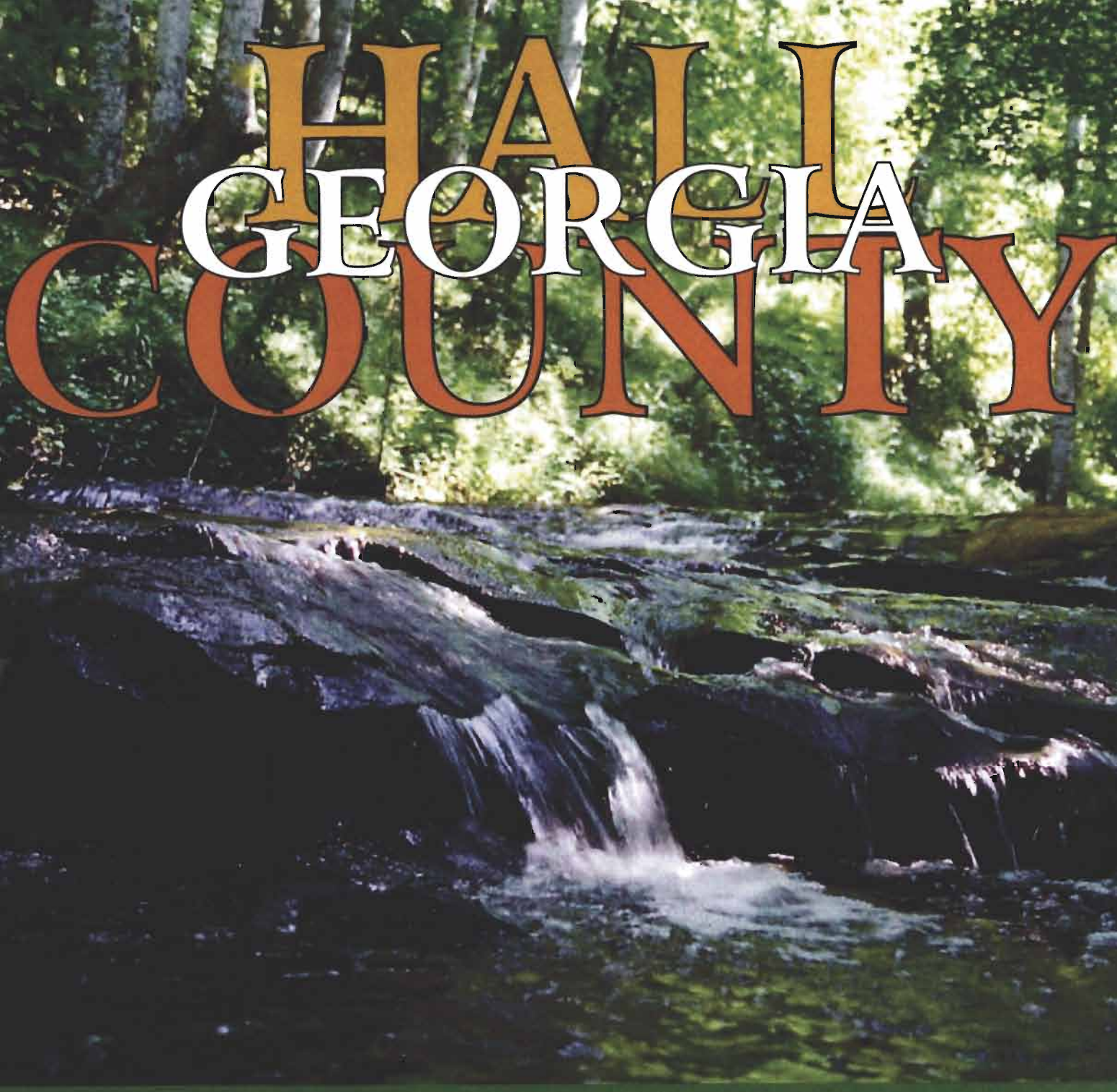


COMPREHENSIVE ANNUAL FINANCIAL REPORT

for year ending June 30, 2012

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



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, 2012

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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

MELISSA A. MCCAIN
COMMISSION CLERK

December 21, 2012

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

We are pleased to present the Fiscal Year 2012 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, 2012 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 2012 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., P.C., 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, 2012, 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, 2012, 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, 2012. The required reports on supplemental information, compliance, internal controls and various supplementary schedules are included under the Compliance Section.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* In 2003, the County adopted the new reporting model required by GASB Statement No. 34 (GASB #34). As part of the requirements contained in GASB #34, management is to present a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A) and should be read in conjunction with it. The County's MD&A is found directly following the independent auditor's opinion in the financial section of the CAFR.

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, the population changed by 29 % 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 a 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. Those are District 2 Public Health Department, which 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 ongoing national economic slowdown continues to impact Hall County, but there are some signs of economic recovery. Local Option Sales Tax collection was higher in 2012 than in 2011,

and the decline in the tax digest was not as steep as in prior years. Thanks in large part to the foresight and stewardship of County leadership, Hall County faced the continued economic 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. Those furloughs remained in place during the course of FY 2012.

In 2012, the US Census Bureau identified the Gainesville-Hall County MSA as one of the top 50 fastest growing metropolitan areas in the United States.

- In spite of the current economic conditions, the County does continue to grow. The employment rate is 8.1% compared to last year of 9.3%. However, this rate is lower than the State (9.8%) and lower than the United States (8.96%). In 2012, 24 new and expanded industries are adding 1,232 new jobs, retaining 742 existing jobs and generating $164 million in new capital investment. Expanding companies include Atlanta Biologicals, KIK Custom Products, ProCare Rx, Bitzer, Yazaki, Elringklinger, Kubota, Atex, IMS Gear and Lupold.
- 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 projections for SPLOST collections remained the same for 2012 as in 2011.
- 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 Resort has been completely redeveloped with approximately $70 million in capital and infrastructure improvements.
- The Lake Lanier Olympic Center, home to the 1996 Atlanta Centennial Olympic Games, continues to host many international rowing and canoe/kayak events in North Hall County.
- The Atlanta Falcons, a National Football League team headquartered in Flowery Branch, has a $2.9 million local economic impact from their summer training camp.
- Road Atlanta, a 2.54-mile International Grand Prix course, attracts 320,000 visitors annually.

Housing

- Housing developments such as Sterling on the Lake, Marina Bay on Lake Lanier, Reunion and Mundy Mill offer master planned communities with amenities.
- High quality, gated retirement developments are located in Hall County. Dogwood Forest added 114,000 square feet in an expansion from 50 to 146 units. Lanier Village Estates has 240 residences with extended care. Cresswinds on Lanier is a 214 acre age-restricted development and more than 200 homes have been built and sold. The Village at Deaton Creek, an age-restricted community in South Hall, is consistently ranked in the top two fastest growing residential developments in Metro Atlanta and Georgia with 818 new homes developed since 2008.

Healthcare

- Northeast Georgia Medical Center (NGMC) has been ranked #1 in Georgia and in the top 5% in the nation for heart care seven years in a row, according to HealthGrades® and is one of only six hospitals to rank #1 in all four cardiac categories for 2012. NEGA Medical Center was also named one of Metro Atlanta's 100 Best Places to Work in Georgia by *The Atlanta Journal-Constitution.*

- Northeast Georgia Health System acquired a 119-acre site in 2009-2010 for a new $200 million South Hall hospital and healthcare village. NGHS is moving forward with planning and development of a new 100-bed inpatient hospital with a planned opening of spring 2015. Adjacent to this new facility is the new Medical Plaza 1, a 100,000-square-foot medical office building which houses an urgent care center, imaging center, physical and occupational therapy center and 23 physician offices with 21 medical specialties.
- 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) 2012 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 2012 with a $5.6 million addition to the General Fund balance.

Management Information System Projects

A Voice-Over-Internet Protocol (VOIP) Telephone System Project was implemented countywide in order to save the county money on telephone communications. VOIP is a technology for communicating using "Internet protocol" instead of traditional analog systems. Calls can be sent over the internet much more cheaply than they can be sent over the traditional telephone networks, saving the county money and bringing down the cost of ownership of telephone communications.

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 2012, 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 and reducing operational costs. Liberty Mutual staff vacated the building in the fall of 2011, and the renovations were started to make the building suitable for use by the County staff. It is expected that the move by County departments into the new Government Center will be complete in the fall of 2012. The funding for the purchase and renovations of the building is provided by SPLOST VI.

Water

Hall County got a step closer in 2012 in procuring the 404 permit needed from the Army Corps of Engineers (USACOE) 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 from Lake Lanier, Hall County is planning an 850-acre, 11 billion gallon storage reservoir named Glades. With the scrutiny of environmental impacts and the ongoing water issues between Alabama and Georgia, the USACOE requested Hall County perform an Environmental Impact Statement (EIS). This process is controlled by the USACOE through funding by Hall County. For more information on the permitting of Glades Reservoir see www.gladesreservoir.com. This permitting process is being funded by SPLOST VI.

Sewer
Design and permitting of the Spout Springs Water Reclamation Facility (SSWRF) Creek Discharge was performed in 2012. This project provides for year round discharge to Lollis Creek, a tributary of the Mulberry River, which will eliminate the use of costly spray-field operations. Work continued to bring sewer to North Hall with the continuation of providing for permitting of the North Oconee Water Reclamation Facility. Waste loan allocation was approved from the Georgia EPD for the water reclamation facility during the preliminary engineering phase.

Public Works
In fiscal year 2012, Hall County Road Maintenance, Engineering and Traffic Engineering divisions resurfaced 14 miles of county roads. Road Maintenance performed a major slope failure stabilization in South Hall on McEver Road to prevent damage to the roadway. In all, the Road Maintenance Department responded to over 2,000 ticket requests from the public in 2012.

Fleet Maintenance, in an effort to better serve the community in 2012, utilized inmate labor even more to better serve our fleet. The fleet manager worked closely with the warden to use more qualified technical abilities from the inmate population, saving the County thousands of dollars versus outsourcing the work.

Solid Waste
Solid Waste and Landfill operations continued to improve by negotiating tipping fees with Oakwood and Gainesville to recover their lost revenue moving away from Hall County. This negotiation helped raise revenues in the Landfill fund. Other improvements included over $80,000 in revenue from extracting metals, car batteries and tires from the waste stream to be landfilled and selling them to recycling centers.

The Candler Road Landfill continued to receive scores of 90 or above in its compliance inspection.

Resource Recovery
Resource Recovery underwent a major overhaul in 2012. Hall County experimented with single stream recycling that caused problems with baling operations. In order to better serve our customers, though, we changed from a 13-stream sort method for our customers at the 13 locations for recycling; the bins were converted to have two sorts with secondary bins for paper and cardboard. Users are extremely happy with this change, and revenues increased in 2012.

Planning and Development
The Planning Department provided mapping support to the Board of Commissioners and County Administration for the 2012 redistricting plan for Hall County. A number of redistricting options along with demographic statistics were developed for Commission consideration based on the 2010 Census data. The final map and demographic data were submitted to the U.S. Department of Justice and the Georgia Reapportionment Office for final approval.

The Gainesville-Hall County Geographic Information Systems (GIS) received delivery of new 2 foot countywide contour data, as well as updated building footprints and road edge data. This data was developed from high-resolution aerial photography and LiDAR data that was received from the Corps of Engineers and U.S. Geological Survey in 2010. The new data can be viewed on the GIS Map Viewer.

The Gainesville-Hall Metropolitan Planning Organization (MPO) played an important role in educating the policymakers and public on the progress and funding implications of the regional transportation referendum. The MPO also participated in a peer exchange program, jointly conducted by the Federal Highway Administration and the Transportation Research Board, on transportation modeling needs of MPOs across the country.

Public Information
To enhance public awareness and open government, the Hall County Board of Commissioners uses TV 18, 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 TV 18. The broadcasts have improved the ability of the public to directly access local government. During 2012, Facebook and Twitter were increasingly used as modes of communication with the public and distribution of County news.

Recreational Facilities
In FY 2012, the Parks & Leisure Services Department continued to maintain and operate one of the largest and most diverse park systems in the state. Consisting of over 1,500 acres, our parks offer something for everyone. Community centers, athletic complexes, green-space, trails, campgrounds, beaches and a reservoir all offer something unique and make Hall County a great place to work and play.

FY 2012 saw the opening of North Hall Park and the addition of a Special Events area at Laurel Park. Our Parks Department continued to give the County an economic boost by bringing in visitors from out of town to large events like the Forest Wood Cup (Super Bowl of Bass fishing), Fourth of July fireworks show, BBQ competitions, large youth soccer and baseball tournaments, agricultural events and rowing and kayak competitions.

Parks and Leisure Services continued to identify cost-saving measures by reclassifying and restructuring staffing. Over 60% of the current total Parks staff is comprised of part-time employees. Our Maintenance Department has three inmate guards that can supervise over 20 inmates combined, providing cost-free labor in our parks. Community center and facility staff continues efforts to reduce operating costs on a daily basis.

Public Safety
The Hall County Sheriff's Office was recertified by the Georgia Police Accreditation Coalition for the third time since 2003. This process requires compliance with a complete set of policies covering a wide range of standards such as the agency's role, organization and management, personnel, legal issues, operations, support services, communications and holding areas. Additionally, certification standards focus on officer safety and high liability issues.

The Sheriff's Office also took second place among comparable agencies in the National Law Enforcement Challenge and was named 2012 Agency of the Year by the SafeKids Coalition for their car seat safety project.

In terms of fiscal responsibility, the Sheriff's Office, through a series of stream lining and cost-saving efforts, was able to realize savings over a million dollars in FY 2012. These efforts included eliminating, through attrition, certain non-emergency response positions, along with the cost savings associated with the consolidation of duties for several managerial and support positions.

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.

Community Service Center
The Community Service Center is a jointly funded agency of the City of Gainesville and Hall County. It offers a broad range of affordable human services to residents of Gainesville and Hall County. In FY 2012, the Community Service Center provided over 79,000 meals through its nationally accredited Meals On Wheels Program; provided activities and educational opportunities to an average of 65 senior citizens each weekday at its nationally accredited Senior Life Center; provided 267,306 passenger trips between the Red Rabbit and Dial-A-Ride bus service; provided child abuse and neglect assessments to over 400 first time parents who gave birth at Northeast Georgia Medical Center; and provided 2,581 units of counseling and psychotherapy services to individuals, couples and families. The agency generated more than 68% of its operating budget with funds from state and federal grants and private fundraising.

The Community Service Center collaborates with several local agencies to further develop and enhance community programs. This past year, the Community Service Center partnered with Gainesville City Schools and Hall County Public Library to support student summer learning through the Red Rabbit Reads program. The agency also joined forces with the Rotary Clubs of Hall County to purchase shelters and benches to accommodate residents that use the bus service. A partnership with the Georgia Mountain Food Bank allowed the center to provide high quality emergency shelf staples to older adults in our community. Finally, with the support of individual volunteers and agencies like Brenau University and United Way, the Community Service Center prepared tax returns for 219 families to bring $331,000 to Hall County in state and federal refunds.

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

Capital expenditures were not budgeted in FY 2009, 2010, 2011 and 2012. Only projects funded through SPLOST were initiated in 2012.

Financial Information
The recent recession continued to have an influence on the County's 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 to 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 online 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 the budget, 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 Financial Services in conjunction with the accounting firm of Bates, Carter & Co., LLP, CPAs.

Awards

In 2012, for the 20th consecutive year, Hall County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Fiscal Year 2011. 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

Vickie L. Neikirk
Director of Financial Services

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, 2011

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.



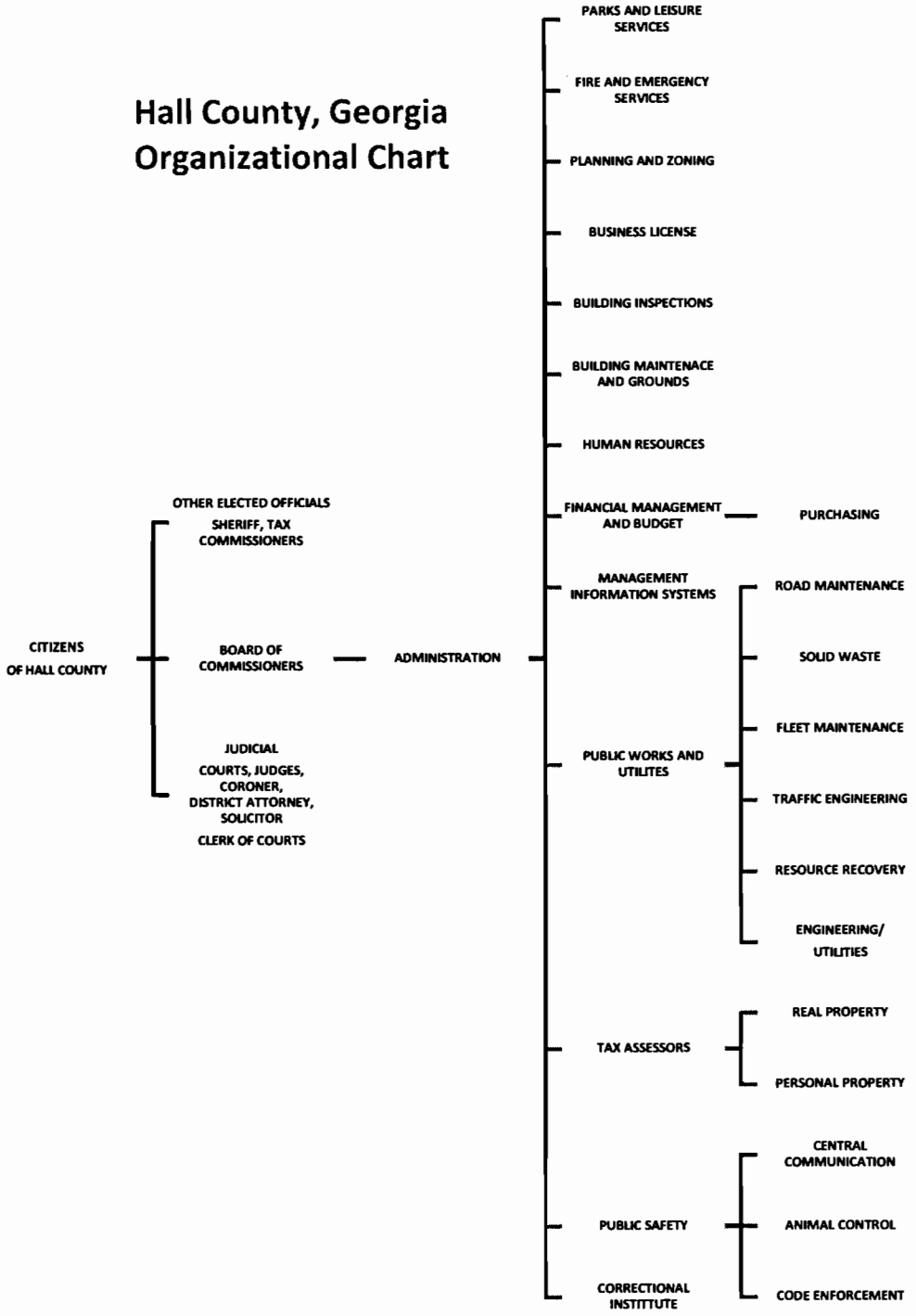
Linda C. Davidson

President

Jeffrey P. Ernst

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 - ***Melissa McCain***
- Public Relations Officer - ***Katie Crumley***
- County Attorney - ***William Blalock***
- Human Resources - ***Linda Pryor***
- Director Financial Services - ***Vickie L. Neikirk***
- Public Works & Utilities - ***Kenneth M. Rearden***
- Fire & EMS - ***David Kimbrell***
- Planning & Zoning - ***Srikanth Yamala***
- Parks & Leisure - ***Mike Little***
- Management Information Services - ***James Thomas***
- Correctional Institute - ***Avery Niles***
- Business License - ***Susan Rector***
- Bulldings 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 Cranic***
- 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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Exceeding expectations. Always.

