

20th Anniversary

of the 1996 Olympic Games

CAFR

For the year ended June 30, 2016

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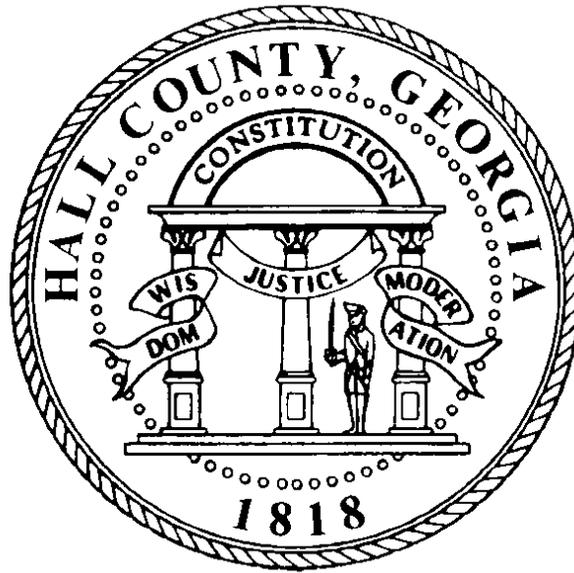


Hall County Government's
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

now...

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



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, 2016**

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Hall County Government

BOARD OF COMMISSIONERS

POST OFFICE DRAWER 1435
GAINESVILLE, GEORGIA 30503

t: 770.535.8288 | f: 770.531.3972

CHAIRMAN
Richard V. Mecum

Kathy L. Cooper, District 1
Billy Powell, District 2
Scott Gibbs, District 3
Jeff Stowe, District 4

COUNTY ADMINISTRATOR
Randy D. Knighton

ASSISTANT COUNTY
ADMINISTRATOR
Marty Nix

COMMISSION CLERK
Lisa A. Ritchie

December 8, 2016

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

We are pleased to present the Fiscal Year 2016 Comprehensive Annual Financial Report for Hall County, GA, which details our sound fiscal position. The County's strength is due in part to our long standing tradition of conservative fiscal management. In Fiscal Year 2016, Hall County Government continued to provide excellent services to its citizens while maintaining conservative spending practices.

The Comprehensive Annual Financial Report (CAFR) of Hall County, Georgia for the fiscal year ended June 30, 2016, 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 year 2016 and that the information presented is fair and accurate. We encourage readers to consider this transmittal letter in conjunction with the management discussion and analysis and annotated financial statements which can be found immediately following the report of the Independent Auditor.

The County's financial statements have been audited by Bates, Carter, & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2016, 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 unmodified opinion that Hall County, Georgia's financial statements for the fiscal year ended June 30, 2016, 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, 2016. The required reports on supplemental information, compliance, internal controls and various supplementary schedules are included under the Compliance Section.

PROFILE OF THE GOVERNMENT



Board of Commissioners, L to R: Billy Powell – District 2, Cathy L. Cooper – District 1, Jeff Stowe – District 4, Richard V. Mecum – Chairman, Scott Gibbs – District 3

Hall County was established 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 5 years. Between 2010 and 2015, the population changed by 7.7% compared with a state change in population of 5.4%. The 2015 estimated population of Hall County is 193,535. Gainesville-Hall County Metropolitan Statistical Area (MSA) is one of the top 50 fastest growing metropolitan areas in the United States. The County's largest incorporated municipality is Gainesville, with a population of 33,804 (U.S. Census Bureau 2010) representing 20.0% of the entire County population. Gainesville's population is now estimated at 38,712 by the U.S. Census Bureau 2015. Other municipalities include Oakwood, Flowery Branch, Clermont, Lula and Gillsville; as well as, a part of Buford, Braselton, and Rest Haven.

Hall County operates under the commission form of government as set forth in its charter. The Board of Commission 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. Work is in progress to provide sewer in North Hall as well.

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

In FY 2016, Hall County continued to see signs of an improved economy. Local Option Sales Tax collection was 6.05% higher in 2016 than in 2015. The Title Ad Valorem Tax has provided significant revenue to the General Fund for FY 2016. This change in the motor vehicle tax enacted by State legislation (House Bill 386) in FY 2013, and provided \$5.58 million in revenue to the General Fund in FY 2016 compared to \$5.56 million in FY 2015. The Tax Digest was 6.5% higher than the prior year. It is anticipated that the tax digest will see a slight increase of 2.0% in fiscal year 2017. Building permits and business licenses also continue to see increases from the past few years. These increases provide the optimism for continued economic growth.

- The County continued to see improvement in the local economy. The unemployment rate is 4.6% compared to last year of 6.0%. This rate is lower than the State at 6.1% but higher than the United States at 5.3%.
- The Gateway Centre Industrial Park located Northeast of Gainesville on the Hwy 365 corridor has strategically positioned this region of Hall County to grow over the next 10-20 years. The Gateway Centre has seen significant interest from domestic and international businesses, including investments by Kubota Manufacturing of America and the Georgia Poultry Laboratory Network.
- Hall County continues to be a most desired retirement community for people from all over the United States. Its mild climate along with great recreation areas including Lake Lanier and a moderate cost of living makes it one of the nation's top places to retire.
- The SPLOST VII referendum was approved by voters in March 2015 and officially commenced on July 1, 2015. SPLOST VII is projected to earn \$158 million over five years, contributing to road improvements, 2 new fire stations, fire apparatus and heavy equipment, water and sewer expansion, recreational facilities, a comprehensive E-911 technology upgrade, a new Senior Center, and other projects that would not otherwise be possible. As of June 30, 2016 (end of year one), proceeds collected were 4% higher than projections.
- The general fund millage rate decreased slightly in FY 2016 to 5.735 mills from 5.989 mills in FY 2015.

Tourism

- 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 is headquartered in Flowery Branch.
- Road Atlanta, a 2.54-mile International Grand Prix course, attracts 320,000 visitors annually.
- Elachee Nature Science Center, located in the Chicopee Woods Park, consists of a 1,500 acre forest nature preserve with 13 miles of hiking trails. An interactive outdoor classroom was recently opened.
- Smithgall Woodland Garden, a 190-acre preserve in the City of Gainesville and part of the Atlanta Botanical Garden, completed its \$20 million campaign to develop the garden with a visitor center, children's garden, amphitheater and pavilions. The Gainesville location is a new destination for connecting with beauty and the natural world. Complete with a visitor center, outdoor gardens, a model train garden and an amphitheater, it is a cultural center for the community hosting exciting exhibitions, events, and educational programs. Construction was completed in the spring and Atlanta Botanical Garden opened in May 2015.

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 offers 146 units. Lanier Village Estates has 340 residences with extended care. Cresswinds on Lanier is a 251 acre age-restricted development and will have more than 900 homes upon completion. 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 987 homes developed since 2008.

Healthcare

- In 2016, Hall County continued to be the premier health care provider in North Georgia.
- Northeast Georgia Medical Center was named Georgia's #1 Hospital for heart, stroke, and women's services, and among the top 10 in the Nation according CareChex, an independent healthcare quality rating service.
- Northeast Georgia Health System acquired a 119-acre site in 2009-2010 for a new \$200 million South Hall hospital and healthcare village. NEGMC opened a 100-bed hospital in Braselton in the spring of 2015. This is the state's first net-new hospital, meaning not a relocation or replacement in almost 20 years. The Braselton campus is also home to a medical office building, Medical Plaza 1, which houses an urgent care center, imaging center, endoscopy suite, outpatient lab, and therapy services in addition to over 20 physician offices.

MAJOR INITIATIVES & ACCOMPLISHMENTS

Fiscal year 2016 found Hall County Government looking for more ways to maximize available revenues to continue to provide necessary services to its citizens. Even with some limitations, Hall County was able to provide major

infrastructure improvements, enhance public services, and initiate new programs to benefit residents, including the following:

General Government

Finance

Since 2008, the County has endured the downturn of the economy along with the rest of the nation. In an effort to make the most of available financial resources, the County implemented several austerity measures. These included monthly furlough days for all employees, elimination of County retirement contributions, freeze on hiring, no merit or cost of living increases, and limiting capital expenses to only necessary items. By Fiscal Year 2014, all restrictions had been lifted and employees were made whole on benefits. In Fiscal Year 2016, the Commission provided a cost of living increase to all public safety employees which went into effect November 2015. Additionally, all full and part time employees received a one-time bonus based on years of service in November 2015.

Human Resources

The Hall County Health Center opened in January 2015 and encompasses the Clinic as well as Pharmacy available to retirees, current employees and their dependents covered by Hall County's medical insurance. This strategic operating initiative has been highly successful since its inception 18 months ago. Not only has the Health Clinic and Pharmacy been a convenient benefit for County employees and family members, it has allowed Hall County to reduce health insurance costs for employees and taxpayers. In conjunction with Human Resources, the Health Center is managed by Dr. Philip Marler and Pharmacist, Justin Holland.



Hall County Health Clinic and Pharmacy

Additionally, the Human Resources and Financial Services staff implemented ADP, an online payroll processing system which updated the County's old manual time-keeping methods, integrated and enhanced online open enrollment and access to payroll, and implemented a critical compliance solution to help reduce the County's exposure to risks. This was a comprehensive overhaul regarding the County's payroll process, with a 6 month implementation process, and highlights the County's commitment to effective and efficient operating processes and practical business solutions.

Public Information

Hall County's Public Information Office has continued to capitalize on its successful rebranding effort by receiving national recognition for that process this year, furthering its promotion of the new County website with the development of a mobile app, and by embarking on an internal rebranding campaign to identify the organizational values of Hall County Government.

The Hall County organizational values of **S.E.R.V.E.** are as follows:

Serving Citizens- We will always highly value the citizens we serve as the object of our continual focus on services. We will support the advancement of professionalism to our citizens and within the organization by our conduct, speech, demeanor and decision making.

Enhancing Community- We will pursue innovative and creative means of advancing the organization forward to meet the expectations of growth and economic development opportunities in the future.

Responsible Stewardship- We will exhibit the highest level of stewardship to the citizens we serve, recognizing we are ultimately accountable to the public for our actions and duties.

Valuing Transparency- We will maintain openness and transparency as a basic tenet of our organizational structure. We will adhere to the highest level of ethical standards in the execution of our duties and responsibilities.

Efficient Cooperation- We will respect each member of staff as a necessary and vital member of the organization, recognizing the importance of the unique gifts, abilities, experiences and talents which are integral to the organization reaching its maximum potential; in order to best serve the citizens of Hall County.



*"Walka Mountain High" by Sharon Farkas
Displayed at the Hall County Government Center main entrance*

These values can be easily remembered by the first letter of each phrase, which spells out the word **SERVE**. These values are being fully integrated into the fabric of our everyday decision-making and service to citizens. As County staff, we will encourage the adherence to these values within our departments and throughout the entire County organization. Posters advertising these values have been placed in prominent locations within various County facilities. These will serve as a visible reminder to us all of who we are as an organization not only this year, but in the years to come as well.

The Board of Commission and Administration implemented a new "Public Art Program" in May 2016 to showcase two-dimensional works of art for a period of six months at the Hall County Government Center located on Browns Bridge Road. The County's goal is to celebrate Hall County and the slogan, "We have it all in Hall." The Government Center is an ideal location to display local artists work due to the significant volume of citizens and visitors at this facility. The Government Center has been a wonderful investment for the County and has provided a one-stop shop for County services.

Public Works

Sewer

The County completed installation of sewer along the SR 365 corridor and in the Gateway Industrial Centre in North Hall County. Gateway Industrial Centre is the driver of this, but there are over 7,000 acres in this basin that provide growth opportunity for the County. An agreement has been reached with the City of Gainesville to provide treatment of this sewer. As of June 30, 2016, additional studies, design, and engineering analysis were being conducted to provide sewer infrastructure along SR 365 from the Gateway Industrial Centre north to Habersham County. Funding for this infrastructure project is SPLOST VII.

Solid Waste

Solid Waste and the Landfill divisions continue to develop their operations by upgrading and replacing their crucial equipment. In FY 2016, the Landfill continued the redevelopment of Phase I, Cells 1-4 to provide more landfill space and increase the life of the landfill by 3 ½ years. During the course of construction, it was discovered that there were many areas within the phase that contained large amounts of soil and very little waste material. The drawbacks to these large pockets of soil include wasted airspace, higher incidents of leachate outbreaks, and impeded potential for future Landfill Gas to Energy (LFGTE) projects. This project was completed in November 2015. Hall County immediately began researching the benefits of screening approximately 430,000 cubic yards of excavated waste material. Our research concluded that a screening machine operating under the least favorable

conditions will at a minimum regain 23% net airspace and recoup 100,000 cubic yards of soil. The monetary benefits of the screening equates to \$2,000,000 of regained airspace and \$800,000 of lost soil. The work to increase the capacity of the landfill has resulted in a longer useable life, which currently is 30 – 35 years. In addition to the increased landfill capacity initiative, the County invested funds to renovate and increase the square footage of the scale house and administrative offices at the Landfill. This project has increased the operating efficiency of the Landfill scale house and the functionality of the office space.

The Candler Road Landfill continues to receive scores of 90 or above on its compliance inspection.

Fleet Maintenance

The Fleet Maintenance Division oversees the County’s vehicle and heavy equipment program. From vehicle maintenance to GPS tracking devices, the Fleet Maintenance Division is highly engaged and vital to the County’s ability to provide daily services. Additionally, all vehicle purchases are processed through the Fleet Maintenance Department to ensure that County resources are maximized. In recent years, Hall County has leveraged budgeted funds for vehicle and heavy equipment replacement by purchasing used items from government auctions and online marketplaces. During FY 2016, this vehicle replacement program was by increasing the number of new and used vehicles purchased.

Public Safety

Emergency Telephone Service (E-911)

Hall County Central Communications is in the middle of a monumental upgrade project. The entire communications center is in the process of being updated to meet the growing demands of the public. The upgrades started with a remodel of the 15 year old facility. New furniture, flooring, and a HVAC were installed to replace the aged and underperforming equipment. The radio system infrastructure and the computer aided dispatch software are in the midst of being upgraded with the most current technology. All this upgrading has been done while still providing seamless and uninterrupted service to the citizens and public safety agencies.

The newly upgraded center and technology will have Hall County Central Communications poised for Next Generation 911 service and will enable us to be a regional leader in technological advancements in receiving requests and dispatching emergency equipment.



New E-911 Central Communication Center

Fire Services

Annually, the Hall County Fire Services Department responds to more than 22,000 emergencies – including both fire and medical. Keeping this service volume at the forefront of decision making, FY 2016 strategically resulted in a continued investment in efficient and effective service delivery, while expanding the Department’s commitment to serving our community with honor, courage, and integrity. In November 2016, all firefighters and paramedics received a pay increase; additionally, incentive pay was directed at paramedics for the specialized services provided while on duty. Both compensation and benefit adjustments were designed to address retention and recruitment issues. Capital purchases included four new ambulances, three quick response vehicles for EMS (reducing mileage on fire apparatus), 2,000 gallon water tanker fire apparatus, 40 mobile data terminals installed on operating apparatus to better synchronize dispatch and E-911 call information, 16 new stretchers for ambulances, and 4 LUCAS (CPR device) machines. FY 2016 initiated a strategic plan to renovate aging fire stations over the next five years, starting with station #7. Currently, Hall County operates 16 fire stations, with two additional stations planned as part of the SPLOST VII program. Operationally, the Fire Services Department, in conjunction with Administration and Financial Services, transitioned EMS billing and collections to a third party service provider.

This has resulted in a more consistent, timely, and accurate billing and collection operation; with an emphasis on reduced risk exposure and increased financial reporting and recordkeeping.

Law Enforcement



New Hall County Sheriff's Headquarters

The Hall County Sheriff's Office is a full service law enforcement agency that provides 24 hour uniform patrol, School Resource Officers (SROs), school crossing guards, advance (youth education) program, neighborhood watch programs, criminal investigations, dive and SWAT teams, courthouse security, inmate work details, community service (clean streets) bus program, work release program, and operates one of North Georgia's largest jails (1,134 inmate capacity). The Sheriff's Office sincere and dedicated commitment to protect "all we serve," is highlighted in the \$30.1 million operating budget, which represents the largest program service budget in the General Fund.

During FY 2016, Sheriff Couch and his leadership team strove to improve officers pay to be on par with industry standards and also used capital expenditures to continue improving services to the community. The efficient use of budgeted resources will ensure the continuation of optimal services provided by the Sheriff's Office and strategically position its operation for the continuing growth of Hall County. The construction of the new Sheriff's Headquarters, located on the same campus as the Hall County Government Center, signified the commitment to increased efficient and effective operational functionality. This \$5.8 million, state of the art facility, offers the best in technology, energy proficiency, location, and service delivery. The Sheriff's Headquarters was funded through the SPLOST VI program and utilized inmate labor throughout the project. Finally, to address an aging fleet and other capital items, SPLOST VII has committed to a 5 year \$2.7 million plan to inject new capital into the Sheriff's Office. This investment will maintain the dependability and consistency of public safety services while reducing maintenance costs.

Recreation and Culture

Parks and Recreation

In FY 2016, the Parks & Leisure Services Department continued to maintain and operate one of the largest and most diverse park systems in the state. Consisting of 29 facilities / parks and approximately 1,975 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.

Phase one of Hall County's newest park, Cherokee Bluffs, opened in November 2015. Amenities at this new 168 acre park consist of multi-use biking and hiking trails, pavilions, amphitheater, a community and concession building, and a fishing pond. Phase two will include an 18-hole disc golf course, 2.5 miles of additional trails, playground and outdoor fitness equipment.

The Healan's Mill Restoration officially commenced during FY 2016. This public-private project in conjunction with the Head's Mill Historic Preservation Trust, is a restoration, preservation, and development venture that will serve as a landmark and tourist/cultural center. Located on the 365 corridor near the Gateway Village, Healan's Mill was originally built in 1852 and



Healan's Mill Undergoing Restoration

is nationally recognized as a Historic Mill of America. This is an exciting project with significant potential, and Hall County staff is eager to stabilize the mill and continue to works towards making this location a focal point of the community.

Agencies and Strategic Partnerships

In celebration of the 20th Anniversary of the 1996 Centennial Olympic Games, featured on the front and back audit covers, Hall County is proud to announce the recent revitalization of Lake Lanier Olympic Park, continuing to position the venue as a world-class, international competition site. During the 1996 Olympic Games, Hall County served as proud ambassador and host of the rowing and sprint canoeing events held at Clarks Bridge Rowing Venue on Lake Lanier. This facility is still in use today and has been rebranded as the Lake Lanier Olympic Venue. Annually, the Park hosts numerous events including community fundraisers and, most notably, the USA and Canadian Canoe/Kayak Team Trials and Pan-America Championship. Hall County is a proud partner of Lake Lanier Olympic Park, sharing many of the same values as both the venue and the Olympic Games themselves: excellence, respect, teamwork and stewardship

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, finance and maintenance needs. The County also maintains a longer-term Comprehensive Plan in accordance with state requirements.

Most capital projects are budgeted and paid for by SPLOST funding. The majority of projects initiated or completed in 2016 were funded through SPLOST. The exception was the Cherokee Bluff's Park that was majorly funded by Impact fees.

Debt Service

Hall County is committed to sound debt management processes and oversight. The overall vision is to utilize long-term debt to provide resources to finance need capital improvements, while accumulating adequate resources to repay the debt. Also, it is the County's goal to maintain and improve its credit rating through strong financial administration. Currently, Standard and Poor's bond rating for Hall County is AAA. In December 2015, Moody's Investors Service upgraded the County's bond rating from Aa3 to Aa2. This rating represents the second best rating available in the market place and is a direct reflection of the County's financial strength, operating effectiveness, conservative budgeting, and proactive management. Additionally, this rating also incorporates the County's sizeable tax base and manageable debt service profile. Since 2012, Hall County, under the leadership of the Board of Commissioners, has reduced the total primary County-wide debt (governmental and business-type activities) by \$21.4 million, from \$70.7 million to \$49.3 million.

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. Department officials have limited access to the accounting software which 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 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 public accounting firm of Bates, Carter and Company, LLP.

Awards and Acknowledgements

In 2016, for the 24th consecutive year, Hall County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for Fiscal Year 2015. The award honors easily readable, efficiently organized, comprehensive annual financial reporting that meets 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.

Administration and the Financial Services Department appreciate the various county departments and offices for their assistance and contributions throughout the year in matters pertaining to the financial affairs of the County. We also thank the accounting firm of Bates, Carter and Company, LLP for their technical guidance and commitment to excellence in financial standards and governmental accounting. Finally, we thank the Board of Commissioners for their support, guidance, and responsible stewardship of the financial affairs of the County.

