-	-	1,262,773	1,262,773
FUND BALANCE, End of year	$ 8,047,922	$ 8,047,922	$ 9,310,695	$ 1,262,773

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, 2011
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 2,173,968	$ 2,173,968	$ 2,173,968	$ -
RESOURCES (INFLOWS)				
Taxes	14,699,473	14,699,473	14,579,771	(119,702)
Intergovernmental	21,508	21,508	8,936	(12,572)
Fines and forfeitures	50	50	-	(50)
Charges for services	22,480	22,480	5,894	(16,586)
Contributions and donations	-	226,143	117,312	(108,831)
Investment income	25,000	25,000	7,916	(17,084)
Miscellaneous	5,000	5,000	6,000	1,000
Total Resources (Inflows)	14,773,511	14,999,654	14,725,829	(273,825)
AMOUNTS AVAILABLE FOR APPROPRIATION	16,947,479	17,173,622	16,899,797	(273,825)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	14,134,665	14,999,654	14,478,016	521,638
TOTAL CHARGES TO APPROPRIATIONS	14,134,665	14,999,654	14,478,016	521,638
CHANGE IN FUND BALANCE	638,846	-	247,813	247,813
FUND BALANCE, End of year	$ 2,812,814	$ 2,173,968	$ 2,421,781	$ 247,813

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

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

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

Restricted Programs Fund - 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.

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.

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.

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

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, 2011

	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	$ 153,837	$ 418,601	$ -	$ 548,207	$ 1,369,373	$ 66,963	$ 3,865	$ 2,560,846	$ 197,437	$ 2,758,283
Receivables (net of allowance for uncollectibles)	381,368	115,388	514,798	38,956	94,200	-	15,465	1,160,175	-	1,160,175
TOTAL ASSETS	$ 535,205	$ 533,989	$ 514,798	$ 587,163	$ 1,463,573	$ 66,963	$ 19,330	$ 3,721,021	$ 197,437	$ 3,918,458
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	$ 70,398	$ 13,651	$ 340,042	$ 3,192	$ 88,542	$ 431	$ 14,678	$ 530,934	$ 534	$ 531,468
Other accrued items	72,461	7,637	8,575	-	33,093	-	4,652	126,418	-	126,418
Due to other funds	392,346	-	124,765	-	-	-	-	517,111	-	517,111
Deferred revenue	-	-	2,811	38,956	-	-	-	41,767	-	41,767
Amounts held in trust	-	-	-	-	189,513	-	-	189,513	-	189,513
TOTAL LIABILITIES	535,205	21,288	476,193	42,148	311,148	431	19,330	1,405,743	534	1,406,277
FUND BALANCES										
Restricted:										
Special assessments	-	-	-	545,015	-	-	-	545,015	-	545,015
Judicial programs	-	-	38,605	-	373,572	66,532	-	478,709	-	478,709
Public safety programs	-	-	-	-	774,328	-	-	774,328	-	774,328
Health and welfare programs	-	-	-	-	4,525	-	-	4,525	-	4,525
Recreation and culture programs	-	512,701	-	-	-	-	-	512,701	-	512,701
Committed:										
Assigned:										
Capital equipment and infrastructure	-	-	-	-	-	-	-	-	196,903	196,903
TOTAL FUND BALANCES	-	512,701	38,605	545,015	1,152,425	66,532	-	2,315,278	196,903	2,512,181
TOTAL LIABILITIES AND FUND BALANCES	$ 535,205	$ 533,989	$ 514,798	$ 587,163	$ 1,463,573	$ 66,963	$ 19,330	$ 3,721,021	$ 197,437	$ 3,918,458

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	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	$ -	$ -	$ -	$ -	$ -	$ 4,204	$ -	$ -	$ 4,204	$ -	$ 4,204
Intergovernmental	98	-	3,701,993	-	613,323	-	-	37,221	4,352,635	466,694	4,819,329
Fines and forfeitures	-	-	-	-	690,547	-	146,839	-	837,386	-	837,386
Charges for services	3,233,430	642,772	-	918,960	201,362	-	-	108,403	5,104,927	-	5,104,927
Contributions and donations	-	-	-	-	160	-	-	-	160	-	160
Interest income	222	1,058	-	2,298	3,022	-	5	-	6,605	546	7,151
Miscellaneous	2,701	3,357	5,291	-	9,250	-	-	-	20,599	-	20,599
TOTAL REVENUES	3,236,451	647,187	3,707,284	921,258	1,517,664	4,204	146,844	145,624	10,326,516	467,240	10,793,756
EXPENDITURES											
Current Expenditures											
Judicial	-	-	538,219	-	731,995	-	123,610	-	1,393,824	-	1,393,824
Public safety	4,122,129	-	398,306	-	1,072,493	-	-	-	5,592,928	-	5,592,928
Public works	-	-	-	774,265	-	-	-	-	774,265	369,886	1,144,151
Public health and welfare	-	-	271,433	-	-	-	-	-	271,433	-	271,433
Recreation and culture	-	591,125	-	-	-	71,660	-	315,880	978,665	-	978,665
Housing and development	-	-	2,558,958	-	-	-	-	-	2,558,958	-	2,558,958
Capital outlay	-	9,787	-	-	472,546	-	-	-	482,333	97,341	579,674
Debt service											
TOTAL EXPENDITURES	4,122,129	600,912	3,766,916	774,265	2,277,034	71,660	123,610	315,880	12,052,406	467,227	12,519,633
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(885,678)	46,275	(59,632)	146,993	(759,370)	(67,456)	23,234	(170,256)	(1,725,890)	13	(1,725,877)
OTHER FINANCING SOURCES (USES)											
Transfers in	461,787	-	123,753	-	230,414	67,456	-	170,256	1,053,666	-	1,053,666
Transfers out	-	-	-	(388,824)	(30,000)	-	-	-	(418,824)	-	(418,824)
TOTAL OTHER FINANCING SOURCES (USES)	461,787	-	123,753	(388,824)	200,414	67,456	-	170,256	634,842	-	634,842
NET CHANGE IN FUND BALANCES	(423,891)	46,275	64,121	(241,831)	(558,956)	-	23,234	-	(1,091,048)	13	(1,091,035)
FUND BALANCES, Beginning of year	423,891	466,426	(25,516)	786,846	1,711,381	-	43,298	-	3,406,326	196,890	3,603,216
FUND BALANCES, End of year	$ -	$ 512,701	$ 38,605	$ 545,015	$ 1,152,425	$ -	$ 66,532	$ -	$ 2,315,278	$ 196,903	$ 2,512,181

HALL COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 423,891	$ 423,891	$ 423,891	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	98	98
Charges for services	3,429,165	3,539,818	3,233,430	(306,388)
Investment income	2,700	2,700	222	(2,478)
Miscellaneous	2,400	2,400	2,701	301
Transfer in	307,950	307,950	461,787	153,837
Total Resources (Inflows)	3,742,215	3,852,868	3,698,238	(154,630)
AMOUNTS AVAILABLE FOR APPROPRIATION	4,166,106	4,276,759	4,122,129	(154,630)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	4,046,215	4,157,518	4,122,129	35,389
TOTAL CHARGES TO APPROPRIATIONS	4,046,215	4,157,518	4,122,129	35,389
CHANGE IN FUND BALANCE	(304,000)	(304,650)	(423,891)	(119,241)
FUND BALANCE, End of year	$ 119,891	$ 119,241	$ -	$ (119,241)

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, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 466,426	$ 466,426	$ 466,426	$ -
RESOURCES (INFLOWS)				
Charges for services	600,450	600,450	642,772	42,322
Investment income	1,600	1,600	1,058	(542)
Miscellaneous	300	300	3,357	3,057
Total Resources (Inflows)	602,350	602,350	647,187	44,837
AMOUNTS AVAILABLE FOR APPROPRIATION	1,068,776	1,068,776	1,113,613	44,837
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	634,856	637,006	600,912	36,094
TOTAL CHARGES TO APPROPRIATIONS	634,856	637,006	600,912	36,094
CHANGE IN FUND BALANCE	(32,506)	(34,656)	46,275	80,931
FUND BALANCE, End of year	$ 433,920	$ 431,770	$ 512,701	$ 80,931