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WWW.BATESCARTER.COM

INDEPENDENT AUDITORS' REPORT

December 21, 2012

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA, as of, and for the year ended June 30, 2012, 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, 2012, which statements reflect total assets of $3,829,404 as of June 30, 2012, and total revenues of $16,301,234, 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, 2012, 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.

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 accompanying schedule of projects constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-12. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, schedule of projects constructed with Special Sales Tax Proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory 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.

Baten, Cate & Co, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Hall County, Georgia, we offer the readers of Hall County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2012. 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 14-53 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 54-72 of this report.

- Hall County's net assets at June 30, 2012 were $448,218,394. Of this amount, $436,307,451 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 remainder of $11,910,943.

- As of June 30, 2012, the County's governmental funds reported combined ending fund balance of $49,647,401, a change of $5,639,584 in comparison with the prior year. The increase in fund balance is a result of an increase in sales and property tax collections in conjunction with a 3% savings in expenditures for the year.

- As of June 30, 2012, the County's General Fund reported a fund balance of $14,907,035; an increase of $5,596,340 in comparison with the prior year. The increase in fund balance resulted from continued cost reductions as well as an increase in the Local Option Sales Tax Receipts.

- Hall County's total long-term debt changed by $1,401,961. This is the result of the addition of equipment leased for landfill operations and the conversion of GEFA Sewer construction (preconstruction) financing to a permanent debt instrument. This also included $869,489 increase in the net pension obligation. See note 10 for more details related to that obligation.

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 $448,218,394 at the close of the fiscal year. This represents a change in net assets from fiscal year 2011 of $4,314,426 million.

Comparative Schedule of Net Assets
June 30
($ in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 69,134	$ 62,178	$ 24,533	$ 27,094	$ 93,667	$ 89,272
Capital assets (net of depreciation)	398,623	400,541	105,153	103,893	503,776	504,434
Total assets	467,757	462,719	129,686	130,987	597,443	593,706
Long-term liabilities outstanding	74,518	73,093	63,457	63,797	137,975	136,890
Other liabilities	9,738	10,222	1,511	2,690	11,249	12,912
Total liabilities	84,256	83,315	64,968	66,487	149,224	149,802
Net assets						
Invested in capital assets, net of related debt	383,004	386,017	53,303	52,028	436,307	438,045
Restricted	29,381	21,184	-	-	29,381	21,184
Unrestricted	(28,884)	(27,797)	11,414	12,472	(17,470)	(15,325)
Total net assets	$383,501	$379,404	$ 64,717	$ 64,500	$448,218	$443,904

By far the largest portion of the County's net assets (97.3%) at June 30, 2012, 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 (6.6%) represents resources that are subject to external restrictions on how they may be used.

The change in net assets is an indication the County's financial position. This increase in net assets is viewed as a positive indicator of financial health. At the end of the current fiscal year, the County is able to report positive net assets as a whole.

Comparative Schedule of Changes in Net Assets
June 30
($ in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	$ 30,586	$ 30,831	$ 6,436	$ 6,192	$ 37,022	$ 37,023
Operating grants and contributions	3,604	6,094	-	-	3,604	6,094
Capital grants and contributions	2,897	4,632	226	236	3,123	4,868
General revenue						
Property taxes	49,371	52,313	-	-	49,371	52,313
Sales taxes	47,271	42,483	-	-	47,271	42,483
Other taxes	8,439	7,937	-	-	8,439	7,937
Gain on sale of assets	417	203	-	-	417	203
Unrestricted investment earnings	-	66	1	17	1	83
Grants and contributions not restricted to a specific program	1	-	-	-	1	-
Total revenue	142,586	144,559	6,663	6,445	149,249	151,004
Expenses:						
General government	18,012	20,540	-	-	18,012	20,540
Judicial	16,303	17,954	-	-	16,303	17,954
Public safety	67,123	77,796	-	-	67,123	77,796
Public works	22,222	29,633	-	-	22,222	29,633
Public health and welfare	2,704	3,304	-	-	2,704	3,304
Recreation and culture	6,007	7,794	-	-	6,007	7,794
Housing and development	2,947	5,979	-	-	2,947	5,979
Interest and paying fees	489	493	-	-	489	493
Solid waste	-	-	6,155	6,059	6,155	6,059
Water and sewer utilities	-	-	2,973	1,791	2,973	1,791
Total expenses	135,807	163,493	9,128	7,850	144,935	171,343
Increase in net assets before transfers	6,779	(18,934)	(2,465)	(1,405)	4,314	(20,339)
Transfers	(2,682)	3,697	2,682	(3,697)	-	-
Increase (Decrease) in net assets	4,097	(15,237)	217	(5,102)	4,314	(20,339)
Net assets, beginning of year	379,404	394,641	64,500	69,602	443,904	464,243
Net assets, end of year	$ 383,501	$ 379,404	$ 64,717	$ 64,500	$ 448,218	$ 443,904

The comparative schedule of changes in net assets denotes a change of $4 million in net assets. The primary contributor to this change is an increase in year-end cash balances due to cost savings. This, in turn, increased the total current asset amount at year end.

Revenue decreased $1,755 thousand in fiscal year 2012. This decrease is attributable to a decline in the total tax digest. Expenses decreased by $(26,408) thousand (15.4%) from the previous year.The primary reason for this decrease is due to a reduction in the other post employment benefit (OPEB) costs for 2012.

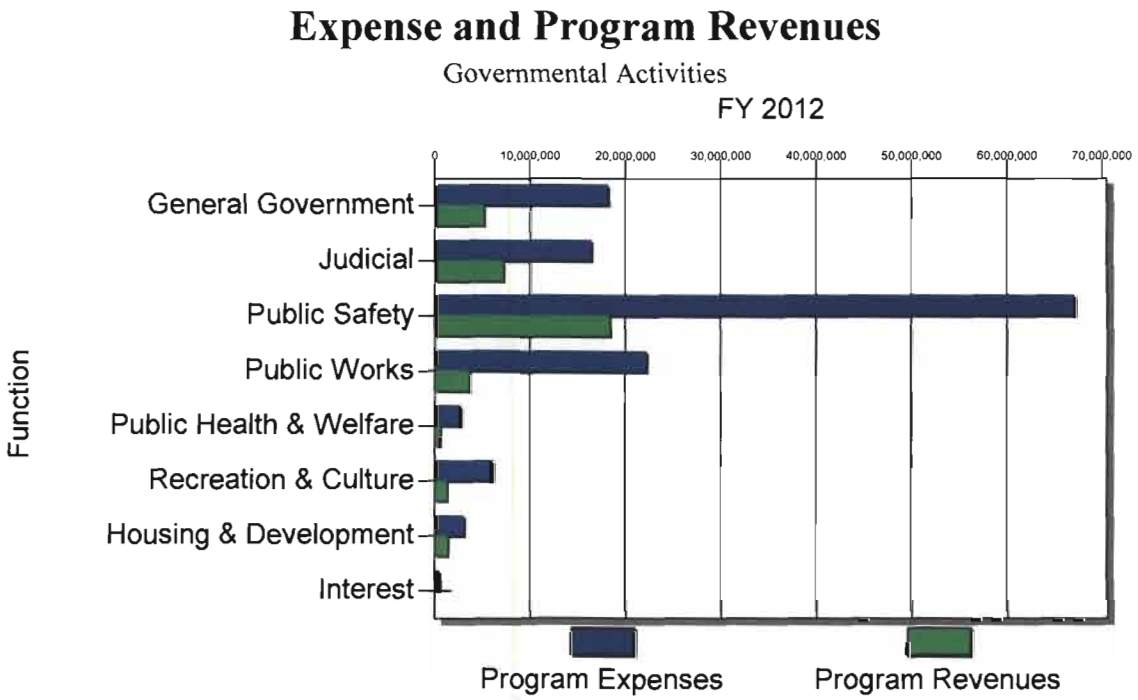
Governmental Activities:

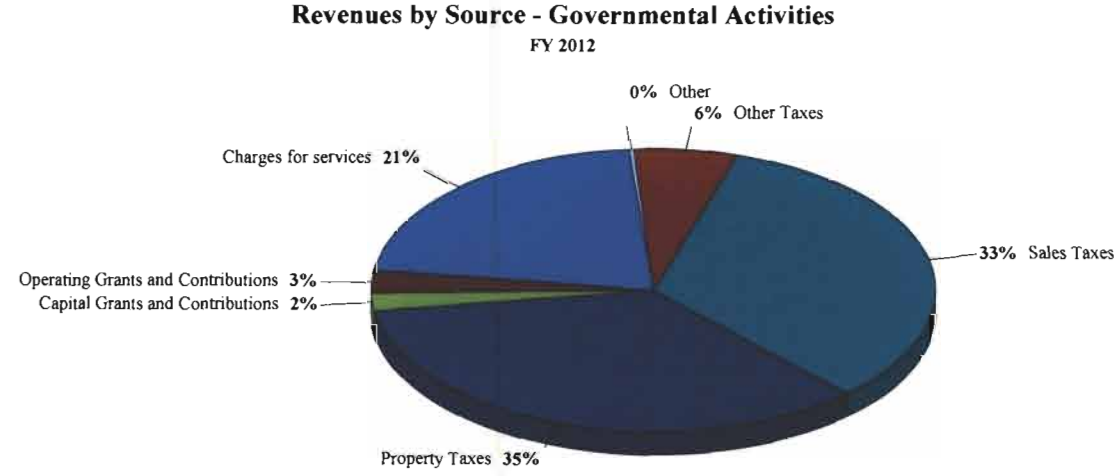
Governmental activities overall had a 1.1% increase from fiscal year 2011 to fiscal year 2012. This change is the result of budget reductions and costs savings.

- Revenues saw an overall decline during 2012. Property tax collections decreased by $2.9 million due to the decline in the tax digest. This decline was offset by increases in sales tax revenue of $4.7 million.

•Expenses decreased $27.6 million from fiscal year 2011. This primarily due to decrease in other post-employment benefit (OPEB) costs for 2012.

The following charts show activities by function:





* Zero Data, Investment Earnings

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

Business-Type Activities:

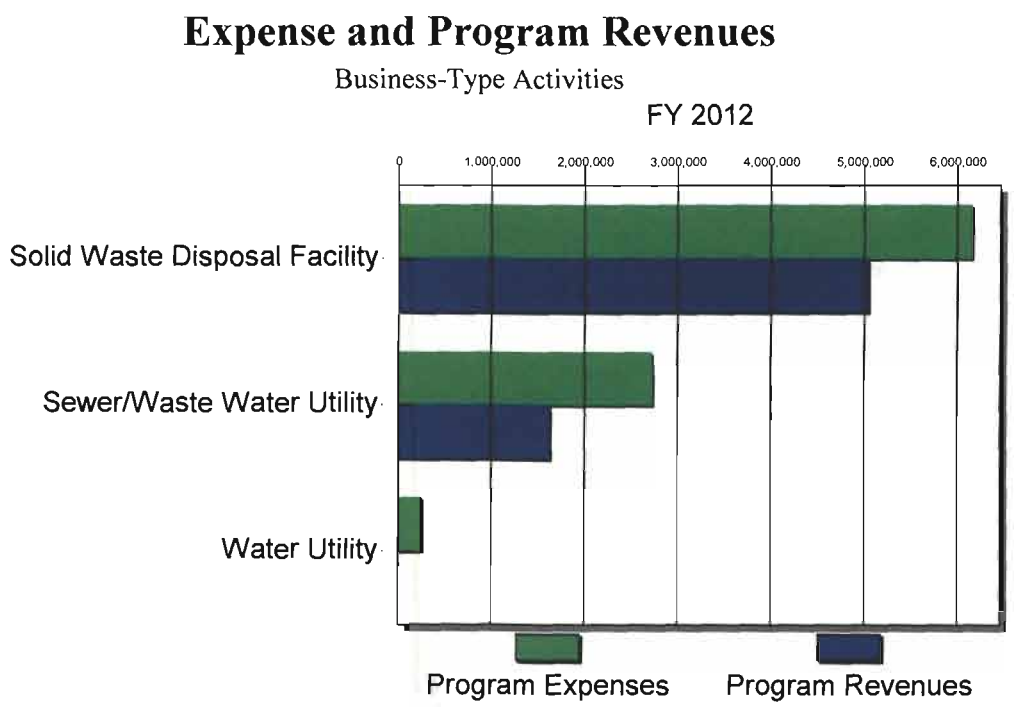
Business–type net assets decreased by $217 thousand. Key elements of this increase are:

- The Solid Waste Disposal Facility Fund net assets decreased by $1 million. This was due to increased costs of operation. In particular, a $488,000 increase in landfill closure/postclosure costs.

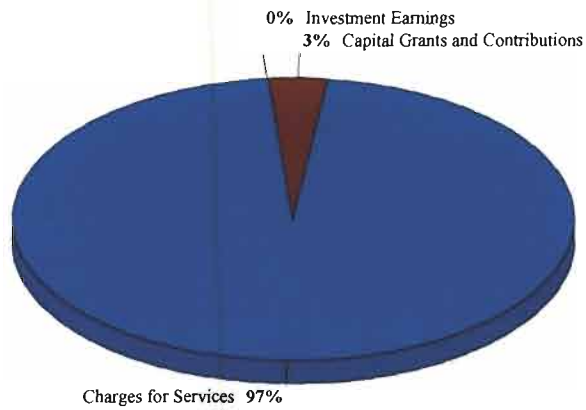
- The Sewer/Wastewater Utility Fund net assets increased by $269,212. This was due to an increase in revenue from the prior year of 322,770.

- The Water Utility Fund net assets increased by $1 million. This increase came from the transfers in from SPLOST to fund debt service payments.

The following charts show activities by enterprise operation:



Revenues by Source - Business-Type Activities
FY 2012



* 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 $49,647,401, a change of $5,639,584 in comparison to the prior year. The largest increase in these funds was found in the General Fund. This increase is the result of an increase in the sales tax collections and other revenue sources along with cost savings efforts by the county.

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 $14,907,035. 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 15.7% of total general fund current operating expenditures which is an increase over last year of 7.2%. The underlying increase in fund balance was due to conservative budgeting and cost cutting measures implemented which reduced expenditures to $3,402 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, fund balance of the Capital Projects Fund was $719,342, 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 $2,798,391 to $2,553,914 or (8.7)%. The decrease was due 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 2012, SPLOST Fund reported a fund balance of $26,091,864, which represents a change from last year of $3,420,503. 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, the renovation of the Hall County Government Center (formerly known as Liberty Mutual Building), 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 $2,668,083, a 10.2% increase from fiscal year 2011. This increase is attributable to continued furlough and other cost saving measures continued during the year. The fund balance represents 18.0% of total fund expenditures.

Governmental Fund Revenue and Expenditure Comparison

($ in thousands)

	2012	2011	Inc/Dec	%Inc/Dec		2012	2011	Inc/Dec	%Inc/Dec
Revenue					Expenditures				
Taxes	$ 104,953	$ 102,600	$ 2,353	2.3 %	General Government	$ 15,867	$ 17,736	$ (1,869)	(11)%
License and Permits	1,487	1,357	130	9.6 %	Judicial	15,178	14,888	290	2 %
Intergovernmental	4,851	6,449	(1,598)	(24.8)%	Public Health and Welfare	2,301	2,888	(587)	(20)%
Fines and Forfeitures	4,005	3,772	233	6.2 %	Public Safety	60,390	62,322	(1,932)	(3)%
Charges for Services	25,004	25,547	(543)	(2.1)%	Public Works	6,275	10,994	(4,719)	(43)%
Investment income	186	232	(46)	(19.8)%	Recreation and Culture	4,925	6,314	(1,389)	(22)%
Miscellaneous	211	539	(328)	(60.9)%	Housing and Development	2,705	5,475	(2,770)	(51)%
					Intergovernmental	5,282	4,946	336	7 %
					Capital Outlay	15,499	17,321	(1,822)	(11)%
					Debt Service	4,369	3,947	422	11 %
Total Revenues	$ 140,697	$ 140,496	$ 201	0.1 %	Total Expenditures	$ 132,791	$ 146,831	$ (14,040)	(141)%

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

Hall County Governmental Funds
Fund Balance
($ in thousands)

	2012	2011	Incr/(Decr)	% Incr/-Decr
General Fund	$ 14,907	$ 9,311	$ 5,596	60.1 %
Fire District	2,668	2,422	246	10.2 %
SPLOST	26,092	22,671	3,421	15.1 %
Capital Projects	719	4,293	(3,574)	(83.3)%
Impact Fees	2,554	2,798	(244)	(8.7)%
Non-Major Funds	2,707	2,512	195	7.8 %
Total Fund Balance	$ 49,647	$ 44,007	$ 5,640	12.8 %

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
Net Assets
($ in thousands)

	2012	2011	Incr/(Decr)	% Incr/-Decr
Solid Waste Disposal	$ 13,263	$ 14,344	$ (1,081)	(7.5)%
Sewer/Waste Water Utility	44,637	44,368	269	0.6 %
Water Utility	6,912	5,879	1,033	17.6 %
Internal Service	2,364	912	1,452	159.2 %
Total Fund Balance	$ 67,176	$ 65,503	$ 1,673	2.6 %

Unrestricted net assets of the Solid Waste Disposal Facility, Sewer/Wastewater Utility, and Water Utility Funds at the end of the year amounted to $11,508,350. This represents a change of $(1,053,917) from unrestricted net assets

as of June 30, 2011. 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 $84,898,157 and final budget was $85,957,649. The actual revenue (inflow) was $89,285,411, which varied from final budget by $3,327,762. The actual expenditures (outflows) were $83,689,071 which varied from the final expenditure budget by $3,401,777. That represented a change of $(7,345,581) from prior year. The net result is a $5,596,340 improvement in the General Fund balance. The expenditure reductions are summarized below and implementation began in fiscal year 2012.