Respectfully submitted,



Randy D. Knighton, ICMA-CM, AICP
County Administrator



Zachary T. Propes, CPA
Director of Financial Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

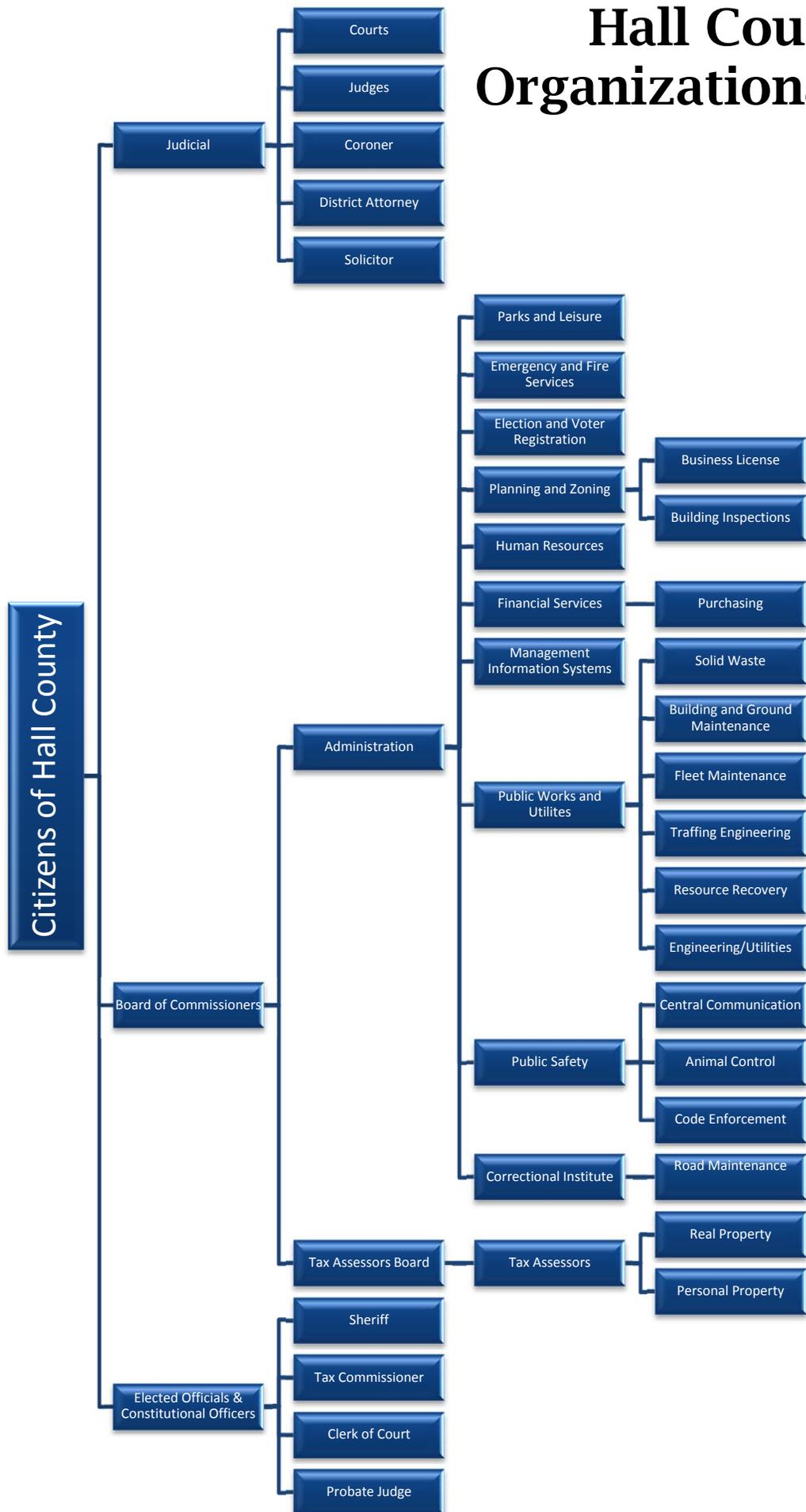
**Hall County
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

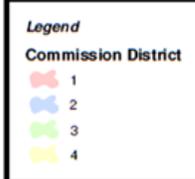
Executive Director/CEO

Hall County Organizational Chart



Officials of Hall County

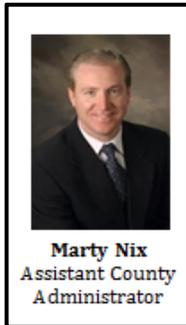
Board of Commissioners District Map Hall County, GA



Elected Officials and Constitutional Officers

Chief Magistrate Judge	Margaret Gregory
Clerk of Court	Charles Baker
District Attorney	Lee Darragh
Juvenile Court Judge	Lindsay Burton
Probate Court Judge	Patty Walters Laine
Public Defender	Brad Morris
Sheriff	Gerald Couch
Solicitor – General	Stephanie Woodard
State Court Chief Judge	Charles Wynne
State Court Judge	Larry Baldwin II
State Court Judge	B.E. Roberts III
Superior Court Chief Judge	Andrew Fuller
Superior Court Judge	Jason Deal
Superior Court Judge	Kathleen Gosselin
Superior Court Judge	Bonnie Oliver
Tax Commissioner	Darla Eden

Administration



Hall County Department Heads and Management

Ambulance Services (EMS)	Jeff Hood
Animal Services	Mike Ledford
Building Inspections	Lamar Carver
Building Maintenance	Brett Jockell
Business Licenses	Susan Rector
Coroner	Marion Merck
Correctional Institution	Walt Davis
Court Services	Reggie Forrester
E-911/Central Commination	Gail Lane
Elections and Voter Registration	Charlotte Sosebee
Emergency Management Agency (EMA)	David Kimbrell
Engineering	Kevin McInturff
Financial Services	Zachary Propes
Fire Services	Jeff Hood
Fleet Maintenance	John Udzenski

Human Resources	Bill Moats
Landfill	Johnnie Vickers
Management Information Systems (MIS)	James Thomas
Marshal's Office	Andre Niles
Parks and Leisure	Mike Little
Planning and Zoning	Srikanth Yamala
Probation Services	Reggie Forrester
Public Works	Ken Rearden
Purchasing	Tim Sims
Resource Recovery	Bobby Purdum
Road Maintenance	Jimmy Hightower
Solid Waste	Johnnie Vickers
Tax Assessor's Office	Steve Watson
Treatment Services	Debbie Mott

INDEPENDENT AUDITORS' REPORT

December 8, 2016

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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, component unit of the County, as of and for the year then ended June 30, 2016, which statements reflect total assets of \$4,661,447 as of June 30, 2016, and total revenues of \$16,884,083 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Estimate

As discussed in Note 1, Note 7, and Note 14 to the financial statements, the County recorded an increased landfill closure/postclosure liability due to a major modification in the liability estimation methodology.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Net Pension Liability - ACCG Restated Pension Plan for Hall County Employees, Schedule of Contributions - ACCG Restated Pension Plan for Hall County Employees, Schedule of Notes to Required Supplementary Information - ACCG Restated Pension Plan for Hall County Employees, Schedule of Funding Progress - Other Post Employment Benefits, Budgetary Comparison Schedule - General Fund, and Budgetary Comparison Schedule - Fire District Fund listed in the table of contents 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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HALL COUNTY, GEORGIA's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, Schedule of Projects Constructed with Special Sales Tax Proceeds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information identified above is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2016, on our consideration of the HALL COUNTY, GEORGIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HALL COUNTY, GEORGIA's internal control over financial reporting and compliance.

Bates Carls : 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, 2016. 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 position and the statement of activities which are described below:

- Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position 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 position 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 position, 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 14-55 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 63-77 of this report.

- Hall County's net position at June 30, 2016 was \$427,715,348. Of this amount, \$443,608,837 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 \$(15,893,489).
- As of June 30, 2016, the County's governmental funds reported combined ending fund balance of \$55,971,807, a change of \$(4,196,860) in comparison with the prior year. The decrease in the fund balance for the General Fund was primarily due to increases in public safety expenditures and a material write-off of outstanding and uncollectible EMS revenue that has been carried on the books for numerous years. Both decreases in Capital Projects and Other Non-Major funds are due to the timing of capital and state road projects. As planned, expenditures were higher in FY2016 due to the completion of various projects. The SPLOST fund increased by \$965,671 due to new SPLOST proceeds began as of July 1, 2015, and the timing of projects being completed in a more conservative manner than originally projected. In addition, the Fire fund and Impact Fee fund increased \$79,030 and \$58,781 respectively, due to strong and prudent fiscal stewardship by management.
- As of June 30, 2016, the County's General Fund reported a fund balance of \$21,767,441; a decrease of \$(1,998,629) in comparison with the prior year. This decrease was mainly due to increases in public safety expenditures and the write off of outstanding and uncollectible EMS revenue, as stated in the previous paragraph.
- Hall County's total long-term debt changed by \$4,296,755. The Net OPEB and Pension liability for the County increased by \$3.0 million. The County reduced its principal balances of debt by over \$1.3 million. Additionally, a \$6.0 million change in accounting estimate increased the Landfill Closure/Post-closure liability due to an increase in the life of the Hall County Landfill and a change in the methodology for computing the liability on an annual basis. See note 7 for more details related to the County's total long term obligations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position serves 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 \$427,715,348 at the close of the fiscal year. This represents a change in net position from fiscal year 2015 of \$(8,205,351).

Comparative Schedule of Net Position
June 30
(\$ in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 79,530	\$ 83,667	\$ 30,988	\$ 26,381	\$ 110,518	\$ 110,048
Capital assets (net of depreciation)	<u>376,023</u>	<u>377,124</u>	<u>114,733</u>	<u>117,990</u>	<u>490,756</u>	<u>495,114</u>
Total assets	<u>455,553</u>	<u>460,791</u>	<u>145,721</u>	<u>144,371</u>	<u>601,274</u>	<u>605,162</u>
Total deferred outflows of resources	<u>4,165</u>	<u>3,938</u>	<u>178</u>	<u>168</u>	<u>4,343</u>	<u>4,106</u>
Long-term liabilities outstanding	102,334	96,190	63,010	58,832	165,344	155,022
Other liabilities	<u>11,814</u>	<u>11,621</u>	<u>743</u>	<u>678</u>	<u>12,557</u>	<u>12,299</u>
Total liabilities	<u>114,148</u>	<u>107,811</u>	<u>63,753</u>	<u>59,510</u>	<u>177,901</u>	<u>167,321</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,901</u>	<u>167,321</u>
Net position						
Net investment in capital assets	373,613	374,656	69,996	89,274	443,609	463,930
Restricted	32,387	32,669	1,341	1,446	33,728	34,115
Unrestricted	<u>(60,430)</u>	<u>(50,407)</u>	<u>10,809</u>	<u>(5,691)</u>	<u>(49,621)</u>	<u>(56,098)</u>
Total net position	<u>\$ 345,570</u>	<u>\$ 356,918</u>	<u>\$ 82,146</u>	<u>\$ 85,029</u>	<u>\$ 427,716</u>	<u>\$ 441,947</u>

Table may not add due to rounding

By far the largest portion of the County's net position (103.7%) at June 30, 2016, 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 position (7.9%) represents resources that are subject to external restrictions on how they may be used.

The change in net position is an indication the County's financial position. This decrease in net position 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 position as a whole.

Comparative Schedule of Changes in Net Position

June 30

(\$ in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 29,981	\$ 32,113	\$ 9,911	\$ 8,410	\$ 39,892	\$ 40,523
Operating grants and contributions	4,199	6,246	-	-	4,199	6,246
Capital grants and contributions	2,293	4,248	95	85	2,388	4,333
General revenue						
Property taxes	57,723	55,748	-	-	57,723	55,748
Sales taxes	52,096	50,539	-	-	52,096	50,539
Other taxes	11,506	10,723	-	-	11,506	10,723
Gain on sale of assets	-	-	-	106	-	106
Unrestricted investment earnings	26	17	-	-	26	17
Grants and contributions not restricted to a specific program	179	79	-	-	179	79
Total revenue	<u>158,003</u>	<u>159,713</u>	<u>10,006</u>	<u>8,601</u>	<u>168,009</u>	<u>168,314</u>
Expenses:						
General government	23,850	20,106	-	-	23,850	20,106
Judicial	26,151	17,645	-	-	26,151	17,645
Public safety	77,850	70,289	-	-	77,850	70,289
Public works	22,896	24,792	-	-	22,896	24,792
Public health and welfare	2,777	2,947	-	-	2,777	2,947
Recreation and culture	7,940	7,344	-	-	7,940	7,344
Housing and development	4,076	4,013	-	-	4,076	4,013
Interest and paying fees	97	39	-	-	97	39
Solid waste	-	-	6,820	5,473	6,820	5,473
Water and sewer utilities	-	-	3,757	3,455	3,757	3,455
Total expenses	<u>165,637</u>	<u>147,175</u>	<u>10,577</u>	<u>8,928</u>	<u>176,214</u>	<u>156,103</u>
Increase in net position before transfers	(7,634)	12,538	(571)	(327)	(8,205)	12,211
Transfers	(3,714)	(9,811)	3,714	9,811	-	-
Increase (Decrease) in net position	(11,348)	2,727	3,143	9,484	(8,205)	12,211
Change in accounting principle/estimate	-	(27,248)	(6,026)	(1,163)	(6,026)	(28,411)
Net position, beginning of year	<u>356,918</u>	<u>381,439</u>	<u>85,029</u>	<u>76,708</u>	<u>441,947</u>	<u>458,147</u>
Net position, end of year	<u>\$ 345,570</u>	<u>\$ 356,918</u>	<u>\$ 82,146</u>	<u>\$ 85,029</u>	<u>\$ 427,716</u>	<u>\$ 441,947</u>

The comparative schedule of changes in net position denotes a change of \$14 million in net position.

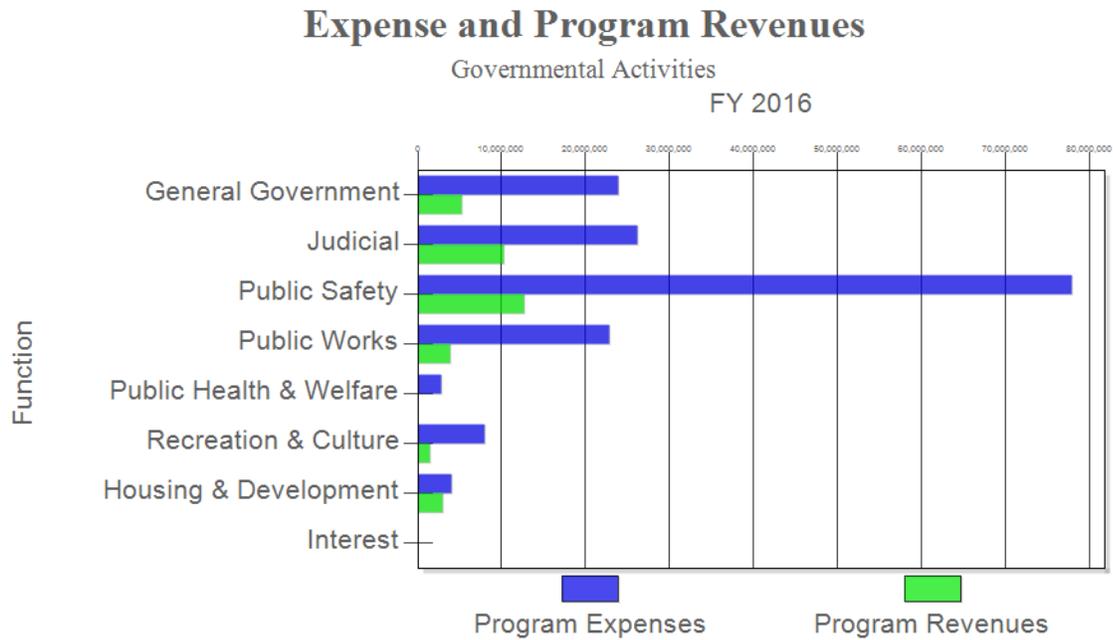
Revenue decreased \$305 thousand in fiscal year 2016. The decrease in Governmental Activities is attributable to the write-off of outstanding and uncollectible EMS revenues and a reduction in prisoner and inmate lodging fees due to a decrease in inmates at the jail and prison. The increase in Business-type Activities is due to an increase in sewer rates that were effective in late January 2016 and an increase in the landfill tipping fees due to volume at the landfill. Expenses increased by \$20.11 million (12.9%) from the previous year. The primary reasons for this increase were employee cost of living increases for public safety officials, one time bonuses for all other County employees, increased capital expenditures from SPLOST, and the significant increase in the post-closure liability for the landfill due to the extended life of the landfill and the change in methodology in computing the liability, which has resulted in a \$6.0 million change in accounting estimate.

Governmental Activities:

Governmental activities net position overall had a (3.2)% decrease from fiscal year 2015 to fiscal year 2016. This change is the result of decreased revenues due to the write-off of outstanding and uncollectible EMS revenues and increases in operating expenditures, as mentioned above. The County continued its practice of using available funds as cost effectively as possible.

- Revenues saw an overall decline during 2016. This was attributable to the significant write-off of EMS revenue.
- Expenses increased \$18.46 million from fiscal year 2015. This primarily is due to increased personnel costs in General and Fire funds, and from capital outlays funded from SPLOST funds.

The following charts show activities by function:



Revenues by Source - Governmental Activities

FY 2016

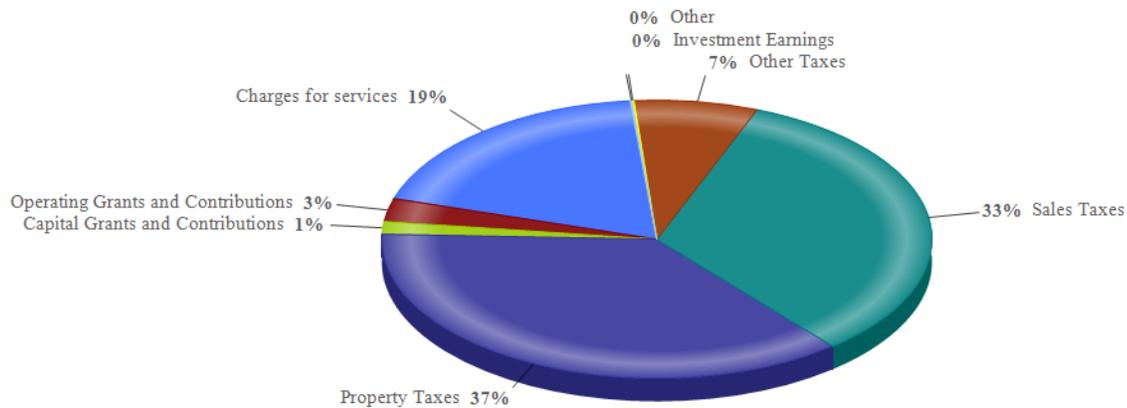


Chart shows all sources of revenue collected for governmental activities not limited to program revenue.

Business-Type Activities:

Business-type net position decreased by \$31.43 million. Key elements of this decrease are:

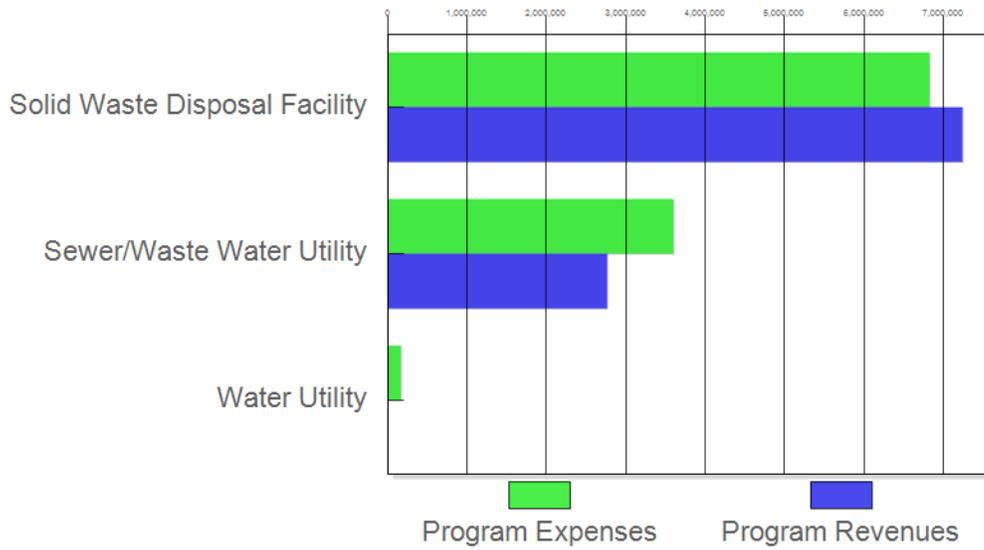
- The Solid Waste Disposal Facility Fund net position increased by \$851,789. This was due to an increase in operating and non-operating FY2016 financial activity. The operating income of \$412,051 was due to an increase in Recycling and transfer revenue from increases in collection volume. The Solid Waste Fund also had a Change in Accounting Principle of (\$6,026,403) due to the adjustment to the landfill closure/post-closure liability.
- The Sewer/Wastewater Utility Fund net position increased by \$1,518,567. The change in this fund's net position came from a sewer rate change that resulted in a \$500 thousand increase in sewer fees. The Sewer fund recorded an increase in operating income of \$237 thousand from the prior year, due to the rate adjustment, as mentioned above, and the fiscally responsible management practices of department leadership.
- The Water Utility Fund net position increased by \$751,383. This increase is a result of transfers in from SPLOST to fund debt service payments.

The following charts show activities by enterprise operation:

Expense and Program Revenues

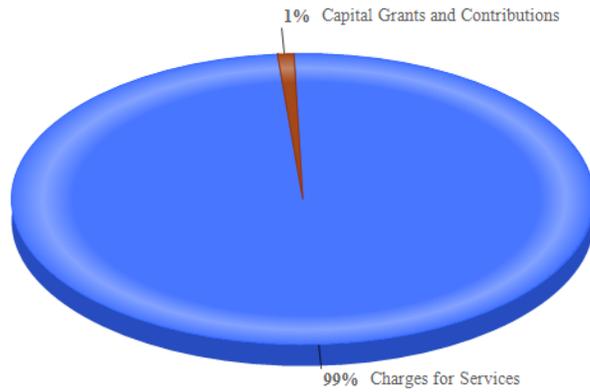
Business-Type Activities

FY 2016



Revenues by Source - Business-Type Activities

FY 2016



* Zero Data, Operating Grants and Contributions, Property Taxes, Sales Taxes, Other Taxes, Investment Earnings, 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 \$55,971,807, a change of \$(4,196,860) in comparison to the prior year. There were decreases in the General, Capital Projects, and Non-Major Governmental Fund Balances this year. In the SPLOST fund, the increase is due to the increase in SPLOST VII collections compared to projections and the timing of projects starting due to various factors. 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 \$21,767,441. 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 19.5% of total general fund current operating expenditures which is an increase over last year of (1.4)%.

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 \$355,651, which represents proceeds from the sale of property in the Gateway Industrial Centre. These funds will be used to pay additional costs of infrastructure construction at the Gateway Centre and various Park and Road projects. Those funds should be expended during FY 2017.

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 \$818,156 to \$876,937 or 7.2%. The increase in this fund comes from the completion of major construction in late FY2016 and early FY2017, specifically the Sheriff Precincts and the Cherokee Bluff Park. Additionally, the activity in this fund has been reduced until qualifying projects can be identified. These fees are generated from new construction which has significantly increased over the past two fiscal years. This is a good indicator of improved economic activity in the County.

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 2016, SPLOST Fund reported a fund balance of \$23,912,054, which represents a change from last year of \$965,671. This increase is a result of an increase in SPLOST VII proceeds compared to budgeted estimates, and the delayed timing of various capital projects under construction, and/or completed, using SPLOST. These projects include the new Correctional Facility, Sheriff's Headquarters, Sewer Improvements, E-911 technology enhancements, road projects, and a new Fire apparatus.

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 \$3,457,501, a 2.3% change from fiscal year 2015. This increase is due to increased revenue in the Fire District fund and a closely managed expenditure budget ending below projections. The fund balance represents 16.0% of total fund expenditures.