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, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ (25,516)	$ (25,516)	$ (25,516)	$ -
RESOURCES (INFLOWS)				
Intergovernmental	6,134,724	6,139,224	3,701,993	(2,437,231)
Miscellaneous	-	-	5,291	5,291
Transfer in	56,498	56,498	123,753	67,255
Total Resources (Inflows)	6,191,222	6,195,722	3,831,037	(2,364,685)
AMOUNTS AVAILABLE FOR APPROPRIATION	6,165,706	6,170,206	3,805,521	(2,364,685)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	577,147	903,035	538,219	364,816
Public safety	846,867	907,569	398,306	509,263
Public health and welfare	342,622	357,641	271,433	86,208
Housing and development	4,424,586	4,027,477	2,558,958	1,468,519
TOTAL CHARGES TO APPROPRIATIONS	6,191,222	6,195,722	3,766,916	2,428,806
CHANGE IN FUND BALANCE	-	-	64,121	64,121
FUND BALANCE, End of year	$ (25,516)	$ (25,516)	$ 38,605	$ 64,121

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, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 786,846	$ 786,846	$ 786,846	$ -
RESOURCES (INFLOWS)				
Charges for services	1,000,397	1,000,397	918,960	(81,437)
Investment income	3,500	3,500	2,298	(1,202)
Total Resources (Inflows)	1,003,897	1,003,897	921,258	(82,639)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,790,743	1,790,743	1,708,104	(82,639)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	1,198,309	1,198,309	1,163,089	35,220
TOTAL CHARGES TO APPROPRIATIONS	1,198,309	1,198,309	1,163,089	35,220
CHANGE IN FUND BALANCE	(194,412)	(194,412)	(241,831)	(47,419)
FUND BALANCE, End of year	$ 592,434	$ 592,434	$ 545,015	$ (47,419)

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, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 1,711,381	$ 1,711,381	$ 1,711,381	$ -
RESOURCES (INFLOWS)				
Intergovernmental	502,930	580,627	613,323	32,696
Fines and forfeitures	583,182	590,508	690,547	100,039
Charges for services	190,273	190,273	201,362	11,089
Contributions and donations	6,000	6,000	160	(5,840)
Investment income	-	-	3,022	3,022
Miscellaneous	-	-	9,250	9,250
Transfer in	289,574	219,455	230,414	10,959
Total Resources (Inflows)	1,571,959	1,586,863	1,748,078	161,215
AMOUNTS AVAILABLE FOR APPROPRIATION	3,283,340	3,298,244	3,459,459	161,215
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	723,206	813,383	761,995	51,388
Public safety	1,138,356	1,618,167	1,545,039	73,128
TOTAL CHARGES TO APPROPRIATIONS	1,861,562	2,431,550	2,307,034	124,516
CHANGE IN FUND BALANCE	(289,603)	(844,687)	(558,956)	285,731
FUND BALANCE, End of year	$ 1,421,778	$ 866,694	$ 1,152,425	$ 285,731

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, 2011

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	5,500	5,500	4,204	(1,296)
Transfer in	66,160	66,160	67,456	1,296
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, 2011

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 43,298	$ 43,298	$ 43,298	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	164,670	164,670	146,839	(17,831)
Investment income	-	-	5	5
Miscellaneous	403	403	-	(403)
Total Resources (Inflows)	165,073	165,073	146,844	(18,229)
AMOUNTS AVAILABLE FOR APPROPRIATION	208,371	208,371	190,142	(18,229)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	165,073	165,073	123,610	41,463
TOTAL CHARGES TO APPROPRIATIONS	165,073	165,073	123,610	41,463
CHANGE IN FUND BALANCE	-	-	23,234	23,234
FUND BALANCE, End of year	$ 43,298	$ 43,298	$ 66,532	$ 23,234

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, 2011

	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	37,221	(4,109)
Charges for services	96,530	96,530	108,403	11,873
Transfer in	204,256	204,256	170,256	(34,000)
Total Resources (Inflows)	342,116	342,116	315,880	(26,236)
AMOUNTS AVAILABLE FOR APPROPRIATION	342,116	342,116	315,880	(26,236)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	342,116	342,116	315,880	26,236
TOTAL CHARGES TO APPROPRIATIONS	342,116	342,116	315,880	26,236
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, 2011

ASSETS	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
Current Assets			
Cash	$ 1,359,037	$ 2,188,521	$ 3,547,558
Prepaid items	17,766	233,352	251,118
TOTAL CURRENT ASSETS	1,376,803	2,421,873	3,798,676
TOTAL ASSETS	1,376,803	2,421,873	3,798,676
LIABILITIES			
Current Liabilities			
Accounts payable	-	65,166	65,166
Other accrued items	-	362	362
Estimated claims payable	821,289	546,000	1,367,289
TOTAL CURRENT LIABILITIES	821,289	611,528	1,432,817
Noncurrent Liabilities			
Estimated claims payable	-	1,454,000	1,454,000
TOTAL NONCURRENT LIABILITIES	-	1,454,000	1,454,000
TOTAL LIABILITIES	821,289	2,065,528	2,886,817
NET ASSETS			
Unrestricted	555,514	356,345	911,859
TOTAL NET ASSETS	$ 555,514	$ 356,345	$ 911,859

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Charges to other funds	$ 14,658,401	$ 2,258,875	$ 16,917,276
Employee contributions	2,584,222	-	2,584,222
Total Operating Revenues	17,242,623	2,258,875	19,501,498
OPERATING EXPENSES			
Salaries and benefits	-	11,807	11,807
Other services and charges	-	42,188	42,188
Benefit claims	13,624,513	983,438	14,607,951
General and administrative	2,974,502	-	2,974,502
Insurance premiums	-	1,053,000	1,053,000
Total Operating Expenses	16,599,015	2,090,433	18,689,448
OPERATING INCOME (LOSS)	643,608	168,442	812,050
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	4,800	4,497	9,297
Total Nonoperating Revenues (Expenses)	4,800	4,497	9,297
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	648,408	172,939	821,347
CHANGE IN NET ASSETS	648,408	172,939	821,347
TOTAL NET ASSETS, Beginning of year	(92,894)	183,406	90,512
TOTAL NET ASSETS, End of year	$ 555,514	$ 356,345	$ 911,859

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
Receipts from customer	$ 2,584,222	$ -	$ 2,584,222
Payments to suppliers	(16,580,914)	(2,169,627)	(18,750,541)
Payments to employees	(201,843)	38,272	(163,571)
Internal activity-payments from (to) other funds	14,658,401	2,258,875	16,917,276
Net cash provided by (used in) operating activities	459,866	127,520	587,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	4,800	4,497	9,297
Purchase of investments	-	(1,070,000)	(1,070,000)
Proceeds from sale of investments	-	2,069,380	2,069,380
Net cash provided (used) by investing activities	4,800	1,003,877	1,008,677
Net increase (decrease) in cash and cash equivalents	464,666	1,131,397	1,596,063
CASH, Beginning of year	894,371	1,057,124	1,951,495
CASH, End of year	$ 1,359,037	$ 2,188,521	$ 3,547,558
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 643,608	$ 168,442	$ 812,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in:			
Prepaid expenses	18,101	(21,367)	(3,266)
Increase (decrease) in:			
Accounts payable	-	(69,634)	(69,634)
Other accrued items	-	79	79
Claims payable	(201,843)	50,000	(151,843)
Net cash provided by (used in) operating activities	$ 459,866	$ 127,520	$ 587,386

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 the County 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, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833
TOTAL ASSETS	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833
LIABILITIES								
Amounts held for others	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833
TOTAL LIABILITIES	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2011