- 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

Actual expenditures came in $3,401,777 below budget and can be summarized as follows:

- General Government was under budget by $659 thousand
- Judicial was under budget by $181 thousand
- Public Safety under budget by $802 thousand
- Public Works under budget by $742 thousand
- Public Health and Welfare under budget by $429 thousand
- Recreation and Culture was under budget by $315 thousand
- Housing and Development was under budget by $274 thousand

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

General Fund
For the Year Ended June 30, 2012

	Budget			Variance of
	Original	Final	Actual	Final Budget
General Government	$ 18,115,168	$ 18,044,192	$ 17,385,537	$ 658,655
Judicial	13,643,468	13,889,312	13,708,464	180,848
Public Safety	41,594,059	41,780,664	40,978,753	801,911
Public Works	4,044,326	4,387,326	3,645,267	742,059
Public Health and Welfare	2,529,204	2,529,204	2,099,955	429,249
Recreation and Culture	3,299,819	4,061,797	3,747,183	314,614
Housing and Development	2,380,763	2,398,353	2,123,912	274,441
Total Charges to Appropriations	$ 85,606,807	$ 87,090,848	$ 83,689,071	$ 3,401,777

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, 2012, 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 $2 million. Major projects consisted of the following:

- Road Construction - $1million
- Avita building renovations - $309 thousand
- Fire station 4 renovations - $319 thousand

Business-type assets moved from construction in progress to the assets records during the year totaled approximately $472 thousand. Major projects consisted of the following:

- Sewer lines - $472 thousand

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Land and Improvements	$ 56,753	$ 56,547	$ 26,935	$ 26,935	$ 83,688	$ 83,482
Construction in Progress	31,810	19,571	39,594	37,294	71,404	56,865
Buildings	125,630	129,074	7,698	7,986	133,328	137,060
Machinery & Equipment	12,209	14,288	2,359	2,702	14,568	16,990
Vehicles	5,438	6,623	225	266	5,663	6,889
Infrastructure	166,783	174,438	28,343	28,710	195,126	203,148
Total Assets	$ 398,623	$ 400,541	$ 105,154	$ 103,893	$ 503,777	$ 504,434

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 $35.0 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	
	2012	2011	2012	2011	2012	2011
Contracts Payable	14,176	17,962	21,288	22,319	35,464	40,281
Capital Leases	274	407	988	1,463	1,262	1,870
Notes Payable	-	-	34,014	33,445	34,014	33,445
Claims Payable (estimate)	3,444	2,821	-	-	3,444	2,821
Landfill Closure/Postclosure	-	-	7,097	6,496	7,097	6,496
Compensated Absences	3,584	3,733	70	74	3,654	3,807
Net Pension Obligation	554	(316)	-	-	554	(316)
Net OPEB Obligation	52,487	48,170	-	-	52,487	48,170
Totals	$ 74,519	$ 72,777	$ 63,457	$ 63,797	$ 137,976	$ 136,574

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 32 through 37 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 $706,094,000 and currently the County has no general obligation debt

ECONOMIC OUTLOOK

With respect to the economy, 2012 ended for the County as planned with budgetary performance which required no decrease in General Fund, but essentially ended with an increase of $5.6 million. The FY 2013 economic outlook is slightly better for Hall County than in 2012.

- The unemployment rate in Hall County is at 8.1% which is slightly above last year of 9.3%, but still lower

than the State of Georgia and the United States.

- In 2012, 24 new and expanded industries are adding 1,232 new jobs, retaining 742 existing jobs and generating $164 million in new capital investment. Expanding companies include Atlanta Biologicals, KIK Custom Products, Procare Rx and Kubota.

- The Northeast Georgia Health System is moving forward with planning and developing a new 100 bed inpatient hospital on a 119-acre campus in South Hall/Braselton at River Place, with an estimated opening date of spring 2015. Northeast Georgia Hospital was named one of the 5% top hospitals in the Nation and was named one of the top 100 places to work in Georgia by the Atlanta Journal Constitution.

- 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 2012. The County is monitoring collections on a monthly basis.

- The County is planning for some erosion to the property tax digest for FY 2013 budget as the economy is still recovering.

- 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 2013 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 2013 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.

HALL COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	PRIMARY GOVERNMENT			
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Cash	$ 44,028,700	$ 4,256,820	$ 48,285,520	$ 3,291,464
Investments	-	-	-	7,723
Receivables (net of allowance for uncollectibles)	11,508,813	504,111	12,012,924	759,218
Internal balances	732,256	(732,256)	-	-
Inventories	528,229	-	528,229	-
Prepaid items	10,210,514	5,000	10,215,514	22,315
Restricted assets:				
Cash	1,884,796	1,992,217	3,877,013	-
Non-current assets:				
Deferred charges	221,711	817,781	1,039,492	-
Capacity held for resale	-	17,688,813	17,688,813	-
Land held for resale	18,699	-	18,699	-
Capital assets:				
Capital assets not being depreciated	88,563,185	66,528,490	155,091,675	-
Capital assets being depreciated	566,183,297	53,645,756	619,829,053	5,411,419
Less: accumulated depreciation	(256,123,217)	(15,021,164)	(271,144,381)	(3,950,595)
Capital assets, net of depreciation	398,623,265	105,153,082	503,776,347	1,460,824
TOTAL ASSETS	467,756,983	129,685,568	597,442,551	5,541,544
LIABILITIES				
Accounts payable	7,095,547	1,284,786	8,380,333	464,115
Accrued interest payable	91,519	74,914	166,433	-
Other accrued items	2,401,795	63,735	2,465,530	-
Due to other governments	-	-	-	105,356
Unearned revenue	4,516	25,591	30,107	72,630
Amounts held in trust	143,833	62,520	206,353	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	2,202,923	56,309	2,259,232	628,707
Estimated claims payable	1,672,338	-	1,672,338	-
Accrued landfill closure / postclosure	-	149,793	149,793	-
Notes payable	-	1,400,983	1,400,983	-
Capital leases payable	131,786	487,846	619,632	-
Contracts payable	3,890,972	531,572	4,422,544	-
Due in more than one year				
Compensated absences payable	1,381,505	13,310	1,394,815	323,729
Estimated claims payable	1,771,200	-	1,771,200	-
Accrued landfill closure / postclosure	-	6,947,436	6,947,436	-
Notes payable	-	32,613,504	32,613,504	-
Capital leases payable	141,785	499,745	641,530	-
Contracts payable	10,285,137	20,756,349	31,041,486	-
Net OPEB obligation	52,487,287	-	52,487,287	-
Net pension obligation	553,621	-	553,621	-
TOTAL LIABILITIES	84,255,764	64,968,393	149,224,157	1,594,537
NET ASSETS				
Invested in capital assets, net of related debt	383,004,392	53,303,059	436,307,451	1,460,824
Restricted for:				
Capital outlay projects	21,649,436	-	21,649,436	-
Impact fee projects	2,553,914	-	2,553,914	-
Judicial programs	465,164	-	465,164	-
Public safety programs	3,640,327	-	3,640,327	-
Health and welfare programs	11,396	-	11,396	972,126
Recreation and culture	546,194	-	546,194	-
Special Assessments	514,595	-	514,595	-
Unrestricted	(28,884,199)	11,414,116	(17,470,083)	1,514,057
TOTAL NET ASSETS	$ 383,501,219	$ 64,717,175	$ 448,218,394	$ 3,947,007

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

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	$ 18,012,476	$ 5,015,861	$ 82,881	$ -	$ (12,913,734)	$ -	$ (12,913,734)	$ -
Judicial	16,302,797	6,087,098	1,001,759	-	(9,213,940)	-	(9,213,940)	-
Public safety	67,123,439	16,883,200	1,136,386	330,404	(48,773,449)	-	(48,773,449)	-
Public works	22,221,936	939,320	320,898	2,277,409	(18,684,309)	-	(18,684,309)	-
Public health and welfare	2,703,714	-	238,773	289,571	(2,175,370)	-	(2,175,370)	-
Recreation and culture	6,006,632	1,166,938	19,692	-	(4,820,002)	-	(4,820,002)	-
Housing and development	2,946,782	493,021	803,375	-	(1,650,386)	-	(1,650,386)	-
Interest	489,140	-	-	-	(489,140)	-	(489,140)	-
Total Governmental Activities	135,806,916	30,585,438	3,603,764	2,897,384	(98,720,330)	-	(98,720,330)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	6,154,494	5,040,958	-	-	-	(1,113,536)	(1,113,536)	-
Water and sewer	2,723,435	1,395,241	-	226,650	-	(1,101,544)	(1,101,544)	-
Water utilities	249,951	-	-	-	-	(249,951)	(249,951)	-
Total Business-Type Activities	9,127,880	6,436,199	-	226,650	-	(2,465,031)	(2,465,031)	-
TOTAL PRIMARY GOVERNMENT	$ 144,934,796	$ 37,021,637	$ 3,603,764	$ 3,124,034	(98,720,330)	(2,465,031)	(101,185,361)	-
COMPONENT UNITS								
Health Department	$ 15,925,361	$ 5,477,667	$ 10,823,567	$ -	-	-	-	375,873
Library System	2,818,833	96,819	347,677	73,111	-	-	-	(2,301,226)
TOTAL COMPONENT UNITS	$ 18,744,194	$ 5,574,486	$ 11,171,244	$ 73,111	-	-	-	(1,925,353)
GENERAL REVENUES								
Property taxes					49,371,448	-	49,371,448	-
Sales taxes					47,270,579	-	47,270,579	-
Insurance premium taxes					5,432,568	-	5,432,568	-
Real estate recording taxes					1,147,238	-	1,147,238	-
Other taxes					1,859,115	-	1,859,115	-
Total taxes					105,080,948	-	105,080,948	-
Miscellaneous					-	-	-	-
Unrestricted investment earnings					80	789	869	250
Grants and contributions not restricted to a specific program					500	-	500	2,012,823
Gain on sale of capital assets					417,470	-	417,470	-
TRANSFERS					(2,681,622)	2,681,622	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					102,817,376	2,682,411	105,499,787	2,013,073
CHANGES IN NET ASSETS					4,097,046	217,380	4,314,426	87,720
NET ASSETS, Beginning					379,404,173	64,499,795	443,903,968	3,859,287
NET ASSETS, Ending					$ 383,501,219	$ 64,717,175	$ 448,218,394	$ 3,947,007

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

ASSETS	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash	$ 6,496,373	$ 2,939,581	$ 23,081,924	$ 16,736	$ 2,722,160	$ 2,867,557	$ 38,124,331
Receivables (net of allowance for uncollectibles)	7,537,912	401,302	2,548,644	-	24,849	996,107	11,508,814
Due from other funds	7,208,348	-	-	-	-	-	7,208,348
Prepaid items	278,970	9,000	9,682,413	-	-	-	9,970,383
Inventories	352,456	175,772	-	-	-	-	528,228
Restricted assets:							
Cash	-	-	-	1,884,797	-	-	1,884,797
TOTAL ASSETS	$ 21,874,059	$ 3,525,655	$ 35,312,981	$ 1,901,533	$ 2,747,009	$ 3,863,664	$ 69,224,901
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 1,787,888	$ 93,994	$ 3,283,439	$ 1,142,656	$ 193,095	$ 257,622	$ 6,758,694
Other accrued items	1,883,833	374,336	5,809	-	-	137,365	2,401,343
Due to other funds	-	-	5,931,869	39,535	-	598,922	6,570,326
Deferred revenue	3,283,669	389,242	-	-	-	30,393	3,703,304
Deposits held	11,634	-	-	-	-	132,199	143,833
TOTAL LIABILITIES	6,967,024	857,572	9,221,117	1,182,191	193,095	1,156,501	19,577,500
FUND BALANCES							
Nonspendable:							
Prepaid expenditure	278,970	9,000	9,682,413	-	-	-	9,970,383
Inventories	352,456	175,772	-	-	-	-	528,228
Restricted:							
Capital outlay projects	-	-	16,409,451	719,342	-	-	17,128,793
Impact fee projects	-	-	-	-	2,553,914	-	2,553,914
Special assessments	-	-	-	-	-	514,595	514,595
Judicial programs	-	-	-	-	-	465,164	465,164
Public safety programs	-	2,483,311	-	-	-	972,244	3,455,555
Health and welfare programs	-	-	-	-	-	11,396	11,396
Parks and recreation programs	-	-	-	-	-	546,194	546,194
Assigned:							
Encumbrances	271,921	-	-	-	-	-	271,921
Capital equipment and infrastructure	-	-	-	-	-	197,570	197,570
Operating reserve	1,108,000	-	-	-	-	-	1,108,000
Unassigned:	12,895,688	-	-	-	-	-	12,895,688
TOTAL FUND BALANCES	14,907,035	2,668,083	26,091,864	719,342	2,553,914	2,707,163	49,647,401
TOTAL LIABILITIES AND FUND BALANCES	$ 21,874,059	$ 3,525,655	$ 35,312,981	$ 1,901,533	$ 2,747,009	$ 3,863,664	$ 69,224,901

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, 2012

Total Fund Balances for Governmental Funds (page 3)		$ 49,647,401
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.		398,623,265
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:		2,457,889
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	3,270,178	
Assessments	25,878	
Fines	402,733	
		3,698,789
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	221,711	
Accrued interest	(91,519)	
Compensated absences	(3,584,428)	
Capital leases	(273,571)	
Contracts payable	(14,176,109)	
Net pension obligation	(553,621)	
Net OPEB obligation	(52,487,287)	
		(70,944,824)
Total net assets of governmental activities (page 1)		$383,501,219

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, 2012

REVENUES	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Taxes	$ 62,996,697	$ 15,014,235	$ 26,933,661	$ -	$ -	$ 8,536	$ 104,953,129
Licenses and permits	1,255,413	-	-	-	231,522	-	1,486,935
Intergovernmental	1,294,517	7,499	-	-	-	3,548,550	4,850,566
Fines and forfeitures	2,992,911	-	-	-	-	1,011,624	4,004,535
Charges for services	20,149,019	5,479	-	1,633	-	4,848,053	25,004,184
Contributions and donations	500	-	70,000	-	-	-	70,500
Investment income	(676)	70	186,328	474	68	56	186,320
Miscellaneous	18,969	21,309	-	-	-	99,251	139,529
TOTAL REVENUES	88,707,350	15,048,592	27,189,989	2,107	231,590	9,516,070	140,695,698
EXPENDITURES							
Current Expenditures							
General government	15,866,068	-	917	(92)	-	-	15,866,893
Judicial	13,708,464	-	-	-	-	1,469,194	15,177,658
Public safety	40,659,318	14,486,182	-	-	-	5,244,847	60,390,347
Public works	3,563,918	-	1,265,268	-	-	1,446,226	6,275,412
Public health and welfare	2,099,955	-	-	-	-	201,273	2,301,228
Recreation and culture	3,747,183	-	-	-	301,998	875,975	4,925,156
Housing and development	2,057,972	-	-	-	-	646,695	2,704,667
Intergovernmental	-	-	5,282,446	-	-	-	5,282,446
Capital outlay	164,964	316,108	10,517,103	3,576,265	174,069	750,355	15,498,864
Debt service							
Principal	228,016	-	3,475,000	-	-	-	3,703,016
Interest	119,144	-	547,130	-	-	-	666,274
TOTAL EXPENDITURES	82,215,002	14,802,290	21,087,864	3,576,173	476,067	10,634,565	132,791,961
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	6,492,348	246,302	6,102,125	(3,574,066)	(244,477)	(1,118,495)	7,903,737
OTHER FINANCING SOURCES (USES)							
Sale of county property	414,313	-	-	-	-	3,156	417,469
Transfers in	163,748	-	-	-	-	1,483,111	1,646,859
Transfers out	(1,474,069)	-	(2,681,622)	-	-	(172,790)	(4,328,481)
TOTAL OTHER FINANCING SOURCES (USES)	(896,008)	-	(2,681,622)	-	-	1,313,477	(2,264,153)
NET CHANGE IN FUND BALANCES	5,596,340	246,302	3,420,503	(3,574,066)	(244,477)	194,982	5,639,584
FUND BALANCES, Beginning of year	9,310,695	2,421,781	22,671,361	4,293,408	2,798,391	2,512,181	44,007,817
FUND BALANCES, End of year	$ 14,907,035	$ 2,668,083	$ 26,091,864	$ 719,342	$ 2,553,914	$ 2,707,163	$ 49,647,401

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, 2012

Net change in fund balances (page 5)		**$ 5,639,584**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays	15,498,864	
Depreciation expense	(18,595,527)	(3,096,663)
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	(215,120)	(215,120)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	3,270,178	
Donated assets	1,394,254	
Assessments	25,878	
Fines	402,733	5,093,043
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(3,142,359)	
Assessments	(38,956)	
Fines	(439,402)	(3,620,717)
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.		
Principal payments on long-term debt	3,703,016	
Amortization of bond premiums, discounts, and issuance costs	153,593	
Accrued interest payable, current year	(91,519)	
Accrued interest payable, prior year	115,061	3,880,151
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	(3,584,428)	
Compensated absences, prior year	3,732,588	148,160
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.		1,455,420
Net pension obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(553,621)	
Beginning of year	(315,868)	(869,489)
Net OPEB obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(52,487,287)	
Beginning of year	48,169,962	(4,317,325)
Rounding		2
Changes in net assets of governmental activities (page 2)		**$ 4,097,046**

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2012

	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	$ 3,770,862	$ 390,255	$ 95,703	$ 4,256,820	$ 5,904,367
Receivables (net of allowance for uncollectibles)	441,580	62,531	-	504,111	-
Due from other funds	452,714	-	-	452,714	-
Prepaid items	-	5,000	-	5,000	240,131
Restricted assets:					
Cash	-	1,249,960	742,257	1,992,217	-
TOTAL CURRENT ASSETS	4,665,156	1,707,746	837,960	7,210,862	6,144,498
Noncurrent Assets					
Deferred charges	-	725,298	92,483	817,781	-
Prepaid capacity	-	17,688,813	-	17,688,813	-
Capital assets					
Capital assets not being depreciated	5,505,375	46,845,522	14,177,593	66,528,490	-
Capital assets being depreciated	25,268,848	28,376,908	-	53,645,756	-
Less: accumulated depreciation	(12,522,543)	(2,498,621)	-	(15,021,164)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	18,251,680	72,723,809	14,177,593	105,153,082	-
TOTAL NONCURRENT ASSETS	18,251,680	91,137,920	14,270,076	123,659,676	-
TOTAL ASSETS	22,916,836	92,845,666	15,108,036	130,870,538	6,144,498
LIABILITIES					
Current Liabilities					
Accounts payable	210,660	920,576	153,550	1,284,786	336,854
Accrued interest payable	1,300	31,481	42,133	74,914	-
Other accrued items	60,830	1,450	1,455	63,735	451
Due to other funds	-	-	1,090,736	1,090,736	-
Amounts held in trust	26,320	36,200	-	62,520	-
Unearned revenue	25,591	-	-	25,591	-
Compensated absences payable	55,473	836	-	56,309	-
Accrued landfill closure/postclosure	149,793	-	-	149,793	-
Estimated claims payable	-	-	-	-	1,672,338
Notes payable	127,888	1,273,095	-	1,400,983	-
Capital lease payable	487,846	-	-	487,846	-
Contracts payable	-	(8,213)	539,785	531,572	-
TOTAL CURRENT LIABILITIES	1,145,701	2,255,425	1,827,659	5,228,785	2,009,643
Noncurrent Liabilities					
Estimated claims payable	-	-	-	-	1,771,200
Compensated absences payable	13,310	-	-	13,310	-
Accrued landfill closure/postclosure	6,947,436	-	-	6,947,436	-
Notes payable	1,047,976	31,565,528	-	32,613,504	-
Capital lease payable	499,745	-	-	499,745	-
Contracts payable	-	14,387,802	6,368,547	20,756,349	-
TOTAL NONCURRENT LIABILITIES	8,508,467	45,953,330	6,368,547	60,830,344	1,771,200
TOTAL LIABILITIES	9,654,168	48,208,755	8,196,206	66,059,129	3,780,843
NET ASSETS					
Invested in capital assets, net of related debt	16,088,225	29,356,866	7,857,968	53,303,059	-
Unrestricted	(2,825,557)	15,280,045	(946,138)	11,508,350	2,363,655
TOTAL NET ASSETS	$ 13,262,668	$ 44,636,911	$ 6,911,830	64,811,409	$ 2,363,655
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(94,234)	
Net assets of business-type activities				$ 64,717,175	