Governmental Fund Revenue and Expenditure Comparison

(\$ in thousands)

	2016	2015	Inc/Dec	%Inc/Dec		2016	2015	Inc/Dec	%Inc/Dec
Revenue			"		Expenditures				
Taxes	\$ 121,108	\$ 116,789	\$ 4,319	3.7 %	General Government	\$ 20,276	\$ 19,960	\$ 316	2 %
License and Permits	2,666	2,332	334	14.3 %	Judicial	17,979	16,900	1,079	6 %
Intergovernmental	6,485	8,330	(1,845)	(22.1)%	Public Health and Welfare	2,556	2,627	(71)	(3)%
Fines and Forfeitures	5,009	5,630	(621)	(11.0)%	Public Safety	70,664	64,866	5,798	9 %
Charges for Services	22,063	23,566	(1,503)	(6.4)%	Public Works	12,182	8,528	3,654	43 %
Investment income	27	296	(269)	(90.9)%	Recreation and Culture	6,555	5,994	561	9 %
Miscellaneous	301	624	(323)	(51.8)%	Housing and Development	4,017	3,934	83	2 %
					Intergovernmental	7,009	5,615	1,394	25 %
					Capital Outlay	17,861	14,097	3,764	27 %
					Debt Service	376	4,352	(3,976)	(91)%
Total Revenues	<u>\$ 157,659</u>	<u>\$ 157,567</u>	<u>\$ 92</u>	<u>0.1 %</u>	Total Expenditures	<u>\$ 159,475</u>	<u>\$ 146,873</u>	<u>\$ 12,602</u>	<u>29 %</u>

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

Hall County Governmental Funds

Fund Balance

(\$ in thousands)

	2016	2015	Incr/(Decr)	% Incr/-Decr
General Fund	\$ 21,767	\$ 23,766	\$ (1,999)	(8.4)%
Fire District	3,458	3,378	80	2.4 %
SPLOST	23,912	22,946	966	4.2 %
Capital Projects	356	2,285	(1,929)	(84.4)%
Impact Fees	877	818	59	7.2 %
Non-Major Funds	5,602	6,975	(1,373)	(19.7)%
Total Fund Balance	<u>\$ 55,972</u>	<u>\$ 60,168</u>	<u>\$ (4,196)</u>	<u>(7.0)%</u>

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 position

(\$ in thousands)

	2016	2015	Incr/(Decr)	% Incr/-Decr
Solid Waste Disposal	\$ 10,651	\$ 9,800	\$ 851	8.7 %
Sewer/Waste Water Utility	59,335	57,816	1,519	2.6 %
Water Utility	12,088	11,337	751	6.6 %
Internal Service	6,868	7,146	(278)	(3.9)%
Total Fund Balance	<u>\$ 88,942</u>	<u>\$ 86,099</u>	<u>\$ 2,843</u>	<u>3.3 %</u>

Unrestricted net position of the Solid Waste Disposal Facility, Sewer/Wastewater Utility, and Water Utility Funds at the end of the year amounted to \$10,738,615. This represents a change of \$16,479,686 from unrestricted net position as of June 30, 2015. 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 \$89,929,874 and final budget was \$90,625,662. The actual revenue (inflow) was \$92,735,697, which varied from final budget by \$2,110,035. The actual expenditures (outflows) were \$94,734,326 which varied from the final expenditure budget by \$20,721. That represented a change of \$5,645,999 from prior year. The net result is a \$(1,998,629) decrease in the General Fund balance. The expenditure reductions are summarized below and implementation began in fiscal year 2016.

- Reduced operating costs when possible
- Curtailed travel and training

- Reduced overtime when possible
- Capital purchases were limited to necessary purchases

Actual expenditures came in \$20,721 below budget and can be summarized as follows:

- General Government was under budget by \$0.3 thousand
- Judicial budget to actual resulted in a zero variance.
- Public Safety under budget by \$19 thousand
- Public Works budget to actual resulted in a zero variance.
- Public Health and Welfare budget to actual resulted in a zero variance.
- Recreation and Culture was under budget by \$0.7 thousand
- Housing and Development was under budget by \$1 thousand

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

General Fund				
For the Year Ended June 30, 2016				
	-----Budget-----			Variance of
	Original	Final	Actual	Final Budget
General Government	\$ 23,088,732	\$ 20,317,715	\$ 20,317,433	\$ 282
Judicial	15,520,757	15,919,410	15,919,410	-
Public Safety	40,589,235	44,235,271	44,216,335	18,936
Public Works	4,795,141	4,626,867	4,626,867	-
Public Health and Welfare	2,189,138	2,406,545	2,406,545	-
Recreation and Culture	4,892,750	4,782,835	4,782,180	655
Housing and Development	2,517,661	2,466,404	2,465,556	848
Total Charges to Appropriations	<u>\$ 93,593,414</u>	<u>\$ 94,755,047</u>	<u>\$ 94,734,326</u>	<u>\$ 20,721</u>

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, 2016, was \$491 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 \$9 million. Major projects consisted of the following:

- Cherokee Bluffs Park - \$3.05 million
- New Correctional Institute (Building) - \$3.47 million
- Various Road Projects including intersection improvements and culvert replacements - \$2.07 million

Business-type assets moved from construction in progress to the assets records during the year totaled approximately \$2.47 million. Major projects consisted of the following:

- Completion of the Candler Road Landfill Cell 2 project

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

(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land and Improvements	\$ 57,478	\$ 57,401	\$ 24,715	\$ 26,938	\$ 82,193	\$ 84,339
Construction in Progress	25,659	20,767	16,184	17,295	41,843	38,062
Buildings	139,664	137,551	6,545	6,834	146,209	144,385
Machinery & Equipment	6,115	6,897	1,876	2,236	7,991	9,133
Vehicles	8,803	7,857	408	421	9,211	8,278
Infrastructure	138,303	146,652	65,005	64,266	203,308	210,918
Total Assets	<u>\$ 376,022</u>	<u>\$ 377,125</u>	<u>\$ 114,733</u>	<u>\$ 117,990</u>	<u>\$ 490,755</u>	<u>\$ 495,115</u>

Additional information on the County's capital assets can be found in Note 6 on pages 30 through 33 of this report.

Long-Term Debt. The \$20.0 million of contracts payable were to fund the construction of the State Patrol Building, Glades Reservoir, and the purchase of Spout Springs Treatment Plant, 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	
	2016	2015	2016	2015	2016	2015
Contracts Payable	\$ 1,908	\$ 2,057	\$ 18,584	\$ 19,809	\$ 20,492	\$ 21,866
Capital Leases	619	527	-	-	619	527
Notes Payable	-	-	28,314	29,887	28,314	29,887
Claims Payable (estimate)	1,634	1,693	-	-	1,634	1,693
Landfill Closure/Postclosure	-	-	14,662	13,836	14,662	13,836
Compensated Absences	3,838	3,472	63	67	3,901	3,539
Net Pension Liability	32,456	29,461	1,388	1,260	33,844	30,721
Net OPEB Obligation	61,880	58,980	-	-	61,880	58,980
Totals	<u>\$ 102,335</u>	<u>\$ 96,190</u>	<u>\$ 63,011</u>	<u>\$ 64,859</u>	<u>\$ 165,346</u>	<u>\$ 161,049</u>

Additional information regarding Hall County's long-term debt can be found in Note 7 on pages 33 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 \$665,547,909 and currently the County has no general obligation debt.

ECONOMIC OUTLOOK

With respect to the economy, fiscal year 2016 ended for the County as planned with good budgetary performance. The fiscal year 2017 economic outlook is slightly better for Hall County than in 2016. It is expected that Hall County will continue to see steady improvement in the local economy in the next few years.

- Sales tax and other revenue sources are expected to be slightly higher in 2017. The County monitors these revenues on a monthly basis.
- The Gateway Industrial Park in the northern section of the County is expected to draw new business and industry into the County. This, in turn, will bring additional commercial and residential growth into Hall County.
- The County continues to expand its sewer system along the Hwy 365 corridor which will also bring desirable growth to this area.
- The County is planning for the tax digest to see a slight increase for the FY 17 budget.

- As a result of increased local and regional commercial and industrial development, Hall County is the beneficiaries of one of the lowest unemployment rates in the State of Georgia. Additionally, Hall County has consistently seen a linear growth pattern of 2.15% over the past few years that has stabilized the economic environment and drawn a variety of businesses and residential developments to the area.
- The University of North Georgia has invested a significant amount of resources in to its largest campus, which is located in Hall County (Oakwood Campus). Additionally, Lanier Technical College has recently announced plans to move its campus from Oakwood to the 365 corridor directly across from the Gateway Centre Industrial Park. Both higher educational institutions are strategically positioning themselves to positively reap the benefits of the future growth of Hall County. The significant investments by the University of North Georgia and Lanier Technical College into Hall County signify the positive growth for both professional and industrial jobs in this community.

In closing, Hall County's economic outlook is bright for 2017 and beyond. The County is making significant investments in sewer infrastructure, public safety initiatives, and technology to accommodate the future expected growth. The current economy, revenue forecasting and careful expenditure planning were taken into consideration when preparing the 2017 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 POSITION
June 30, 2016

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 56,943,422	\$ 12,702,775	\$ 69,646,197	\$ 3,825,190
Investments	6,760,112	-	6,760,112	10,416
Receivables (net of allowance for uncollectibles)	11,631,847	1,137,750	12,769,597	947,561
Internal balances	1,905,164	(1,905,164)	-	-
Inventories	811,910	-	811,910	-
Prepaid items	1,459,304	35,184	1,494,488	14,764
Restricted assets:				
Cash	4	1,340,539	1,340,543	-
Non-current assets:				
Capacity held for resale	-	17,676,387	17,676,387	-
Land held for resale	18,699	-	18,699	-
Capital assets:				
Capital assets not being depreciated	83,137,859	40,898,817	124,036,676	-
Capital assets being depreciated	612,483,017	96,994,388	709,477,405	5,632,412
Less: accumulated depreciation	(319,597,857)	(23,159,973)	(342,757,830)	(5,025,995)
Capital assets, net of depreciation	<u>376,023,019</u>	<u>114,733,232</u>	<u>490,756,251</u>	<u>606,417</u>
TOTAL ASSETS	<u>455,553,481</u>	<u>145,720,703</u>	<u>601,274,184</u>	<u>5,404,348</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension expense	4,164,565	178,048	4,342,613	1,165,125
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,164,565</u>	<u>178,048</u>	<u>4,342,613</u>	<u>1,165,125</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>459,718,046</u>	<u>145,898,751</u>	<u>605,616,797</u>	<u>6,569,473</u>
LIABILITIES				
Accounts payable	5,098,920	463,393	5,562,313	359,549
Accrued interest payable	12,472	96,721	109,193	-
Other accrued items	4,233,184	112,309	4,345,493	-
Due to other governments	-	-	-	44,281
Unearned revenue	2,252,824	44,318	2,297,142	-
Amounts held in trust	216,636	26,220	242,856	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	2,302,986	37,880	2,340,866	705,907
Estimated claims payable	892,196	-	892,196	-
Accrued landfill closure / postclosure	-	158,964	158,964	-
Notes payable	-	1,619,689	1,619,689	-
Capital leases payable	175,189	-	175,189	-
Contracts payable	179,392	1,834,785	2,014,177	-
Due in more than one year				
Compensated absences payable	1,535,324	25,253	1,560,577	221,306
Estimated claims payable	741,600	-	741,600	-
Accrued landfill closure / postclosure	-	14,502,808	14,502,808	-
Notes payable	-	26,693,880	26,693,880	-
Capital leases payable	443,485	-	443,485	-
Contracts payable	1,728,148	16,749,408	18,477,556	-
Net OPEB obligation	61,879,870	-	61,879,870	-
Net pension liability	<u>32,456,003</u>	<u>1,387,592</u>	<u>33,843,595</u>	<u>11,847,309</u>
TOTAL LIABILITIES	<u>114,148,229</u>	<u>63,753,220</u>	<u>177,901,449</u>	<u>13,178,352</u>
DEFERRED INFLOWS OF RESOURCES				
Pension expense	-	-	-	302,213
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,213</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>114,148,229</u>	<u>63,753,220</u>	<u>177,901,449</u>	<u>13,480,565</u>
NET POSITION				
Net investment in capital assets	373,613,110	69,995,727	443,608,837	606,417
Restricted for:				
Capital outlay projects	24,267,687	-	24,267,687	-
Debt service	-	1,340,539	1,340,539	-
Impact fee projects	876,937	-	876,937	-
Judicial programs	1,276,150	-	1,276,150	-
Public safety programs	5,324,129	-	5,324,129	-
Health and welfare programs	157,891	-	157,891	777,215
Housing and development	208,021	-	208,021	-
Recreation and culture	750	-	750	-
Special Assessments	274,983	-	274,983	-
Unrestricted	<u>(60,429,841)</u>	<u>10,809,265</u>	<u>(49,620,576)</u>	<u>(8,294,724)</u>
TOTAL NET POSITION	<u>\$ 345,569,817</u>	<u>\$ 82,145,531</u>	<u>\$ 427,715,348</u>	<u>\$ (6,911,092)</u>

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016**

FUNCTIONS/PROGRAMSPROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION....			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES								
General government	\$ 23,850,170	\$ 5,124,559	\$ 127,275	\$ -	\$ (18,598,336)	\$ -	\$ (18,598,336)	\$ -
Judicial	26,150,557	8,289,750	1,925,520	-	(15,935,287)	-	(15,935,287)	-
Public safety	77,849,922	11,508,633	1,130,018	-	(65,211,271)	-	(65,211,271)	-
Public works	22,896,097	1,020,978	547,876	2,292,584	(19,034,659)	-	(19,034,659)	-
Public health and welfare	2,777,070	-	3,702	-	(2,773,368)	-	(2,773,368)	-
Recreation and culture	7,939,685	1,485,140	26,289	-	(6,428,256)	-	(6,428,256)	-
Housing and development	4,075,576	2,551,526	436,975	-	(1,087,075)	-	(1,087,075)	-
Interest	96,825	-	-	-	(96,825)	-	(96,825)	-
Total Governmental Activities	<u>165,635,902</u>	<u>29,980,586</u>	<u>4,197,655</u>	<u>2,292,584</u>	<u>(129,165,077)</u>	<u>-</u>	<u>(129,165,077)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	6,820,200	7,240,921	-	-	-	420,721	420,721	-
Water and sewer	3,594,150	2,669,454	-	95,200	-	(829,496)	(829,496)	-
Water utilities	162,582	-	-	-	-	(162,582)	(162,582)	-
Total Business-Type Activities	<u>10,576,932</u>	<u>9,910,375</u>	<u>-</u>	<u>95,200</u>	<u>-</u>	<u>(571,357)</u>	<u>(571,357)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 176,212,834</u>	<u>\$ 39,890,961</u>	<u>\$ 4,197,655</u>	<u>\$ 2,387,784</u>	<u>(129,165,077)</u>	<u>(571,357)</u>	<u>(129,736,434)</u>	<u>-</u>
COMPONENT UNITS								
Health Department	\$ 15,803,069	\$ 5,746,003	\$ 11,138,080	\$ -	-	-	-	1,081,014
Library System	2,538,722	166,866	352,430	47,726	-	-	-	(1,971,700)
TOTAL COMPONENT UNITS	<u>\$ 18,341,791</u>	<u>\$ 5,912,869</u>	<u>\$ 11,490,510</u>	<u>\$ 47,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(890,686)</u>
GENERAL REVENUES								
Property taxes					57,723,112	-	57,723,112	-
Sales taxes					52,096,442	-	52,096,442	-
Insurance premium taxes					6,814,792	-	6,814,792	-
Real estate recording taxes					1,849,841	-	1,849,841	-
Other taxes					2,841,566	-	2,841,566	-
Total taxes					<u>121,325,753</u>	<u>-</u>	<u>121,325,753</u>	<u>-</u>
Miscellaneous					-	-	-	-
Unrestricted investment earnings					26,171	13	26,184	165
Grants and contributions not restricted to a specific program					179,146	-	179,146	2,030,262
TRANSFERS					<u>(3,714,481)</u>	<u>3,714,481</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>117,816,589</u>	<u>3,714,494</u>	<u>121,531,083</u>	<u>2,030,427</u>
CHANGES IN NET POSITION								
NET POSITION, Beginning					<u>(11,348,488)</u>	<u>3,143,137</u>	<u>(8,205,351)</u>	<u>1,139,741</u>
CHANGE IN ACCOUNTING ESTIMATE					356,918,305	85,028,797	441,947,102	(8,050,833)
NET POSITION, Ending					<u>\$ 345,569,817</u>	<u>\$ 82,145,531</u>	<u>\$ 427,715,348</u>	<u>\$ (6,911,092)</u>

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	\$ 12,777,144	\$ 4,400,939	\$ 23,630,185	\$ 603,947	\$ 842,470	\$ 7,617,806	\$ 49,872,491
Investments	6,760,112	-	-	-	-	-	6,760,112
Receivables (net of allowance for uncollectibles)	6,991,001	371,965	2,619,593	-	49,196	1,407,174	11,438,929
Interfund receivables	2,076,213	-	-	-	-	-	2,076,213
Prepaid items	290,319	4,993	-	-	-	28,953	324,265
Inventories	380,501	91,589	-	-	-	-	472,090
Restricted assets:							
Cash	-	-	-	4	-	-	4
TOTAL ASSETS	<u>29,275,290</u>	<u>4,869,486</u>	<u>26,249,778</u>	<u>603,951</u>	<u>891,666</u>	<u>9,053,933</u>	<u>70,944,104</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	1,532,914	260,848	2,337,724	33,077	14,729	699,315	4,878,607
Other accrued items	2,965,824	779,172	-	215,223	-	256,255	4,216,474
Interfund payables	-	-	-	-	-	100,399	100,399
Unearned revenue	-	-	-	-	-	2,252,825	2,252,825
Deposits held	93,338	-	-	-	-	123,299	216,637
TOTAL LIABILITIES	<u>4,592,076</u>	<u>1,040,020</u>	<u>2,337,724</u>	<u>248,300</u>	<u>14,729</u>	<u>3,432,093</u>	<u>11,664,942</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	2,915,773	371,965	-	-	-	-	3,287,738
Unavailable revenue - other	-	-	-	-	-	19,617	19,617
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,915,773</u>	<u>371,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,617</u>	<u>3,307,355</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>7,507,849</u>	<u>1,411,985</u>	<u>2,337,724</u>	<u>248,300</u>	<u>14,729</u>	<u>3,451,710</u>	<u>14,972,297</u>
FUND BALANCES							
Nonspendable:							
Prepaid expenditure	290,319	4,993	-	-	-	27,431	322,743
Inventories	380,501	91,589	-	-	-	-	472,090
Restricted:							
Capital outlay projects	-	-	23,912,054	355,651	-	-	24,267,705
Impact fee projects	-	-	-	-	876,937	-	876,937
Special assessments	-	-	-	-	-	274,983	274,983
Judicial programs	-	-	-	-	-	1,248,719	1,248,719
Public safety programs	-	3,360,919	-	-	-	1,866,628	5,227,547
Health and welfare programs	-	-	-	-	-	157,891	157,891
Parks and recreation programs	-	-	-	-	-	750	750
Housing and development programs	-	-	-	-	-	208,021	208,021
Assigned:							
Capital equipment and infrastructure	-	-	-	-	-	1,726,598	1,726,598
Subsequent year's budget: appropriation of fund balance	2,981,210	-	-	-	-	-	2,981,210
Parks and recreation programs	-	-	-	-	-	91,202	91,202
Unassigned	<u>18,115,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,115,411</u>
TOTAL FUND BALANCES	<u>21,767,441</u>	<u>3,457,501</u>	<u>23,912,054</u>	<u>355,651</u>	<u>876,937</u>	<u>5,602,223</u>	<u>55,971,807</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 29,275,290</u>	<u>\$ 4,869,486</u>	<u>\$ 26,249,778</u>	<u>\$ 603,951</u>	<u>\$ 891,666</u>	<u>\$ 9,053,933</u>	<u>\$ 70,944,104</u>

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 POSITION
June 30, 2016

Total Fund Balances for Governmental Funds (page 3) \$ 55,971,807

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. 376,023,019

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 position. Internal service fund net position is: 6,797,244

Revenues in the statement of activities that do not provide current financial resources are reported as unearned revenues in the funds.