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash								
Balance, July 1, 2010	$ 416,433	$ 1,258,779	$ 903,395	$ 171,928	$ 43,228	$ 639,942	$ 134,581	$ 3,568,286
Additions	148,678,219	9,992,576	437,583	1,108,253	114,098	671,970	1,790,445	162,793,144
Deductions	(148,393,560)	(9,979,997)	(349,032)	(1,113,148)	(104,189)	(653,637)	(1,815,034)	(162,408,597)
Balance, June 30, 2011	701,092	1,271,358	991,946	167,033	53,137	658,275	109,992	3,952,833
TOTAL ASSETS	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833
LIABILITIES								
Due to County								
Balance, July 1, 2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	59,757,528	5,022,353	181,426	445,551	31,077	192,218	15,785	65,645,938
Deductions	(59,757,528)	(5,022,353)	(181,426)	(445,551)	(31,077)	(192,218)	(15,785)	(65,645,938)
Balance, June 30, 2011	-	-	-	-	-	-	-	-
Amounts held for others								
Balance, July 1, 2010	416,433	1,258,779	903,395	171,928	43,228	639,942	134,581	3,568,286
Additions	88,920,691	1,489,776	258,245	662,702	83,021	479,752	1,774,661	93,668,848
Deductions	(88,636,032)	(1,477,197)	(169,694)	(667,597)	(73,112)	(461,419)	(1,799,250)	(93,284,301)
Balance, June 30, 2011	701,092	1,271,358	991,946	167,033	53,137	658,275	109,992	3,952,833
Total Liabilities								
Balance, July 1, 2010	416,433	1,258,779	903,395	171,928	43,228	639,942	134,581	3,568,286
Additions	148,678,219	6,512,129	439,671	1,108,253	114,098	671,970	1,790,446	159,314,786
Deductions	(148,393,560)	(6,499,550)	(351,120)	(1,113,148)	(104,189)	(653,637)	(1,815,035)	(158,930,239)
TOTAL LIABILITIES	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833

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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, 2011

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	$ 144,214
Water Projects	29,000,000	23,094,229	(1) 20,117,947	-
Sewer Projects	39,000,000	29,564,870	29,564,264	606
Park and Leisure Projects	18,000,000	18,443,680	18,423,720	16,669
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	$ 122,241,242	$ 118,846,841	$ 161,489
SPLOST V (effective July 1, 2004)				
Road Projects	$ 40,300,000	$ 40,300,000	$ 32,030,229	$ 351,627
Water and Sewer Projects	1,000,000	5,670,580	5,670,580	-
Recreational Facilities	8,500,000	8,500,000	5,929,299	696,351
New Detention Center	54,000,000	61,275,921	(2) 61,276,446	508
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	4,223,558	628,867
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	$ 157,919,524	$ 133,631,350	$ 1,677,353

Notes:
(1) $39,979 was added to this item to correct for expenses from FY 2005 which were omitted from the previous schedule.
(2) Prior year included both construction costs and bond payments for the new jail. As a result, the principal portion of bond payments in the amount of $30,530,000 was removed from this schedule.

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2011

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	AMOUNT EXPENDED YEAR 1 2010	AMOUNT EXPENDED YEAR 2 2011	TOTAL
SPLOST VI (effective July 1, 2009)					
COUNTY PROJECTS					
Road Projects	$ 68,000,000	$ 68,000,000	$ 2,896,885	$ 8,236,752	$ 11,133,637
Water and Sewer Projects	53,037,000	57,037,000	11,123,975	2,257,427	13,381,402
Landfill	4,000,000		-	-	-
Recreational Facilities	21,000,000	21,000,000	2,872,270	(112,473)	2,759,797
Courthouse and Administration Building Projects	17,000,000	17,000,000	-	1,578,434	1,578,434
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	661,541	461,613	1,123,154
Post Office	3,000,000	3,000,000	-	-	-
Library Facility	3,000,000	3,000,000	78,247	909,947	988,194
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	13,331,700	30,964,618
MUNICIPAL PROJECTS					
City of Braselton					
Sidewalks	32,000	32,000	3,176	3,221	6,397
City of Buford					
Road Paving	141,000	141,000	14,019	14,216	28,235
City of Clermont					-
Municipal Buildings	550,000	550,000	54,726	55,495	110,221
Parks	150,000	150,000	14,925	15,135	30,060
Streets & Sidewalks	250,000	250,000	24,876	25,225	50,101
Subtotal	950,000	950,000	94,527	95,855	190,382
City of Flowery Branch					
Cinnamon Cove Lift Station & Force Main Line	1,300,000	1,300,000	129,368	131,186	260,553
9 Police Cars (over 6 years)	200,000	200,000	19,903	20,182	40,085
Road Resurfacing and Sidewalks	500,000	500,000	49,757	50,456	100,213
City Administration Real Estate/Buildings	500,000	500,000	49,757	50,456	100,213
Subtotal	2,500,000	2,500,000	248,784	252,280	501,064
City of Gainesville					
Previously Incurred Debt	7,500,000	7,500,000	746,329	723,625	1,469,954
New Public Safety Facility	13,000,000	13,000,000	1,293,637	1,254,283	2,547,920
Fire Station Replacement	6,500,000	6,500,000	646,818	627,141	1,273,960
Transportation	2,500,000	2,500,000	248,776	241,208	489,985
Downtown Streetscape	3,000,000	3,000,000	298,532	289,450	587,981
Parks & Recreation	3,000,000	3,000,000	298,532	289,450	587,981
Subtotal	35,500,000	35,500,000	3,532,624	3,425,157	6,957,781
City of Gillsville					
Road Improvements	40,000	40,000	3,981	4,036	8,017
Community Park Upgrades	*95,000*	*95,000*	*9,454*	*9,586*	*19,040*
Downtown Improvements	105,000	105,000	10,449	10,595	21,044
Subtotal	240,000	240,000	23,883	24,218	48,101
City of Lula					
Road Resurfacing	300,000	300,000	29,854	30,274	60,128
Parks & Recreation	300,000	300,000	29,854	30,274	60,128
Water System and Sewer Projects	1,300,000	1,300,000	129,369	131,187	260,556
Subtotal	1,900,000	1,900,000	189,078	191,735	380,813
City of Oakwood					
Infrastructure Projects	1,500,000	1,500,000	149,269	151,366	300,635
Transportation Project	200,000	200,000	19,902	20,182	40,085
Transportation Project	1,200,000	1,200,000	119,415	121,093	240,508
Sewer Project	800,000	800,000	79,610	80,729	160,339
Subtotal	3,700,000	3,700,000	368,196	373,370	741,566
Subtotal Municipal Projects	44,963,000	44,963,000	4,474,287	4,380,052	8,854,339
TOTAL SPLOST VI	$ 240,000,000	$ 240,000,000	$ 22,107,205	$ 17,711,752	$ 39,818,957

During the year, $787 of costs for FY 2010 were reclassified from Correctional Institute/Animal Care facility to North Hall Library.

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Reconciliation to Financial Statements
Year Ended June 30, 2011

Statement of Revenues, Expenditures and Changes in Fund Balance (page 5)

	Expenditures	17,230,021
	Transfers out	2,320,572
	Rounding	1
Subtotal		19,550,594

Less items not included as expenditures on SPLOST schedule below:

	None	
Subtotal of adjustments		-
Expenditures reported on SPLOST schedule below		**19,550,594**

Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (pages 69-70)

	SPLOST IV	161,489
	Revised SPLOST IV	161,489
	SPLOST V	1,677,353
	Revised SPLOST V	1,677,353
	SPLOST VI	17,711,752
	Revised SPLOST VI	17,711,752
Total		**19,550,594**

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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.

Net Assets by Component	1
Changes in Net Assets	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
General Fund Budget - Chart of Previous and Current Year Budgets	4A
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.

Assessed Value and Estimated Actual Value of Taxable Property	6
Property Tax Rates-Mills	7
Principal Property Taxpayers	8
Property Tax Levies and Collections	9
Taxable Sales and Sales Taxes	10
Special Local Option Sales Tax Collections	10A

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.