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, 2012

	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	$ -	$ 336,148	$ -	$ 336,148	$ -
Sewer sales	-	997,550	-	997,550	-
Other	-	61,543	-	61,543	-
Recycling and transfer fees	5,040,883	-	-	5,040,883	-
Charges for services-other	75	-	-	75	-
Charges to other funds	-	-	-	-	17,680,195
Employee contributions	-	-	-	-	2,746,495
Total Operating Revenues	5,040,958	1,395,241	-	6,436,199	20,426,690
OPERATING EXPENSES					
Salaries and benefits	1,771,058	36,948	-	1,808,006	317,516
Supplies	361,759	-	-	361,759	-
Other services and charges	1,438,659	847,373	-	2,286,032	21,272
Benefit claims	-	-	-	-	14,557,039
Insurance premiums	428,170	9,036	-	437,206	1,131,566
General and administrative	-	-	-	-	2,947,590
Landfill closure/postclosure costs	768,183	-	-	768,183	-
Depreciation	927,380	593,600	-	1,520,980	-
Repairs and maintenance	364,609	62,279	-	426,888	-
Total Operating Expenses	6,059,818	1,549,236	-	7,609,054	18,974,983
OPERATING INCOME (LOSS)	(1,018,860)	(153,995)	-	(1,172,855)	1,451,707
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	124	382	283	789	89
Interest expense	(91,052)	(1,174,199)	(249,951)	(1,515,202)	-
Total Nonoperating Revenues (Expenses)	(90,928)	(1,173,817)	(249,668)	(1,514,413)	89
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,109,788)	(1,327,812)	(249,668)	(2,687,268)	1,451,796
Sewer connection fees	-	35,280	-	35,280	-
Developers - In kind	-	191,370	-	191,370	-
Transfer in	28,450	1,370,374	1,282,798	2,681,622	-
CHANGE IN NET ASSETS	(1,081,338)	269,212	1,033,130	221,004	1,451,796
TOTAL NET ASSETS, Beginning of year	14,344,006	44,367,699	5,878,700		911,859
TOTAL NET ASSETS, End of year	$ 13,262,668	$ 44,636,911	$ 6,911,830		$ 2,363,655
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(3,624)	
Change in net assets of business-type activities				$ 217,380	

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, 2012

	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	$ 5,031,404	$ 1,413,289	$ -	$ 6,444,693	$ 2,746,495
Payments to suppliers	(2,730,074)	(970,971)	-	(3,701,045)	(3,817,753)
Payments to employees	(1,773,712)	(34,662)	-	(1,808,374)	(14,252,217)
Internal activity-payments from (to) other funds	-	-	-	-	17,680,195
Net cash provided by (used in) operating activities	527,618	407,656	-	935,274	2,356,720
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Principal payments on noncapital related debt	-	(123,078)	-	(123,078)	-
Interest paid on noncapital related debt	-	(80,047)	-	(80,047)	-
Net Cash provided (used) by non-capital financing activities	-	(203,125)	-	(203,125)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,459,649)	(1,887,475)	(1,122,443)	(4,469,567)	-
Connection fees paid by customers	-	35,280	-	35,280	-
Transfers in	28,450	1,370,374	1,282,798	2,681,622	-
Payment made on debt	(597,072)	(404,855)	(1,000,000)	(2,001,927)	-
Proceeds from the issuance of debt	-	962,148	-	962,148	-
Paid for issuance cost	-	(300)	-	(300)	-
Interest paid	(92,569)	(855,839)	(282,800)	(1,231,208)	-
Net cash provided (used) by capital and related financing activities	(2,120,840)	(780,667)	(1,122,445)	(4,023,952)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	124	382	283	789	89
Net cash provided (used) by investing activities	124	382	283	789	89
Net increase (decrease) in cash and cash equivalents	(1,593,098)	(575,754)	(1,122,162)	(3,291,014)	2,356,809
CASH, Beginning of year	5,363,960	2,215,969	1,960,122	9,540,051	3,547,558
CASH, End of year	$ 3,770,862	$ 1,640,215	$ 837,960	$ 6,249,037	$ 5,904,367

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, 2012

(CONTINUED)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	TOTAL	INTERNAL SERVICE FUND FUEL DEPOT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (1,018,860)	$ (153,995)	$ (1,172,855)	$ 1,451,707
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	927,380	593,600	1,520,980	-
Landfill closure/postclosure costs	768,183	-	768,183	-
(Increase) decrease in:				
Accounts receivable	(9,738)	(3,752)	(13,490)	-
Increase (decrease) in:				
Accounts payable	29,900	(52,283)	(22,383)	10,987
Compensated absences	(4,867)	836	(4,031)	-
Amounts held in trust	300	21,800	22,100	271,688
Accrued landfill costs	(166,777)	-	(166,777)	-
Other accrued items	2,213	1,450	3,663	-
Deferred revenue	(116)	-	(116)	-
Due to other governments	-	-	-	89
Due to other funds	-	-	-	622,249
Net cash provided by (used in) operating activities	$ 527,618	$ 407,656	$ 935,274	$ 2,356,720
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES				
Accrued interest added to principal balance of debt	$ -	$ 257,099	$ 257,099	$ -
Amortization of deferred charges	$ -	$ 744,042	$ 848,461	$ -

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2012

	AGENCY FUNDS
ASSETS	
Cash	$ 5,751,793
TOTAL ASSETS	$ 5,751,793
LIABILITIES	
Amount held in trust	$ 5,751,793
TOTAL LIABILITIES	$ 5,751,793

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	HEALTH DEPARTMENT	LIBRARY SYSTEM	TOTAL
Cash	$ 2,869,832	$ 421,632	$ 3,291,464
Investments	-	7,723	7,723
Receivables (net of allowance for uncollectibles)	728,558	30,660	759,218
Prepaid items	-	22,315	22,315
Capital assets:			
Capital assets being depreciated	646,121	4,765,298	5,411,419
Less: accumulated depreciation	(415,107)	(3,535,488)	(3,950,595)
Capital assets, net of depreciation	231,014	1,229,810	1,460,824
TOTAL ASSETS	3,829,404	1,712,140	5,541,544
LIABILITIES			
Accounts payable	420,888	43,227	464,115
Due to other governments	105,356	-	105,356
Unearned revenue	69,148	3,482	72,630
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	588,000	40,707	628,707
Due in more than one year			
Compensated absences payable	262,669	61,060	323,729
TOTAL LIABILITIES	1,446,061	148,476	1,594,537
NET ASSETS			
Invested in capital assets	231,014	1,229,810	1,460,824
Restricted for:			
Program income	946,015	26,111	972,126
Unrestricted	1,206,314	307,743	1,514,057
TOTAL NET ASSETS	$ 2,383,343	$ 1,563,664	$ 3,947,007

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, 2012

		.....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	$ 15,925,361	$ 5,477,667	$ 10,823,567	$ -	$ 375,873	$ -	$ 375,873
Library System	2,818,833	96,819	347,677	73,111	-	(2,301,226)	(2,301,226)
TOTAL COMPONENT UNITS	$ 18,744,194	$ 5,574,486	$ 11,171,244	$ 73,111	375,873	(2,301,226)	(1,925,353)
GENERAL REVENUES							
Unrestricted investment earnings					-	250	250
Grants and contributions not restricted to a specific program					-	2,012,823	2,012,823
TOTAL GENERAL REVENUES AND TRANSFERS					-	2,013,073	2,013,073
CHANGES IN NET ASSETS					375,873	(288,153)	87,720
NET ASSETS, Beginning					2,007,470	1,851,817	3,859,287
NET ASSETS, Ending					$ 2,383,343	$ 1,563,664	$ 3,947,007

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 2012, the County supplemented the Health Department's budget in the amount of $774,918. 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 2012, the County supplemented the Library's budget in the amount of $2,010,823. 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 2011 digest year were payable on December 1, 2011. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 1, 2012.

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. $- of interest was capitalized during 2012.

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, 2012 are as follows:

Invested in capital assets, net of related debt:	Governmental Activities	Business-type Activities
Cost of capital assets	$ 654,746,482	$ 120,174,246
Less accumulated depreciation	(256,123,217)	(15,021,164)
Book value	398,623,265	105,153,082
Plus construction proceeds	1,901,533	1,992,217
Less capital related debt	(17,520,406)	(53,842,240)
Invested in capital assets, net of related debt	$ 383,004,392	$ 53,303,059

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 $29,381,026 of restricted net assets, of which $5,386,750 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	$ 2,483,311
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	16,409,451
Capital Projects Fund	
Capital outlay projects - For funds received from issuance of bonds that has not been spent	719,342

Impact Fees Fund	
Impact Fee projects - For funds received from impact fees that has not been spent	2,553,914
Nonmajor Special Revenue Funds	
Special Assessments -	
Special Assessments Fund - To account for funds received from special assessments for street lighting	514,595
Judicial 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	399,458
Law Library Fund - to account for funds collected from fines and forfeitures to be used for the operation of the Law Library	65,706
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	972,244
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	11,396
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	546,194
Total Restricted Fund Balance	$ 24,675,611
Assigned:	
General Fund	
For Encumbrances	$ 271,921
Appropriated as a resource in next year's budget	1,108,000
Nonmajor Capital Projects Funds	
State Road Fund - For road infrastructure & maintenance	197,570
Total Assigned Fund Balance	$ 1,577,491

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 do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

(B) DEFICIT NET ASSETS

At June 30, 2012, the Risk Management Internal Service Fund had a deficit in net assets of $191,244, which resulted from the accrual of unpaid claims June 30, 2012. The County has a five year plan to increase health care costs to departments to eliminate this deficit.

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, 2012, deposits of $512,496 held for the Hall County Clerk of Court were uninsured and uncollateralized. As of December 21, 2012, these deposits were fully 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, 2012, Hall County had the following investments:

		INVESTMENT MATURITIES (in Years)		
Investment Type	Fair Value	Less Than 1	1-5	Rating (1)
Federated Treasury Obligations	$ 2,627,053	$ 2,627,053	$ -	AAA
Total Debt Securities	$ 2,627,053	$ 2,627,053	$ -	
Maximum Investment		100.00 %	- %	

1. Standard & Poors

Cash per financial statements (page 1)		
Cash	$	48,285,520
Restricted cash		3,877,013
less cash equivalents that are investments		(2,627,053)
Cash held by Fiduciary Funds (page 11)		5,751,793
Deposits	$	55,287,273
Investments per financial statements		
Investments included in cash equivalents	$	2,627,053
Investments as listed above	$	2,627,053

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, 2012, 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, 2012, 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	Impact Fees	Nonmajor Governmental Funds
Receivables:					
Property Taxes	$ 2,880,936	$ 389,242	$ -	$ -	$ 25,878
Fines	14,402,721	-	-	-	-
Accounts	2,913,697	11,060	-	1,242	630,181
Intergovernmental	2,528,527	1,000	2,548,644	23,607	340,048
Total Gross Receivables	22,725,881	401,302	2,548,644	24,849	996,107
Less: Allowance for Uncollectibles	(15,187,969)	-	-	-	-
Total Net Receivables	$ 7,537,912	$ 401,302	$ 2,548,644	$ 24,849	$ 996,107

Property taxes receivable at June 30, 2012, consist of the following:

DIGEST YEAR	GENERAL FUND (2)	FIRE DISTRICT
2012 (1)	$ 69,160	$ 12,377
2011	1,055,864	190,078
2010	453,252	62,389
2009	399,524	44,736
2008	330,988	33,431
2007	203,877	19,662
2006	163,661	11,893
2005	180,190	13,355
2004	3,419	292
2003	4,520	425
2002	1,426	83
2001 and prior	15,055	521
Total	$ 2,880,936	$ 389,242

(1) 2012 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, 2012.

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	$ 297,706	$ -	$ 297,706
Accounts	143,874	136,474	280,348
Intergovernmental	-	184	184
Total Gross Receivables	441,580	136,658	578,238
Less: Allowance for Uncollectibles	-	(74,127)	(74,127)
Total Net Receivables	$ 441,580	$ 62,531	$ 504,111

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)	$ 2,880,936	$ -
Delinquent property taxes receivable (Fire District Fund)	389,242	-
Probation fines (General Fund)	402,733	-
Assessments (Special Assessment Fund)	25,878	-
Grant drawdowns prior to meeting all eligibility requirements (Grants Fund)	-	4,515
Total deferred/unearned revenue for governmental funds	$ 3,698,789	$ 4,515

	Health Department	Library System
Receivables:		
Accounts	$ 609,166	$ 30,660
Intergovernmental	119,392	-
Total Gross Receivables	728,558	30,660
Less: Allowance for Uncollectibles	-	-
Total Net Receivables	$ 728,558	$ 30,660

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

Governmental Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 22,523,503	$ -	$ -	$ -	$ 22,523,503
Infrastructure land and improvements	34,023,889	205,798	-	-	34,229,687
Construction in progress	19,571,237	14,023,744	(2,430)	(1,782,556)	31,809,995
Total non-depreciable capital assets	76,118,629	14,229,542	(2,430)	(1,782,556)	88,563,185
Depreciable Assets:					
Buildings and improvements	162,672,139	-	(114,604)	627,752	163,185,287
Machinery and equipment	36,876,734	613,845	(371,491)	-	37,119,088
Vehicles	26,533,839	793,912	(1,375,099)	-	25,952,652
Infrastructure	337,515,647	1,255,819	-	1,154,804	339,926,270
Total depreciable capital assets	563,598,359	2,663,576	(1,861,194)	1,782,556	566,183,297
Less Accumulated Depreciation for:					
Buildings and improvements	(33,597,698)	(4,072,597)	114,604	1	(37,555,690)
Machinery and equipment	(22,589,161)	(2,692,173)	371,491	-	(24,909,843)
Vehicles	(19,911,303)	(1,765,377)	1,162,409	-	(20,514,271)
Infrastructure	(163,078,033)	(10,065,380)	-	-	(173,143,413)
Total accumulated depreciation	(239,176,195)	(18,595,527)	1,648,504	1	(256,123,217)
Total depreciable capital assets, net	324,422,164	(15,931,951)	(212,690)	1,782,557	310,060,080
Governmental activities capital assets, net	$ 400,540,793	$ (1,702,409)	$ (215,120)	$ 1	$ 398,623,265

Additions to governmental activities capital assets for fiscal year ending June 30, 2012 consist of the following:

Capital Outlay	$ 15,498,864
Donated land	138,435
Donated roads	1,255,819
Total	$ 16,893,118

Non-depreciable capital assets additions	$ 14,229,542
Depreciable capital assets additions	2,663,576
Total	$ 16,893,118

Business-type Activities:	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-Depreciable Assets:					
Land and improvements	$ 26,934,764	$ -	$ -	$ -	$ 26,934,764
Construction in progress	37,294,433	2,771,336	-	(472,043)	39,593,726
Total non-depreciable capital assets	64,229,197	2,771,336	-	(472,043)	66,528,490
Depreciable Assets:					
Land improvements	144,988	-	-	-	144,988
Buildings and improvements	10,448,282	-	-	-	10,448,282
Machinery and equipment	4,505,722	10,195	(1)	-	4,515,916
Vehicles	976,926	-	(118,818)	-	858,108
Water and sewer infrastructure	37,206,419	-	-	472,043	37,678,462
Total depreciable capital assets	53,282,337	10,195	(118,819)	472,043	53,645,756
Less Accumulated Depreciation for:					
Land improvements	(144,988)	-	-	-	(144,988)
Buildings	(2,462,745)	(288,008)	-	-	(2,750,753)
Machinery and equipment	(1,803,858)	(353,393)	1	-	(2,157,250)
Vehicles	(710,901)	(40,557)	118,818	-	(632,640)
Water and sewer lines and system	(8,496,511)	(839,022)	-	-	(9,335,533)
Total accumulated depreciation	(13,619,003)	(1,520,980)	118,819	-	(15,021,164)
Total depreciable capital assets, net	39,663,334	(1,510,785)	-	472,043	38,624,592
Business-type activities capital assets, net	$ 103,892,531	$ 1,260,551	$ -	$ -	$ 105,153,082

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

Governmental Activities:	
General Government	$ 321,578
Judicial	750,837
Public Safety	5,387,613
Public Works	10,538,226
Public Health and Welfare	402,486
Recreation and Culture	1,000,743
Housing and Development	194,044
Total depreciation expense-governmental activities	$ 18,595,527
Business-type Activities:	
Sewer/Waste Water Utility	$ 593,600
Solid Waste	927,380
Total depreciation expense-business-type activities	$ 1,520,980

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, 2012 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	$ 231,755	$ 22,303	$ -	SPLOST
Cool Springs Park	3,840,000	2,985,314	261,222	593,464	SPLOST/Impact Fees
North Hall Community Park	5,200,000	5,044,262	115,520	40,218	SPLOST
North Hall Community Center	5,800,000	5,656,121	167,751	(23,872)	SPLOST
North Hall Library	1,790,000	921,309	95,853	772,838	SPLOST
Liberty Mutual Building	9,000,000	7,482,091	1,186,649	331,260	SPLOST
Hall County Trail - Phase II	225,000	64,516	25,000	135,484	SPLOST/Grant Fund
Various Road Projects	9,424,627	9,424,627	-	-	SPLOST
	$ 35,533,685	$ 31,809,995	$ 1,874,298	$ 1,849,392	
Business-type Activities:					
Mulberry Basin	$ 37,144,385	$ 35,779,705	$ 1,250,000	$ 114,680	SPLOST/GEFA
Glades Reservoir	10,479,682	3,295,494	1,494,564	5,689,624	SPLOST
Spout Springs Water Reclamation	2,464,614	206,730	-	2,257,884	SPLOST/Sewer Fund
North Hall County Sewer System Master Plan	43,336	43,336	-	-	SPLOST/Sewer Fund
North Oconee Water Reclamation	300,000	268,461	-	31,539	SPLOST
Water and Sewerage Projects	$ 50,432,017	$ 39,593,726	$ 2,744,564	$ 8,093,727	

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 646,121	$ -	$ -	$ 646,121
Less Accumulated Depreciation	(368,405)	(46,702)	-	(415,107)
Capital Assets, net	$ 277,716	$ (46,702)	$ -	$ 231,014

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 563,098	$ -	$ (55,105)	$ 507,993
Books and collections	4,459,656	259,733	(462,084)	4,257,305
Total depreciable capital assets	5,022,754	259,733	(517,189)	4,765,298
Less Accumulated Depreciation for:				
Machinery and equipment	(407,214)	(55,798)	55,105	(407,907)
Books and collections	(3,148,606)	(441,060)	462,085	(3,127,581)
Total accumulated depreciation	(3,555,820)	(496,858)	517,190	(3,535,488)
Total depreciable capital assets, net	1,466,934	(237,125)	1	1,229,810
Capital Assets, net	$ 1,466,934	$ (237,125)	$ 1	$ 1,229,810

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Contracts Payable	$ 17,119,511	$ -	$ (3,570,000)	$ 13,549,511	$ 3,675,000	$ 9,874,511
Less: original issue discount	(25,397)	-	1,424	(23,973)	(1,424)	(22,549)
Plus: original issue premium	867,966	-	(217,395)	650,571	217,396	433,175
Total contracts payable	17,962,080	-	(3,785,971)	14,176,109	3,890,972	10,285,137
Capital leases	406,587	-	(133,016)	273,571	131,786	141,785
Estimated claims payable	2,821,289	14,111,892	(13,489,643)	3,443,538	1,672,338	1,771,200
Net OPEB obligation	48,169,962	5,860,855	(1,543,530)	52,487,287	-	52,487,287
Net Pension obligation	(315,868)	3,115,747	(2,246,258)	553,621	-	553,621
Compensated absences	3,732,588	2,057,465	(2,205,625)	3,584,428	2,202,923	1,381,505
Governmental activities long-term liabilities	$ 72,776,638	$ 25,145,959	$ (23,404,043)	$ 74,518,554	$ 7,898,019	$ 66,620,535
Business-type Activities:						
Contracts payable	$ 22,100,000	$ -	$ (1,000,000)	$ 21,100,000	$ 500,000	$ 20,600,000
Plus: original issue premium	348,117	-	(39,785)	308,332	39,785	268,547
Less: deferred amounts of refunding	(128,624)	-	8,213	(120,411)	(8,213)	(112,198)
Total contracts payable	22,319,493	-	(1,031,572)	21,287,921	531,572	20,756,349
Capital leases	1,462,879	-	(475,288)	987,591	487,846	499,745
Notes payable	33,444,957	1,219,246	(649,716)	34,014,487	1,400,983	32,613,504
Compensated absences	73,650	54,144	(58,175)	69,619	56,309	13,310
Landfill closure/postclosure	6,495,823	372,234	229,172	7,097,229	149,793	6,947,436
Business-type activities long-term liabilities	$ 63,796,802	$ 1,645,624	$ (1,985,579)	$ 63,456,847	$ 2,626,503	$ 60,830,344
Total primary government long-term liabilities	$ 136,573,440	$ 26,791,583	$ (25,389,622)	$ 137,975,401	$ 10,524,522	$ 127,450,879

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

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, 2012, the County was responsible for $189,511.