Property taxes	3,287,738	
Assessments	19,617	
	3,307,355	3,307,355

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest	(12,472)	
Compensated absences	(3,838,310)	
Capital leases	(618,674)	
Contracts payable	(1,907,540)	
Net pension liability	(32,456,003)	
Net deferred inflows(outflows) - pension expense	4,164,565	
Net OPEB obligation	(61,879,870)	(96,548,304)

Rounding (3)

Total net position of governmental activities (page 1) \$345,569,817

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, 2016

	GENERAL	FIRE DISTRICT	SPLOST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	\$ 69,622,570	\$ 21,578,313	\$ 29,871,425	\$ -	\$ -	\$ 35,849	\$ 121,108,157
Licenses and permits	1,978,897	-	-	-	686,988	-	2,665,885
Intergovernmental	1,304,779	592	-	229,004	-	4,950,990	6,485,365
Fines and forfeitures	4,638,480	-	-	1,000	-	369,083	5,008,563
Charges for services	13,495,673	165,778	-	13	-	8,402,013	22,063,477
Contributions and donations	2,831	-	-	-	-	64,351	67,182
Investment income	26,165	-	613	-	-	6	26,784
Miscellaneous	145,103	2,168	-	-	-	86,875	234,146
TOTAL REVENUES	<u>91,214,498</u>	<u>21,746,851</u>	<u>29,872,038</u>	<u>230,017</u>	<u>686,988</u>	<u>13,909,167</u>	<u>157,659,559</u>
EXPENDITURES							
Current Expenditures							
General government	19,628,435	-	647,231	-	-	-	20,275,666
Judicial	15,868,605	-	-	-	-	2,110,688	17,979,293
Public safety	42,412,075	21,370,820	489,058	1,001	113,372	6,277,665	70,663,991
Public works	4,209,457	-	4,166,764	1,503,195	-	2,302,544	12,181,960
Public health and welfare	2,336,763	-	107,314	-	-	111,640	2,555,717
Recreation and culture	4,613,843	-	685,576	34,817	152,669	1,067,636	6,554,541
Housing and development	2,398,503	-	-	-	-	1,618,940	4,017,443
Intergovernmental	-	-	7,009,479	-	-	-	7,009,479
Capital outlay	1,266,183	297,001	12,204,611	619,854	362,166	3,111,088	17,860,903
Debt service							
Principal	186,846	-	92,930	-	-	-	279,776
Interest	88,972	-	7,070	-	-	-	96,042
TOTAL EXPENDITURES	<u>93,009,682</u>	<u>21,667,821</u>	<u>25,410,033</u>	<u>2,158,867</u>	<u>628,207</u>	<u>16,600,201</u>	<u>159,474,811</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)							
EXPENDITURES	(1,795,184)	79,030	4,462,005	(1,928,850)	58,781	(2,691,034)	(1,815,252)
OTHER FINANCING SOURCES (USES)							
Sale of county property	68,938	-	-	-	-	5,546	74,484
Capital lease issued	266,504	-	-	-	-	-	266,504
Transfers in	1,185,757	-	-	-	-	1,507,132	2,692,889
Transfers out	(1,724,644)	-	(3,496,334)	-	-	(194,507)	(5,415,485)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,445)</u>	<u>-</u>	<u>(3,496,334)</u>	<u>-</u>	<u>-</u>	<u>1,318,171</u>	<u>(2,381,608)</u>
NET CHANGE IN FUND BALANCES	(1,998,629)	79,030	965,671	(1,928,850)	58,781	(1,372,863)	(4,196,860)
FUND BALANCES, Beginning of year	23,766,070	3,378,471	22,946,383	2,284,501	818,156	6,975,086	60,168,667
FUND BALANCES, End of year	<u>\$ 21,767,441</u>	<u>\$ 3,457,501</u>	<u>\$ 23,912,054</u>	<u>\$ 355,651</u>	<u>\$ 876,937</u>	<u>\$ 5,602,223</u>	<u>\$ 55,971,807</u>

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, 2016

Net change in fund balances (page 5)		\$ (4,196,860)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlays	17,860,903	
Depreciation expense	<u>(18,914,749)</u>	(1,053,846)
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 position differs from the change in fund balance by the net book value of the equipment sold.		
Net book value of equipment sold	<u>(163,018)</u>	(163,018)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	3,287,738	
Donated assets	116,226	
Assessments	<u>19,617</u>	3,423,581
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.		
Property taxes	(3,070,141)	
Assessments	<u>(11,099)</u>	(3,081,240)
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 premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities.		
Proceeds from borrowing including premiums and discounts	(266,504)	
Principal payments on long-term debt	279,776	
Principal payments on long-term debt included as intergovernmental expense	45,486	
Amortization of bond premiums and discounts	(1,424)	
Accrued interest payable, current year	(12,472)	
Accrued interest payable, prior year	<u>13,114</u>	57,976
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	(3,838,310)	
Compensated absences, prior year	<u>3,472,009</u>	(366,301)
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.		
		(300,001)
Net pension liability is not available during the current period and therefore is not reported in the funds.		
End of year	(32,456,003)	
Beginning of year	<u>29,460,884</u>	(2,995,119)
Contributions made after pension measurement date are reported in deferred outflows.		
End of year	4,164,565	
Beginning of year	<u>(3,938,432)</u>	226,133
Net OPEB obligation is not available during the current period and therefore is not reported in the funds.		
End of year	(61,879,870)	
Beginning of year	<u>58,980,083</u>	(2,899,787)
Rounding		<u>(6)</u>
Changes in net position of governmental activities (page 2)		<u>\$ (11,348,488)</u>

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2016

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS					
Current Assets					
Cash	\$ 8,025,788	\$ 4,676,987	\$ -	\$ 12,702,775	\$ 7,070,931
Receivables (net of allowance for uncollectibles)	678,985	458,765	-	1,137,750	192,917
Prepaid items	30,000	5,184	-	35,184	1,135,039
Inventories	-	-	-	-	339,819
Restricted assets:					
Cash	-	1,250,000	90,539	1,340,539	-
TOTAL CURRENT ASSETS	<u>8,734,773</u>	<u>6,390,936</u>	<u>90,539</u>	<u>15,216,248</u>	<u>8,738,706</u>
Noncurrent Assets					
Prepaid capacity	-	17,676,387	-	17,676,387	-
Capital assets					
Capital assets not being depreciated	5,505,375	17,187,741	18,205,701	40,898,817	-
Capital assets being depreciated	29,661,022	67,333,366	-	96,994,388	-
Less: accumulated depreciation	(15,935,818)	(7,224,155)	-	(23,159,973)	-
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>19,230,579</u>	<u>77,296,952</u>	<u>18,205,701</u>	<u>114,733,232</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>19,230,579</u>	<u>94,973,339</u>	<u>18,205,701</u>	<u>132,409,619</u>	<u>-</u>
TOTAL ASSETS	<u>27,965,352</u>	<u>101,364,275</u>	<u>18,296,240</u>	<u>147,625,867</u>	<u>8,738,706</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension expense	178,048	-	-	178,048	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>178,048</u>	<u>-</u>	<u>-</u>	<u>178,048</u>	<u>-</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>28,143,400</u>	<u>101,364,275</u>	<u>18,296,240</u>	<u>147,803,915</u>	<u>8,738,706</u>
LIABILITIES					
Current Liabilities					
Accounts payable	198,197	265,196	-	463,393	220,305
Accrued interest payable	1,010	67,970	27,741	96,721	-
Other accrued items	105,049	7,260	-	112,309	16,711
Interfund payables	-	-	1,975,814	1,975,814	-
Customer deposits	26,220	-	-	26,220	-
Unearned revenue	44,318	-	-	44,318	-
Compensated absences payable	34,595	3,285	-	37,880	-
Accrued landfill closure/postclosure	158,964	-	-	158,964	-
Estimated claims payable	-	-	-	-	892,196
Notes payable	111,271	1,508,418	-	1,619,689	-
Contracts payable	-	795,000	1,039,785	1,834,785	-
TOTAL CURRENT LIABILITIES	<u>679,624</u>	<u>2,647,129</u>	<u>3,043,340</u>	<u>6,370,093</u>	<u>1,129,212</u>
Noncurrent Liabilities					
Estimated claims payable	-	-	-	-	741,600
Compensated absences payable	23,063	2,190	-	25,253	-
Accrued landfill closure/postclosure	14,502,808	-	-	14,502,808	-
Notes payable	898,816	25,795,064	-	26,693,880	-
Net pension liability	1,387,592	-	-	1,387,592	-
Contracts payable	-	13,585,000	3,164,408	16,749,408	-
TOTAL NONCURRENT LIABILITIES	<u>16,812,279</u>	<u>39,382,254</u>	<u>3,164,408</u>	<u>59,358,941</u>	<u>741,600</u>
TOTAL LIABILITIES	<u>17,491,903</u>	<u>42,029,383</u>	<u>6,207,748</u>	<u>65,729,034</u>	<u>1,870,812</u>
NET POSITION					
Net investment in capital assets	18,220,492	37,683,188	14,092,047	69,995,727	-
Restricted for:					
Debt service	-	1,250,000	90,539	1,340,539	-
Unrestricted	(7,568,995)	20,401,704	(2,094,094)	10,738,615	6,867,894
TOTAL NET POSITION	<u>\$ 10,651,497</u>	<u>\$ 59,334,892</u>	<u>\$ 12,088,492</u>	<u>82,074,881</u>	<u>\$ 6,867,894</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				70,650	
Net position of business-type activities				<u>\$ 82,145,531</u>	

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2016

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:					
Sewer sales	\$ -	\$ 2,464,013	\$ -	\$ 2,464,013	\$ -
Other	146,966	205,441	-	352,407	-
Recycling and transfer fees	7,093,955	-	-	7,093,955	-
Charges to other funds	-	-	-	-	16,830,365
Employee contributions	-	-	-	-	6,059,322
Total Operating Revenues	<u>7,240,921</u>	<u>2,669,454</u>	<u>-</u>	<u>9,910,375</u>	<u>22,889,687</u>
OPERATING EXPENSES					
Salaries and benefits	2,339,887	121,258	-	2,461,145	288,507
Supplies	424,289	-	-	424,289	-
Other services and charges	1,002,345	931,464	-	1,933,809	4,244,801
Benefit claims	-	-	-	-	13,247,098
Insurance premiums	557,098	20,640	-	577,738	1,569,827
General and administrative	-	-	-	-	2,826,172
Landfill closure/postclosure costs	915,930	-	-	915,930	-
Depreciation	1,104,707	1,385,209	-	2,489,916	-
Professional fees	3,010	-	-	3,010	-
Repairs and maintenance	481,604	130,138	-	611,742	-
Total Operating Expenses	<u>6,828,870</u>	<u>2,588,709</u>	<u>-</u>	<u>9,417,579</u>	<u>22,176,405</u>
OPERATING INCOME (LOSS)	<u>412,051</u>	<u>80,745</u>	<u>-</u>	<u>492,796</u>	<u>713,282</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings-pledged as security for revenue bonds	-	13	-	13	-
Interest expense	(12,728)	(953,843)	(162,582)	(1,129,153)	-
Gain (loss) on sale of capital assets	-	(51,598)	-	(51,598)	-
Total Nonoperating Revenues (Expenses)	<u>(12,728)</u>	<u>(1,005,428)</u>	<u>(162,582)</u>	<u>(1,180,738)</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
Sewer connection fees	399,323	(924,683)	(162,582)	(687,942)	713,282
Transfer in	-	95,200	-	95,200	-
Transfer out	452,466	2,348,050	913,965	3,714,481	-
Change in net position	<u>851,789</u>	<u>1,518,567</u>	<u>751,383</u>	<u>3,121,739</u>	<u>(991,885)</u>
CHANGE IN NET POSITION	<u>851,789</u>	<u>1,518,567</u>	<u>751,383</u>	<u>3,121,739</u>	<u>(278,603)</u>
TOTAL NET POSITION, Beginning of year	15,826,111	57,816,325	11,337,109		7,146,497
CHANGE IN ACCOUNTING ESTIMATE	<u>(6,026,403)</u>	<u>-</u>	<u>-</u>		<u>-</u>
TOTAL NET POSITION, Beginning as restated	<u>9,799,708</u>	<u>57,816,325</u>	<u>11,337,109</u>		<u>7,146,497</u>
TOTAL NET POSITION, End of year	<u>\$ 10,651,497</u>	<u>\$ 59,334,892</u>	<u>\$ 12,088,492</u>		<u>\$ 6,867,894</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>21,398</u>	
Change in net position of business-type activities				<u>\$ 3,143,137</u>	

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, 2016

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND		INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customer	\$ 7,070,519	\$ 2,103,271	\$ -	\$ 9,173,790	\$ 5,867,239
Payments to suppliers	(2,398,139)	(1,049,129)	885,078	(2,562,190)	(9,835,511)
Payments to employees	(2,205,032)	(117,698)	-	(2,322,730)	(13,588,106)
Internal activity-payments from (to) other funds	-	-	-	-	16,830,365
Net cash provided by (used in) operating activities	<u>2,467,348</u>	<u>936,444</u>	<u>885,078</u>	<u>4,288,870</u>	<u>(726,013)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(566,809)	(246,255)	(695,818)	(1,508,882)	-
Proceeds from the sale of capital assets	-	2,222,980	-	2,222,980	-
Connection fees paid by customers	-	95,200	-	95,200	-
Transfers in-capital	452,466	2,348,050	913,965	3,714,481	-
Transfers out	-	-	-	-	(991,885)
Payment made on debt	(109,944)	(1,648,231)	(1,000,000)	(2,758,175)	-
Interest paid	(12,838)	(957,457)	(209,034)	(1,179,329)	-
Net cash provided (used) by capital and related financing activities	<u>(237,125)</u>	<u>1,814,287</u>	<u>(990,887)</u>	<u>586,275</u>	<u>(991,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	-	13	-	13	-
Net cash provided (used) by investing activities	<u>-</u>	<u>13</u>	<u>-</u>	<u>13</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,230,223	2,750,744	(105,809)	4,875,158	(1,717,898)
CASH, Beginning of year	<u>5,795,565</u>	<u>3,176,243</u>	<u>196,348</u>	<u>9,168,156</u>	<u>8,788,829</u>
CASH, End of year	<u>\$ 8,025,788</u>	<u>\$ 5,926,987</u>	<u>\$ 90,539</u>	<u>\$ 14,043,314</u>	<u>\$ 7,070,931</u>

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, 2016**

(CONTINUED)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 412,051	\$ 80,745	\$ -	\$ 492,796	\$ 713,282
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	1,104,707	1,385,209	-	2,489,916	-
Landfill closure/postclosure costs	915,930	-	-	915,930	-
(Increase) decrease in:					
Accounts receivable	(179,828)	(447,047)	-	(626,875)	-
Inventory	-	-	-	-	(192,083)
Deferred inflows for pension	(9,668)	-	-	(9,668)	-
Net pension obligation	128,051	-	-	128,051	52,630
Prepaid expenses	30,000	671	-	30,671	-
Increase (decrease) in:					
Accounts payable	130,423	32,442	-	162,865	(888,640)
Compensated absences	(4,880)	1,311	-	(3,569)	-
Amounts held in trust	300	(119,136)	-	(118,836)	(358,701)
Accrued landfill costs	(90,216)	-	-	(90,216)	-
Other accrued items	21,352	2,249	-	23,601	6,393
Deferred revenue	9,126	-	-	9,126	(59,354)
Due to other governments	-	-	-	-	460
Due to other funds	-	-	885,078	885,078	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	<u>\$ 2,467,348</u>	<u>\$ 936,444</u>	<u>\$ 885,078</u>	<u>\$ 4,288,870</u>	<u>\$ (726,013)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES					
Net book value of disposals	<u>\$ -</u>	<u>\$ (2,274,578)</u>	<u>\$ -</u>	<u>\$ (2,274,578)</u>	<u>\$ -</u>
Amortization of original issue premium & bond refunding	<u>\$ -</u>	<u>\$ (8,225)</u>	<u>\$ 39,784</u>	<u>\$ 31,559</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2016

	AGENCY FUNDS
ASSETS	
Cash	\$ <u>7,749,356</u>
TOTAL ASSETS	\$ <u><u>7,749,356</u></u>
LIABILITIES	
Amount held in trust	\$ <u>7,749,356</u>
TOTAL LIABILITIES	\$ <u><u>7,749,356</u></u>

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
June 30, 2016

	HEALTH DEPARTMENT	LIBRARY SYSTEM	TOTAL
ASSETS			
Cash	\$ 3,479,702	\$ 345,488	\$ 3,825,190
Investments	-	10,416	10,416
Receivables (net of allowance for uncollectibles)	927,844	19,717	947,561
Prepaid items	-	14,764	14,764
Capital assets:			
Capital assets being depreciated	1,005,295	4,627,117	5,632,412
Less: accumulated depreciation	<u>(751,394)</u>	<u>(4,274,601)</u>	<u>(5,025,995)</u>
Capital assets, net of depreciation	253,901	352,516	606,417
TOTAL ASSETS	<u>4,661,447</u>	<u>742,901</u>	<u>5,404,348</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension expense	<u>993,162</u>	<u>171,963</u>	<u>1,165,125</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>993,162</u>	<u>171,963</u>	<u>1,165,125</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,654,609</u>	<u>914,864</u>	<u>6,569,473</u>
LIABILITIES			
Accounts payable	350,975	8,574	359,549
Due to other governments	44,281	-	44,281
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	676,000	29,907	705,907
Due in more than one year			
Compensated absences payable	176,446	44,860	221,306
Net pension liability	<u>9,988,762</u>	<u>1,858,547</u>	<u>11,847,309</u>
TOTAL LIABILITIES	<u>11,236,464</u>	<u>1,941,888</u>	<u>13,178,352</u>
DEFERRED INFLOWS OF RESOURCES			
Pension expense	<u>-</u>	<u>302,213</u>	<u>302,213</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>302,213</u>	<u>302,213</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>11,236,464</u>	<u>2,244,101</u>	<u>13,480,565</u>
NET POSITION			
Net investment in capital assets	253,901	352,516	606,417
Restricted for:			
Program income	777,215		777,215
Unrestricted	<u>(6,612,971)</u>	<u>(1,681,753)</u>	<u>(8,294,724)</u>
TOTAL NET POSITION	<u>\$ (5,581,855)</u>	<u>\$ (1,329,237)</u>	<u>\$ (6,911,092)</u>

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, 2016**

PROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION....		
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	\$ 15,803,069	\$ 5,746,003	\$ 11,138,080	\$ -	\$ 1,081,014	\$ -	\$ 1,081,014
Library System	2,538,722	166,866	352,430	47,726	-	(1,971,700)	(1,971,700)
TOTAL COMPONENT UNITS	<u>\$ 18,341,791</u>	<u>\$ 5,912,869</u>	<u>\$ 11,490,510</u>	<u>\$ 47,726</u>	<u>1,081,014</u>	<u>(1,971,700)</u>	<u>(890,686)</u>
GENERAL REVENUES							
Unrestricted investment earnings					-	165	165
Grants and contributions not restricted to a specific program					-	2,030,262	2,030,262
TOTAL GENERAL REVENUES AND TRANSFERS					<u>-</u>	<u>2,030,427</u>	<u>2,030,427</u>
CHANGES IN NET POSITION							
NET POSITION, Beginning					<u>1,081,014</u>	<u>58,727</u>	<u>1,139,741</u>
NET POSITION, Ending					<u>(6,662,869)</u>	<u>(1,387,964)</u>	<u>(8,050,833)</u>
					<u>\$ (5,581,855)</u>	<u>\$ (1,329,237)</u>	<u>\$ (6,911,092)</u>

The accompanying notes are an integral part of this statement.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

REPORTING ENTITY

The County 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 County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations 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 County. 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 County because the County approves the Health Department's budget, and the County has the ability to impose its will upon the Health Department. During 2016, the County supplemented the Health Department's budget in the amount of \$693,947. The Health Department is presented as a governmental fund type.

The Hall County Library System (Library) serves all citizens of Hall County through its 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 2016, the County supplemented the Library's budget in the amount of \$1,930,262. 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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

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 County considers property taxes as available if they are collected by the end of the current fiscal year. 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, 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.

Cumulative effect of a change in accounting estimate:

The County has recorded an increased landfill closure/postclosure liability due to a major modification in the liability estimation methodology (see Note 14). As a result of this implementation, business-type net position was reduced by \$6,026,403 as a change in accounting principle.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

The government reports the following major governmental funds:

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

The *Fire District Special Revenue Fund* accounts for property taxes levied for the 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 Fees Fund* accounts for impact fees restricted for the acquisition or construction of specific capital projects.

The County 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 County 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 County 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 County'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 recognized 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The County'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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 “interfund receivables/payables.” 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 2015 digest year were payable on December 1, 2015. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 1, 2016.

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.

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.

The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

Bond Premiums and Discounts

Premiums and discount are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Amortization costs for premiums, discounts, and amounts deferred for refunding (see Note 7) for the year 2016 was \$(38,361). None of these costs were capitalized in 2016.

Restricted Assets

Certain proceeds of the County’s capital leases or debt issues are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable lease or debt agreements.

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 County chose to include all such items regardless of their acquisition date or amount. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2016.

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

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

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. These two items consist of the deferred charge on refunding and deferred charge in pension expense. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amortization is part of the interest expense for the year. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next physical year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category. This item only arises under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments.

Compensated Absences

It is the County'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.

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 position.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan for Hall County Employees (Plan) and additions to/from from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity/Net Position

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

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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

- *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 position - Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

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

Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of June 30, 2016, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets		
Cost of capital assets	\$ 695,620,876	\$ 137,893,205
Less accumulated depreciation	<u>(319,597,857)</u>	<u>(23,159,973)</u>
Book value	376,023,019	114,733,232
Plus construction proceeds	4	90,539
Less capital related debt	<u>(2,409,913)</u>	<u>(44,828,044)</u>
Net investment in capital assets	<u>\$ 373,613,110</u>	<u>\$ 69,995,727</u>

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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$33,727,087 of restricted net position, of which \$4,636,852 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 \$ 3,360,919

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 23,912,054

Capital Projects Fund

Capital outlay projects - For funds received from issuance of bonds that have not been spent 355,651

Impact Fees Fund

Impact Fee projects - For funds received from impact fees that have not been spent 876,937

Nonmajor Special Revenue Funds

Special Assessments -

Special Assessments Fund - To account for funds received from special assessments for street lighting 274,983

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 1,170,669

Law Library Fund - To account for funds collected from fines and forfeitures to be used for the operation of the Law Library 78,050

Public Safety programs -

Emergency E911 Telephone Services Fund - For fund to operate the E911 center as restricted by the OCGA-46-5 313,741

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 1,552,887

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 157,891

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Parks and Recreation programs -
 Restricted Programs Fund - To account for funds donated for scholarships 750

Housing and Development programs -
 Restricted Programs Fund - To account for funds received from grants restricted by grantors for housing programs 208,021

Total Restricted Fund Balance \$ 32,262,553

Assigned:

General Fund

Appropriated as a resource in next year's budget 2,981,210

Nonmajor Capital Projects Funds

Allen Creek Soccer Complex - For encumbrances 91,202

State Road Fund - For road infrastructure & maintenance 1,726,598

Total Assigned Fund Balance \$ 4,799,010

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 County submit requests for appropriation to the County's Administrator so that a budget may be prepared. The budget is prepared by fund, function, 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 County's Board of Commissioners for review. The County'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 County's Administrator or the revenue estimates must be changed by an affirmative vote of a majority of the County's Board of Commissioners.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

DEFICIT NET POSITION

There are no funds with deficits.

NOTE 4 - DEPOSITS AND INVESTMENTS

PRIMARY GOVERNMENT

Custodial Credit Risk - Deposits

In case of deposits, this is the risk that in the event of a bank failure, the County'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 December 8, 2016, 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 depositories 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

As of June 30, 2016, the County had the following investments:

Investment Type:	Fair Value	INVESTMENT MATURITIES (in Years)			Rating (1)
		Less Than 1	1-5		
Federated Treasury Obligations	\$ 11	\$ 11	\$ -		AAA
Certificate of Deposits	<u>6,760,112</u>	<u>4,008,856</u>	<u>2,751,256</u>		N/A
Total Debt Securities	<u>\$ 6,760,123</u>	<u>\$ 4,008,867</u>	<u>\$ 2,751,256</u>		
Maximum Investment		59.30 %	40.70 %		
<i>1. Standard & Poors</i>					

Cash per financial statements (page 1)		
Cash	\$	69,646,197
Restricted cash		1,340,543
less cash equivalents that are investments		(11)
Cash held by Fiduciary Funds (page 11)		<u>7,749,356</u>
Deposits	\$	<u>78,736,085</u>
Investments per financial statements		
Investments	\$	6,760,112
Investments included in cash equivalents		<u>11</u>
Investments as listed above	\$	<u>6,760,123</u>

The goal of the 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 an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The County has no investment policy that would further limit its investment options.

Credit Risk

State statutes authorize the County 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. The County has no investment policy that would further limit its investment choices. At June 30, 2016, the ratings of its investments are shown above.