Ratios of Outstanding Debt by Type	11
Ratios of Net General Bonded Debt Outstanding	12
Direct and Overlapping Governmental Activities 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	2011
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	$ 386,017
Restricted:									
Capital outlay	-	-	-	-	20,604	8,761	13,680	13,200	13,864
Debt service	-	-	605	9,903	10,923	2,706	10,695	-	-
Impact fee projects	-	-	-	-	6,148	5,898	4,106	3,032	2,798
Other programs	-	26,394	49,971	44,440	5,973	6,355	4,796	5,563	4,522
Unrestricted:	42,266	38,235	20,778	21,931	16,139	346,120	7,004	(11,948)	(27,797)
Total governmental activities net assets	$ 157,667	$ 402,748	$ 412,232	$ 435,312	$ 463,556	$ 494,959	$ 430,923	$ 403,450	$ 379,404
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	$ 52,028
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	5,058	21,857	21,119	13,689	12,346	10,883	10,494	8,197	12,472
Total business-type activities net assets	$ 53,409	$ 71,261	$ 75,641	$ 38,623	$ 43,765	$ 52,742	$ 57,677	$ 69,602	$ 64,500
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	$ 438,045
Restricted	-	26,394	50,576	54,343	43,648	23,720	33,277	21,795	21,184
Unrestricted	47,324	60,092	41,897	35,620	28,485	357,003	17,498	(3,751)	(15,325)
Total primary government net assets	$ 211,076	$ 474,009	$ 487,873	$ 473,935	$ 507,321	$ 547,701	$ 488,600	$ 473,052	$ 443,904

The County adopted GASB 34 in 2003. Data for years prior to this are not available.
The County implemented retroactive infrastructure reporting in 2004.
In 2011, the County implemented GASB 54.

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	2011
EXPENSES									
Governmental activities:									
General government	$ 14,004	$ 13,394	$ 13,868	$ 15,203	$ 19,195	$ 16,964	$ 20,350	$ 17,275	$ 20,541
Judicial	9,267	10,485	13,100	14,459	14,330	15,846	16,738	18,404	17,954
Public health and welfare	3,051	3,914	1,980	2,430	3,483	3,511	3,905	3,501	3,304
Public safety	43,765	48,062	50,903	54,600	54,972	68,089	71,870	78,047	77,796
Public works	8,523	15,556	16,844	18,113	17,970	18,153	25,211	27,153	29,633
Recreation and culture	4,723	5,435	5,062	8,158	5,710	8,351	7,267	7,602	7,794
Housing and development	2,803	3,649	3,751	4,015	4,555	5,564	5,057	5,389	5,979
Interest on long-term debt	217	121	186	(85)	1,846	643	671	330	492
Total governmental activities expenses	86,353	100,616	105,694	116,893	122,061	137,121	151,069	157,701	163,493
Business-type activities:									
Solid Waste	5,687	5,320	5,328	5,379	5,307	5,717	5,905	5,568	6,059
Water and sewer utilities	302	371	863	37,715	70	2,108	1,581	2,921	1,792
Total business-type activities expenses	5,989	5,691	6,191	43,094	5,377	7,825	7,486	8,489	7,851
Total primary government expenses	$ 92,342	$ 106,307	$ 111,885	$ 159,987	$ 127,438	$ 144,946	$ 158,555	$ 166,190	$ 171,344
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	$ 5,366
Judicial	5,679	6,024	2,925	6,697	4,560	6,899	6,627	5,939	5,511
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	17,556
Public works	502	505	569	592	738	930	890	986	941
Recreation and culture	1,136	1,653	880	2,588	1,039	1,013	953	1,008	1,052
Housing and development	1,347	1,027	1,132	1,453	3,409	1,668	910	507	405
Total charges for services	20,132	20,434	18,003	25,231	22,629	25,445	29,056	30,740	30,831
Operating grants and contributions	2,496	4,148	3,967	4,623	4,266	6,762	4,317	5,402	6,094
Capital grants and contributions	13,916	7,978	6,270	9,101	18,090	17,946	12,847	4,977	4,632
Total governmental activities program revenues	36,544	32,560	28,240	38,955	44,985	50,153	46,220	41,119	41,557
Business-type activities:									
Charges for services:									
Solid Waste	4,643	4,794	4,950	5,292	5,085	5,767	5,466	5,175	5,120
Water and sewer utilities	26	39	28	34	27	290	961	925	1,072
Total charges for services	4,669	4,833	4,978	5,326	5,112	6,057	6,427	6,100	6,192
Operating grants and contributions	-	-	-	75	25	5	-		-
Capital grants and contributions	143	25	245	-	-	12,374	1,104	87	236
Total business-type activities program revenues	4,812	4,858	5,223	5,401	5,137	18,436	7,531	6,187	6,428
Total primary government program revenues	$ 41,356	$ 37,418	$ 33,463	$ 44,356	$ 50,122	$ 68,589	$ 53,751	$ 47,306	$ 47,985

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**	**2011**
Net (expense)/revenue									
Governmental activities	$ (49,809)	$ (68,056)	$ (77,454)	$ (77,454)	$ (77,076)	$ (86,968)	$ (104,849)	$ (116,582)	$ (121,936)
Business-type activities	(1,177)	(833)	(968)	(968)	(240)	10,611	45	(2,302)	(1,423)
Total primary government net expense	$ (50,986)	$ (68,889)	$ (78,422)	$ (78,422)	$ (77,316)	$ (76,357)	$ (104,804)	$ (118,884)	$ (123,359)
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	$ 52,313
Sales Taxes	37,995	41,267	43,317	49,696	51,744	51,438	45,246	41,938	42,483
Insurance premium tax	3,807	4,083	4,418	4,717	4,944	5,198	5,325	5,249	5,105
Real estate and recording taxes	2,758	3,044	2,789	3,161	3,391	2,259	1,318	1,074	1,013
Other taxes	599	1,406	1,417	1,491	1,530	1,560	1,502	1,478	1,820
Total taxes	78,059	84,541	89,118	98,578	104,009	109,432	104,070	103,134	102,734
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	66
Miscellaneous	3	-	-	-	-	-	-	-	-
Gain on sale of capital assets	(1,374)	689	1,635	107	-	1,816	71	15	203
Transfers	(15,667)	(16,944)	(5,231)	(559)	(5,200)	1,828	(4,286)	(14,196)	3,697
Total governmental activities	65,118	70,935	88,889	104,133	105,320	117,181	102,515	89,067	106,700
Business-type activities:									
Investment earnings	606	1,743	112	117	181	194	65	33	17
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	(3,697)
Total business-type activities	16,261	18,687	5,348	676	5,381	(1,634)	3,810	14,229	(3,680)
Total primary government	$ 81,379	$ 89,622	$ 94,237	$ 104,809	$ 110,701	$ 115,547	$ 106,325	$ 103,296	$ 103,020
CHANGE IN NET ASSETS									
Governmental activities	$ 15,309	$ 2,879	$ 11,435	$ 26,679	$ 28,244	$ 30,213	$ (2,334)	$ (27,515)	$ (15,236)
Business-type activities	15,084	17,854	4,380	(292)	5,141	8,977	3,855	11,927	(5,103)
Total primary government	$ 30,393	$ 20,733	$ 15,815	$ 26,387	$ 33,385	$ 39,190	$ 1,521	$ (15,588)	$ (20,339)

The County adopted GASB 34 in 2003. Data for years prior to this are not available.
In 2011, the County implemented GASB 54.

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**	**2011**
General fund											
Reserved	$ 2,029	$ 215	$ 346	$ 351	$ 587	$ 598	$ 193	$ 1,019	$ 47	$ 591	$ -
Unreserved	16,736	16,280	11,519	11,124	11,853	14,535	15,320	8,269	6,580	7,457	-
Nonspendable	-	-	-	-	-	-	-	-	-	-	624
Restricted	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	313
Unassigned	-	-	-	-	-	-	-	-	-	-	8,374
Total general fund	$ 18,765	$ 16,495	$ 11,865	$ 11,475	$ 12,440	$ 15,133	$ 15,513	$ 9,288	$ 6,627	$ 8,048	$ 9,311
All other governmental funds											
Reserved:	37,157	30,320	26,759	26,432	81,887	87,637	38,462	35,156	35,907	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)	-
Nonspendable	-	-	-	-	-	-	-	-	-	-	6,914
Restricted	-	-	-	-	-	-	-	-	-	-	27,586
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	196
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 48,520	$ 51,228	$ 48,345	$ 45,571	$ 97,483	$ 93,009	$ 44,655	$ 42,669	$ 40,936	$ 20,601	$ 34,696

In 2011, the County implemented GASB 54.