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, 2012 are as follows:

June 30	Principal	Interest	Total
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	110,000	78,684	188,684
2018-2022	625,000	326,993	951,993
2023-2027	765,000	183,503	948,503
2028-2029	355,000	24,075	379,075
	$ 13,549,511	$ 1,934,154	$ 15,483,665

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	13,953,146	-
Machinery and equipment	-	2,371,432
Less accumulated depreciation	(465,194)	(308,780)
	$ 16,315,100	$ 2,062,652

Minimum future lease obligations for these leases, as of June 30, 2012 , are as follows:

Year Ending June 30	Governmental Activities
2013	$ 144,274
2014	148,146
Total minimum lease payments	292,420
Less: amount representing interest (4.65%-5.28%)	(18,849)
Present value of minimum lease payments	$ 273,571

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, 2012 was 0.32%. 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
2013	$ 500,000	$ 299,200	$ 799,200
2014	515,000	284,200	799,200
2015	530,000	268,750	798,750
2016	1,000,000	252,850	1,252,850
2017	1,000,000	212,850	1,212,850
2018-2022	3,055,000	491,650	3,546,650
2023-2027	14,500,000	220,400	14,720,400
Total	$ 21,100,000	$ 2,029,900	$ 23,129,900

[1]*Based on the variable rate at June 30, 2012.*

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, 2012, the loan had an outstanding balance of $1,175,864.

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 original amount of the note was $2,054,079 with an interest rate of 3% and matures on July 1, 2028. At June 30, 2012, the outstanding balance was $2,601,309.

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 original amount of the note was $10,147,211 with an interest rate of 3%. At June 30, 2012, the outstanding balance was $8,780,215. 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 original amount of the note was $21,457,099 with an interest rate of 3%. At June 30, 2012, the outstanding balance was $21,457,099. The loan will mature on November 1, 2032.

The annual requirements to amortize notes payable outstanding as of June 30, 2012 are as follows:

June 30	Principal	Interest	Total
2013	$ 1,400,861	$ 970,118	$ 2,370,979
2014	1,512,642	977,239	2,489,881
2015	1,561,398	928,582	2,489,980
2016	1,611,318	878,662	2,489,980
2017	1,663,934	826,045	2,489,979
2018-2022	8,726,059	3,310,624	12,036,683
2023-2027	9,591,489	1,941,387	11,532,876
2028-2032	7,828,081	561,970	8,390,051
2033	118,705	295	119,000
Total	$ 34,014,487	$ 10,394,922	$ 44,409,409

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, 2012 , 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%)	(531,116)
Present value of minimum lease payments	$ 987,591

COMPONENT UNITS

Activity for the Health Department for the year ended June 30, 2012, was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 820,011	$ 618,716	$ (588,058)	$ 850,669	$ 588,000	$ 262,669

Activity for the Library for the year ended June 30, 2012, was as follows:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Compensated absences	$ 126,898	$ 101,767	$ (126,898)	$ 101,767	$ 40,707	$ 61,060

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2012, is as follows:

	Due From				
Due To	SPLOST	Capital Projects Fund	Other nonmajor governmental funds	Water Utility Fund	Total
General Fund	$ 5,479,155	$ 39,535	$ 598,922	$ 1,090,736	$ 7,208,348
Landfill	452,714	-	-	-	452,714
Total	$ 5,931,869	$ 39,535	$ 598,922	$ 1,090,736	$ 7,661,062

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, 2012 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 Transfers Out
General Fund	$ -	$ -	$ 1,474,069	$ -	$ -	$ -	$1,474,069
SPLOST	-	-	-	28,450	1,370,374	1,282,798	2,681,622
Other nonmajor governmental funds	163,748	-	9,042	-	-	-	172,790
Solid Waste Fund	-	28,450	-	-	-	-	28,450
Sewer/Wastewater Utility Fund	-	1,370,374	-	-	-	-	1,370,374
Water Utility Fund	-	1,282,798	-	-	-	-	1,282,798
Total - Transfers in	$163,748	$ 2,681,622	$ 1,483,111	$ 28,450	$1,370,374	$ 1,282,798	$7,010,103

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, 2012, 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, 2012, 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 $1,450,000 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, 2012, 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. As of December 13, 2012, the County and City of Lula agreed that the County will pay City of Lula $750,000 to complete the purchase of 100,000 gallons per day capacity.

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, 2011, (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 $2,246,258 ($2,246,258 employer and $0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2011.

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, 2012, 2011, and 2010 were $2,246,258, $1,839,947, and $2,011,035 respectively.

The information was determined as part of the actuarial valuation as of January 1, 2011. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2011
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:	2012	2011
Annual required contribution	$ 3,114,034	$ 2,880,247
Interest on net pension obligation	(24,480)	(80,774)
Amortization of net pension obligation	26,193	86,426
Annual pension cost	3,115,747	2,885,899
Contributions made with interest	(2,246,258)	(1,839,947)
Increase (decrease) in net pension obligation	869,489	1,045,952
Net pension obligation, beginning of year	(315,868)	(1,361,820)
Net pension obligation, end of year	$ 553,621	$ (315,868)

(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, 2011, 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)
$ 19,842,420	$ 49,097,082	$ 40.41 %	$ 29,254,662	$ 10,929,736	267.66 %

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
2012	$ 3,115,747	$ 2,246,258	72.1 %	$ 553,621
2011	$ 2,885,899	$ 1,839,947	63.8 %	$ (315,868)
2010	$ 2,807,758	$ 2,011,035	71.6 %	$(1,361,820)

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 $- ($- employer and $0 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 2012, the County contributed $1,432,670 to the plan. In fiscal year 2012, total member contributions were $763,561.

(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:

	2012	2011
Annual required contribution	$ 5,737,517	$ 17,581,441
Interest on note OPEB obligation	1,926,798	1,189,749
Adjustment to annual required contribution	(1,914,320)	(1,136,558)
Annual OPEB cost	5,749,995	17,634,632
Employer contributions made with interest	(1,432,670)	(1,492,624)
Increase (decrease) in net OPEB obligation	4,317,325	16,142,008
Net OPEB obligation, Beginning of year	48,169,962	32,027,954
Net OPEB obligation, End of year	$ 52,487,287	$ 48,169,962

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
2012	$ 5,749,995	$ 1,432,670	24.9%	$ (52,487,287)
2011	$ 17,634,632	$ 1,492,624	8.5%	$ (48,169,962)
2010	$ 14,170,034	$ 1,428,561	10.1%	$ (32,027,954)

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was $50,439,165, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $50,439,165. The covered payroll (annual payroll of active employees covered by the benefits) was $56,292,152, and the ratio of the UAAL to the covered payroll was 90 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, 2011. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2011
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	9.88% to 4.50% for medical
Ultimate rate	4.50%
Post retirement benefit increase	N/A
Projected salary increases	3.00% per year
Inflation rate	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, 2012, the County included in accrued expenses $983,538 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, 2011	$ 1,023,132	$ 13,624,513	$ (13,826,356)	$ 821,289
Year ended June 30, 2012	$ 821,289	$ 12,772,809	$ (12,610,560)	$ 983,538

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, 2012, 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, 2012, an actuary determined that approximately $2,460,000 is reported but unpaid and incurred but not reported claims were outstanding relating to fiscal year 2012 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, 2011	$ 1,950,000	$ 509,084	$ (459,084)	$ 2,000,000
Year ended June 30, 2012	$ 2,000,000	$ 1,339,083	$ (879,083)	$ 2,460,000

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 2012, the County contracted with several different insurance providers for various insurance coverages.

Type	Amount in Force
Property	$ 191,099,503

	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 7 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 AND COMMITMENTS

The county's encumbrances outstanding at the end of the fiscal year that will be honored in the next fiscal year are as follows:

	Amount
Governmental Funds:	
General Fund	$ 271,921
SPLOST	6,946,378
Capital Projects	1,306,446
Impact Fees	243,103
Nonmajor governmental funds	34,673
Total governmental activities	$ 8,802,521
Enterprise Funds	
Sewer/waste water utility	1,312,157
Water utility	395,561
Total Enterprise funds	$ 1,707,718

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 2012, 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 agreements 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, 2012, the County has recorded a liability for the Allen Creek Landfill of $4,950,192, 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, 2012, the County has recorded liability for the Candler Road landfill of $2,147,037, which represents the estimated closure and postclosure costs based on 29% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,256,538 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. 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, 2012 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 $4,950,192. The County has accrued the difference between the estimated liability this year and the amount accrued as of June 30, 2011, 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 $10,560,192.

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 $2,147,037, which represents the estimated closure and postclosure costs based on 29% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of $5,256,538 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, 2012, the County paid $153,176 in such dues. Membership in 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 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, 2012, the County collected $8,536 of which $3,414 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $68,077. This was 1,994% 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 - SUBSEQUENT EVENTS

On September 28, 2012, the County sold the former detention center located at 622 SouthWest Main Street to the City of Gainesville, Georgia for $7,200,000. The proceeds from the sale will be recognized as revenue in fiscal year 2013 financial statements.

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2012
"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)
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 %
2011	$ 19,842,420	$ 49,097,082	40.41 %	$ 29,254,662	$ 10,929,736	267.66 %

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 %
2010	$ -	$ 145,475,289	0.00 %	$ 145,475,289	$ 61,292,853	237.34 %
2011	$ -	$ 50,439,165	0.00 %	$ 50,439,165	$ 56,292,152	89.60 %

2008 was the first year that this plan was effective.

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 9,310,695	$ 9,310,695	$ 9,310,695	$ -
RESOURCES (INFLOWS)				
Taxes	59,899,975	60,066,275	62,996,697	2,930,422
Licenses and permits	1,595,820	1,595,820	1,255,413	(340,407)
Intergovernmental	1,468,961	1,527,285	1,294,517	(232,768)
Fines and forfeitures	2,641,778	2,688,022	2,992,911	304,889
Charges for services	19,037,667	19,524,137	20,149,019	624,882
Contributions and donations	-	-	500	500
Investment income	16,943	16,943	(676)	(17,619)
Miscellaneous	27,601	34,755	18,969	(15,786)
Sale of county property	15,000	310,000	414,313	104,313
Transfers in	194,412	194,412	163,748	(30,664)
Total Resources (Inflows)	84,898,157	85,957,649	89,285,411	3,327,762
AMOUNTS AVAILABLE FOR APPROPRIATION	94,208,852	95,268,344	98,596,106	3,327,762
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Legislative	864,065	1,055,740	960,049	95,691
Elections	490,475	574,765	546,404	28,361
Financial administration	732,140	732,140	655,291	76,849
Business license	144,180	144,180	136,822	7,358
Purchasing	315,792	315,792	306,018	9,774
Data processing/MIS	1,067,384	1,067,034	951,472	115,562
Human resources	453,979	453,979	452,373	1,606
Tax commissioner	1,250,640	1,369,390	1,369,353	37
Tax assessor-real property	1,631,241	1,631,241	1,413,367	217,874
Risk management	5,484,069	5,604,069	5,602,025	2,044
Buildings	1,814,509	1,814,509	1,693,578	120,931
General services	3,713,518	3,128,177	3,145,609	(17,432)
Agencies	153,176	153,176	153,176	-
Total General Government	18,115,168	18,044,192	17,385,537	658,655
Judicial				
Judicial administration	483,065	486,065	485,922	143
Superior court	2,585,931	2,577,531	2,472,519	105,012
Clerk of superior court	2,030,278	2,038,678	2,038,621	57
District attorney	1,359,603	1,374,603	1,368,377	6,226
State court	1,375,876	1,375,876	1,360,227	15,649
Magistrate court	1,065,126	1,065,126	1,057,762	7,364
Probate court	491,982	539,982	539,824	158
Juvenile court	1,271,841	1,271,841	1,265,555	6,286
Probation services	-	151,844	151,819	25
Public defender	1,310,446	1,310,446	1,280,989	29,457
Solicitor	1,042,149	1,042,149	1,032,594	9,555
Other judicial	627,171	655,171	654,255	916
Total Judicial	13,643,468	13,889,312	13,708,464	180,848
Public Safety				
Sheriff	14,800,810	14,707,853	14,139,495	568,358
Detention center	15,354,589	15,474,870	15,252,824	222,046
Correctional institute	2,726,846	2,789,846	2,786,217	3,629
Emergency medical services	7,338,701	7,389,701	7,389,299	402
Coroner	118,528	123,528	123,025	503
Agencies	9,637	9,637	9,637	-
Animal shelter	1,170,108	1,182,389	1,180,326	2,063
Emergency management	74,840	102,840	97,930	4,910
Total Public Safety	41,594,059	41,780,664	40,978,753	801,911
Public Works				
Highways and streets	2,786,374	3,078,974	2,379,055	699,919
Maintenance and shop	519,093	519,093	476,967	42,126
Engineering	738,859	789,259	789,245	14
Total Public Works	4,044,326	4,387,326	3,645,267	742,059

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2012
(Required Supplementary Information)

CONTINUED.....	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Public Health and Welfare				
Health department	834,918	834,918	834,290	628
Public welfare	1,076,011	1,076,011	647,390	428,621
Community Center	503,834	503,834	503,834	-
Agencies	114,441	114,441	114,441	-
Total Public Health and Welfare	2,529,204	2,529,204	2,099,955	429,249
Recreation and Culture				
Parks	1,249,976	1,900,062	1,613,177	286,885
Library	1,891,196	1,953,696	1,953,645	51
Agriculture center	158,647	208,039	180,361	27,678
Total Recreation and Culture	3,299,819	4,061,797	3,747,183	314,614
Housing and development				
Conservation	94,653	94,653	94,572	81
Building inspection	417,038	417,038	379,491	37,547
Planning and zoning	909,659	931,249	760,301	170,948
Code enforcement	375,925	375,925	332,735	43,190
Agencies	358,265	358,265	349,730	8,535
General services	43,000	39,000	28,749	10,251
County agent	182,223	182,223	178,334	3,889
Total Housing and Development	2,380,763	2,398,353	2,123,912	274,441
TOTAL CHARGES TO APPROPRIATIONS	85,606,807	87,090,848	83,689,071	3,401,777
CHANGE IN FUND BALANCE	(708,650)	(1,133,199)	5,596,340	6,729,539
FUND BALANCE, End of year	$ 8,602,045	$ 8,177,496	$ 14,907,035	$ 6,729,539

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, 2012
(Required Supplementary Information)

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 2,421,781	$ 2,421,781	$ 2,421,781	$ -
RESOURCES (INFLOWS)				
Taxes	14,078,565	14,378,565	15,014,235	635,670
Intergovernmental	19,423	19,423	7,499	(11,924)
Charges for services	18,940	18,940	5,479	(13,461)
Investment income	4,200	4,200	70	(4,130)
Miscellaneous	8,000	8,000	21,309	13,309
Total Resources (Inflows)	14,129,128	14,429,128	15,048,592	619,464
AMOUNTS AVAILABLE FOR APPROPRIATION	16,550,909	16,850,909	17,470,373	619,464
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	14,222,706	14,834,500	14,802,290	32,210
TOTAL CHARGES TO APPROPRIATIONS	14,222,706	14,834,500	14,802,290	32,210
CHANGE IN FUND BALANCE	(93,578)	(405,372)	246,302	651,674
FUND BALANCE, End of year	$ 2,328,203	$ 2,016,409	$ 2,668,083	$ 651,674

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Multiple Grants - 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 - 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, 2012

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUNDS	
ASSETS	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
Cash	$ -	$ 465,648	$ -	$ 556,218	$ 1,574,690	$ 67,046	$ 6,385	$ 2,669,987	$ 197,570	$ 2,867,557
Receivables (net of allowance for uncollectibles)	519,801	110,300	297,567	25,878	35,689	-	6,872	996,107	-	996,107
TOTAL ASSETS	$ 519,801	$ 575,948	$ 297,567	$ 582,096	$ 1,610,379	$ 67,046	$ 13,257	$ 3,666,094	$ 197,570	$ 3,863,664
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	$ 25,883	$ 19,614	$ 107,741	$ 41,623	$ 51,994	$ 1,340	$ 9,427	$ 257,622	$ -	$ 257,622
Other accrued items	74,630	10,140	5,677	-	43,088	-	3,830	137,365	-	137,365
Due to other funds	419,288	-	179,634	-	-	-	-	598,922	-	598,922
Deferred revenue	-	-	4,515	25,878	-	-	-	30,393	-	30,393
Deposits held	-	-	-	-	132,199	-	-	132,199	-	132,199
TOTAL LIABILITIES	519,801	29,754	297,567	67,501	227,281	1,340	13,257	1,156,501	-	1,156,501
FUND BALANCES										
Restricted:										
Special assessments	-	-	-	514,595	-	-	-	514,595	-	514,595
Judicial programs	-	-	-	-	399,458	65,706	-	465,164	-	465,164
Public safety programs	-	-	-	-	972,244	-	-	972,244	-	972,244
Health and welfare programs	-	-	-	-	11,396	-	-	11,396	-	11,396
Recreation and culture programs	-	546,194	-	-	-	-	-	546,194	-	546,194
Assigned:										
Capital equipment and infrastructure	-	-	-	-	-	-	-	-	197,570	197,570
TOTAL FUND BALANCES	-	546,194	-	514,595	1,383,098	65,706	-	2,509,593	197,570	2,707,163
TOTAL LIABILITIES AND FUND BALANCES	$ 519,801	$ 575,948	$ 297,567	$ 582,096	$ 1,610,379	$ 67,046	$ 13,257	$ 3,666,094	$ 197,570	$ 3,863,664