Concentration of Credit Risk

The County places no limit on the amount it may invest in any one issuer.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has a policy of placing investments with qualified financial institutions. As of June 30, 2016, 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:

Governmental Activities:	General Fund	Fire District	SPLOST	Impact Fees	Nonmajor Governmental Funds	Internal Service Funds
Receivables:						
Property Taxes	\$ 2,915,773	\$ 371,965	\$ -	\$ -	\$ 19,617	\$ -
Accounts	2,776,256	-	-	-	543,336	192,917
Intergovernmental	<u>2,598,016</u>	<u>-</u>	<u>2,619,593</u>	<u>49,196</u>	<u>844,221</u>	<u>-</u>
Total Gross Receivables	8,290,045	371,965	2,619,593	49,196	1,407,174	192,917
Less: Allowance for Uncollectibles	<u>(1,299,044)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Receivables	<u><u>\$ 6,991,001</u></u>	<u><u>\$ 371,965</u></u>	<u><u>\$ 2,619,593</u></u>	<u><u>\$ 49,196</u></u>	<u><u>\$ 1,407,174</u></u>	<u><u>\$ 192,917</u></u>

Property taxes receivable at June 30, 2016, consist of the following:

<u>DIGEST YEAR</u>	<u>GENERAL FUND (2)</u>	<u>FIRE DISTRICT</u>
2016 (1)	\$ 25,429	\$ 7,145
2015	516,577	136,321
2014	246,707	42,989
2013	129,696	18,833
2012	164,362	19,204
2011	205,731	20,550
2010	265,593	27,136
2009	355,200	32,606
2008	362,775	26,606
2007	226,096	16,632
2006	180,299	10,746
2005 and prior	237,308	13,197
Total	<u><u>\$ 2,915,773</u></u>	<u><u>\$ 371,965</u></u>

(1) 2016 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, 2016.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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	\$ 173,350	\$ -	\$ 173,350
Accounts	505,635	-	505,635
Intergovernmental	-	458,765	458,765
Total Gross Receivables	<u>678,985</u>	<u>458,765</u>	<u>1,137,750</u>
Less: Allowance for Uncollectibles	-	-	-
Total Net Receivables	<u>\$ 678,985</u>	<u>\$ 458,765</u>	<u>\$ 1,137,750</u>

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)	\$ 2,915,773	\$ -
Delinquent property taxes receivable (Fire District Fund)	371,965	-
Assessments (Special Assessment Fund)	19,617	-
Jail Phone Commissions (Restricted Programs Fund)	-	1,500,001
Grant drawdowns prior to meeting all eligibility requirements (Grants Fund)	<u>-</u>	<u>752,824</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 3,307,355</u>	<u>\$ 2,252,825</u>

	Health <u>Department</u>	Library <u>System</u>
Receivables:		
Accounts	\$ 75,166	\$ 19,717
Intergovernmental	<u>852,678</u>	<u>-</u>
Total Gross Receivables	<u>927,844</u>	<u>19,717</u>
Less: Allowance for Uncollectibles	-	-
Total Net Receivables	<u>\$ 927,844</u>	<u>\$ 19,717</u>

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental Activities:	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Ending <u>Balance</u>
Non-Depreciable Assets:					
Land and improvements	\$ 22,998,046	\$ -	\$ -	\$ -	\$ 22,998,046
Infrastructure land and improvements	34,402,581	77,822	-	-	34,480,403
Construction in progress	20,766,564	13,708,409	(960)	(8,814,603)	25,659,410
Total non-depreciable capital assets	<u>78,167,191</u>	<u>13,786,231</u>	<u>(960)</u>	<u>(8,814,603)</u>	<u>83,137,859</u>
Depreciable Assets:					
Buildings and improvements	182,966,316	-	-	6,748,385	189,714,701
Machinery and equipment	37,667,183	1,642,174	-	-	39,309,357
Vehicles	30,263,804	2,548,724	(1,822,399)	-	30,990,129
Infrastructure	350,415,115	-	(12,503)	2,066,218	352,468,830
Total depreciable capital assets	<u>601,312,418</u>	<u>4,190,898</u>	<u>(1,834,902)</u>	<u>8,814,603</u>	<u>612,483,017</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(45,415,007)	(4,635,263)	-	-	(50,050,270)
Machinery and equipment	(30,770,198)	(2,424,028)	-	-	(33,194,226)
Vehicles	(22,407,279)	(1,440,632)	1,660,341	-	(22,187,570)
Infrastructure	(203,763,467)	(10,414,826)	12,503	-	(214,165,791)
Total accumulated depreciation	<u>(302,355,951)</u>	<u>(18,914,749)</u>	<u>1,672,844</u>	<u>-</u>	<u>(319,597,857)</u>
Total depreciable capital assets, net	<u>298,956,467</u>	<u>(14,723,851)</u>	<u>(162,058)</u>	<u>8,814,603</u>	<u>292,885,160</u>
Governmental activities capital assets, net	<u>\$ 377,123,658</u>	<u>\$ (937,620)</u>	<u>\$ (163,018)</u>	<u>\$ -</u>	<u>\$ 376,023,019</u>

Additions to governmental activities capital assets for fiscal year ending June 30, 2016, consist of the following:

Capital Outlay	\$ 17,860,903
Donated vehicles	116,225
Rounding	1
Total	<u>\$ 17,977,129</u>
Non-depreciable capital assets additions	\$ 13,786,231
Depreciable capital assets additions	4,190,898
Total	<u>\$ 17,977,129</u>

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Business-type Activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Non-Depreciable Assets:					
Land and improvements	\$ 26,938,264	\$ -	\$ (2,222,980)	\$ -	\$ 24,715,284
Construction in progress	<u>17,295,372</u>	<u>1,414,013</u>	<u>(51,597)</u>	<u>(2,474,255)</u>	<u>16,183,533</u>
Total non-depreciable capital assets	<u>44,233,636</u>	<u>1,414,013</u>	<u>(2,274,577)</u>	<u>(2,474,255)</u>	<u>40,898,817</u>
Depreciable Assets:					
Land improvements	144,988	-	-	-	144,988
Buildings and improvements	10,448,282	-	-	-	10,448,282
Machinery and equipment	5,039,464	34,765	-	-	5,074,229
Vehicles	1,033,410	58,578	-	-	1,091,987
Water and sewer infrastructure	<u>77,760,647</u>	<u>-</u>	<u>-</u>	<u>2,474,255</u>	<u>80,234,902</u>
Total depreciable capital assets	<u>94,426,791</u>	<u>93,343</u>	<u>-</u>	<u>2,474,255</u>	<u>96,994,388</u>
Less Accumulated Depreciation for:					
Land improvements	(144,988)	-	-	-	(144,988)
Buildings	(3,614,778)	(288,008)	-	-	(3,902,786)
Machinery and equipment	(2,803,521)	(394,916)	-	-	(3,198,437)
Vehicles	(612,565)	(71,627)	-	-	(684,192)
Water and sewer lines and system	<u>(13,494,205)</u>	<u>(1,735,365)</u>	<u>-</u>	<u>-</u>	<u>(15,229,570)</u>
Total accumulated depreciation	<u>(20,670,057)</u>	<u>(2,489,916)</u>	<u>-</u>	<u>-</u>	<u>(23,159,973)</u>
Total depreciable capital assets, net	<u>73,756,734</u>	<u>(2,396,573)</u>	<u>-</u>	<u>2,474,255</u>	<u>73,834,415</u>
Business-type activities capital assets, net	<u>\$ 117,990,370</u>	<u>\$ (982,560)</u>	<u>\$ (2,274,577)</u>	<u>\$ -</u>	<u>\$ 114,733,232</u>

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

Governmental Activities:	
General Government	\$ 675,142
Judicial	752,547
Public Safety	5,280,596
Public Works	10,638,710
Public Health and Welfare	221,352
Recreation and Culture	1,322,734
Housing and Development	<u>23,668</u>
Total depreciation expense-governmental activities	<u>\$ 18,914,749</u>
Business-type Activities:	
Sewer/Waste Water Utility	\$ 1,385,209
Solid Waste	<u>1,104,707</u>
Total depreciation expense-business-type activities	<u>\$ 2,489,916</u>

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, 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	\$ 3,444,539	\$ 2,311,032	\$ 1,133,507	\$ -	SPLOST/Grant Fund
E-911 System Upgrade	13,000,000	826,896	8,842,842	3,330,262	SPLOST/Impact Fee Fund
Jail Visitation Building	225,000	160,830	-	64,170	Impact Fee Fund
Courthouse Annex Renovation	2,495,255	101,613	161,388	2,232,254	SPLOST
Sheriff Administration Building	6,100,000	5,511,288	523,500	65,212	SPLOST
Health Department Expansion	400,000	56,857	65,155	277,988	SPLOST
Various Road Projects	22,780,966	16,690,894	6,090,072	-	
	<u>\$ 48,445,760</u>	<u>\$ 25,659,410</u>	<u>\$ 16,816,464</u>	<u>\$ 5,969,886</u>	
Business-type Activities:					
Glades Reservoir	\$ 10,479,682	\$ 7,323,603	\$ 314,956	\$ 2,841,123	SPLOST/Revenue Bonds
North Hall County Sewer System Master Plan	2,198,025	180,403	-	2,017,622	SPLOST/Sewer Fund
North Oconee Water Reclamation	750,000	416,554	-	333,446	SPLOST
Various Sewer Expansion Projects	500,000	55,776	388,819	55,405	Sewer Fund
Gateway/Hwy 365 Sewer Lines	5,194,729	3,495,221	314,956	1,384,552	SPLOST
Gateway Sewer Lines	5,207,749	4,711,976	-	495,773	SPLOST
Water and Sewerage Projects	<u>\$ 24,330,185</u>	<u>\$ 16,183,533</u>	<u>\$ 1,018,731</u>	<u>\$ 7,127,921</u>	

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the *Health Department* for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	\$ 935,188	\$ 70,107	\$ -	\$ 1,005,295
Less Accumulated Depreciation	(668,450)	(82,944)	-	(751,394)
Capital Assets, net	<u>\$ 266,738</u>	<u>\$ (12,837)</u>	<u>\$ -</u>	<u>\$ 253,901</u>

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Activity for the *Library* for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	\$ 602,584	\$ -	\$ -	\$ 602,584
Books and collections	3,879,489	263,457	(118,413)	4,024,533
Total depreciable capital assets	<u>4,482,073</u>	<u>263,457</u>	<u>(118,413)</u>	<u>4,627,117</u>
Less Accumulated Depreciation for:				
Machinery and equipment	(536,346)	(20,907)	-	(557,253)
Books and collections	(3,452,080)	(383,681)	118,413	(3,717,348)
Total accumulated depreciation	<u>(3,988,426)</u>	<u>(404,588)</u>	<u>118,413</u>	<u>(4,274,601)</u>
Total depreciable capital assets, net	493,647	(282,307)	-	352,516
Capital Assets, net	<u>\$ 493,647</u>	<u>\$ (282,307)</u>	<u>\$ -</u>	<u>\$ 352,516</u>

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Contracts Payable	\$ 2,076,302	\$ -	\$ (150,486)	\$ 1,925,816	\$ 180,816	\$ 1,745,000
Less: original issue discount	(19,700)	-	1,424	(18,276)	(1,424)	(16,852)
Total contracts payable	<u>2,056,602</u>	<u>-</u>	<u>(149,062)</u>	<u>1,907,540</u>	<u>179,392</u>	<u>1,728,148</u>
Capital leases	526,946	266,504	(174,776)	618,674	175,189	443,485
Estimated claims payable	1,693,150	13,855,183	(13,914,537)	1,633,796	892,196	741,600
Net OPEB obligation	58,980,083	4,144,039	(1,244,252)	61,879,870	-	61,879,870
Net pension liability	29,460,884	7,159,684	(4,164,565)	32,456,003	-	32,456,003
Compensated absences	3,472,009	1,454,351	(1,088,050)	3,838,310	2,302,986	1,535,324
Governmental activities long-term liabilities	<u>\$ 96,189,674</u>	<u>\$ 26,879,761</u>	<u>\$ (20,735,242)</u>	<u>\$ 102,334,193</u>	<u>\$ 3,549,763</u>	<u>\$ 98,784,430</u>
Business-type Activities:						
Contracts payable	\$ 19,620,000	\$ -	\$ (1,185,000)	\$ 18,435,000	\$ 1,795,000	\$ 16,640,000
Plus: original issue premium	188,978	-	(39,785)	149,193	39,785	109,408
Total contracts payable	<u>19,808,978</u>	<u>-</u>	<u>(1,224,785)</u>	<u>18,584,193</u>	<u>1,834,785</u>	<u>16,749,408</u>
Notes payable	29,886,743	-	(1,573,175)	28,313,568	1,619,689	26,693,880
Compensated absences	66,702	13,222	(16,791)	63,133	37,880	25,253
Net pension liability	1,259,541	306,099	(178,048)	1,387,592	-	1,387,592
Landfill closure/postclosure	13,836,058	931,408	(105,694)	14,661,772	158,964	14,502,808
Business-type activities long-term liabilities	<u>\$ 64,858,022</u>	<u>\$ 1,250,729</u>	<u>\$ (3,098,493)</u>	<u>\$ 63,010,258</u>	<u>\$ 3,651,318</u>	<u>\$ 59,358,941</u>
Total primary government long-term liabilities	<u>\$ 161,047,696</u>	<u>\$ 28,130,490</u>	<u>\$ (23,833,735)</u>	<u>\$ 165,344,451</u>	<u>\$ 7,201,081</u>	<u>\$ 158,143,371</u>

The County implemented a major modification in the landfill closure/post closure liability estimation methodology (see Note 14) and as a result had a change in accounting estimate of (\$6,026,403) that is included in the beginning balance for the business-type activities.

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

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 bond matured February 1, 2014, but was extended until February 1, 2015. 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, 2016, the County was responsible for \$70,816.

On May 5, 2009, the County entered into a contract with Gainesville-Hall County Development Authority to issue \$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 matured May 1, 2029. The bonds were issued to fund construction of a state patrol office.

The annual requirements to amortize contract payables outstanding as of June 30, 2016, are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 180,816	\$ 78,684	\$ 259,500
2018	115,000	74,834	189,834
2019	120,000	70,521	190,521
2020	125,000	65,721	190,721
2021	130,000	60,721	190,721
2022-2026	735,000	215,464	950,464
2027-2029	520,000	47,310	567,310
	<u>\$ 1,925,816</u>	<u>\$ 613,255</u>	<u>\$ 2,539,071</u>

Capital Leases

The County leases certain land and facilities under non-cancelable capital leases. The leases relate to vehicles and equipment for public safety. This year, \$117,372 was included in depreciation expense. Ownership of the related assets will be transferred to the County at the end of the lease terms.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 691,809
Vehicles	211,659
Less accumulated depreciation	(123,436)
	\$ 780,032

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimal lease payments as of the inception date. Minimum future lease obligations for these leases, as of June 30, 2016, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 185,572
2018	185,572
2019	185,572
2020	85,572
Total minimum lease payments	642,288
Less: amount representing interest (1.85% - 2.95%)	(23,614)
Present value of minimum lease payments	\$ 618,674

BUSINESS-TYPE ACTIVITIES

Contracts Payable

In August 2013, the County entered into a contract with Gainesville-Hall County Development Authority to fund repayment of \$14,565,000 of Series 2013 Variable Rate Refunding Revenue Bonds for the current refunding of \$14,500,000 in Series 2008 Variable Rate Demand Revenue bonds. The bonds were initially issued to purchase the Spout Springs Sewer Project. In the event the County is unable to make purchase payments from revenues, 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.

The refunding was undertaken to reduce risk associated with the variable interest rate. The reacquisition price did not exceed the net carrying amount of the old debt. The bonds' interest rate at June 30, 2016 was 0.97%. Interest payments are paid monthly, 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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

<u>June 30</u>	<u>Principal</u>	<u>Interest¹</u>	<u>Total</u>
2017	\$ 1,795,000	\$ 291,507	\$ 2,086,507
2018	1,725,000	244,593	1,969,593
2019	2,035,000	198,734	2,233,734
2020	2,165,000	147,229	2,312,229
2021	1,140,000	93,184	1,233,184
2022-2026	7,590,000	296,728	7,886,728
2027	1,985,000	17,263	2,002,263
Total	<u>\$ 18,435,000</u>	<u>\$ 1,289,238</u>	<u>\$ 19,724,238</u>

¹Based on the variable rate at June 30, 2016. Includes letter of credit, remarketing, & trustees fees.

Notes Payable

On June 30, 2007, the Enterprise Funds entered into a loan agreement with the Georgia Environmental Facilities Authority (GEFA) 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, 2016, the loan did not have an outstanding balance.

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, 2016, the outstanding balance was \$2,069,717.

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, 2016, the outstanding balance was \$7,031,921. 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 \$21,200,000 with an interest rate of 3%. At June 30, 2016, the outstanding balance was \$18,201,843. The loan will mature on November 1, 2032.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

On August 1, 2013, the County entered into a \$1,200,000 loan agreement with the Georgia Environmental Facilities Authority (GEFA). These funds were to be drawn down as needed to finance the construction of a new leachate treatment facility at the County's Landfill. As of June 30, 2016, \$1,010,087 was drawn on the loan before completion of the project. Repayment of the proceeds will begin after the project is complete. This loan bears interest at 1.2% and matures on February 1, 2025.

The annual requirements to amortize notes payable outstanding as of June 30, 2016, are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,619,602	\$ 809,668	\$ 2,429,270
2018	1,666,571	762,786	2,429,357
2019	1,715,196	714,162	2,429,358
2020	1,765,019	665,341	2,430,360
2021	1,817,083	612,274	2,429,357
2022-2026	9,748,590	2,234,486	11,983,076
2027-2031	8,461,236	807,161	9,268,397
2032-2033	1,520,271	23,736	1,544,007
Total	<u>\$ 28,313,568</u>	<u>\$ 6,629,614</u>	<u>\$ 34,943,182</u>

COMPONENT UNITS

Activity for the *Health Department* for the year ended June 30, 2016, was as follows:

Governmental activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Compensated absences	\$ 861,881	\$ 666,596	\$ (676,031)	\$ 852,446	\$ 676,000	\$ 176,446
Net pension liability	9,109,951	2,404,125	(1,525,314)	9,988,762	-	9,988,762
Total Governmental activities	<u>\$ 9,971,832</u>	<u>\$ 3,070,721</u>	<u>\$ (2,201,345)</u>	<u>\$ 0,841,208</u>	<u>\$ 676,000</u>	<u>\$ 0,165,208</u>

Activity for the *Library* for the year ended June 30, 2016, was as follows:

Governmental activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Compensated absences	\$ 71,413	\$ 74,767	\$ (71,413)	\$ 74,767	\$ 29,907	\$ 44,860
Net pension liability	1,642,505	385,496	(169,454)	1,858,547	-	1,858,547
Compensated absences	<u>\$ 1,713,918</u>	<u>\$ 460,263</u>	<u>\$ (240,867)</u>	<u>\$ 1,933,314</u>	<u>\$ 29,907</u>	<u>\$ 1,903,407</u>

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2016, is as follows:

<u>Due To</u>	<u>Due From</u>		
	Other nonmajor governmental funds	Water Utility Fund	Total
General Fund	\$ 100,399	\$ 1,975,814	\$ 2,076,213
Total	<u>\$ 100,399</u>	<u>\$ 1,975,814</u>	<u>\$ 2,076,213</u>

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, 2016, are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					Total Transfers Out
	General Fund	Other Nonmajor Governmental Funds	Solid Waste Fund	Sewer/ Wastewater Utility Fund	Water Utility Fund	
General Fund	\$ -	\$ 1,506,497	\$ -	\$ -	\$ 218,147	\$ 1,724,644
SPLOST	-	-	452,466	2,348,050	695,818	3,496,334
Other nonmajor governmental funds	193,872	635	-	-	-	194,507
Group Insurance	991,885	-	-	-	-	991,885
Total - Transfers in	<u>\$ 1,185,757</u>	<u>\$ 1,507,132</u>	<u>\$ 452,466</u>	<u>\$ 2,348,050</u>	<u>\$ 913,965</u>	<u>\$ 6,407,370</u>

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 \$14,689,087, 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, 2016, the County has sold 1,600 gallons of the capacity.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, 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, 2016, the County has not sold any of the capacity.

NOTE 10 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The County contributes to the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan for Hall County Employees (Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (the ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan Document. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Hall County Board of Commissioners, P.O. Box 1435, Gainesville, Georgia 30503.

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 three years of participation in the Plan or b) when age and years of service total 75.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

Participant counts as of January 1, 2015, (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disabled participants receiving benefits	326
Terminated plan participants entitled to but not yet receiving benefits	262
Active employees participating in the Plan	138
Total number of Plan participants	726
Covered compensation for active participants	\$ 8,918,269
Net pension liability as a percentage of its covered-employee payroll	37.95 %

Contributions

The County is required to contribute at an actuarially determined rate. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. The annual County contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

Net Pension Liability

The County's net pension liability was measured as of January 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability as of the January 1, 2015 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary Increases	3.00-4.50%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Mortality rates were based on the RP-2000 Mortality Table with Scale AA for Males and Females set back two years for males and set back three years for females.

The actuarial assumptions used in the 2015 valuation were based on the results of an actuarial experience study for the period January 1, 1988 - December 31, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.22%
Domestic large equities	30.00	2.34
Domestic mid equities	5.00	0.27
Domestic small equities	5.00	0.57
REIT	5.00	0.47
International	15.00	1.43
Multi cap	5.00	0.53
Global allocation	5.00	0.66
TOTAL	<u>100.00%</u>	

* Rates shown are net of the 3.50% assumed rate of inflation

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Change in the Net Pension Liability

	Pension <u>Liability</u>	Fiduciary Net <u>Position</u>	Net Pension <u>Liability</u>
Balances at June 30, 2015	\$ 48,249,039	\$ 17,528,614	\$ 30,720,425
Changes for the year:			
Service cost	49,075	-	49,075
Interest	3,435,577	-	3,435,577
Difference between expected and actual experience	2,133,870	-	2,133,870
Contribution-employer	-	4,342,613	(4,342,613)
Net investment income	-	57,372	(57,372)
Assumption Change	1,713,200	-	1,713,200
Benefit payments	(4,882,706)	(4,882,706)	-
Administrative expense	-	(46,098)	46,098
Other charges	-	(145,335)	145,335
Net changes	<u>2,449,016</u>	<u>(674,154)</u>	<u>3,123,170</u>
Balances at June 30, 2016	<u>\$ 50,698,055</u>	<u>\$ 16,854,460</u>	<u>\$ 33,843,595</u>

The following presents the County's net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1 % Decrease <u>(6.50%)</u>	Current Discount <u>Rate (7.50%)</u>	1% Increase <u>(8.50%)</u>
County's net pension liability	<u>\$ 38,280,173</u>	<u>\$ 33,843,595</u>	<u>\$ 30,003,610</u>

Detailed information about the pension plan's fiduciary net position is available in separately issued financial report. That report may be obtained by writing to Hall County Board of Commissioners, P.O. Box 1435, Gainesville, Georgia 30503.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of \$4,718,960. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County contributions subsequent to the measurement date	4,342,613	-
TOTAL	<u><u>\$ 4,342,613</u></u>	<u><u>\$ -</u></u>

County contributions of \$4,342,613 subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017.