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	2011
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	$ 102,599
Licenses and permits	2,141	2,189	2,228	3,115	3,645	4,612	4,777	3,107	2,238	1,658	1,357
Fines and forfeitures	3,570	4,391	4,271	4,669	4,964	4,202	5,028	5,564	4,732	4,844	3,772
Charges for services	9,405	9,595	11,909	12,739	13,162	15,498	15,311	17,028	21,765	24,205	25,547
Investment earnings	3,675	2,955	1,899	550	1,496	3,877	4,331	1,967	419	94	232
Intergovernmental	6,890	6,137	7,407	8,638	7,714	7,400	7,794	10,447	8,852	8,798	6,449
Miscellaneous	161	106	248	138	115	260	108	371	194	108	540
Total revenues	101,795	105,922	106,777	114,358	119,811	134,416	141,516	147,408	141,739	142,656	140,496
EXPENDITURES											
General government	11,790	14,233	13,693	13,021	13,506	15,041	17,335	17,043	18,233	15,419	17,737
Judicial	6,888	7,949	9,201	9,650	12,032	13,800	13,384	15,069	15,368	14,970	14,888
Public works	4,743	5,354	6,840	7,774	6,761	7,062	8,054	7,643	12,635	11,275	10,994
Public health and welfare	2,248	2,786	2,818	3,703	1,759	2,209	3,275	3,287	3,604	3,131	2,888
Public safety	32,906	37,271	42,161	45,343	48,180	51,800	52,029	62,946	62,684	61,495	62,322
Recreation and culture	1,864	2,658	4,404	4,223	4,518	7,677	5,151	7,691	6,247	6,132	6,314
Housing and development	-	-	2,738	3,176	3,307	3,522	4,092	5,189	4,635	4,932	5,475
Intergovernmental	1,230	1,193	815	842	2,796	2,444	4,484	2,477	2,400	4,786	4,946
Capital Outlay	36,318	25,786	15,227	12,994	14,923	32,566	64,093	26,631	10,205	13,790	17,321
Principal on long-term debt	675	712	-	828	480	178	9,982	10,171	10,344	11,030	3,138
Interest on long-term debt	303	206	-	121	93	62	2,482	1,280	847	430	561
Other debt service payments	-	-	-	-	266	-	-	-	-	-	248
Total expenditures	98,965	98,148	97,897	101,675	108,621	136,361	184,361	159,427	147,202	147,390	146,832
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)	(6,336)
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	7,460
Transfers out	(7,605)	(8,192)	(19,982)	(23,282)	(8,362)	(6,918)	(8,307)	(5,336)	(5,411)	(14,843)	(3,763)
Issuance of bond debt	-	-	-	-	40,325	-	-	-	103	-	15,390
Premium on bonds issued	-	-	-	-	1,960	-	-	-	-	-	1,004
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	1,603
Total other financing sources (uses)	(1,687)	2,747	(14,366)	(15,849)	41,989	163	(5,128)	3,808	(4,113)	(14,181)	21,694
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)	$ 15,358
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%	3.0%

HALL COUNTY, GEORGIA
General Fund Budget
Chart of Previous and Current Year Budgets

		Year Ending June 30, 2011	Year ending June 30, 2012
Revenues			
Taxes	$	67,110,813	61,615,544
Licenses and permits		2,526,871	2,433,620
Intergovernmental		1,415,870	1,456,961
Fines and forfeitures		4,111,232	3,255,845
Charges for services		14,774,393	15,847,981
Miscellanous		97,873	93,794
Operating Transfers		388,824	194,412
Use of Fund Balance			708,650
TOTAL REVENUES	$	90,425,876	85,606,807
Expenditures			
General government	$	16,654,436	17,657,030
Judicial		13,899,017	13,643,468
Public Health & Welfare		2,786,952	2,414,763
Public Safety		42,944,267	41,935,625
Public Works		5,417,330	4,044,326
Recreation & Culture		5,190,012	3,299,819
Housing and development		2,429,580	1,603,573
Agencies		720,802	635,519
Capital outlay		-	-
Debt service		383,480	372,684
TOTAL EXPENDITURES	$	90,425,876	85,606,807

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
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
2011	$ 52,180	$ 24,207	$ 18,275	$ 5,105	$ 1,013	$ 1,819	$ 102,599

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)

		Real Property				Personal Property				Less Exemptions:					
Fiscal Year	Tax Year	Residential Property	Agricultural Property (1)	Commercial & Industrial	Public Utilities	Inventory & Equipment (4)	Motor Vehicles	Mobile Homes	Other (2)	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
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	393,810	218,450	7,037,517	6.25	17,593,793	40.00%
2011	2010	$ 4,221,309	$ 554,552	$ 1,213,264	$ 116,714	$ 764,441	$ 434,728	$ 25,153	$ 102,503	$ 408,728	$ 157,661	$ 6,866,275	16.42	$ 17,165,688	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*	*2001* / *2002*	*2002* / *2003*	*2003* / *2004*	*2004* / *2005*	*2005* / *2006*	*2006* / *2007*	*2007* / *2008*	*2008* / *2009*	*2009* / *2010*	*2010* / *2011*
Unincorporated Districts										
County-Unincorporated	7.480	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250	6.250
Hall Co. Schools	14.510	15.770	14.410	15.130	16.300	17.200	15.750	16.420	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	1.880	1.620	1.620	1.120	1.120	1.510	1.510	1.510	1.510
Total Hall County Unincorporated	**24.760**	**25.220**	**22.800**	**23.500**	**24.660**	**25.550**	**23.770**	**24.430**	**24.430**	**24.430**
Incorporated Districts										
County - Incorporated except for City of Gainesville	7.480	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250	6.250
County - Incorporated - City of Gainesville (2)	7.370	7.130	5.520	6.030	6.550	6.980	6.260	6.250	6.250	6.250
Hall Co. Schools	14.510	15.770	14.410	15.130	16.300	17.200	15.750	16.420	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	3.120	2.990	2.980	2.470	2.470	2.720	2.710	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)	2.350	2.300	2.750	2.620	2.600	2.890	2.660	2.660	2.660	2.920
Gainesville City Schools (1) (3)	7.350	6.990	7.500	7.970	7.920	7.450	6.960	7.810	7.710	7.390
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	2.220	1.810	2.845	2.837	2.837	2.837	2.837	2.837
Buford City Schools	13.650	13.600	13.500	13.400	13.350	15.350	13.300	13.250	13.200	13.150

(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	*5.875*	*5.750*	*6.875*	*6.550*	*6.500*	*7.225*	*6.650*	*6.650*	*6.650*	*7.300*
Gainesville City Schools	*18.375*	*17.475*	*18.750*	*19.925*	*19.800*	*18.625*	*17.400*	*19.525*	*19.275*	*18.475*

(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 2010			Tax Year 2001		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Wrigley Manufacturing Company	$ 70,303	1	1.02%	$ 71,226	1	1.91%
Jackson EMC	37,725	2	0.55%	57,422	3	1.54%
Georgia Power Company	43,308	3	0.63%	43,447	5	1.17%
Fieldale Farms Corp	29,855	4	0.43%	67,519	4	1.81%
Bellsouth	19,001	5	0.28%	41,539	6	1.12%
Tree Lake Associates	12,019	6	0.18%			0.00%
Wal-Mart Stores East, LP	10,668	7	0.16%			0.00%
LLI Management Company LLC	8,634	8	0.13%			0.00%
Norfolk Southern Railway	9,095	9	0.13%	59,223	2	1.59%
NNP-Looper Lake LLC	9,183	10	0.13%			0.00%
S.K.F USA Inc.	-		0.00%	36,838	9	0.99%
ZUA Auto Parts	-		0.00%	39,796	10	1.07%
New Holland Milliken	-		0.00%	35,472	8	0.95%
World Color Dittler	-		0.00%	40,649	7	1.09%
Totals	$ 249,791		3.64%	$ 493,131		13.24%