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	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	$ -	$ -	$ -	$ -	$ -	$ 8,536	$ -	$ -	$ 8,536	$ -	$ 8,536
Intergovernmental	-	-	2,301,047	-	600,985	-	-	19,692	2,921,724	626,826	3,548,550
Fines and forfeitures	-	-	-	-	874,069	-	137,555	-	1,011,624	-	1,011,624
Charges for services	2,825,736	606,469	-	949,626	341,628	-	-	124,594	4,848,053	-	4,848,053
Interest income	-	9	-	16	21	-	5	-	51	5	56
Miscellaneous	3,783	225	2,496	-	92,747	-	-	-	99,251	-	99,251
TOTAL REVENUES	2,829,519	606,703	2,303,543	949,642	1,909,450	8,536	137,560	144,286	8,889,239	626,831	9,516,070
EXPENDITURES											
Current Expenditures											
Judicial	-	-	517,642	-	813,166	-	138,386	-	1,469,194	-	1,469,194
Public safety	3,917,607	-	351,558	-	975,682	-	-	-	5,244,847	-	5,244,847
Public works	-	-	-	820,062	-	-	-	-	820,062	626,164	1,446,226
Public health and welfare	-	-	201,273	-	-	-	-	-	201,273	-	201,273
Recreation and culture	-	573,210	-	-	-	68,077	-	234,688	875,975	-	875,975
Housing and development	-	-	646,695	-	-	-	-	-	646,695	-	646,695
Capital outlay	-	-	641,939	-	108,416	-	-	-	750,355	-	750,355
Debt service											
TOTAL EXPENDITURES	3,917,607	573,210	2,359,107	820,062	1,897,264	68,077	138,386	234,688	10,008,401	626,164	10,634,565
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(1,088,088)	33,493	(55,564)	129,580	12,186	(59,541)	(826)	(90,402)	(1,119,162)	667	(1,118,495)
OTHER FINANCING SOURCES (USES)											
Sale of county property	-	-	-	-	3,156	-	-	-	3,156	-	3,156
Transfers in	1,088,088	-	20,707	-	224,373	59,541	-	90,402	1,483,111	-	1,483,111
Transfers out	-	-	(3,748)	(160,000)	(9,042)	-	-	-	(172,790)	-	(172,790)
TOTAL OTHER FINANCING SOURCES (USES)	1,088,088	-	16,959	(160,000)	218,487	59,541	-	90,402	1,313,477	-	1,313,477
NET CHANGE IN FUND BALANCES	-	33,493	(38,605)	(30,420)	230,673	-	(826)	-	194,315	667	194,982
FUND BALANCES, Beginning of year	-	512,701	38,605	545,015	1,152,425	-	66,532	-	2,315,278	196,903	2,512,181
FUND BALANCES, End of year	$ -	$ 546,194	$ -	$ 514,595	$ 1,383,098	$ -	$ 65,706	$ -	$ 2,509,593	$ 197,570	$ 2,707,163

HALL COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Charges for services	3,374,405	3,218,489	2,825,736	(392,753)
Investment income	300	300	-	(300)
Miscellaneous	2,600	2,600	3,783	1,183
Transfer in	782,660	723,519	1,088,088	364,569
Total Resources (Inflows)	4,159,965	3,944,908	3,917,607	(27,301)
AMOUNTS AVAILABLE FOR APPROPRIATION	4,159,965	3,944,908	3,917,607	(27,301)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	4,159,965	3,944,908	3,917,607	27,301
TOTAL CHARGES TO APPROPRIATIONS	4,159,965	3,944,908	3,917,607	27,301
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
PARKS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 512,701	$ 512,701	$ 512,701	$ -
RESOURCES (INFLOWS)				
Charges for services	620,800	620,800	606,469	(14,331)
Investment income	1,065	1,065	9	(1,056)
Miscellaneous	1,350	1,350	225	(1,125)
Total Resources (Inflows)	623,215	623,215	606,703	(16,512)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,135,916	1,135,916	1,119,404	(16,512)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	705,849	838,394	573,210	265,184
TOTAL CHARGES TO APPROPRIATIONS	705,849	838,394	573,210	265,184
CHANGE IN FUND BALANCE	(82,634)	(215,179)	33,493	248,672
FUND BALANCE, End of year	$ 430,067	$ 297,522	$ 546,194	$ 248,672

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, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 38,605	$ 38,605	$ 38,605	$ -
RESOURCES (INFLOWS)				
Intergovernmental	4,310,419	4,671,683	2,301,047	(2,370,636)
Miscellaneous	-	-	2,496	2,496
Transfer in	65,436	65,436	20,707	(44,729)
Total Resources (Inflows)	4,375,855	4,737,119	2,324,250	(2,412,869)
AMOUNTS AVAILABLE FOR APPROPRIATION	4,414,460	4,775,724	2,362,855	(2,412,869)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	465,423	517,642	517,642	-
Public safety	376,665	681,962	681,962	-
Public health and welfare	444,106	444,106	358,682	85,424
Housing and development	3,089,661	3,089,661	800,821	2,288,840
Transfers out	-	3,748	3,748	-
TOTAL CHARGES TO APPROPRIATIONS	4,375,855	4,737,119	2,362,855	2,374,264
CHANGE IN FUND BALANCE	-	-	(38,605)	(38,605)
FUND BALANCE, End of year	$ 38,605	$ 38,605	$ -	$ (38,605)

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, 2012

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 545,015	$ 545,015	$ 545,015	$ -
RESOURCES (INFLOWS)				
Charges for services	971,295	978,295	949,626	(28,669)
Investment income	1,880	1,880	16	(1,864)
Total Resources (Inflows)	973,175	980,175	949,642	(30,533)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,518,190	1,525,190	1,494,657	(30,533)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	973,175	980,175	980,062	113
TOTAL CHARGES TO APPROPRIATIONS	973,175	980,175	980,062	113
CHANGE IN FUND BALANCE	-	-	(30,420)	(30,420)
FUND BALANCE, End of year	$ 545,015	$ 545,015	$ 514,595	$ (30,420)

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, 2012

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 1,152,425	$ 1,152,425	$ 1,152,425	$ -
RESOURCES (INFLOWS)				
Intergovernmental	581,959	581,959	600,985	19,026
Fines and forfeitures	564,126	564,126	874,069	309,943
Charges for services	327,359	337,741	341,628	3,887
Contributions and donations	6,000	6,000	-	(6,000)
Investment income	-	-	21	21
Miscellaneous	-	-	92,747	92,747
Sale of county property	-	-	3,156	3,156
Transfer in	220,025	220,025	224,373	4,348
Total Resources (Inflows)	1,699,469	1,709,851	2,136,979	427,128
AMOUNTS AVAILABLE FOR APPROPRIATION	2,851,894	2,862,276	3,289,404	427,128
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	839,610	849,992	822,208	27,784
Public safety	1,147,836	1,266,229	1,084,098	182,131
TOTAL CHARGES TO APPROPRIATIONS	1,987,446	2,116,221	1,906,306	209,915
CHANGE IN FUND BALANCE	(287,977)	(406,370)	230,673	637,043
FUND BALANCE, End of year	$ 864,448	$ 746,055	$ 1,383,098	$ 637,043

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, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	-	-	8,536	8,536
Transfer in	-	68,077	59,541	(8,536)
Total Resources (Inflows)	-	68,077	68,077	-
AMOUNTS AVAILABLE FOR APPROPRIATION	-	68,077	68,077	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	-	68,077	68,077	-
TOTAL CHARGES TO APPROPRIATIONS	-	68,077	68,077	-
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, 2012

	BUDGET AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ 66,532	$ 66,532	$ 66,532	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	-	140,000	137,555	(2,445)
Investment income	-	-	5	5
Total Resources (Inflows)	-	140,000	137,560	(2,440)
AMOUNTS AVAILABLE FOR APPROPRIATION	66,532	206,532	204,092	(2,440)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	-	140,000	138,386	1,614
TOTAL CHARGES TO APPROPRIATIONS	-	140,000	138,386	1,614
CHANGE IN FUND BALANCE	-	-	(826)	(826)
FUND BALANCE, End of year	$ 66,532	$ 66,532	$ 65,706	$ (826)

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, 2012

	BUDGET AMOUNTS ORIGINAL	BUDGET AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCE, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	41,330	28,993	19,692	(9,301)
Charges for services	101,720	120,276	124,594	4,318
Transfer in	194,779	132,077	90,402	(41,675)
Total Resources (Inflows)	337,829	281,346	234,688	(46,658)
AMOUNTS AVAILABLE FOR APPROPRIATION	337,829	281,346	234,688	(46,658)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	337,829	281,346	234,688	46,658
TOTAL CHARGES TO APPROPRIATIONS	337,829	281,346	234,688	46,658
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.

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, 2012

ASSETS	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
Current Assets			
Cash	$ 3,510,102	$ 2,394,265	$ 5,904,367
Prepaid items	28,335	211,796	240,131
TOTAL CURRENT ASSETS	3,538,437	2,606,061	6,144,498
TOTAL ASSETS	3,538,437	2,606,061	6,144,498
LIABILITIES			
Current Liabilities			
Accounts payable	-	336,854	336,854
Other accrued items	-	451	451
Estimated claims payable	983,538	688,800	1,672,338
TOTAL CURRENT LIABILITIES	983,538	1,026,105	2,009,643
Noncurrent Liabilities			
Estimated claims payable	-	1,771,200	1,771,200
TOTAL NONCURRENT LIABILITIES	-	1,771,200	1,771,200
TOTAL LIABILITIES	983,538	2,797,305	3,780,843
NET ASSETS			
Unrestricted	2,554,899	(191,244)	2,363,655
TOTAL NET ASSETS	$ 2,554,899	$ (191,244)	$ 2,363,655

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Charges to other funds	$ 14,973,250	$ 2,706,945	$ 17,680,195
Employee contributions	2,746,495	-	2,746,495
Total Operating Revenues	17,719,745	2,706,945	20,426,690
OPERATING EXPENSES			
Salaries and benefits	-	317,516	317,516
Other services and charges	-	21,272	21,272
Benefit claims	12,772,809	1,784,230	14,557,039
General and administrative	2,947,590	-	2,947,590
Insurance premiums	-	1,131,566	1,131,566
Total Operating Expenses	15,720,399	3,254,584	18,974,983
OPERATING INCOME (LOSS)	1,999,346	(547,639)	1,451,707
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	39	50	89
Total Nonoperating Revenues (Expenses)	39	50	89
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,999,385	(547,589)	1,451,796
CHANGE IN NET ASSETS	1,999,385	(547,589)	1,451,796
TOTAL NET ASSETS, Beginning of year	555,514	356,345	911,859
TOTAL NET ASSETS, End of year	$ 2,554,899	$ (191,244)	$ 2,363,655

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2012

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	$ 2,746,495	$ -	$ 2,746,495
Payments to suppliers	(2,958,159)	(859,594)	(3,817,753)
Payments to employees	(12,610,560)	(1,641,657)	(14,252,217)
Internal activity-payments from (to) other funds	14,973,250	2,706,945	17,680,195
Net cash provided by (used in) operating activities	2,151,026	205,694	2,356,720
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	39	50	89
Net cash provided (used) by investing activities	39	50	89
Net increase (decrease) in cash and cash equivalents	2,151,065	205,744	2,356,809
CASH, Beginning of year	1,359,037	2,188,521	3,547,558
CASH, End of year	$ 3,510,102	$ 2,394,265	$ 5,904,367
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,999,346	$ (547,639)	$ 1,451,707
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in:			
Increase (decrease) in:			
Accounts payable	(10,569)	21,556	10,987
Amounts held in trust	-	271,688	271,688
Due to other governments	-	89	89
Due to other funds	162,249	460,000	622,249
Net cash provided by (used in) operating activities	$ 2,151,026	$ 205,694	$ 2,356,720

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, 2012

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793
TOTAL ASSETS	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793
LIABILITIES								
Amounts held for others	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793
TOTAL LIABILITIES	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2012

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash								
Balance, July 1, 2011	$ 701,092	$ 1,271,358	$ 991,946	$ 167,033	$ 53,137	$ 658,275	$ 109,992	$ 3,952,833
Additions	143,236,871	11,398,696	821,575	1,453,182	72,863	646,984	1,827,896	159,458,067
Deductions	(142,724,954)	(10,391,346)	(695,090)	(1,456,230)	(70,497)	(650,182)	(1,670,808)	(157,659,107)
Balance, June 30, 2012	1,213,009	2,278,708	1,118,431	163,985	55,503	655,077	267,080	5,751,793
TOTAL ASSETS	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793
LIABILITIES								
Due to County								
Balance, July 1, 2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	55,683,999	5,490,175	319,069	657,010	17,224	250,662	414,913	62,833,052
Deductions	(55,683,999)	(5,490,175)	(319,069)	(657,010)	(17,224)	(250,662)	(414,913)	(62,833,052)
Balance, June 30, 2012	-	-	-	-	-	-	-	-
Amounts held for others								
Balance, July 1, 2011	701,092	1,271,358	991,946	167,033	53,137	658,275	109,992	3,952,833
Additions	87,552,872	5,908,521	502,506	796,172	55,639	396,322	1,412,983	96,625,015
Deductions	(87,040,955)	(4,901,171)	(376,021)	(799,220)	(53,273)	(399,520)	(1,255,895)	(94,826,055)
Balance, June 30, 2012	1,213,009	2,278,708	1,118,431	163,985	55,503	655,077	267,080	5,751,793
Total Liabilities								
Balance, July 1, 2011	701,092	1,271,358	991,946	167,033	53,137	658,275	109,992	3,952,833
Additions	143,236,871	11,398,696	821,575	1,453,182	72,863	646,984	1,827,896	159,458,067
Deductions	(142,724,954)	(10,391,346)	(695,090)	(1,456,230)	(70,497)	(650,182)	(1,670,808)	(157,659,107)
TOTAL LIABILITIES	$ 1,213,009	$ 2,278,708	$ 1,118,431	$ 163,985	$ 55,503	$ 655,077	$ 267,080	$ 5,751,793

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2012

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	$ 38,398,266	$ 49,806
Water Projects	29,000,000	23,094,229	20,117,947	-
Sewer Projects	39,000,000	29,564,870	29,564,870	-
Park and Leisure Projects	18,000,000	18,443,680	18,440,389	-
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	$ 119,008,330	$ 49,806
SPLOST V (effective July 1, 2004)				
Road Projects	$ 40,300,000	$ 40,300,000	$ 32,381,856	$ 18,819
Water and Sewer Projects	1,000,000	5,670,580	5,670,580	-
Recreational Facilities	8,500,000	8,500,000	6,625,650	1,698,371
New Detention Center	54,000,000	61,275,921	61,276,954	-
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	4,852,424	28,450
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	$ 135,308,702	$ 1,745,640

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2012

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	AMOUNT EXPENDED YEAR 1 2010	YEAR 2 2011	YEAR 3 2012	TOTAL
SPLOST VI (effective July 1, 2009)						
COUNTY PROJECTS						
Road Projects	$ 68,000,000	$ 68,000,000	$ 2,896,885	$ 8,236,752	$ 5,661,060	$ 16,794,697
Water and Sewer Projects	53,037,000	57,037,000	11,123,975	2,257,427	2,653,244	16,034,646
Landfill	4,000,000		-	-	-	-
Recreational Facilities	21,000,000	21,000,000	2,872,270	(112,473)	4,773,381	7,533,178
Courthouse and Administration Building Projects	17,000,000	17,000,000	-	1,578,434	2,316,737	3,895,171
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	460,031	1,583,185
Post Office	3,000,000	3,000,000	-	-	-	-
Library Facility	3,000,000	3,000,000	78,247	909,947	836,840	1,825,034
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	16,701,293	47,665,911
MUNICIPAL PROJECTS						
City of Braselton						
Sidewalks	32,000	32,000	3,176	3,221	3,581	9,978
City of Buford						
Road Paving	141,000	141,000	14,019	14,216	15,806	44,041
City of Clermont						
Municipal Buildings	550,000	550,000	54,726	55,495	61,702	171,923
Parks	150,000	150,000	14,925	15,135	16,828	46,888
Streets & Sidewalks	250,000	250,000	24,876	25,225	28,046	78,147
Subtotal	950,000	950,000	94,527	95,855	106,576	296,958
City of Flowery Branch						
Cinnamon Cove Lift Station & Force Main Line	1,300,000	1,300,000	129,368	131,186	145,857	406,411
9 Police Cars (over 6 years)	200,000	200,000	19,903	20,182	22,440	62,525
Road Resurfacing and Sidewalks	500,000	500,000	49,757	50,456	56,099	156,312
City Administration Real Estate/Buildings	500,000	500,000	49,757	50,456	56,099	156,312
Subtotal	2,500,000	2,500,000	248,784	252,280	280,495	781,559
City of Gainesville						
Previously Incurred Debt	7,500,000	7,500,000	746,329	723,625	874,871	2,344,825
New Public Safety Facility	13,000,000	13,000,000	1,293,637	1,254,283	1,516,443	4,064,362
Fire Station Replacement	6,500,000	6,500,000	646,818	627,141	758,221	2,032,181
Transportation	2,500,000	2,500,000	248,776	241,208	291,624	781,608
Downtown Streetscape	3,000,000	3,000,000	298,532	289,450	349,948	937,930
Parks & Recreation	3,000,000	3,000,000	298,532	289,450	349,948	937,930
Subtotal	35,500,000	35,500,000	3,532,624	3,425,157	4,141,055	11,098,836
City of Gillsville						
Road Improvements	40,000	40,000	3,981	4,036	4,488	12,505
Community Park Upgrades	95,000	95,000	9,454	9,586	10,659	29,699
Downtown Improvements	105,000	105,000	10,449	10,595	11,781	32,825
Subtotal	240,000	240,000	23,883	24,218	26,927	75,028
City of Lula						
Road Resurfacing	300,000	300,000	29,854	30,274	33,660	93,788
Parks & Recreation	300,000	300,000	29,854	30,274	33,660	93,788
Water System and Sewer Projects	1,300,000	1,300,000	129,369	131,187	145,859	406,416
Subtotal	1,900,000	1,900,000	189,078	191,735	213,179	593,992
City of Oakwood						
Infrastructure Projects	1,500,000	1,500,000	149,269	151,366	168,296	468,930
Transportation Project	200,000	200,000	19,902	20,182	22,439	62,524
Transportation Project	1,200,000	1,200,000	119,415	121,093	134,636	375,144
Sewer Project	800,000	800,000	79,610	80,729	89,758	250,096
Subtotal	3,700,000	3,700,000	368,196	373,370	415,129	1,156,695
Subtotal Municipal Projects	44,963,000	44,963,000	4,474,287	4,380,052	5,202,748	14,057,087
TOTAL SPLOST VI	$ 240,000,000	$ 240,000,000	$ 22,107,205	$ 17,711,752	$ 21,904,041	$ 61,722,998

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, 2012

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

	Expenditures	$ 21,087,864.00
	Transfers out	2,681,622
	Rounding	1
Subtotal		23,769,487
Less items not included as expenditures on SPLOST schedule below:		
Revenue from contributions used for expenditures first before SPLOST funds		(70,000)
Subtotal of adjustments		(70,000)
Expenditures reported on SPLOST schedule below		**23,699,487**

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

SPLOST IV	49,806
Revised SPLOST IV	49,806
SPLOST V	1,745,640
Revised SPLOST V	1,745,640
SPLOST VI	21,904,041
Revised SPLOST VI	21,904,041
Total	**$ 23,699,487.00**

STATISTICAL SECTION

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

Contents **Table**

Financial Trends

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

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Revenue Capacity

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

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Debt Capacity

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

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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.