DEFINED CONTRIBUTION PLAN

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. Plan A was 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

Funding Policy

Contributions totaling \$2,539,062 (\$2,539,062 employer and \$0 employee) were made in accordance with the Plan A guidelines and the designations by County Employees.

OTHER POST-RETIREMENT BENEFITS

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:

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

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 2016, the County contributed \$1,244,252 to the plan. In fiscal year 2016, total member contributions were \$821,789.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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:

	<u>2016</u>	<u>2015</u>
Annual required contribution	\$ 4,083,242	\$ 3,584,000
Interest on note OPEB obligation	2,359,203	2,269,000
Adjustment to annual required contribution	<u>(2,298,406)</u>	<u>(2,211,000)</u>
Annual OPEB cost	4,144,039	3,642,000
Employer contributions made with interest	<u>(1,244,252)</u>	<u>(1,393,435)</u>
Increase (decrease) in net OPEB obligation	2,899,787	2,248,565
Net OPEB obligation, Beginning of year	<u>58,980,083</u>	<u>56,731,518</u>
Net OPEB obligation, End of year	<u>\$ 61,879,870</u>	<u>\$ 58,980,083</u>

The County performs actuarial valuations every two years. The data for 2016 is projected based on rates from 2015 applied to 2016 salaries.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 4,144,039	\$ 1,244,252	30.0%	\$(61,879,870)
2015	\$ 3,642,000	\$ 1,393,435	38.3%	\$(58,980,083)
2014	\$ 3,472,652	\$ 1,279,728	36.9%	\$(56,731,518)

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$39,440,440, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,440,440. The covered payroll (annual payroll of active employees covered by the benefits) was \$67,030,973, and the ratio of the UAAL to the covered payroll was 59 percent.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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. Actuarial valuations are done biennially with the next valuation scheduled for July 1, 2017 for fiscal year ending June 30, 2018.

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, 2015. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2015
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	7.63% 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

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, the County included in accrued expenses \$603,796 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, 2015	\$ 626,090	\$ 12,645,807	\$ (12,608,747)	\$ 663,150
Year ended June 30, 2016	\$ 663,150	\$ 12,895,706	\$ (12,955,060)	\$ 603,796

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, 2016, 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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, an actuary determined that approximately \$1,030,000 is reported but unpaid and incurred but not reported claims were outstanding relating to fiscal year 2016 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.

	<u>Beginning of Year</u>	<u>Incurred Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>
Year ended June 30, 2015	\$ 1,890,000	\$ 580,375	\$ (1,440,375)	\$ 1,030,000
Year ended June 30, 2016	\$ 1,030,000	\$ 959,477	\$ (959,477)	\$ 1,030,000

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 2016, the County contracted with several different insurance providers for various insurance coverages.

<u>Type</u>	<u>Amount in Force</u>	
Property	\$ 265,892,112	
	<u>Limits of Liability</u>	
<u>Type</u>	<u>Each Occurrence</u>	<u>Aggregate</u>
General Liability	\$ 1,000,000	\$ 3,000,000
Law Enforcement Liability	\$ 2,000,000	\$ 2,000,000
Public Officials Liability	\$ 1,000,000	\$ 2,000,000
Automobile Liability	\$ 1,000,000	\$ 1,000,000
Employee Benefits Liability	\$ 1,000,000	\$ 3,000,000
Employment Practices Liability	\$ 1,000,000	\$ 2,000,000
Blanket Crime Bond	\$ 500,000	None
Worker's Compensation	Statutory	Statutory

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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 obligation for the district health building referred to in NOTE 7 is 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 City Council 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 7 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 or exhibit any other indications of financial accountability with regard to these authorities. The County does guarantee debt for both of these entities, see Note 13 for detailed disclosure.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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	\$ 448,394
SPLOST	18,714,187
Capital Projects	2,555,778
Nonmajor governmental funds	<u>250,192</u>
Total governmental activities	<u>\$ 21,968,551</u>
Enterprise Funds	
Sewer/waste water utility	\$ 18,054
Water utility	<u>454,331</u>
Total Enterprise funds	<u>\$ 472,385</u>

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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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. At June 30, 2016, the outstanding balance of this debt was \$212 million.

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. At June 30, 2016, the outstanding balance of this debt was \$207 million.

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.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

During fiscal year 2013, the County entered into an agreement with the Gainesville-Hall County Development Authority, WW 365, LLC, Wilheit Family Properties, LP, Philip A. Wilheit, JR., Hart Wilheit Payne, LJM Associates, LP, Hillside Management, LLC, Emilico Investors, LLC and James H. Moore (collectively "Owner"). The Owner agreed to transfer 496.67 acres of property to the Gainesville-Hall County Development Authority to be called the Gateway Industrial Centre. The parties agreed that the cost paid by the Owner was \$11,145,212. The County will design, construct and install all necessary infrastructure for the project. The County estimates cost for the infrastructure to be approximately, \$10,000,000. The Owner conveyed the property to the Gainesville-Hall County Development Authority on August 23, 2012.

The Gainesville-Hall County Development Authority agreed to disburse the net proceeds from sale of lots in the Industrial Park in accordance with the following procedure: (i) Initially, all proceeds from lots sales shall be disbursed to Owner and County on a "Pro rata Basis", based upon the County's infrastructure costs versus the Owner's land cost, until such time as the County has received payment for all funds it advanced; (ii) At such time as the County has received reimbursement for its said cost, then and thereafter, all funds realized from the sale of such lots shall be paid solely to the Owner until such time as the Owner has recovered a sum equal to all additional costs incurred by Owner; (iii) After the Owner has recouped all its additional costs, all proceeds of lot sales shall be disbursed equally (50/50) to Owner and the County.

In October 2016, the County entered into an additional agreement with the Chicopee Woods Area Park Commission to guarantee payment of bonds in the amount of \$2,725,000 to be issued for further capital investments in and repairs to the Chicopee Woods Golf Course in the event that the Chicopee Woods Area Park Commission is unable to meet debt service requirements. At June 30, 2016, there was not yet an outstanding balance on this debt.

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, 2016, the County has recorded a liability for the Allen Creek Landfill of \$5,271,588, 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, 2016, the County has recorded a liability for the Candler Road landfill of \$9,390,184, which represents the estimated closure and postclosure costs based on 33% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of \$19,064,919 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. The County expects to close the landfill in the year 2033. The estimated costs are subject

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

In fiscal year 2016, the County implemented a major modification in the liability estimation methodology for both capacity and closure/post closure costs for the Candler Road Landfill. This adjustment was considered necessary since the techniques used to estimate the liability had not been updated since 1996 and were deemed to be outdated. The resulting change in accounting estimate increased the Candler Road Landfill closure/postclosure liability at June 30, 2015 from \$2,639,983 to \$8,666,386.

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, 2016, 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. Five 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 \$5,271,588. The County has accrued the difference between the estimated liability this year and the amount accrued as of June 30, 2015, 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 \$10,831,588.

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 \$9,390,184, which represents the estimated closure and postclosure costs based on 33% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of \$19,064,919 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 estimates for claims payable for workers compensation and health insurance as discussed in Note 11, qualify as significant estimates.

HALL COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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, 2016, the County paid \$151,936 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, 2016, the County collected \$35,849 of which \$14,340 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent \$90,000. This was 628% 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

In July 2016, the County entered into an amendment of the contract with Gainesville-Hall County Development Authority to fund repayment of \$14,565,000 of Series 2013 Variable Rate Refunding Revenue Bonds for the current refunding of \$14,500,000 in Series 2008 Variable Rate Demand Revenue bonds. The amendment requires a principal payment of \$2,225,000 to be made in July 2016 from the sale of related property that also occurred in July of 2016, and interest only payments subsequently until April of 2019. Interest payments are paid monthly, and the bonds mature in full on April 1, 2027.

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
ACCG RESTATED PENSION PLAN FOR HALL COUNTY EMPLOYEES
For the Year Ended June 30, 2016
"Unaudited"

<u>For the Year Ended June 30,</u>	<u>2016</u>	<u>2015</u>
Net pension liability	\$ 33,843,595	\$ 30,720,425
Covered-employee payroll	\$ 8,918,269	\$ 9,598,157
Net pension liability as a percentage of its covered-employee payroll	37.95%	32.01%
Total pension liability	50,698,055	48,249,039
Fiduciary net position	16,854,460	17,528,614
Plan fiduciary net position as a percentage of the total pension liability	33.20%	36.30%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
ACCG RESTATED PENSION PLAN FOR HALL COUNTY EMPLOYEES
For the Year Ended June 30, 2016
"Unaudited"

<u>For the Year Ended June 30,</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 4,342,613	\$ 4,106,812	\$ 3,492,226	\$ 3,044,160	\$ 3,114,034	\$ 2,880,247	\$ 2,796,051	\$ 2,457,053	\$ 2,157,078	\$ 2,067,268
Contributions in relation to the contractually required contribution	4,342,613	4,106,812	3,716,842	3,412,489	2,246,258	1,839,947	2,011,035	2,916,504	2,597,966	2,585,533
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (224,616)</u>	<u>\$ (368,329)</u>	<u>\$ 867,776</u>	<u>\$ 1,040,300</u>	<u>\$ 785,016</u>	<u>\$ (459,451)</u>	<u>\$ (440,888)</u>	<u>\$ (518,265)</u>
County's covered-employee payroll	\$ 8,918,269	\$ 9,598,157	\$ 9,670,874	\$ 9,918,902	\$ 10,707,690	\$ 10,929,736	\$ 11,859,831	\$ 12,324,648	\$ 14,188,604	\$ 14,111,019
Contributions as a percentage of covered-employee payroll	48.69%	42.79%	38.43%	34.40%	20.98%	16.83%	16.96%	23.66%	18.31%	18.32%

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
ACCG RESTATED PENSION PLAN FOR HALL COUNTY EMPLOYEES
For the Year Ended June 30, 2016
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which donations are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended 2016 reported in that schedule:

Valuation Date	December 31, 2015
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, open
Remaining Amortization period	30 years
Asset Valuation method	Five-year smoothed market
Inflation Rate	3.50%
Salary Increases	3.0%-4.5%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

HALL COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS -
OTHER POST-EMPLOYMENT BENEFITS
For the Year Ended June 30, 2016
"Unaudited"

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 %
2012	\$ -	\$ 41,810,093	0.00 %	\$ 41,810,093	\$ 57,940,095	72.16 %
2013	\$ -	\$ 35,305,071	0.00 %	\$ 35,305,071	\$ 60,581,417	58.28 %
2014	\$ -	\$ 37,493,000	0.00 %	\$ 37,493,000	\$ 62,772,238	59.73 %
2015	\$ -	\$ 39,440,440	0.00 %	\$ 39,440,440	\$ 62,772,238	62.83 %

2008 was the first year that this plan was effective. Effective July 1, 2011, the County has changed to biennial actuarial valuations.

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2016
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 23,766,070	\$ 23,766,070	\$ 23,766,070	\$ -
RESOURCES (INFLOWS)				
Taxes	68,824,699	69,253,984	69,622,570	368,586
Licenses and permits	1,785,040	1,785,040	1,978,897	193,857
Intergovernmental	794,385	794,385	1,304,779	510,394
Fines and forfeitures	2,096,674	2,096,674	4,638,480	2,541,806
Charges for services	15,995,531	15,995,531	13,495,673	(2,499,858)
Contributions and donations	-	-	2,831	2,831
Investment income	10,383	10,383	26,165	15,782
Miscellaneous	178,750	178,750	145,103	(33,647)
Sale of county property	50,000	50,000	68,938	18,938
Capital lease proceeds	-	266,503	266,504	1
Transfers in	194,412	194,412	1,185,757	991,345
Total Resources (Inflows)	<u>89,929,874</u>	<u>90,625,662</u>	<u>92,735,697</u>	<u>2,110,035</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>113,695,944</u>	<u>114,391,732</u>	<u>116,501,767</u>	<u>2,110,035</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Legislative	1,049,938	1,063,829	1,063,829	-
Elections	647,428	643,633	643,633	-
Financial administration	689,401	698,548	698,548	-
Business license	156,701	164,711	164,711	-
Purchasing	305,735	277,639	277,639	-
Data processing/MIS	787,854	788,736	788,736	-
Human resources	499,196	440,209	440,209	-
Tax commissioner	1,511,624	1,432,568	1,432,568	-
Tax assessor-real property	1,649,866	1,575,949	1,575,949	-
Risk management	8,847,844	8,707,683	8,707,683	-
Buildings	2,549,850	2,283,513	2,283,513	-
General services	4,241,359	2,088,761	2,088,479	282
Agencies	151,936	151,936	151,936	-
Total General Government	<u>23,088,732</u>	<u>20,317,715</u>	<u>20,317,433</u>	<u>282</u>
Judicial				
Judicial administration	338,204	334,856	334,856	-
Superior court	2,751,896	2,690,981	2,690,981	-
Clerk of superior court	1,993,764	2,033,878	2,033,878	-
District attorney	1,378,490	1,398,367	1,398,367	-
State court	1,457,745	1,555,394	1,555,394	-
Magistrate court	1,101,085	1,123,019	1,123,019	-
Probate court	563,726	712,911	712,911	-
Juvenile court	1,609,521	1,618,103	1,618,103	-
Probation services	724,460	784,919	784,919	-
Public defender	1,361,752	1,396,426	1,396,426	-
Solicitor	1,301,537	1,365,804	1,365,804	-
Other judicial	938,577	904,752	904,752	-
Total Judicial	<u>15,520,757</u>	<u>15,919,410</u>	<u>15,919,410</u>	<u>-</u>
Public Safety				
Sheriff	15,010,277	15,722,680	15,722,680	-
Detention center	13,358,259	15,247,086	15,247,086	-
Correctional institute	2,876,042	2,965,639	2,965,639	-
Emergency medical services	6,464,804	7,649,639	7,649,639	-
Coroner	165,872	164,837	164,837	-
E-911	1,195,461	903,841	884,905	18,936
Agencies	9,451	9,451	9,451	-
Animal shelter	1,258,056	1,320,596	1,320,596	-
Emergency management	251,013	251,502	251,502	-
Total Public Safety	<u>40,589,235</u>	<u>44,235,271</u>	<u>44,216,335</u>	<u>18,936</u>
Public Works				
Highways and streets	2,694,465	2,809,417	2,809,417	-
Maintenance and shop	1,213,126	835,300	835,300	-
Engineering	887,550	982,150	982,150	-
Total Public Works	<u>4,795,141</u>	<u>4,626,867</u>	<u>4,626,867</u>	<u>-</u>

HALL COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2016
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
CONTINUED.....				
Public Health and Welfare				
Health department	816,107	819,393	819,393	-
Public welfare	799,000	1,013,075	1,013,075	-
Community Center	458,168	458,214	458,214	-
Agencies	115,863	115,863	115,863	-
Total Public Health and Welfare	<u>2,189,138</u>	<u>2,406,545</u>	<u>2,406,545</u>	<u>-</u>
Recreation and Culture				
Parks	2,484,383	2,331,238	2,330,908	330
Library	2,022,099	2,097,502	2,097,502	-
Agriculture center	238,276	233,103	233,103	-
Other recreation and culture	147,992	120,992	120,667	325
Total Recreation and Culture	<u>4,892,750</u>	<u>4,782,835</u>	<u>4,782,180</u>	<u>655</u>
Housing and development				
Conservation	102,444	101,920	101,920	-
Building inspection	447,832	425,493	425,493	-
Planning and zoning	788,642	770,404	770,404	-
Code enforcement	411,526	450,381	450,381	-
Agencies	568,505	530,357	529,509	848
County agent	198,712	187,849	187,849	-
Total Housing and Development	<u>2,517,661</u>	<u>2,466,404</u>	<u>2,465,556</u>	<u>848</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>93,593,414</u>	<u>94,755,047</u>	<u>94,734,326</u>	<u>20,721</u>
CHANGE IN FUND BALANCE	<u>(3,663,540)</u>	<u>(4,129,385)</u>	<u>(1,998,629)</u>	<u>2,130,756</u>
FUND BALANCE, End of year	<u>\$ 20,102,530</u>	<u>\$ 19,636,685</u>	<u>\$ 21,767,441</u>	<u>\$ 2,130,756</u>

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, 2016
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 3,378,471	\$ 3,378,471	\$ 3,378,471	\$ -
RESOURCES (INFLOWS)				
Taxes	21,854,296	21,854,296	21,578,313	(275,983)
Intergovernmental	20,066	20,066	592	(19,474)
Charges for services	25,000	25,000	165,778	140,778
Miscellaneous	1,000	1,000	2,168	1,168
Sale of county property	25,000	25,000	-	(25,000)
Total Resources (Inflows)	<u>21,925,362</u>	<u>21,925,362</u>	<u>21,746,851</u>	<u>(178,511)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>25,303,833</u>	<u>25,303,833</u>	<u>25,125,322</u>	<u>(178,511)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>21,008,195</u>	<u>21,717,685</u>	<u>21,667,821</u>	<u>49,864</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>21,008,195</u>	<u>21,717,685</u>	<u>21,667,821</u>	<u>49,864</u>
CHANGE IN FUND BALANCE	<u>917,167</u>	<u>207,677</u>	<u>79,030</u>	<u>(128,647)</u>
FUND BALANCE, End of year	<u>\$ 4,295,638</u>	<u>\$ 3,586,148</u>	<u>\$ 3,457,501</u>	<u>\$ (128,647)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

**HALL COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016**

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	EMERGENCY TELEPHONE SERVICES	PARKS FUND	MULTIPLE GRANTS FUND	SPECIAL ASSESSMENTS	RESTRICTED PROGRAMS FUND	LAW LIBRARY	ALLEN CREEK SOCCER COMPLEX	SUBTOTAL SPECIAL REVENUE FUNDS		
ASSETS										
Cash	\$ 148,087	\$ -	\$ 261,270	\$ 287,267	\$ 4,879,385	\$ 78,641	\$ 102,173	\$ 5,756,823	\$ 1,860,983	\$ 7,617,806
Receivables (net of allowance for uncollectibles)	423,192	126,318	644,075	19,617	182,672	-	11,300	1,407,174	-	1,407,174
Prepaid items	-	-	26,953	-	2,000	-	-	28,953	-	28,953
TOTAL ASSETS	\$ 571,279	\$ 126,318	\$ 932,298	\$ 306,884	\$ 5,064,057	\$ 78,641	\$ 113,473	\$ 7,192,950	\$ 1,860,983	\$ 9,053,933
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 133,875	\$ 6,527	\$ 99,381	\$ 12,284	\$ 296,010	\$ 591	\$ 16,262	\$ 564,930	\$ 134,385	\$ 699,315
Other accrued items	123,663	19,392	54,662	-	52,529	-	6,009	256,255	-	256,255
Due to other funds	-	100,399	-	-	-	-	-	100,399	-	100,399
Unearned revenue	-	-	752,824	-	1,500,001	-	-	2,252,825	-	2,252,825
Deposits held	-	-	-	-	123,299	-	-	123,299	-	123,299
TOTAL LIABILITIES	257,538	126,318	906,867	12,284	1,971,839	591	22,271	3,297,708	134,385	3,432,093
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue -other	-	-	-	19,617	-	-	-	19,617	-	19,617
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	19,617	-	-	-	19,617	-	19,617
TOTAL LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES	257,538	126,318	906,867	31,901	1,971,839	591	22,271	3,317,325	134,385	3,451,710
FUND BALANCES										
Nonspendable:										
Prepaid expenditure	-	-	25,431	-	2,000	-	-	27,431	-	27,431
Restricted:										
Special assessments	-	-	-	274,983	-	-	-	274,983	-	274,983
Judicial programs	-	-	-	-	1,170,669	78,050	-	1,248,719	-	1,248,719
Public safety programs	313,741	-	-	-	1,552,887	-	-	1,866,628	-	1,866,628
Health and welfare programs	-	-	-	-	157,891	-	-	157,891	-	157,891
Recreation and culture programs	-	-	-	-	750	-	-	750	-	750
Housing and development programs	-	-	-	-	208,021	-	-	208,021	-	208,021
Assigned:										
Capital equipment and infrastructure	-	-	-	-	-	-	-	-	1,726,598	1,726,598
Recreation and culture programs	-	-	-	-	-	-	91,202	91,202	-	91,202
TOTAL FUND BALANCES	313,741	-	25,431	274,983	3,092,218	78,050	91,202	3,875,625	1,726,598	5,602,223
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 571,279	\$ 126,318	\$ 932,298	\$ 306,884	\$ 5,064,057	\$ 78,641	\$ 113,473	\$ 7,192,950	\$ 1,860,983	\$ 9,053,933