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	
2002	$ 36,499	$ 1,603	$ 777	$ 38,879	$ 38,159	104.55%	$ 719	$ 38,878	100.00%	$ 1
2003	37,602	1,464	733	39,799	39,130	104.06%	666	39,796	99.99%	3
2004	38,091	2,837	808	41,736	40,954	107.52%	700	41,654	99.80%	82
2005	40,349	2,937	770	44,056	43,341	107.42%	600	43,941	99.74%	115
2006	43,873	3,018	867	47,758	46,918	106.94%	727	47,645	99.76%	113
2007	50,830	2,487	1,228	54,545	53,055	104.38%	1,330	54,385	99.71%	160
2008	52,955	2,841	1,458	57,254	55,300	104.43%	1,672	56,972	99.51%	282
2009	55,751	831	1,338	57,920	56,162	100.74%	1,333	57,495	99.27%	425
2010	54,698	481	742	55,921	54,711	100.02%	61	54,772	97.95%	1,149
2011	$ 3,831	$ (6)	$ 201	$ 4,026	$ 3,900	101.80%	$ -	$ 3,900	96.87%	$ 126

Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes.
Property taxes levied during the calendar year 2010 are recorded as revenues in the financial statements in 2011 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 2011 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									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Taxable sales	$ 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	$ 4,627,551
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	1,997	1,450	0	1,549	1,644	1,697	1,369	1,205	3,690	3,581
City of Clermont	60	61	62	25	26	27	22	20	99	96
City of Lula	152	153	154	82	87	89	75	61	197	192
City of Flowery Branch	187	188	189	109	116	119	97	85	260	252
City of Braselton	n/a	n/a	n/a	1	1	2	1	1	3	3
City of Gillsville	17	17	18	9	11	11	0	0	25	24
City of Oakwood	219	220	221	161	168	178	144	127	385	373
City of Buford	0	0	0	0	0	0	0	0	15	14

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
Special Local Option Sales Tax Collections
Last Ten Calender Years

Calendar Year		Annual Collections	
2002	$	21,878,690	
2003		21,719,581	
2004		24,124,657	1
2005		25,442,979	
2006		29,500,321	
2007		29,918,593	
2008		27,806,104	
2009		24,985,329	2
2010		22,819,428	
2011	$	14,957,403	3

1 Represents 8 months of Collections from the 1999 Sales Tax and 4 months from the 2004 Sales Tax Program

2 Represents 8 months of Collections from the 2004 Sales Tax and 4 months from the 2009 Sales Tax Program

3 Represents 6 months of Collections received as of June 30, 2011

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)
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	1.00%	298
2010	-	4,848	560	14,363	30,576	491	50,838	0.88%	270
2011	$ -	$ 17,962	$ 407	$ 22,319	$ 33,445	$ 1,463	$ 75,596	1.36%	$ 421

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)
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%	-
2011	$ -	$ -	$ -	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, 2011
(amounts expressed in thousands)

Governmental Unit	*General Obligation Bonded Debt Outstanding*	*Percentage Applicable to Government*	*Amount Applicable to Government*
Overlapping:			
Hall County Board of Education[1]	$ 42,914	100%	$ 42,914
City of Gainesville [2]	149,537	100%	149,537
City of Gainesville Schools [3]	15,705	100%	15,705
City of Oakwood [4]	10,280	100%	10,280
City of Buford[5]	9,500	19%	1,805
City of Braselton[6]	7,731	18%	1,392
Hall County Direct Debt [7]	18,369	100%	18,369
Total direct and overlapping debt	$ 254,036		$ 240,002

Source: Gainesville-Hall County Development Authority

[1] The Hall County Board of Education debt is comprised of $38,895,000 of general obligation bonds, $4,018,854.51 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 tax.

[2] The City of Gainesville debt is comprised of intergovernmental contract debt; $113,800,132 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 $35,736,881 is governmental activities capital lease debt.

[3] The Gainesville School District debt is comprised of $8,540,000 of general obligation bonds, $4,545,000 of intergovernmental contract debt, and $2,620,253 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; $6,779,945 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] The City of Buford debt is comprised of general obligation bonds issued in October of 2010.

[6] The City of Braselton debt is comprised of notes to the Georgia Environmental Facilities Authority incurred for the improvement to Braselton's water and sewer system and is intended to be paid from revenues of the system, even though the notes constitute general obligations of Braselton.

[7] See Table 11. This does not include any guarantees of the Hospital Authority Debt.

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

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Assessed value of property	$ 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	$ 7,432,664
Debt limit (10% of total assessed value)	396,677	426,071	508,130	525,277	554,055	589,429	722,860	751,098	764,978	743,266
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	$ 396,677	$ 426,071	$ 508,130	$ 483,041	$ 522,315	$ 570,199	$ 713,580	$ 751,541	$ 764,978	$ 743,266
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	8.04%	5.73%	3.26%	1.28%	-0.06%	0.00%	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	Interest	Coverage
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
2011	$ -	$ -	$ -	-

[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 and paid off in 2010
Operating expenses do not include interest or depreciation.

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

Fiscal Year	Population (a)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (c)	Median Age (b)	Education Level as a Percent of Population 25 yrs & Older (f) High School or Higher	College or Higher	School Enrollment (d)	Unemployment Rate (e)
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%
2011	179,684	$ 5,569,485	$ 30,996	33.0	74.5%	19.8%	25,706	9.30%

Data sources:
(a) Population estimate based upon US Census Bureau QuickFacts (2010)
(b) US Census Bureau (2005-2009 American Community Survey)
(c) Federal Bureau of Economic Analysis (Greater Hall Chamber of Commerce).
(d) Hall County Board Of Education (2011).
(e) U.S. Department of Labor (Bureau of Labor Statistics as of August, 2010).
(f) US Census Bureau (2010)

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

	2011			2002		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northeast Georgia Medical Center	3,330	1	4.86%			
Fieldale Farms	2,410	2	3.52%			
Pilgrims Pride	1,600	3	2.33%			
Mar-Jac	1,100	4	1.61%			
Coleman Natural Foods	850	5	1.24%			
Wrigley Manufacturing Company	850	6	1.24%			
Kubota Manufacturing of America	610	7	0.89%			
Koch Foods, Inc.	520	8	0.76%			
The Longstreet Clinic	440	9	0.64%			
PFG Milton's Institutional Foods	420	10	0.61%			
All other employers	56,393		82.30%			
Total	68,523		100.00%	0		0.00%

Source:Greater Hall Chamber of Commerce.