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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.

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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**	**2012**
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	$ 383,004
Restricted:										
Capital outlay	-	-	-	-	20,604	8,761	13,680	13,200	13,864	21,649
Debt service	-	-	605	9,903	10,923	2,706	10,695	-	-	-
Impact fee projects	-	-	-	-	6,148	5,898	4,106	3,032	2,798	2,554
Other programs	-	26,394	49,971	44,440	5,973	6,355	4,796	5,563	4,522	5,178
Unrestricted:	42,266	38,235	20,778	21,931	16,139	346,120	7,004	(11,948)	(27,797)	(28,884)
Total governmental activities net assets	$ 157,667	$ 402,748	$ 412,232	$ 435,312	$ 463,556	$ 494,959	$ 430,923	$ 403,450	$ 379,404	$ 383,501
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	$ 53,303
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,058	21,857	21,119	13,689	12,346	10,883	10,494	8,197	12,472	11,414
Total business-type activities net assets	$ 53,409	$ 71,261	$ 75,641	$ 38,623	$ 43,765	$ 52,742	$ 57,677	$ 69,602	$ 64,500	$ 64,717
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	$ 436,307
Restricted	-	26,394	50,576	54,343	43,648	23,720	33,277	21,795	21,184	29,381
Unrestricted	47,324	60,092	41,897	35,620	28,485	357,003	17,498	(3,751)	(15,325)	(17,470)
Total primary government net assets	$ 211,076	$ 474,009	$ 487,873	$ 473,935	$ 507,321	$ 547,701	$ 488,600	$ 473,052	$ 443,904	$ 448,218

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	2012
EXPENSES										
Governmental activities:										
General government	$ 14,004	$ 13,394	$ 13,868	$ 15,203	$ 19,195	$ 16,964	$ 20,350	$ 17,275	$ 20,541	$ 18,012
Judicial	9,267	10,485	13,100	14,459	14,330	15,846	16,738	18,404	17,954	16,303
Public health and welfare	3,051	3,914	1,980	2,430	3,483	3,511	3,905	3,501	3,304	2,704
Public safety	43,765	48,062	50,903	54,600	54,972	68,089	71,870	78,047	77,796	67,123
Public works	8,523	15,556	16,844	18,113	17,970	18,153	25,211	27,153	29,633	22,222
Recreation and culture	4,723	5,435	5,062	8,158	5,710	8,351	7,267	7,602	7,794	6,007
Housing and development	2,803	3,649	3,751	4,015	4,555	5,564	5,057	5,389	5,979	2,947
Interest on long-term debt	217	121	186	(85)	1,846	643	671	330	492	488
Total governmental activities expenses	86,353	100,616	105,694	116,893	122,061	137,121	151,069	157,701	163,493	135,806
Business-type activities:										
Solid Waste	5,687	5,320	5,328	5,379	5,307	5,717	5,905	5,568	6,059	6,154
Water and sewer utilities	302	371	863	37,715	70	2,108	1,581	2,921	1,792	2,973
Total business-type activities expenses	5,989	5,691	6,191	43,094	5,377	7,825	7,486	8,489	7,851	9,127
Total primary government expenses	$ 92,342	$ 106,307	$ 111,885	$ 159,987	$ 127,438	$ 144,946	$ 158,555	$ 166,190	$ 171,344	$ 144,933
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	$ 5,016
Judicial	5,679	6,024	2,925	6,697	4,560	6,899	6,627	5,939	5,511	6,087
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	16,883
Public works	502	505	569	592	738	930	890	986	941	939
Recreation and culture	1,136	1,653	880	2,588	1,039	1,013	953	1,008	1,052	1,167
Housing and development	1,347	1,027	1,132	1,453	3,409	1,668	910	507	405	493
Total charges for services	20,132	20,434	18,003	25,231	22,629	25,445	29,056	30,740	30,831	30,585
Operating grants and contributions	2,496	4,148	3,967	4,623	4,266	6,762	4,317	5,402	6,094	3,604
Capital grants and contributions	13,916	7,978	6,270	9,101	18,090	17,946	12,847	4,977	4,632	2,897
Total governmental activities program revenues	36,544	32,560	28,240	38,955	44,985	50,153	46,220	41,119	41,557	37,086
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	5,041
Water and sewer utilities	26	39	28	34	27	290	961	925	1,072	1,395
Total charges for services	4,669	4,833	4,978	5,326	5,112	6,057	6,427	6,100	6,192	6,436
Operating grants and contributions	-	-	-	75	25	5	-			-
Capital grants and contributions	143	25	245	-	-	12,374	1,104	87	236	227
Total business-type activities program revenues	4,812	4,858	5,223	5,401	5,137	18,436	7,531	6,187	6,428	6,663
Total primary government program revenues	$ 41,356	$ 37,418	$ 33,463	$ 44,356	$ 50,122	$ 68,589	$ 53,751	$ 47,306	$ 47,985	$ 43,749

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

(Continued)

	Fiscal Year									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Net (expense)/revenue										
Governmental activities	$ (49,809)	$ (68,056)	$ (77,454)	$ (77,454)	$ (77,076)	$ (86,968)	$ (104,849)	$ (116,582)	$ (121,936)	$ (98,720)
Business-type activities	(1,177)	(833)	(968)	(968)	(240)	10,611	45	(2,302)	(1,423)	(2,464)
Total primary government net expense	$ (50,986)	$ (68,889)	$ (78,422)	$ (78,422)	$ (77,316)	$ (76,357)	$ (104,804)	$ (118,884)	$ (123,359)	$ (101,184)
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	$ 49,371
Sales Taxes	37,995	41,267	43,317	49,696	51,744	51,438	45,246	41,938	42,483	47,271
Insurance premium tax	3,807	4,083	4,418	4,717	4,944	5,198	5,325	5,249	5,105	5,433
Real estate and recording taxes	2,758	3,044	2,789	3,161	3,391	2,259	1,318	1,074	1,013	1,147
Other taxes	599	1,406	1,417	1,491	1,530	1,560	1,502	1,478	1,820	1,860
Total taxes	78,059	84,541	89,118	98,578	104,009	109,432	104,070	103,134	102,734	105,082
Unrestricted grants and contributions	2,072	1,860	1,931	2,042	2,071	2,029	2,107	6	-	1
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	417
Transfers	(15,667)	(16,944)	(5,231)	(559)	(5,200)	1,828	(4,286)	(14,196)	3,697	(2,682)
Total governmental activities	65,118	70,935	88,889	104,133	105,320	117,181	102,515	89,067	106,700	102,818
Business-type activities:										
Investment earnings	606	1,743	112	117	181	194	65	33	17	1
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)	2,682
Total business-type activities	16,261	18,687	5,348	676	5,381	(1,634)	3,810	14,229	(3,680)	2,683
Total primary government	$ 81,379	$ 89,622	$ 94,237	$ 104,809	$ 110,701	$ 115,547	$ 106,325	$ 103,296	$ 103,020	$ 105,501
CHANGE IN NET ASSETS										
Governmental activities	$ 15,309	$ 2,879	$ 11,435	$ 26,679	$ 28,244	$ 30,213	$ (2,334)	$ (27,515)	$ (15,236)	$ 4,098
Business-type activities	15,084	17,854	4,380	(292)	5,141	8,977	3,855	11,927	(5,103)	219
Total primary government	$ 30,393	$ 20,733	$ 15,815	$ 26,387	$ 33,385	$ 39,190	$ 1,521	$ (15,588)	$ (20,339)	$ 4,317

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									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General fund										
Reserved	$ 346	$ 351	$ 587	$ 598	$ 193	$ 1,019	$ 47	$ 591	$ -	$ -
Unreserved	11,519	11,124	11,853	14,535	15,320	8,269	6,580	7,457	-	-
Nonspendable	-	-	-	-	-	-	-	-	624	631
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	313	1,380
Unassigned	-	-	-	-	-	-	-	-	8,374	12,896
Total general fund	$ 11,865	$ 11,475	$ 12,440	$ 15,133	$ 15,513	$ 9,288	$ 6,627	$ 8,048	$ 9,311	$ 14,907
All other governmental funds										
Reserved:	26,759	26,432	81,887	87,637	38,462	35,156	35,907	32,974	-	-
Unreserved, reported in:										
Special revenue funds	12,068	11,693	9,688	5,220	6,010	6,391	4,827	5,450	-	-
Capital projects funds	9,518	7,446	5,908	152	183	1,122	202	(17,823)	-	-
Total unreserved	21,586	19,139	15,596	5,372	6,193	7,513	5,029	(12,373)	-	-
Nonspendable	-	-	-	-	-	-	-	-	6,914	9,868
Restricted	-	-	-	-	-	-	-	-	27,586	24,675
Assigned	-	-	-	-	-	-	-	-	197	197
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 48,345	$ 45,571	$ 97,483	$ 93,009	$ 44,655	$ 42,669	$ 40,936	$ 20,601	$ 34,697	$ 34,740

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes (see table 5)	$ 78,815	$ 84,509	$ 88,715	$ 98,567	$ 104,167	$ 108,924	$ 103,539	$ 102,949	$ 102,599	$ 104,954
Licenses and permits	2,228	3,115	3,645	4,612	4,777	3,107	2,238	1,658	1,357	1,487
Fines and forfeitures	4,271	4,669	4,964	4,202	5,028	5,564	4,732	4,844	3,772	4,005
Charges for services	11,909	12,739	13,162	15,498	15,311	17,028	21,765	24,205	25,547	25,004
Investment earnings	1,899	550	1,496	3,877	4,331	1,967	419	94	232	186
Intergovernmental	7,407	8,638	7,714	7,400	7,794	10,447	8,852	8,798	6,449	4,851
Miscellaneous	248	138	115	260	108	371	194	108	540	210
Total revenues	106,777	114,358	119,811	134,416	141,516	147,408	141,739	142,656	140,496	140,697
EXPENDITURES										
General government	13,693	13,021	13,506	15,041	17,335	17,043	18,233	15,419	17,737	15,867
Judicial	9,201	9,650	12,032	13,800	13,384	15,069	15,368	14,970	14,888	15,178
Public works	6,840	7,774	6,761	7,062	8,054	7,643	12,635	11,275	10,994	6,275
Public health and welfare	2,818	3,703	1,759	2,209	3,275	3,287	3,604	3,131	2,888	2,301
Public safety	42,161	45,343	48,180	51,800	52,029	62,946	62,684	61,495	62,322	60,390
Recreation and culture	4,404	4,223	4,518	7,677	5,151	7,691	6,247	6,132	6,314	4,925
Housing and development	2,738	3,176	3,307	3,522	4,092	5,189	4,635	4,932	5,475	2,705
Intergovernmental	815	842	2,796	2,444	4,484	2,477	2,400	4,786	4,946	5,282
Capital Outlay	15,227	12,994	14,923	32,566	64,093	26,631	10,205	13,790	17,321	15,499
Principal on long-term debt	-	828	480	178	9,982	10,171	10,344	11,030	3,138	3,703
Interest on long-term debt	-	121	93	62	2,482	1,280	847	430	561	666
Issuance costs	-	-	266	-	-	-	-	-	248	-
Total expenditures	97,897	101,675	108,621	136,361	184,361	159,427	147,202	147,390	146,832	132,791
Excess of revenues over (under) expenditures	8,880	12,683	11,190	(1,945)	(42,845)	(12,019)	(5,463)	(4,734)	(6,336)	7,906
OTHER FINANCING SOURCES (USES)										
Transfers in	4,315	6,338	6,389	6,422	3,107	7,164	1,124	647	7,460	1,647
Transfers out	(19,982)	(23,282)	(8,362)	(6,918)	(8,307)	(5,336)	(5,411)	(14,843)	(3,763)	(4,328)
Issuance of bond debt	-	-	40,325	-	-	-	103	-	15,390	-
Premium on bonds issued	-	-	1,960	-	-	-	-	-	1,004	-
Proceeds from installment sale	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	134	-	-	-	-
Sale of capital assets	1,301	1,095	1,677	659	72	1,846	71	15	1,603	417
Total other financing sources (uses)	(14,366)	(15,849)	41,989	163	(5,128)	3,808	(4,113)	(14,181)	21,694	(2,264)
Net change in fund balances	$ (5,486)	$ (3,166)	$ 53,179	$ (1,782)	$ (47,973)	$ (8,211)	$ (9,576)	$ (18,915)	$ 15,358	$ 5,642
Debt service as a percentage of noncapital expenditures	0.0%	1.1%	0.6%	0.2%	10.4%	8.6%	8.2%	8.6%	2.9%	3.7%

HALL COUNTY, GEORGIA
General Fund Budget
Chart of Current Year and Next Year's Budgets

		Current Year Year Ending June 30, 2012		**Next Year** Year ending June 30, 2013
Revenues				
Taxes	$	60,066,275	$	62,144,636
Licenses and permits		1,595,820		2,321,540
Intergovernmental		1,527,285		1,456,443
Fines and forfeitures		2,688,022		3,937,920
Charges for services		19,524,137		17,680,578
Miscellanous		361,698		316,494
Operating Transfers		194,412		194,412
Use of Fund Balance		1,133,199		1,108,000
TOTAL REVENUES	$	87,090,848	$	89,160,023
Expenditures				
General government	$	17,696,230	$	19,548,279
Judicial		13,889,312		13,689,158
Public Health & Welfare		2,529,204		2,345,615
Public Safety		41,755,942		42,517,370
Public Works		4,387,326		4,160,576
Recreation & Culture		4,061,797		4,202,069
Housing and development		2,121,099		2,045,483
Agencies		277,254		269,882
Capital outlay		-		
Debt service		372,684		381,591
TOTAL EXPENDITURES	$	87,090,848	$	89,160,023

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
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
2012	$ 49,244	$ 26,934	$ 20,337	$ 5,433	$ 1,147	$ 1,859	$ 104,954

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:					
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	$ 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%
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%
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%
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%
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%
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%
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%
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%
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	6.25	$ 17,165,688	40.00%
2011	$ 3,865,590	$ 555,222	$ 1,188,777	$ 133,327	$ 771,123	$ 428,445	$ 24,428	$ 94,030	$ 416,583	$ 194,542	$ 6,449,817	6.25	$ 16,124,543	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
Direct and Overlapping Property Tax Rates - Mills
Last Ten Fiscal Years
(Mills - rate per $1,000 of taxable assessed value)

Tax Year / *Fiscal Year*	*2002* / *2003*	*2003* / *2004*	*2004* / *2005*	*2005* / *2006*	*2006* / *2007*	*2007* / *2008*	*2008* / *2009*	*2009* / *2010*	*2010* / *2011*	*2011* / *2012*
Unincorporated Districts										
County-Unincorporated	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250	6.250	6.250
Hall Co. Schools	15.770	14.410	15.130	16.300	17.200	15.750	16.420	16.420	16.420	17.670
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	1.880	1.620	1.620	1.120	1.120	1.510	1.510	1.510	1.510	1.650
Total Hall County Unincorporated	**25.220**	**22.800**	**23.500**	**24.660**	**25.550**	**23.770**	**24.430**	**24.430**	**24.430**	**25.820**
Incorporated Districts										
County - Incorporated except for City of Gainesville	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250	6.250	6.250
County - Incorporated - City of Gainesville (2)	7.130	5.520	6.030	6.550	6.980	6.260	6.250	6.250	6.250	6.250
Hall Co. Schools	15.770	14.410	15.130	16.300	17.200	15.750	16.420	16.420	16.420	17.670
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	3.120	2.990	2.980	2.470	2.470	2.720	2.710	2.710	2.710	3.080
Braselton CID	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.000

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

Municipalities										
City of Gainesville (1)	2.300	2.750	2.620	2.600	2.890	2.660	2.660	2.660	2.920	2.920
Gainesville City Schools (1) (3)	6.990	7.500	7.970	7.920	7.450	6.960	7.810	7.710	7.390	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	2.220	1.810	2.845	2.837	2.837	2.837	2.837	2.837	2.837
Buford City Schools	13.600	13.500	13.400	13.350	15.350	13.300	13.250	13.200	13.150	13.100

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

City of Gainesville	*5.750*	*6.875*	*6.550*	*6.500*	*7.225*	*6.650*	*6.650*	*6.650*	*7.300*	*7.300*
Gainesville City Schools	*17.475*	*18.750*	*19.925*	*19.800*	*18.625*	*17.400*	*19.525*	*19.275*	*18.475*	*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 2011			Tax Year 2002		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Wrigley Manufacturing Company	$ 69,341	1	1.08%	$ 71,226	1	1.76%
Georgia Power Company	47,689	2	0.74%	43,447	5	1.08%
Jackson EMC	37,647	3	0.58%	57,422	4	1.42%
Fieldale Farms Corp	29,856	4	0.46%	67,519	2	1.67%
Bellsouth	20,492	5	0.32%	41,539	6	1.03%
Tree Lake Associates	11,047	6	0.17%			0.00%
Federal National Mortgage Co	10,421	7	0.16%			0.00%
Norfolk Southern Corp	9,462	8	0.15%	59,223	3	1.47%
Atlanta Falcons Football Clubs, LLC	8,679	9	0.13%			0.00%
Primex Plastics Corp	7,643	10	0.12%			0.00%
World Color Dittler			0.00%	40,649	7	1.01%
New Holland Milliken			0.00%	35,472	10	0.88%
SKF USA Inc			0.00%	36,838	9	0.91%
ZUA Auto Parts			0.00%	39,796	8	0.98%
Totals	$ 252,277		3.91%	$ 493,131		12.21%

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	
2003	$ 37,602	$ 1,463	$ 733	$ 39,798	$ 39,130	104.06%	$ 666	$ 39,796	99.99%	$ 2
2004	38,091	2,760	805	41,656	40,954	107.52%	700	41,654	100.00%	2
2005	40,349	2,937	771	44,057	43,341	107.42%	606	43,947	99.75%	110
2006	43,873	3,018	869	47,760	46,918	106.94%	736	47,654	99.78%	106
2007	50,830	2,486	1,233	54,549	53,055	104.38%	1,350	54,405	99.74%	144
2008	52,955	2,838	1,478	57,271	55,300	104.43%	1,726	57,026	99.57%	245
2009	55,751	840	1,380	57,971	56,162	100.74%	1,495	57,657	99.46%	314
2010	54,698	467	1,134	56,299	54,711	100.02%	1,188	55,899	99.29%	400
2011	52,369	(141)	665	52,893	51,786	98.89%	55	51,841	98.01%	1,052
2012	$ 4,028	$ (9)	$ 208	$ 4,227	$ 4,098	101.74%	$ -	$ 4,098	96.95%	$ 129

Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes.
Property taxes levied during the calendar year 2011 are recorded as revenues in the financial statements in 2012 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 2012 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									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Taxable sales	$ 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	$ 5,506,097
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	1,450	0	1,549	1,644	1,697	1,369	1,205	3,690	3,581	4,334
City of Clermont	61	62	25	26	27	22	20	99	96	107
City of Lula	153	154	82	87	89	75	61	197	192	213
City of Flowery Branch	188	189	109	116	119	97	85	260	252	280
City of Braselton	n/a	n/a	1	1	2	1	1	3	3	4
City of Gillsville	17	18	9	11	11	0	0	25	24	27
City of Oakwood	220	221	161	168	178	144	127	385	373	415
City of Buford	0	0	0	0	0	0	0	15	14	16

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

HALL COUNTY, GEORGIA
Special Local Option Sales Tax Collections
Last Ten Calender Years

Calendar Year		Annual Collections	
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		26,184,117	
2012	$	13,342,364	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, 2012

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	Contracts & Notes Payable	Capital Leases	Contracts Payable	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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	42,236	-	1,337	-	5,247	-	48,820	1.05%	288
2006	41,643	-	1,159	-	1,825	-	44,627	0.92%	260
2007	31,256	-	971	-	1,729	-	33,956	0.66%	189
2008	20,703	-	894	14,347	11,239	-	47,183	0.90%	262
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
2012	$ -	$ 14,176	$ 274	$ 21,288	$ 34,014	$ 988	$ 70,740	1.25%	$ 386

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.
This schedule was revised to include original issue premiums and discounts on debt that previously had not been shown.