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,849	\$ -	\$ -	\$ 35,849	\$ -	\$ 35,849
Intergovernmental	-	-	1,854,254	-	778,726	-	-	26,039	2,659,019	2,291,971	4,950,990
Fines and forfeitures	-	-	-	-	209,357	-	159,726	-	369,083	-	369,083
Charges for services	3,408,272	631,360	929,691	1,010,307	2,304,603	-	-	117,780	8,402,013	-	8,402,013
Contributions and donations	-	-	-	-	64,351	-	-	-	64,351	-	64,351
Interest income	-	-	-	-	-	-	6	-	6	-	6
Miscellaneous	20,468	1,630	6,684	-	51,193	-	-	6,900	86,875	-	86,875
TOTAL REVENUES	3,428,740	632,990	2,790,629	1,010,307	3,408,230	35,849	159,732	150,719	11,617,196	2,291,971	13,909,167
EXPENDITURES											
Current Expenditures											
Judicial	-	-	1,144,281	-	818,362	-	148,045	-	2,110,688	-	2,110,688
Public safety	4,296,044	-	71,815	-	1,909,806	-	-	-	6,277,665	-	6,277,665
Public works	-	-	-	869,654	-	-	-	-	869,654	1,432,890	2,302,544
Public health and welfare	-	-	53,905	-	57,735	-	-	-	111,640	-	111,640
Recreation and culture	-	721,085	-	-	-	90,000	-	256,551	1,067,636	-	1,067,636
Housing and development	-	-	1,618,940	-	-	-	-	-	1,618,940	-	1,618,940
Capital outlay	17,600	58,500	-	-	245,013	-	-	8,121	329,234	2,781,854	3,111,088
TOTAL EXPENDITURES	4,313,644	779,585	2,888,941	869,654	3,030,916	90,000	148,045	264,672	12,385,457	4,214,744	16,600,201
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(884,904)	(146,595)	(98,312)	140,653	377,314	(54,151)	11,687	(113,953)	(768,261)	(1,922,773)	(2,691,034)
OTHER FINANCING SOURCES (USES)											
Sale of county property	-	-	-	-	5,546	-	-	-	5,546	-	5,546
Transfers in	884,904	47,670	95,078	-	304,662	54,151	-	120,667	1,507,132	-	1,507,132
Transfers out	-	-	-	(193,872)	(635)	-	-	-	(194,507)	-	(194,507)
TOTAL OTHER FINANCING SOURCES (USES)	884,904	47,670	95,078	(193,872)	309,573	54,151	-	120,667	1,318,171	-	1,318,171
NET CHANGE IN FUND BALANCES	-	(98,925)	(3,234)	(53,219)	686,887	-	11,687	6,714	549,910	(1,922,773)	(1,372,863)
FUND BALANCES, Beginning of year	313,741	98,925	28,665	328,202	2,405,331	-	66,363	84,488	3,325,715	3,649,371	6,975,086
FUND BALANCES, End of year	<u>\$ 313,741</u>	<u>\$ -</u>	<u>\$ 25,431</u>	<u>\$ 274,983</u>	<u>\$ 3,092,218</u>	<u>\$ -</u>	<u>\$ 78,050</u>	<u>\$ 91,202</u>	<u>\$ 3,875,625</u>	<u>\$ 1,726,598</u>	<u>\$ 5,602,223</u>

HALL COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 313,741	\$ 313,741	\$ 313,741	\$ -
RESOURCES (INFLOWS)				
Charges for services	-	4,314,000	3,408,272	(905,728)
Miscellaneous	-	-	20,468	20,468
Transfer in	-	-	884,904	884,904
Total Resources (Inflows)	<u>-</u>	<u>4,314,000</u>	<u>4,313,644</u>	<u>(356)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>313,741</u>	<u>4,627,741</u>	<u>4,627,385</u>	<u>(356)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>-</u>	<u>4,314,000</u>	<u>4,313,644</u>	<u>356</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>-</u>	<u>4,314,000</u>	<u>4,313,644</u>	<u>356</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 313,741</u>	<u>\$ 313,741</u>	<u>\$ 313,741</u>	<u>\$ -</u>

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, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 98,925	\$ 98,925	\$ 98,925	\$ -
RESOURCES (INFLOWS)				
Charges for services	-	780,000	631,360	(148,640)
Miscellaneous	-	-	1,630	1,630
Transfer in	-	-	47,670	47,670
Total Resources (Inflows)	<u>-</u>	<u>780,000</u>	<u>680,660</u>	<u>(99,340)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>98,925</u>	<u>878,925</u>	<u>779,585</u>	<u>(99,340)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	<u>-</u>	<u>780,000</u>	<u>779,585</u>	<u>415</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>-</u>	<u>780,000</u>	<u>779,585</u>	<u>415</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(98,925)</u>	<u>(98,925)</u>
FUND BALANCE, End of year	<u>\$ 98,925</u>	<u>\$ 98,925</u>	<u>\$ -</u>	<u>\$ (98,925)</u>

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, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 28,665	\$ 28,665	\$ 28,665	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	1,890,000	1,854,254	(35,746)
Charges for services	-	900,000	929,691	29,691
Miscellaneous	-	-	6,684	6,684
Transfer in	-	100,000	95,078	(4,922)
Total Resources (Inflows)	<u>-</u>	<u>2,890,000</u>	<u>2,885,707</u>	<u>(4,293)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>28,665</u>	<u>2,918,665</u>	<u>2,914,372</u>	<u>(4,293)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	-	1,145,000	1,144,281	719
Public safety	-	72,000	71,815	185
Public health and welfare	-	54,000	53,905	95
Housing and development	-	1,619,000	1,618,940	60
TOTAL CHARGES TO APPROPRIATIONS	<u>-</u>	<u>2,890,000</u>	<u>2,888,941</u>	<u>1,059</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(3,234)</u>	<u>(3,234)</u>
FUND BALANCE, End of year	<u>\$ 28,665</u>	<u>\$ 28,665</u>	<u>\$ 25,431</u>	<u>\$ (3,234)</u>

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, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 328,202	\$ 328,202	\$ 328,202	\$ -
RESOURCES (INFLOWS)				
Charges for services	-	1,064,000	1,010,307	(53,693)
Total Resources (Inflows)	-	1,064,000	1,010,307	(53,693)
AMOUNTS AVAILABLE FOR APPROPRIATION	328,202	1,392,202	1,338,509	(53,693)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	-	1,064,000	1,063,526	474
TOTAL CHARGES TO APPROPRIATIONS	-	1,064,000	1,063,526	474
CHANGE IN FUND BALANCE	-	-	(53,219)	(53,219)
FUND BALANCE, End of year	\$ 328,202	\$ 328,202	\$ 274,983	\$ (53,219)

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, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 2,405,331	\$ 2,405,331	\$ 2,405,331	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,226,454	1,226,454	778,726	(447,728)
Fines and forfeitures	676,095	702,083	209,357	(492,726)
Charges for services	431,325	850,572	2,304,603	1,454,031
Contributions and donations	-	-	64,351	64,351
Miscellaneous	-	-	51,193	51,193
Sale of county property	-	-	5,546	5,546
Transfer in	19,013	19,013	304,662	285,649
Total Resources (Inflows)	<u>2,352,887</u>	<u>2,798,122</u>	<u>3,718,438</u>	<u>920,316</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>4,758,218</u>	<u>5,203,453</u>	<u>6,123,769</u>	<u>920,316</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	965,906	874,404	874,404	-
Public safety	1,365,605	2,099,412	2,099,412	-
Public health and welfare	75,000	57,735	57,735	-
TOTAL CHARGES TO APPROPRIATIONS	<u>2,406,511</u>	<u>3,031,551</u>	<u>3,031,551</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(53,624)</u>	<u>(233,429)</u>	<u>686,887</u>	<u>920,316</u>
FUND BALANCE, End of year	<u>\$ 2,351,707</u>	<u>\$ 2,171,902</u>	<u>\$ 3,092,218</u>	<u>\$ 920,316</u>

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, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Taxes	-	35,849	35,849	-
Transfer in	-	54,151	54,151	-
Total Resources (Inflows)	-	90,000	90,000	-
AMOUNTS AVAILABLE FOR APPROPRIATION	-	90,000	90,000	-
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	-	90,000	90,000	-
TOTAL CHARGES TO APPROPRIATIONS	-	90,000	90,000	-
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, 2016**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 66,363	\$ 66,363	\$ 66,363	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	-	150,000	159,726	9,726
Investment income	-	-	6	6
Total Resources (Inflows)	-	150,000	159,732	9,732
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>66,363</u>	<u>216,363</u>	<u>226,095</u>	<u>9,732</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	-	150,000	148,045	1,955
TOTAL CHARGES TO APPROPRIATIONS	<u>-</u>	<u>150,000</u>	<u>148,045</u>	<u>1,955</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>11,687</u>	<u>11,687</u>
FUND BALANCE, End of year	<u>\$ 66,363</u>	<u>\$ 66,363</u>	<u>\$ 78,050</u>	<u>\$ 11,687</u>

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, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 84,488	\$ 84,488	\$ 84,488	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	26,039	26,039
Charges for services	-	150,000	117,780	(32,220)
Miscellaneous	-	-	6,900	6,900
Transfer in	-	115,000	120,667	5,667
Total Resources (Inflows)	<u>-</u>	<u>265,000</u>	<u>271,386</u>	<u>6,386</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>84,488</u>	<u>349,488</u>	<u>355,874</u>	<u>6,386</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	-	265,000	264,672	328
TOTAL CHARGES TO APPROPRIATIONS	<u>-</u>	<u>265,000</u>	<u>264,672</u>	<u>328</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>6,714</u>	<u>6,714</u>
FUND BALANCE, End of year	<u>\$ 84,488</u>	<u>\$ 84,488</u>	<u>\$ 91,202</u>	<u>\$ 6,714</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
ASSETS			
Current Assets			
Cash	\$ 5,199,515	\$ 1,871,416	\$ 7,070,931
Receivables (net of allowance for uncollectibles)	192,917	-	192,917
Inventories	339,819	-	339,819
Prepaid items	<u>15,741</u>	<u>1,119,298</u>	<u>1,135,039</u>
TOTAL CURRENT ASSETS	<u>5,747,992</u>	<u>2,990,714</u>	<u>8,738,706</u>
 TOTAL ASSETS	 <u>5,747,992</u>	 <u>2,990,714</u>	 <u>8,738,706</u>
 LIABILITIES			
Current Liabilities			
Accounts payable	129,878	90,427	220,305
Other accrued items	14,318	2,393	16,711
Estimated claims payable	<u>603,796</u>	<u>288,400</u>	<u>892,196</u>
TOTAL CURRENT LIABILITIES	<u>747,992</u>	<u>381,220</u>	<u>1,129,212</u>
 Noncurrent Liabilities			
Estimated claims payable	<u>-</u>	<u>741,600</u>	<u>741,600</u>
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>741,600</u>	<u>741,600</u>
 TOTAL LIABILITIES	 <u>747,992</u>	 <u>1,122,820</u>	 <u>1,870,812</u>
 NET POSITION			
Unrestricted	<u>5,000,000</u>	<u>1,867,894</u>	<u>6,867,894</u>
TOTAL NET POSITION	<u><u>\$ 5,000,000</u></u>	<u><u>\$ 1,867,894</u></u>	<u><u>\$ 6,867,894</u></u>

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Charges to other funds	\$ 13,968,400	\$ 2,861,965	\$ 16,830,365
Charges to others	6,059,322	-	6,059,322
Total Operating Revenues	<u>20,027,722</u>	<u>2,861,965</u>	<u>22,889,687</u>
OPERATING EXPENSES			
Salaries and benefits	-	288,507	288,507
Other services and charges	4,204,936	39,865	4,244,801
Benefit claims	12,287,621	959,477	13,247,098
General and administrative	2,826,172	-	2,826,172
Insurance premiums	-	1,569,827	1,569,827
Total Operating Expenses	<u>19,318,729</u>	<u>2,857,676</u>	<u>22,176,405</u>
OPERATING INCOME (LOSS)	<u>708,993</u>	<u>4,289</u>	<u>713,282</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	708,993	4,289	713,282
Transfer out	(991,885)	-	(991,885)
CHANGE IN NET POSITION	<u>(282,892)</u>	<u>4,289</u>	<u>(278,603)</u>
TOTAL NET POSITION, Beginning of year	<u>5,282,892</u>	<u>1,863,605</u>	<u>7,146,497</u>
TOTAL NET POSITION, End of year	<u>\$ 5,000,000</u>	<u>\$ 1,867,894</u>	<u>\$ 6,867,894</u>

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	GROUP INSURANCE	RISK MANAGEMENT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ 5,866,405	\$ 834	\$ 5,867,239
Payments to suppliers	(6,892,291)	(2,943,220)	(9,835,511)
Payments to employees	(12,340,582)	(1,247,524)	(13,588,106)
Internal activity-payments from (to) other funds	<u>13,968,400</u>	<u>2,861,965</u>	<u>16,830,365</u>
Net cash provided by (used in) operating activities	<u>601,932</u>	<u>(1,327,945)</u>	<u>(726,013)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers out	<u>(991,885)</u>	<u>-</u>	<u>(991,885)</u>
Net cash provided (used) by capital and related financing activities	<u>(991,885)</u>	<u>-</u>	<u>(991,885)</u>
Net increase (decrease) in cash and cash equivalents	(389,953)	(1,327,945)	(1,717,898)
CASH, Beginning of year	<u>5,589,468</u>	<u>3,199,361</u>	<u>8,788,829</u>
CASH, End of year	<u>\$ 5,199,515</u>	<u>\$ 1,871,416</u>	<u>\$ 7,070,931</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 708,993	\$ 4,289	\$ 713,282
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in:			
Inventory	(192,917)	834	(192,083)
Net pension obligation	52,630	-	52,630
Increase (decrease) in:			
Accounts payable	35,057	(923,697)	(888,640)
Amounts held in trust	51,130	(409,831)	(358,701)
Other accrued items	6,393	-	6,393
Claims payable	(59,354)	-	(59,354)
Due to other governments	<u>-</u>	<u>460</u>	<u>460</u>
Net cash provided by (used in) operating activities	<u>\$ 601,932</u>	<u>\$ (1,327,945)</u>	<u>\$ (726,013)</u>

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2016

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash	\$ 3,751,023	\$ 2,194,103	\$ 175,518	\$ 152,978	\$ 59,320	\$ 1,280,106	\$ 136,308	\$ 7,749,356
TOTAL ASSETS	<u>\$ 3,751,023</u>	<u>\$ 2,194,103</u>	<u>\$ 175,518</u>	<u>\$ 152,978</u>	<u>\$ 59,320</u>	<u>\$ 1,280,106</u>	<u>\$ 136,308</u>	<u>\$ 7,749,356</u>
LIABILITIES								
Amounts held for others	\$ 3,751,023	\$ 2,194,103	\$ 175,518	\$ 152,978	\$ 59,320	\$ 1,280,106	\$ 136,308	\$ 7,749,356
TOTAL LIABILITIES	<u>\$ 3,751,023</u>	<u>\$ 2,194,103</u>	<u>\$ 175,518</u>	<u>\$ 152,978</u>	<u>\$ 59,320</u>	<u>\$ 1,280,106</u>	<u>\$ 136,308</u>	<u>\$ 7,749,356</u>

HALL COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended June 30, 2016

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash								
Balance, July 1, 2015	\$ 3,831,873	\$ 2,025,781	\$ 216,909	\$ 215,163	\$ 47,980	\$ 1,002,178	\$ 131,728	\$ 7,471,612
Additions	148,399,543	13,056,461	711,527	1,156,716	73,720	1,265,700	1,958,461	166,622,128
Deductions	(148,480,393)	(12,888,139)	(752,918)	(1,218,901)	(62,380)	(987,772)	(1,953,881)	(166,344,384)
Balance, June 30, 2016	<u>3,751,023</u>	<u>2,194,103</u>	<u>175,518</u>	<u>152,978</u>	<u>59,320</u>	<u>1,280,106</u>	<u>136,308</u>	<u>7,749,356</u>
TOTAL ASSETS	<u>\$ 3,751,023</u>	<u>\$ 2,194,103</u>	<u>\$ 175,518</u>	<u>\$ 152,978</u>	<u>\$ 59,320</u>	<u>\$ 1,280,106</u>	<u>\$ 136,308</u>	<u>\$ 7,749,356</u>
LIABILITIES								
Due to County								
Balance, July 1, 2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	56,136,142	7,367,190	584,927	543,955	41,185	456,180	37,527	65,167,106
Deductions	(56,136,142)	(7,367,190)	(584,927)	(543,955)	(41,185)	(456,180)	(37,527)	(65,167,106)
Balance, June 30, 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts held for others								
Balance, July 1, 2015	3,831,873	2,025,781	216,909	215,163	47,980	1,002,178	131,728	7,471,612
Additions	92,263,401	5,689,271	126,600	612,761	32,535	809,520	1,920,934	101,455,022
Deductions	(92,344,251)	(5,520,949)	(167,991)	(674,946)	(21,195)	(531,592)	(1,916,354)	(101,177,278)
Balance, June 30, 2016	<u>3,751,023</u>	<u>2,194,103</u>	<u>175,518</u>	<u>152,978</u>	<u>59,320</u>	<u>1,280,106</u>	<u>136,308</u>	<u>7,749,356</u>
Total Liabilities	<u>\$ 3,751,023</u>	<u>\$ 2,194,103</u>	<u>\$ 175,518</u>	<u>\$ 152,978</u>	<u>\$ 59,320</u>	<u>\$ 1,280,106</u>	<u>\$ 136,308</u>	<u>\$ 7,749,356</u>
TOTAL LIABILITIES	<u>\$ 3,751,023</u>	<u>\$ 2,194,103</u>	<u>\$ 175,518</u>	<u>\$ 152,978</u>	<u>\$ 59,320</u>	<u>\$ 1,280,106</u>	<u>\$ 136,308</u>	<u>\$ 7,749,356</u>

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2016

PROJECT	ORIGINAL		EXPENDITURES	
	ESTIMATED COSTS	CURRENT ESTIMATED COSTS	PRIOR YEARS	CURRENT YEAR
SPLOST IV (effective July 1, 2000)				
Road Projects	\$ 42,000,000	\$ 38,254,052	\$ 38,448,072	\$ -
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	43,464
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	\$ 119,058,136	\$ 43,464
SPLOST V (effective July 1, 2004)				
Road Projects	\$ 40,300,000	\$ 40,300,000	\$ 33,818,827	\$ 347,110
Water and Sewer Projects	1,000,000	5,670,580	5,670,580	-
Recreational Facilities	8,500,000	8,500,000	8,188,122	-
New Detention Center	54,000,000	61,275,921	61,276,953	-
New Fire Station	5,200,000	5,200,000	2,962,940	-
800 MHZ Radio System	16,000,000	16,000,000	15,776,635	-
Landfill improvement	8,500,000	8,500,000	4,880,874	-
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	\$ 141,299,534	\$ 347,110

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2016

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	AMOUNT EXPENDED							TOTAL
			YEAR 1 2010	YEAR 2 2011	YEAR 3 2012	YEAR 4 2013	YEAR 5 2014	YEAR 6 2015	YEAR 7 2016	
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	\$ 5,259,299	\$ 7,740,375	\$ 6,133,241	\$ 3,854,052	\$ 39,781,664
Water and Sewer Projects	53,037,000	57,037,000	11,123,975	2,257,427	2,653,244	6,201,707	12,729,359	7,828,946	825,386	43,620,044
Landfill	4,000,000	-	-	-	-	1,676	10,515	1,988,598	473,168	2,473,957
Recreational Facilities	21,000,000	21,000,000	2,872,270	(112,473)	4,773,381	2,084,964	222,648	2,390,250	362,570	12,593,610
Courthouse and Administration	-	-	-	-	-	-	-	-	-	-
Building Projects	17,000,000	17,000,000	-	1,578,434	2,316,737	2,847,134	320,157	2,134,772	186,353	9,383,587
Fire and Emergency Projects	4,000,000	4,000,000	-	-	-	615,112	505,000	664,728	694,049	2,478,889
Public Safety Facilities	10,000,000	10,043,464	-	-	-	725	1,076,215	3,298,330	5,475,947	9,851,217
Public Health Facility	5,000,000	5,000,000	-	-	-	850	111,384	107,021	85,555	304,810
Correctional Institution/Animal Care Facility	5,000,000	5,000,000	661,541	461,613	460,031	460,031	462,800	460,575	-	2,966,591
Post Office	3,000,000	3,000,000	-	-	-	-	-	-	-	-
Library Facility	3,000,000	3,000,000	78,247	909,947	836,840	700,038	58,091	4,772	-	2,587,935
Welcome Center	1,500,000	1,500,000	-	-	-	-	-	-	-	-
Airport	500,000	500,000	-	-	-	-	-	-	-	-
Subtotal County Projects	195,037,000	195,080,464	17,632,918	13,331,700	16,701,293	18,171,536	23,236,544	25,011,233	11,957,080	126,042,304
MUNICIPAL PROJECTS										
City of Braselton										
Sidewalks	32,000	32,000	3,176	3,221	3,581	3,551	3,781	3,854	-	21,164
City of Buford										
Road Paving	141,000	141,000	14,019	14,216	15,806	15,672	17,162	17,010	-	93,885
City of Clermont										
Municipal Buildings	550,000	550,000	54,726	55,495	61,702	61,178	65,865	66,404	-	365,370
Parks	150,000	150,000	14,925	15,135	16,828	16,685	17,963	18,110	-	99,646
Streets & Sidewalks	250,000	250,000	24,876	25,225	28,046	27,808	29,938	30,183	-	166,076
Subtotal	950,000	950,000	94,527	95,855	106,576	105,671	113,766	114,697	-	631,092
City of Flowery Branch										
Cinnamon Cove Lift Station & Force Main Line	1,300,000	1,300,000	129,368	131,186	145,857	144,619	153,992	156,972	-	861,994
9 Police Cars (over 6 years)	200,000	200,000	19,902	20,182	22,440	22,249	23,691	24,150	-	132,614
Road Resurfacing and Sidewalks	500,000	500,000	49,757	50,456	56,099	55,623	59,228	60,374	-	331,537
City Administration Real Estate/Buildings	500,000	500,000	49,757	50,456	56,099	55,623	59,228	60,374	-	331,537
Subtotal	2,500,000	2,500,000	248,784	252,280	280,495	278,114	296,139	301,870	-	1,657,682
City of Gainesville										
Previously Incurred Debt	7,500,000	7,500,000	746,329	723,625	874,871	831,904	849,066	944,825	-	4,970,620
New Public Safety Facility	13,000,000	13,000,000	1,293,637	1,254,283	1,516,443	1,441,967	1,471,714	1,637,696	-	8,615,740
Fire Station Replacement	6,500,000	6,500,000	646,818	627,141	758,221	720,983	735,857	818,848	-	4,307,868
Transportation	2,500,000	2,500,000	248,776	241,208	291,624	277,301	283,022	314,942	-	1,656,873
Downtown Streetscape	3,000,000	3,000,000	298,532	289,450	349,948	332,762	339,626	377,930	-	1,988,248
Parks & Recreation	3,000,000	3,000,000	298,532	289,450	349,948	332,762	339,626	377,930	-	1,988,248
Subtotal	35,500,000	35,500,000	3,532,624	3,425,157	4,141,055	3,937,679	4,018,911	4,472,171	-	23,527,597
City of Gillsville										
Road Improvements	40,000	40,000	3,980	4,036	4,488	4,450	4,873	4,830	-	26,657
Community Park Upgrade	95,000	95,000	9,454	9,586	10,659	10,568	11,573	11,471	-	63,311
Downtown Improvement	105,000	105,000	10,449	10,596	11,780	11,680	12,791	12,678	-	69,974
Subtotal	240,000	240,000	23,883	24,218	26,927	26,698	29,237	28,979	-	159,942
City of Lula										
Road Resurfacing	300,000	300,000	29,854	30,274	33,660	33,374	35,551	36,225	-	198,938
Parks & Recreation	300,000	300,000	29,854	30,274	33,660	33,374	35,551	36,225	-	198,938
Water System and Sewer Projects	1,300,000	1,300,000	129,370	131,187	145,859	144,620	154,053	156,974	-	862,063
Subtotal	1,900,000	1,900,000	189,078	191,735	213,179	211,368	225,154	229,423	-	1,259,938
City of Oakwood										
Infrastructure Projects	1,500,000	1,500,000	149,269	151,366	168,296	166,866	177,651	181,120	-	994,568
Transportation Project	200,000	200,000	19,902	20,182	22,439	22,249	23,687	24,149	-	132,608
Transportation Project	1,200,000	1,200,000	119,415	121,093	134,636	133,493	142,121	144,896	-	795,654
Sewer Project	800,000	800,000	79,610	80,729	89,758	88,995	94,747	96,597	-	530,436
Subtotal	3,700,000	3,700,000	368,196	373,370	415,129	411,603	438,205	446,762	-	2,453,266
Subtotal Municipal Project:	44,963,000	44,963,000	4,474,287	4,380,052	5,202,748	4,990,356	5,142,355	5,614,766	-	29,804,566
TOTAL SPLOST VI	\$ 240,000,000	\$ 240,043,464	\$ 22,107,205	\$ 17,711,752	\$ 21,904,041	\$ 23,161,892	\$ 28,378,899	\$ 30,625,999	\$ 11,957,080	\$ 155,846,870