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

Note 2: Information for fiscal year 2002 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									
Function	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
General government	121	123	125	126	127	146	137	136	125	116
Public safety										
Sheriff										
Officers	281	296	296	307	307	330	423	423	423	496
Civilians	26	29	29	32	35	38	59	59	59	31
Fire and EMS										
Firefighters & EMT's	249	268	268	284	286	311	317	317	316	371
Civilians	9	9	9	10	10	11	16	16	16	11
Other public safety	94	104	104	95	96	98	104	105	118	-
Court system	133	142	151	151	174	191	202	208	207	189
Public works	100	100	101	95	94	96	96	96	90	99
Health and welfare	-	-	-	-	-	-	-	-	-	18
Recreation and culture	31	33	31	32	35	42	43	43	41	44
Housing and development	35	36	-	40	40	40	40	40	30	-
Solid Waste	28	28	29	29	29	29	29	29	29	27
Water & Sewer	-	-	-	-	-	-	-	-	-	
Total	1,107	1,168	1,143	1,201	1,233	1,332	1,466	1,472	1,454	1,402

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrests	6,551	6,051	5,018	7,266	7,525	8,257	9,200	9,426	8,664	8,358
Traffic violations	11,427	10,294	13,274	12,242	11,309	12,984	13,240	13,501	13,767	8,498
Fire										
Number of calls answered	23,551	21,178	20,840	20,799	23,479	24,073	25,331	26,655	28,048	23,329
Inspections	1,060	1,699	954	814	1,352	1,874	1,395	1,240	1,262	806
Highways and streets										
Street resurfacing (miles)	33	7	39	32	33	51	43	52	49	26
Potholes repaired	n/a	279	616	523	201	282	532	406	531	689
Sanitation										
Refuse collected (tons/day)	212	218	238	234	258	244	274	284	196	182
Recyclables collected (tons/day)	12	12	12	12	11	11	14	15	10	9
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	1,950	2,050	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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Sheriff headquarters &/or precincts	2	3	3	3	3	3	3	3	3	3
Fire Stations	13	13	13	13	13	14	15	15	15	15
Solid Waste										
Compactor Sites	13	13	13	13	13	13	13	13	13	13
Highways and streets										
Streets (miles)	1,011	1,020	1,025	1,026	1,037	1,046	1,052	1,052	1,052	1,056
Streetlights*	192	210	233	255	283	308	312	316	324	320
Traffic signals	26	28	27	26	26	29	35	35	35	38
Culture and recreation										
Parks acreage	850	850	850	850	974	1,359	1,359	1,359	1,359	1,459
Parks	17	17	17	17	19	20	20	20	20	20
Tennis courts	30	30	30	30	34	34	34	34	34	34
Community centers	3	3	3	3	3	4	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	32	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	1,950	1,950	2,050	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, 2011

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	2010-AP-BX-0839	$ 155,248	$ 155,248
-Edward Byrne JAG Grant-Hall County Sheriff	16.738	2010-DJ-BX-1145	28,350	28,350
-Bureau of Justice Assistance/FY09 Adult DUI/Drug Court Dis	16.585	2009-DC-BX-0068	199,078	51,190
-BJA-Bulletproof Vest Partnership	16.607	2010	3,470	3,470
-BJA-Bulletproof Vest Partnership	16.607	2009	7,082	122
			10,552	3,592
Passed through the Georgia Bureau of Investigations				
- Multiple Program Area Codes	16.575	2009-VA-GX-0045/C09-8-081	40,869	4,857
- Multiple Program Area Codes	16.575	2009-VA-GX-0045/C09-8-187	40,869	36,479
- Victims of Crime Assistance	16.575	2009-VA-GX-0045/C09-8-082	44,046	10,420
- Victims of Crime Assistance	16.575	2010-VA-GX-0073/C10-8-101	44,046	35,218
-Victims of Crime Assistance	16.575	2009-VA-GX-0045/C09-8-080	37,400	4,371
-Violence Against Women Act Grant	16.575	2010-VA-GX-0073/C10-8-099	39,867	32,432
			247,097	123,777
Passed through the Georgia Bureau of Investigations				
-Recovery Act-Byrne/JAG (Solicitor)	16.803	2009-SU-B9-0003/B82-8-015	32,000	10,290
-Recovery Act-Byrne/JAG (District Attorney)	16.803	2009-SU-B9-0003/B82-8-016	33,587	10,995
-Recovery Act-Byrne/JAG (CI)	16.803	2009-SU-B9-0003/B82-8-114	25,000	11,994
-Recovery Act-Byrne/JAG (Jail)	16.803	2009-SU-B9-0003/B82-8-124	25,000	5,063
-Recovery Act-Byrne/JAG (Clerk of Court)	16.803	2009-SU-B9-0003/B82-8-117	10,000	9,270
-Recovery Act-Byrne/JAG (Solicitor)	16.803	2009-SU-B9-0003/B82-8-121	52,000	26,028
-Recovery Act-Byrne/JAG (Treatment Svcs)	16.803	2009-SU-B9-0003/B82-8-123	36,450	25,451
			214,037	99,091
Passed through GA Judicial Council				
- Purchase of Services for Juvenile Offenders	16.523	JB-08ST-0002 & JB-07ST-004	15,000	13,337
- Purchase of Services for Juvenile Offenders	16.523	JB-07ST-004	7,500	7,500
			22,500	20,837
TOTAL US DEPARTMENT OF JUSTICE			876,862	482,085
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through the Georgia Department of Community Affairs				
-CHIP Grant 2009	14.239	09-m-y-069-1-6018	300,000	93,700
-CHIP Grant 2011	14.239	2011-814	304,470	4,000
-CHIP Revitalization Grant 2008	14.239	08mr-y-069-1-6009	198,792	0
-CHIP Grant 2007 Set-Aside	14.239	07m-y-069-1-2978	199,720	31,488
			1,002,982	129,188
-CDBG	14.228	05B-Y-069-1-3059	790,881	95,803
-NSP	14.256	08-ns-5064	2,646,541	1,658,764
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,440,404	1,883,756
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	23,920
-Capital Improvement Assistance Grant	20.507	MTG00-0148-00-009/GA-90-0259	171,200	0
-Transit Operating Assistance Grant	20.507	GA-90-X259-01	466,796	345,423
-ARRA Capital Improvement Assistance Grant	20.507	GA-96-X012	600,000	34,587
			1,414,558	403,930
-Transit Operating assistance Grant	20.509	GA-18-4031	244,006	221,184
-ARRA Capital Improvement Assistance Grant	20.509	GA-86-X001	200,000	0
			444,006	221,184
-Transit Planning Assistance Grant	20.505	T003583	48,595	48,563

HALL COUNTY , GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
Passed-through the Georgia Department of Human Resources				
-Transportation Grant	20.513	42700-362-0000005567	42,519	42,519
Passed -through the Georgia Emergency Management Agency LEPC/HMEP Grant	20.703	OHM10-017	4,500	4,500
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			1,954,178	720,695
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-through the Georgia Department of Human Resources				
-Transportation Grant	93.667	42700-362-0000005567	22,056	22,056
	93.044	42700-362-0000005567	78,861	78,861
	93.558	42700-362-0000005567	34,000	16,998
	84.126	42700-362-0000005567	8,000	0
			142,917	117,916
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed-through the Georgia Emergency Management Agency				
-Hazard Mitigation Grant	97.039	HMGP-1686-0057	13,338	6,233
-GEMA-EMA (used 97.004 last year-incorrect)	97.053	2007-GE-T7-0054	70,362	2,420
-GEMA-EMA	97.053	2010-SS-T0-0034	8,400	1,536
-GEMA-EMA	97.053	2009-SS-T9-0047	14,000	1,555
			92,762	5,511
-GEMA-FIRE SERVICES	97.046	2009-SS-T9-0047	15,000	15,000
-GEMA Sheriff's Department/Court Services	97.067	2008-GE-T8-0017	13,500	5,089
-GEMA-Sheriff's Department/Court Services	97.067	2009-SS-T9-0047	7,438	1,206
			20,938	6,294
-GEMA PPA	97.042	OEM10-071	41,783	41,783
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			183,821	74,821
US ENVIRONMENTAL PROTECTION AGENCY				
-EPA-WPDG	66.461	CD-96402404-0	500,000	27,998
Passed-through the Georgia Environmental Finance Authority				
- AARA Loan for Clean Water State Revolving Funds	66.458	CWSRF06006	3,497,945	3,497,945
TOTAL US ENVIRONMENTAL PROTECTION AGENCY			3,997,945	3,525,943
US DEPARTMENT OF ENERGY				
- ARRA - DOE/EECBG	81.128	DE-SC0001439	762,600	260,512
TOTAL US DEPARTMENT OF ENERGY			762,600	260,512
GRAND TOTAL			$12,358,727	$7,065,728

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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 28, 2011

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, 2011, which collectively comprise the HALL COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 28, 2011. 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.

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 material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, finding 11-01.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting, findings 11-02 through 11-06.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of HALL COUNTY, GEORGIA, in a separate letter dated December 28, 2011.

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.

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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 28, 2011

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, 2011. 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, 2011.