HALL COUNTY, GEORGIA
OTHER LONG-TERM LIABILITIES
Last Ten Fiscal Years
(amounts expressed in thousands)

	Governmental Activities					Business-Type Activities					
Fiscal Year	Compensated Absences	Claims Payable	Net OPEB Obligation	Net Pension Obligation	Total	Landfill Closure/ Post-closure	Compensated Absences	Total	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2003	$ 2,558	$ 1,290	$ -	$ -	$ 3,848	$ 4,656	$ 65	$ 4,721	$ 8,569	0.22%	$ 55
2004	2,704	2,135	-	-	4,839	5,036	69	5,105	9,944	0.23%	59
2005	2,750	2,490	-	-	5,240	5,197	69	5,266	10,506	0.23%	62
2006	2,758	2,497	-	-	5,255	5,425	66	5,491	10,746	0.22%	63
2007	2,928	2,244	-	-	5,172	5,731	78	5,809	10,981	0.21%	61
2008	3,118	2,590	-	-	5,708	6,023	65	6,088	11,796	0.22%	65
2009	3,479	2,681	7,265	-	13,425	6,185	77	6,262	19,687	0.36%	107
2010	3,729	2,973	23,219	-	29,921	6,320	76	6,396	36,317	0.63%	193
2011	3,733	2,821	48,170	-	54,724	6,496	74	6,570	61,294	1.10%	341
2012	$ 3,584	$ 3,444	$ 52,487	$ 554	$ 60,069	$ 7,097	$ 70	$ 7,167	$ 67,236	1.19%	$ 367

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.
(2) Landfill closure/postclosure costs were moved from the General fund to the Solid Waste Enterprise fund in 2004.

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)
2003	$ -	$ -	$ -	0.00%	0.00%	$ -
2004	-	-	-	0.00%	0.00%	-
2005	42,236	-	42,236	908.71%	0.35%	250
2006	41,643	9,903	31,740	657.34%	0.25%	185
2007	31,256	11,300	19,956	390.55%	0.15%	111
2008	20,703	11,290	9,413	178.82%	0.06%	52
2009	10,405	10,848	(443)	-8.02%	0.00%	(2)
2010	-	-	-	0.00%	0.00%	-
2011	-	-	-	0.00%	0.00%	-
2012	$ -	$ -	$ -	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, 2012
(amounts expressed in thousands)

Governmental Unit	*General Obligation Bonded Debt Outstanding*	*Percentage Applicable to Government*	*Amount Applicable to Government*
Hall County Direct Debt [7]	$ 14,450	100%	$ 14,450
Overlapping:			
Hall County Board of Education[1]	$ 33,581	100%	$ 33,581
City of Gainesville [2]	136,983	100%	136,983
City of Gainesville Schools [3]	25,348	100%	25,348
City of Oakwood [4]	12,027	100%	12,027
City of Buford[5]	9,000	19%	1,710
City of Braselton[6]	7,950	18%	1,431
Total overlapping debt	$ 224,889		$ 211,080
Total direct and overlapping debt	$ 239,339		$ 225,530

Source: Gainesville-Hall County Development Authority

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the county. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

[1] The Hall County Board of Education debt is comprised of $30,190,000 of general obligation bonds, $3,390,730 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%

[2] The City of Gainesville debt is comprised of intergovernmental contract debt; $107,618,467 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 $29,364,844 is governmental activities capital lease debt.

[3] The Gainesville School District debt is comprised of $18,080,000 of general obligation bonds, $4,545,000 of intergovernmental contract debt, and $2,722,952 of capital lease debt; most of the Gainesville School District debt is intended to be paid from a 1% educational sales

[4] $3,304,350 of the Oakwood debt is intergovernmental contract debt; $8,722,594 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									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Assessed value of property	$ 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	$ 7,060,942
Debt limit (10% of total assessed value)	426,071	508,130	525,277	554,055	589,429	722,860	751,098	764,978	743,266	706,094
Amount of Debt applicable to limit:										
General obligation bonds	-	-	42,236	41,643	31,256	20,703	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	19,956	9,413	(443)	-	-	-
Legal debt margin	$ 426,071	$ 508,130	$ 483,041	$ 522,315	$ 569,473	$ 713,447	$ 751,541	$ 764,978	$ 743,266	$ 706,094
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	8.04%	5.73%	3.39%	1.30%	-0.06%	0.00%	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	Debt Service Interest	Coverage
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	-	-	-	-
2012	$ -	$ -	$ -	-

[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	Education Level as a Percent of Population 25 yrs & Older (f) College or Higher	School Enrollment (d)	Unemployment Rate (e)
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%
2012	183,052	$ 5,639,100	$ 30,806	34.8	76.5%	21.0%	25,706	8.50%

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

	2012			2003		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northeast Georgia Medical Center	5,030	1	7.12%			
Fieldale Farms	2,250	2	3.18%			
Pilgrims Pride	1,600	3	2.26%			
Mar-Jac	1,200	4	1.70%			
Kubota Manufacturing of America	960	5	1.36%			
Coleman Natural Foods	900	6	1.27%			
Wrigley Manufacturing	850	7	1.20%			
The Longstreet Clinic	580	8	0.82%			
Koch Foods, Inc.	520	9	0.74%			
PFG Milton's Institutional Foods	420	10	0.59%			
All other employers	56,384		79.76%			
Total	70,694		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 2003 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									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Function										
General government	123	125	126	127	146	137	136	125	116	99
Public safety										
Sheriff										
Officers	296	296	307	307	330	423	423	423	496	468
Civilians	29	29	32	35	38	59	59	59	31	18
Fire and EMS										
Firefighters & EMT's	268	268	284	286	311	317	317	316	371	227
Civilians	9	9	10	10	11	16	16	16	11	27
Other public safety	104	104	95	96	98	104	105	118	-	-
Court system	142	151	151	174	191	202	208	207	189	190
Public works	100	101	95	94	96	96	96	90	99	63
Health and welfare	-	-	-	-	-	-	-	-	18	16
Recreation and culture	33	31	32	35	42	43	43	41	44	32
Housing and development	36	-	40	40	40	40	40	30	-	6
Solid Waste	28	29	29	29	29	29	29	29	27	27
Water & Sewer	-	-	-	-	-	-	-	-		
Total	1,168	1,143	1,201	1,233	1,332	1,466	1,472	1,454	1,402	1,173

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	6,051	5,018	7,266	7,525	8,257	9,200	9,426	8,664	8,358	7,369
Traffic violations	10,294	13,274	12,242	11,309	12,984	13,240	13,501	13,767	8,498	9,579
Fire										
Number of calls answered	21,178	20,840	20,799	23,479	24,073	25,331	26,655	28,048	23,329	23,461
Inspections	1,699	954	814	1,352	1,874	1,395	1,240	1,262	806	781
Highways and streets										
Street resurfacing (miles)	7	39	32	33	51	43	52	49	26	14
Potholes repaired	279	616	523	201	282	532	406	531	689	1,139
Sanitation										
Refuse collected (tons/day)	218	238	234	258	244	274	284	196	182	165
Recyclables collected (tons/day)	12	12	12	11	11	14	15	10	9	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	1,950	2,050	205	211	237

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Sheriff headquarters &/or precincts	3	3	3	3	3	3	3	3	3	3
Fire Stations	13	13	13	13	14	15	15	15	15	15
Solid Waste										
Compactor Sites	13	13	13	13	13	13	13	13	13	13
Highways and streets										
Streets (miles)	1,020	1,025	1,026	1,037	1,046	1,052	1,052	1,052	1,056	1,060
Streetlights*	210	233	255	283	308	312	316	324	320	322
Traffic signals	28	27	26	26	29	35	35	35	38	38
Culture and recreation										
Parks acreage	850	850	850	974	1,359	1,359	1,359	1,359	1,459	1,459
Parks	17	17	17	19	20	20	20	20	20	20
Tennis courts	30	30	30	34	34	34	34	34	34	34
Community centers	3	3	3	3	4	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 (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	32	32	32	32	60
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	1,950	1,950	2,050	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.

HALL COUNTY , GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2012

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	2011-AP-BX-0401	$ 69,148	$ 69,148
-Edward Byrne JAG Grant-Hall County Sheriff	16.738	2011-DJ-BX-2547	22,508	22,493
-Bureau of Justice Assistance/FY09 Adult DUI/Drug Court Dis	16.585	2009-DC-BX-0068	199,078	113,759
-BJA-Bulletproof Vest Partnership	16.607	2011	2,442	2,442
Passed through the Georgia Bureau of Investigations				
- Victims of Crime Assistance	16.575	2010-VA-GX-0073/C10-8-215	40,869	37,058
- Victims of Crime Assistance	16.575	2009-VA-GX-0045/C09-8-187	40,869	4,390
- Victims of Crime Assistance	16.575	2011-VA-GX-0010/C11-8-070	44,046	35,233
- Victims of Crime Assistance	16.575	2010-VA-GX-0073/C10-8-101	44,046	8,829
-Victims of Crime Assistance	16.575	2011-VA-GX-0010/C11-8-069	39,867	31,184
-Victim of Crime Assistance	16.575	2010-VA-GX-0073/C10-8-099	39,867	7,435
			249,564	124,129
-Recovery Act-Byrne/JAG (Jail)	16.803	2009-SU-B9-0003/B82-8-117	10,000	540
-Recovery Act-Byrne/JAG (Solicitor)	16.803	2009-SU-B9-0003/B82-8-121	52,000	6,786
-Recovery Act-Byrne/JAG (Treatment Svcs)	16.803	2009-SU-B9-0003/B82-8-123	36,450	-
			98,450	7,326
Passed through GA Judicial Council				
- Purchase of Services for Juvenile Offenders	16.523	JB-08ST-0002 & JB-07ST-004	16,500	3,163
- Purchase of Services for Juvenile Offenders	16.523	JB-09-ST-0004	7,500	7,500
			24,000	10,663
TOTAL US DEPARTMENT OF JUSTICE			665,190	349,960
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	4,000
-CHIP Grant 2011	14.239	2011-814	304,470	18,500
-CHIP Grant 2007 Set-Aside	14.239	07m-y-069-1-2978	85,485	-
			689,955	22,500
-NSP 2009	14.264	08-ns-5064	2,646,541	16,641
-NSP 3	14.264	11-ns-6005	1,903,817	-
			4,550,358	16,641
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			5,240,313	39,141
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	-
-Capital Improvement Assistance Grant	20.507	GA-90-0309/T003235	65,920	17,109
-Transit Operating Assistance Grant	20.507	GA-90-4309/T003237	933,592	321,768
-Capital Improvement Assistance Grant	20.507	MTG00-0148-00-009/GA-90-0259	171,200	123,301
-ARRA Capital Improvement Assistance Grant	20.507	GA-96-X012/T004208	180,522	18,740
-ARRA Capital Improvement Assistance Grant	20.507	GA-96-X012	600,000	-
			2,127,796	480,918
-Transit Operating Assistance Grant	20.509	GA-18-4032/T003812	200,173	200,173
-Capital Improvement Assistance Grant	20.509	GA-18-0032/T003903	112,080	92,500
-ARRA Capital Improvement Assistance Grant	20.509	GA-86-X001/T002809	200,000	1,100
			512,253	293,773
-Transit Planning Assistance Grant	20.505	GA-60-0007-01/T004046	51,194	51,185
Passed-through the Georgia Department of Human Resources				

HALL COUNTY , GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
-Transportation Grant	20.513	42700-362-0000008739	42,519	42,519
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,733,782	868,395
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through the Georgia Department of Human Services				
-Division of Child Support Services	93.563	42700-401-0000008971	6,750	2,850
Passed-through the Georgia Department of Human Resources				
-Transportation Grant	93.667	42700-362-0000008739	31,600	31,600
-Special Programs for the Aging	93.044	42700-362-0000008739	78,861	78,861
-Temporary Assistance for Needy Families	93.558	42700-362-0000008739	10,500	10,198
			120,961	120,659
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			127,711	123,309
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed-through the Georgia Emergency Management Agency				
-GEMA-EMA	97.053	2010-SS-T0-0034/BW# 2556	8,400	-
-GEMA-EMA	97.053	2009-SS-T9-0047/BW #2356	14,000	-
			22,400	-
-GEMA Sheriff's Department/Court Services	97.067	2010-SS-T0-0034/BW #2674	3,500	67
-GEMA-Sheriff's Department/Court Services	97.067	2009-SS-T9-0047/BW #2576	7,438	6,040
			10,938	6,107
-GEMA Sheriff Department	97.067	2007-GE-T7-0054/BW #2640	270,000	267,354
-GEMA Sheriff Department	97.067	2010-SS-T0-0034/BW #2649	10,000	9,560
-GEMA Sheriff Department	97.067	2010-SS-T0-0034/BW #2650	65,000	63,050
			345,000	339,964
-GEMA PPA	97.042	OEM11-071	41,783	41,783
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			420,121	387,854
US DEPARTMENT OF ENERGY				
- ARRA - DOE/EECBG	81.128	DE-SC0001439	762,600	304,374
TOTAL US DEPARTMENT OF ENERGY			762,600	304,374
US ENVIRONMENTAL PROTECTION AGENCY				
Passed-through the Georgia Environmental Finance Authority				
- AARA Loan for Clean Water State Revolving Funds	66.458	CWSRF06006	1,121,247	1,121,247
TOTAL US ENVIRONMENTAL PROTECTION AGENCY			1,121,247	1,121,247
GRAND TOTAL			$ 11,070,944	$ 3,194,280

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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 21, 2012

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, 2012, which collectively comprise the HALL COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 21, 2012. 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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 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 questioned costs to be significant deficiencies in internal control over financial reporting, findings 12-02 through 12-03.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding 12-01.

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.

We noted certain matters that we reported to management of HALL COUNTY, GEORGIA, in a separate letter dated December 21, 2012.

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 21, 2012

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

Compliance

We have audited HALL COUNTY, GEORGIA's compliance with the types of compliance requirements described in theOMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of HALL COUNTY, GEORGIA's major federal programs for the year ended June 30, 2012. 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, 2012.

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, 2012

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unqualified opinion.
2. Compliance (financial statements) – One material instance of noncompliance.
3. Internal Control (financial statements) – Two significant deficiencies, no 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 – Federal Transit Cluster, CFDA 20.507; GEMA Sheriff Department CFDA 97.067; Loan for Clean Water State Revolving Funds CFDA 66.458; 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

COMPLIANCE

CLERK OF COURT

12-01 ***Statement of Condition:***

Three checking accounts for Hall County Clerk of Court at Independence Bank of Georgia were not coded as public fund accounts, and consequently, not adequately collateralized at June 30, 2012 by a total of $512,496.

Criteria:

The State of Georgia requires public fund accounts to be collateralized at a minimum of 110% of deposits.

Effect of conditions:

Since the accounts are not adequately collateralized, the bank could fail to protect county funds on deposit in the event of a bank failure.

Cause of Condition:

Cause of condition is unknown.

Recommendation:

We recommend that all public funds be adequately secured.

Response:

I "Charles Baker" and Chief Deputy Clerk "Greg Whitmire" signed a collaterization agreement from Independence Bank that states all Hall County Clerk of Court account or accounts are collateralized as of December 14, 2012.

SIGNIFICANT DEFICIENCY

FINANCE

12-02 ***Statement of Condition:***

During transaction testing for county procurement cards, it was noted that of the 25 transactions sampled, 5 did not have the appropriate manager approval; rather, the purchases were self authorized by the purchasing employee.

Criteria:

To ensure reliable accounting records, expenses should be carefully examined and properly authorized by management (department heads).

Effect of Condition:
Inappropriate expenses that do not related to the operations of Hall County, Georgia could have been approved and paid for by the Finance Department.

Cause of Condition:
Internal controls not being enforced by department heads.

Recommendation:
We recommend that all purchases be carefully examined and approved by management and that the Finance Department does not approve any purchase for payment that has not been approved by the appropriate manager or department head, without exception.

Response:
The Finance Department concurs with this recommendation and has put into place new internal controls that will provide oversight and segregation of duties in regards to use and approval of procurement card charges.

12-03 ***Statement of Condition:***
During transaction tests for EMS billings, it was noted that 2 out of 25 EMS incident transactions tested were not appropriately recorded in accounts receivable at June 30, 2012. One incident was not posted at all in the system, while the second incident was posted in the system as accounts receivable; however payments that were received and deposited in the bank account before year end, were appropriately posted against accounts receivable at June 30, 2012.

Criteria:
To ensure reliable accounting records, revenue should be recorded when services are provided; thus resulting in a receivable. Additionally, when payments are received from the customer regarding the services provided, an accurate posting should occur to record the deposit in the bank account and reduce the receivable balance.

Effect of Condition:
Accounting records do not properly reflect classification of revenue and outstanding accounts receivable.

Cause of Condition:
Cause of condition unknown.

Recommendation:
We recommend that all incidents be carefully examined and appropriately recorded in accounts receivable as of the date services are provided. Additionally, receivable balances should be updated on a continual basis as payment for services are realized.

Response:
Staff concurs with this recommendation and will work with the Finance staff to put procedures into place that will provide accurate accounts receivable reports.

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, 2012.