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, 2011

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unqualified opinion.
2. Compliance (financial statements) – No material instance of noncompliance.
3. Internal Control (financial statements) – Six deficiencies including five significant deficiencies and one material weakness.
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 – No.

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

MATERIAL WEAKNESS

FINANCE

11-01 ***Statement of Condition*:**

During the course of the audit, we noted many transactions related to capital projects were incorrectly recorded in the general ledger. Specifically, transactions related to the North Hall Park, Liberty Mutual Building and Glade Reservoir Project.

Criteria:

Controls should exist to ensure that capital project transactions are recorded correctly and consistently. Since many of these projects represent a substantial amount of the County's resources, having reliable data to manage these costs is crucial.

Effect of conditions:

As a result, adjustments totaling $2,754,168 were necessary to properly reflect the activities of the North Hall Park, Liberty Mutual Building and Glades Reservoir Project. Because County staff had difficulties reconciling the transactions related to these projects, draw requests from funding sources could not be prepared in a timely manner. SPLOST funds in the amount of $3,797,049 were used to subsidize these projects until draw requests could be prepared.

Cause of Condition:

Due to staffing turnover and shortages in the finance department, proper controls over this area were weakened.

Recommendation:

We recommend management evaluate procedures and controls to ensure capital transactions are recorded properly.

Response:

As stated in the cause of condition, the Finance Department experienced a major staffing turnover this fiscal year and the persons responsible for this activity left our employment prematurely. These items had been recorded in the general ledger; however, they were not recorded according to our policy and procedures (the staffing turnover occurred at the end of the time period these items were getting posted). Once interim leadership was in place, staff began to unravel the audit trail and began to correct the entries into the proper areas of the general ledger. As a result of the untimeliness of performing these correcting entries, drawdown requests could not be made until the transactions could be verified in the corrected areas. Finance does have policies and procedures in place to follow for these types of debt related transactions. This condition would not have escalated to this

level had there not been staffing turnover. Management has taken steps to ensure all policies and procedures will be followed and more oversight will be given to this area in the future.

SIGNIFICANT DEFICIENCY
FINANCE

11-02 ***Statement of Condition:***
During the course of the audit, we discovered right-of-way property in the amount of $345,937 purchased for road improvements was recorded in infrastructure instead of land.

Criteria:
Although right-of-way is associated with road infrastructure, it is land. Accounting standards dictate that land should be recorded separately from infrastructure costs.

Effect of Condition:
As a result, the actual construction cost of roads is overstated if right-of-way property is included as infrastructure.

Cause of Condition:
Cause of condition unknown.

Recommendation:
We recommend that the County use the object code for land to record right-of-way purchases instead of an infrastructure object code. Using the land object code will ensure that right-of-way purchases are accounted for properly.

Response:
It had been some time since the County had purchased right-of-way and Finance had set-up a new code to capture right-of-way separately from land purchases a couple of years ago. Once we investigated this issue it was brought to light that the new code was not set-up in the proper function in our accounting system to total into the overall Land purchase reports. This was just an oversight and has been immediately corrected in our accounting system.

11-03 ***Statement of Condition:***
During the course of auditing revenues and expenditures, we discovered several accounts where revenues are being netted against expenditures.

Criteria:
To ensure proper controls over revenues and expenditures, revenues and expenditures should be reported gross.

Effect of Condition:
As a result, transactions are essentially eliminated and revenues and expenditures are both understated by $127,000 in the general fund and $117,000 in the restricted program fund.

Cause of Condition:
A new program was instituted by the Georgia Superior Court Clerks Cooperative for citizens to pull items needed from a cooperative website which reimbursed Counties for certain expenses (General Fund) and an agreement with the Federal Bureau of Investigation was signed for rental of office space.

Recommendation:
We recommend always recording both revenues and expenditures at gross. Although some grants may be pass-through grants to other agencies, recording them at gross ensures a stronger audit trail.

Response:
Finance department policies and procedures already state that we record both the revenue and expenditures at gross unless the amount in question is below a certain threshold and is a one time amount. The general fund item was a new program through the GSCCC where initial projections showed small anticipated revenue amounts which would have been under our threshold. Once it was realized that the projections were incorrect, finance has set up a special revenue code for this item. As far as the special revenue fund item, again due to the staffing turnover, this item was not coded according to finance policies and has been corrected.

11-04 ***Statement of Condition:***
During the course of performing the audit, we discovered that payments issued to the planning commission for attending meetings were reported on a 1099 instead of a W-2.

Criteria:
Payments to people who serve on County boards should be included on a W-2 according to IRS regulations.

Effect of Condition:
The County is not in compliance with IRS regulations.

Cause of Condition:
Cause of Condition is unknown.

Recommendation:
Effective January 1, 2012, we recommend the County change the reporting of planning commission payments.

Response:

Beginning January 1, 2012 the County will move the payment of these board members to the payroll side of our accounting system. The change in IRS regulations had not been made available to current Finance staff in order to make the change. Boards have been paid from the accounts payable side for many years as these board members were not employees of the County. Change is noted and scheduled for correction

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CLERK OF COURT

11-05 ***Statement of Condition:***

During our audit process we noted that the listing of outstanding checks used to reconcile the banks statements on a monthly basis did not include pertinent information such as payee's name and date the check was issued.

Criteria:

To effectively maintain better controls over cash and the bank reconciliation process, the list of outstanding checks should included the following information:

- Date of issue
- Check number
- Payee name
- Amount

The accounting personnel should investigate all large checks outstanding and any checks outstanding to other agencies on a regular basis.

Effect of Condition:

As a result, the outstanding checklist can not be effectively managed due to missing information.

Cause of Condition:

Since the bank reconciliation is performed manually, certain information has been excluded due to the sheer volume of outstanding checks.

Recommendation:

We recommend including all pertinent information associated with outstanding checks. The bank reconciliation should be prepared electronically using excel at a minimal. Performing the bank reconciliation using excel will prevent having to manually recreate the outstanding checklist month after month. This practice will provide a much stronger control over cash and the bank reconciliation process.

Response:

The Clerk's Office will implement the procedures in the recommendation. We will begin using an excel spreadsheet to keep track of outstanding checks. This record will include the check number, date of issuance, name of payee, and the check amount.

11-06 ***Statement of Condition:***

During our audit process, it was noted that hand written receipts were issued to defendants who made payments on the day they appeared in court instead of utilizing the computer system to generate receipts. A lack of control existed ensuring money collected in court was actually deposited.

Criteria:

Cash is the most liquid of assets and has the highest risk for theft, embezzlement, and misappropriation. A study by the Association of Certified Fraud Examiners found that more than 80 percent of occupational fraud cases involve asset misappropriation, and cash is the targeted asset 90 percent of the time. As a general rule, the following rules over the collection of cash should be applied:

- The receipt of cash should be centralized.
- Defendants should obtain a computer generated receipt at the conclusion of the transaction.
- Cash collections should be reconciled to a daily cash report generated by the CJIS computer system used by the court system at the end of each day.
- A void transaction report should be reviewed on a weekly basis to ensure any voids were properly authorized.

Effect of Condition:

As a result, cash collected from defendants in the amount of $10,769 for partial payments was missing. The only evidence reflecting payments were hand written receipts. The case files related to these payments were missing as well.

Cause of Condition:

Controls over hand written receipts were not in place to ensure all cash collected was deposited.

Recommendation:

We recommend issuing computer generated receipts for all transactions. We understand that exceptions may occasionally exist when a hand written receipt is necessary. However, this should be the exception, not the norm. All cash receipts should be controlled and reviewed to ensure all cash collected has been deposited. This process should be performed by someone independent of the cash process.

Response:

The Clerk's Office now issues manual receipts to employees to use only when our computers are down or on a rare occasion that is an exception, not the norm...as stated in the recommendation. The manual receipt numbers issued to employees are recorded and the manual receipt number is entered on the computer generated receipt. A copy of the manual receipt is turned in to the accountant who verifies the receipt has been correctly entered in the computer.

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, 2011.