HALL COUNTY, GEORGIA
OTHER SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended June 30, 2016

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	AMOUNT EXPENDED YEAR 1 2016
SPLOST VII (effective July 1, 2015)			
COUNTY PROJECTS			
Road Projects	\$ 46,650,000	\$ 46,650,000	\$ 3,600,263
Water and Sewer Projects	21,835,772	21,835,772	2,315,896
Landfill	3,250,000	3,250,000	-
County Building Renovations	5,850,000	5,850,000	563,218
Various Park Projects	4,900,000	4,900,000	510,003
Sheriff Capital Equipment	2,785,379	2,785,379	351,941
Public Safety Facilities	8,400,000	8,400,000	-
Fire and Emergency Projects	4,000,000	4,000,000	82,001
Public Safety Capital Enhancements	18,910,000	18,910,000	2,025,911
Library Renovations	2,500,000	2,500,000	100,000
Gainesville- Hall Co Senior Center	1,500,000	1,500,000	-
Subtotal County Projects	<u>120,581,151</u>	<u>120,581,151</u>	<u>9,549,233</u>
MUNICIPAL PROJECTS			
City of Braselton			
Streets, Sidewalks, Stormwater	<u>1,270,589</u>	<u>1,270,589</u>	<u>237,847</u>
Town of Rest Haven			
Road and Street Maintenance	<u>22,555</u>	<u>22,555</u>	<u>4,511</u>
City of Buford			
Roads and Streets	111,249	111,249	86,498
Sewer Infrastructure	60,000	60,000	46,651
Subtotal	<u>171,249</u>	<u>171,249</u>	<u>133,149</u>
City of Clermont			
Municipal Buildings	350,000	350,000	65,522
Parks	150,000	150,000	28,081
Roads, Streets & Sidewalks	157,888	157,888	29,557
Subtotal	<u>657,888</u>	<u>657,888</u>	<u>123,160</u>
City of Flowery Branch			
Admin Building and Plaza	1,616,652	1,616,652	302,639
Roads, Streets and Bridges	1,113,935	1,113,935	208,530
Water and Sewer Infrastructure	1,308,000	1,308,000	244,859
Public Safety Vehicles	231,000	231,000	43,243
Subtotal	<u>4,269,587</u>	<u>4,269,587</u>	<u>799,272</u>
City of Gainesville			
Fire Station Construction and Equipment	5,500,000	5,500,000	1,029,629
Roads, Bridges, Storm Water	12,914,482	12,914,482	2,417,659
Youth Sports Athletic Complex	6,750,000	6,750,000	1,263,636
Park Improvements	250,000	250,000	46,801
Subtotal	<u>25,414,482</u>	<u>25,414,482</u>	<u>4,757,725</u>
City of Gillsville			
Roads and Streets	116,718	116,718	21,850
Park Improvements	38,906	38,906	7,283
Subtotal	<u>155,624</u>	<u>155,624</u>	<u>29,133</u>
City of Lula			
Roads, Streets & Trails	654,752	654,752	122,572
Water & Sewer Infrastructure	1,000,000	1,000,000	187,204
Parks and Streetscape	300,000	300,000	56,161
Subtotal	<u>1,954,752</u>	<u>1,954,752</u>	<u>365,938</u>
City of Oakwood			
Roads, Streets, Bridges and Trails	1,684,678	1,684,678	315,379
Sewer Infrastructure	1,000,000	1,000,000	187,204
Public Safety Equipment	300,000	300,000	56,161
Subtotal	<u>2,984,678</u>	<u>2,984,678</u>	<u>558,745</u>
Subtotal Municipal Projects	<u>36,878,849</u>	<u>36,878,849</u>	<u>7,009,480</u>
TOTAL SPLOST VII	<u>\$ 157,460,000</u>	<u>\$ 157,460,000</u>	<u>\$ 16,558,713</u>

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, 2016

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

	Expenditures	\$ 25,410,033
	Transfers out	3,496,334
Subtotal		<u>28,906,367</u>

Expenditures reported on SPLOST schedule below	<u>\$ 28,906,367</u>
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Schedule of Projects Constructed With Special Purpose Local Option Sales Tax (pages 77-79)

		43,464
	SPLOST IV	
	Revised SPLOST IV	<u>43,464</u>
	SPLOST V	347,110
	Revised SPLOST V	<u>347,110</u>
	SPLOST VI	11,957,080
	Revised SPLOST VI	<u>11,957,080</u>
	SPLOST VII	16,558,713
	Revised SPLOST VII	<u>16,558,713</u>
Total		<u>\$ 28,906,367.00</u>

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.

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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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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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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 POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 403,769	\$ 125,119	\$ 390,642	\$ 393,603	\$ 386,017	\$ 383,004	\$ 371,931	\$ 374,649	\$ 374,656	\$ 373,613
Restricted:										
Capital outlay	20,604	8,761	13,680	13,200	13,864	21,649	27,476	25,080	25,231	24,268
Debt service	10,923	2,706	10,695	-	-	-	-	-	-	-
Impact fee projects	6,148	5,898	4,106	3,032	2,798	2,554	2,580	2,734	818	877
Other programs	5,973	6,355	4,796	5,563	4,522	5,178	5,149	4,993	6,620	7,034
Unrestricted:	16,139	346,120	7,004	(11,948)	(27,797)	(28,884)	(23,270)	(26,017)	(50,407)	(60,222)
Total governmental activities net position	\$ 463,556	\$ 494,959	\$ 430,923	\$ 403,450	\$ 379,404	\$ 383,501	\$ 383,866	\$ 381,439	\$ 356,918	\$ 345,570
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 31,419	\$ 41,859	\$ 47,183	\$ 61,405	\$ 52,028	\$ 53,303	\$ 57,143	\$ 65,004	\$ 89,274	\$ 69,996
Restricted	-	-	-	-	-	-	-	-	1,446	1,341
Unrestricted	12,346	10,883	10,494	8,197	12,472	11,414	12,714	11,704	(5,691)	10,809
Total business-type activities net position	\$ 43,765	\$ 52,742	\$ 57,677	\$ 69,602	\$ 64,500	\$ 64,717	\$ 69,857	\$ 76,708	\$ 85,029	\$ 82,146
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 435,188	\$ 166,978	\$ 437,825	\$ 455,008	\$ 438,045	\$ 436,307	\$ 429,074	\$ 439,653	\$ 463,930	\$ 443,609
Restricted	43,648	23,720	33,277	21,795	21,184	29,381	35,205	32,807	34,115	33,520
Unrestricted	28,485	357,003	17,498	(3,751)	(15,325)	(17,470)	(10,556)	(14,313)	(56,098)	(49,413)
Total primary government net position	\$ 507,321	\$ 547,701	\$ 488,600	\$ 473,052	\$ 443,904	\$ 448,218	\$ 453,723	\$ 458,147	\$ 441,947	\$ 427,716

In 2011, the County implemented GASB 54.
In 2013, the County implemented GASB 63 & 65.
In 2015, the County implemented GASB 68.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities:										
General government	\$ 19,195	\$ 16,964	\$ 20,350	\$ 17,275	\$ 20,541	\$ 18,012	\$ 17,530	\$ 19,784	\$ 20,106	\$ 23,850
Judicial	14,330	15,846	16,738	18,404	17,954	16,303	16,878	17,333	17,645	26,150
Public safety	54,972	68,089	71,870	78,047	77,796	67,123	64,887	67,570	70,289	77,850
Public works	17,970	18,153	25,211	27,153	29,633	22,222	23,382	24,162	24,792	22,896
Public health and welfare	3,483	3,511	3,905	3,501	3,304	2,704	2,727	2,558	2,947	2,777
Recreation and culture	5,710	8,351	7,267	7,602	7,794	6,007	5,934	6,718	7,344	7,940
Housing and development	4,555	5,564	5,057	5,389	5,979	2,947	4,800	4,388	4,013	4,076
Interest on long-term debt	1,846	643	671	330	492	488	319	197	39	97
Total governmental activities expenses	122,061	137,121	151,069	157,701	163,493	135,806	136,457	142,710	147,175	165,636
Business-type activities:										
Solid Waste	5,307	5,717	5,905	5,568	6,059	6,154	6,030	6,146	5,473	6,819
Water and sewer utilities	70	2,108	1,581	2,921	1,792	2,973	2,858	3,833	3,454	3,757
Total business-type activities expenses	5,377	7,825	7,486	8,489	7,851	9,127	8,888	9,979	8,927	10,576
Total primary government expenses	\$ 127,438	\$ 144,946	\$ 158,555	\$ 166,190	\$ 171,344	\$ 144,933	\$ 145,345	\$ 152,689	\$ 156,102	\$ 176,212
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 4,678	\$ 5,020	\$ 4,985	\$ 4,786	\$ 5,366	\$ 5,016	\$ 4,903	\$ 5,191	\$ 4,601	\$ 5,125
Judicial	4,560	6,899	6,627	5,939	5,511	6,087	6,589	7,089	7,524	8,290
Public safety	8,205	9,915	14,691	17,514	17,556	16,883	13,289	11,486	14,999	11,509
Public works	738	930	890	986	941	939	946	953	1,328	1,021
Public health and welfare	-	-	-	-	-	-	-	-	-	-
Recreation and culture	1,039	1,013	953	1,008	1,052	1,167	1,183	1,244	1,334	1,485
Housing and development	3,409	1,668	910	507	405	493	1,626	2,107	2,327	2,551
Total charges for services	22,629	25,445	29,056	30,740	30,831	30,585	28,536	28,070	32,113	29,981
Operating grants and contributions	4,266	6,762	4,317	5,402	6,094	3,604	4,615	4,868	6,246	4,198
Capital grants and contributions	18,090	17,946	12,847	4,977	4,632	2,897	3,639	1,647	4,248	2,292
Total governmental activities program revenues	44,985	50,153	46,220	41,119	41,557	37,086	36,790	34,585	42,607	36,471
Business-type activities:										
Charges for services:										
Solid Waste	5,085	5,767	5,466	5,175	5,120	5,041	6,463	6,615	6,330	7,241
Water and sewer utilities	27	290	961	925	1,072	1,395	1,388	1,625	2,080	2,669
Total charges for services	5,112	6,057	6,427	6,100	6,192	6,436	7,851	8,240	8,410	9,910
Operating grants and contributions	25	5	-	-	-	-	-	-	-	-
Capital grants and contributions	-	12,374	1,104	87	236	227	68	61	85	95
Total business-type activities program revenues	5,137	18,436	7,531	6,187	6,428	6,663	7,919	8,301	8,495	10,005
Total primary government program revenues	\$ 50,122	\$ 68,589	\$ 53,751	\$ 47,306	\$ 47,985	\$ 43,749	\$ 44,709	\$ 42,886	\$ 52,085	\$ 46,476

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

(Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (77,076)	\$ (86,968)	\$ (104,849)	\$ (116,582)	\$ (121,936)	\$ (98,720)	\$ (99,667)	\$ (108,125)	\$ (103,585)	\$ (129,165)
Business-type activities	(240)	10,611	45	(2,302)	(1,423)	(2,464)	(969)	(1,678)	(432)	(571)
Total primary government net expense	\$ (77,316)	\$ (76,357)	\$ (104,804)	\$ (118,884)	\$ (123,359)	\$ (101,184)	\$ (100,636)	\$ (109,803)	\$ (104,017)	\$ (129,736)
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
Taxes										
Property Taxes	\$ 42,400	\$ 48,977	\$ 50,679	\$ 53,395	\$ 52,313	\$ 49,371	\$ 48,405	\$ 54,676	\$ 55,748	\$ 57,723
Sales Taxes	51,744	51,438	45,246	41,938	42,483	47,271	46,720	47,499	50,539	52,096
Insurance premium tax	4,944	5,198	5,325	5,249	5,105	5,433	5,804	6,032	6,364	6,815
Real estate and recording taxes	3,391	2,259	1,318	1,074	1,013	1,147	1,359	1,371	1,608	1,850
Other taxes	1,530	1,560	1,502	1,478	1,820	1,860	2,061	2,256	2,751	2,842
Total taxes	104,009	109,432	104,070	103,134	102,734	105,082	104,349	111,834	117,010	121,326
Unrestricted grants and contributions	2,071	2,029	2,107	6	-	1	1	11	79	179
Investment earnings	4,440	2,076	553	108	66	-	-	1	17	26
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	1,816	71	15	203	417	3,228	1,899	-	-
Transfers	(5,200)	1,828	(4,286)	(14,196)	3,697	(2,682)	(6,922)	(8,518)	(9,811)	(3,714)
Total governmental activities	105,320	117,181	102,515	89,067	106,700	102,818	100,656	105,227	107,295	117,817
Business-type activities:										
Investment earnings	181	194	65	33	17	1	-	-	-	-
Gain on sale of capital assets	-	-	(541)	-	-	-	4	10	106	-
Transfers	5,200	(1,828)	4,286	14,196	(3,697)	2,682	6,922	8,518	9,811	3,714
Total business-type activities	5,381	(1,634)	3,810	14,229	(3,680)	2,683	6,926	8,528	9,917	3,714
Total primary government	\$ 110,701	\$ 115,547	\$ 106,325	\$ 103,296	\$ 103,020	\$ 105,501	\$ 107,582	\$ 113,755	\$ 117,212	\$ 121,531
CHANGE IN NET POSITION										
Governmental activities	\$ 28,244	\$ 30,213	\$ (2,334)	\$ (27,515)	\$ (15,236)	\$ 4,098	\$ 989	\$ (2,898)	\$ 3,710	\$ (11,348)
Business-type activities	5,141	8,977	3,855	11,927	(5,103)	219	5,957	6,850	9,485	3,143
Total primary government	\$ 33,385	\$ 39,190	\$ 1,521	\$ (15,588)	\$ (20,339)	\$ 4,317	\$ 6,946	\$ 3,952	\$ 13,195	\$ (8,205)

In 2011, the County implemented GASB 54.

In 2013, the County implemented GASB 63 & 65.

In 2015, the County implemented GASB 68.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 193	\$ 1,019	\$ 47	\$ 591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,320	8,269	6,580	7,457	-	-	-	-	-	-
Nonspendable	-	-	-	-	624	631	402	413	508	671
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	313	1,380	4,304	3,685	4,319	2,981
Unassigned	-	-	-	-	8,374	12,896	18,037	18,340	18,939	18,115
Total general fund	\$15,513	\$ 9,288	\$ 6,627	\$ 8,048	\$ 9,311	\$14,907	\$22,743	\$22,438	\$23,766	\$ 21,767
All other governmental funds										
Reserved:	38,462	35,156	35,907	32,974	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	6,010	6,391	4,827	5,450	-	-	-	-	-	-
Capital projects funds	183	1,122	202	(17,823)	-	-	-	-	-	-
Total unreserved	6,193	7,513	5,029	(12,373)	-	-	-	-	-	-
Nonspendable	-	-	-	-	6,914	9,868	8,481	6,998	12	125
Restricted	-	-	-	-	27,586	24,675	28,113	25,911	32,657	32,262
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	197	197	1,695	2,632	3,734	1,818
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental fund	\$44,655	\$42,669	\$40,936	\$20,601	\$34,697	\$34,740	\$38,289	\$35,541	\$36,403	\$ 34,205

In 2011, the County implemented GASB 54.
In 2013, the County implemented GASB 63 & 65.
In 2015, the County implemented GASB 68.

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes (see table 5)	\$ 104,167	\$ 108,924	\$ 103,539	\$ 102,949	\$ 102,599	\$ 104,954	\$ 104,613	\$ 111,990	\$ 116,789	\$ 121,108
Licenses and permits	4,777	3,107	2,238	1,658	1,357	1,487	1,795	2,305	2,332	2,666
Intergovernmental	7,794	10,447	8,852	8,798	6,449	4,851	7,466	5,966	8,329	6,485
Fines and forfeitures	5,028	5,564	4,732	4,844	3,772	4,005	4,339	4,843	5,630	5,009
Charges for services	15,311	17,028	21,765	24,205	25,547	25,004	22,363	20,502	23,566	22,063
Investment earnings	4,331	1,967	419	94	232	186	1	219	296	27
Miscellaneous	108	371	194	108	540	210	744	439	624	302
Total revenues	141,516	147,408	141,739	142,656	140,496	140,697	141,321	146,264	157,566	157,660
EXPENDITURES										
General government	17,335	17,043	18,233	15,419	17,737	15,867	17,840	19,400	19,960	20,276
Judicial	13,384	15,069	15,368	14,970	14,888	15,178	16,009	16,383	16,900	17,979
Public safety	52,029	62,946	62,684	61,495	62,322	60,390	59,457	62,876	64,868	70,664
Public works	8,054	7,643	12,635	11,275	10,994	6,275	7,863	8,445	8,528	12,182
Public health and welfare	3,275	3,287	3,604	3,131	2,888	2,301	2,329	2,212	2,627	2,556
Recreation and culture	5,151	7,691	6,247	6,132	6,314	4,925	4,904	5,423	5,994	6,555
Housing and development	4,092	5,189	4,635	4,932	5,475	2,705	4,633	3,670	3,934	4,017
Intergovernmental	4,484	2,477	2,400	4,786	4,946	5,282	5,064	5,814	5,614	7,009
Capital Outlay	64,093	26,631	10,205	13,790	17,321	15,499	7,966	14,355	14,097	17,861
Principal on long-term debt	9,982	10,171	10,344	11,030	3,138	3,703	3,807	3,927	4,070	280
Interest on long-term debt	2,482	1,280	847	430	561	666	559	440	282	96
Issuance costs	-	-	-	-	248	-	-	-	-	-
Total expenditures	184,361	159,427	147,202	147,390	146,832	132,791	130,431	142,945	146,874	159,475
Excess of revenues over (under) expenditures	(42,845)	(12,019)	(5,463)	(4,734)	(6,336)	7,906	10,890	3,319	10,692	(1,815)
OTHER FINANCING SOURCES (USES)										
Transfers in	3,107	7,164	1,124	647	7,460	1,647	1,636	5,593	2,102	2,693
Transfers out	(8,307)	(5,336)	(5,411)	(14,843)	(3,763)	(4,328)	(8,558)	(14,111)	(11,912)	(5,415)
Issuance of bond debt	-	-	103	-	15,390	-	-	-	-	-
Premium on bonds issued	-	-	-	-	1,004	-	-	-	-	-
Proceeds from installment sale	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	134	-	-	-	-	-	-	657	267
Sale of capital assets	72	1,846	71	15	1,603	417	7,417	2,146	649	73
Total other financing sources (uses)	(5,128)	3,808	(4,113)	(14,181)	21,694	(2,264)	495	(6,372)	(8,504)	(2,382)
Net change in fund balances	\$ (47,973)	\$ (8,211)	\$ (9,576)	\$ (18,915)	\$ 15,358	\$ 5,642	\$ 11,385	\$ (3,053)	\$ 2,188	\$ (4,197)
Debt service as a percentage of noncapital expenditures	10.4%	8.6%	8.2%	8.6%	2.9%	3.7%	3.6%	3.4%	3.3%	0.3%

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

	Current Year		Next Year
	Year Ending		Year ending
	June 30, 2016		June 30, 2017
Revenues			
Property Taxes	\$ 38,645,655	\$	39,617,517
Commissions	3,024,141		3,232,436
Other Taxes	27,857,544		29,469,627
Penalties and Interest	970,000		947,715
Licenses and Permits	2,896,540		3,145,757
Charges for Services	11,240,645		11,912,979
Fines and Forfeitures	4,031,419		3,806,964
Intergovernmental	748,385		1,151,828
Miscellaneous	271,133		239,983
Other Financing Sources	-		444,412
Use of Fund Balance	3,907,952		2,981,210
	<u>TOTAL REVENUES</u>	\$	<u>93,593,414</u>
		\$	<u>96,950,428</u>
Expenditures			
General Government	\$ 9,200,165	\$	9,980,426
Judicial	16,334,057		16,172,380
Public Health & Welfare	2,073,275		2,041,569
Public Safety	39,629,977		41,519,055
Public Works	4,795,141		4,986,733
Recreation & Culture	4,744,758		4,743,008
Housing and development	1,537,630		1,552,679
Agencies	845,755		909,611
Non-Departmental	14,432,656		13,813,194
Other Financing Uses	-		1,231,773
	<u>TOTAL EXPENDITURES</u>	\$	<u>93,593,414</u>
		\$	<u>96,950,428</u>

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
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
2013	\$ 48,669	\$ 26,621	\$ 20,099	\$ 5,804	\$ 1,359	\$ 2,061	\$ 104,613
2014	\$ 54,832	\$ 27,170	\$ 20,329	\$ 6,032	\$ 1,371	\$ 2,256	\$ 111,990
2015	\$ 55,528	\$ 28,979	\$ 21,560	\$ 6,364	\$ 1,608	\$ 2,750	\$ 116,789
2016	\$ 57,506	\$ 29,871	\$ 22,225	\$ 6,815	\$ 1,850	\$ 2,841	\$ 121,108

Table 5

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)

Tax Year	Real Property				Personal Property				Less Exemptions:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Property	Agricultural Property (1)	Commercial & Industrial	Public Utilities	Inventory & Equipment (4)	Motor Vehicles	Mobile Homes	Other (2)	Real Property	Personal Property				
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%
2012	\$ 3,490,731	\$ 530,867	\$ 1,138,470	\$ 140,196	\$ 801,728	\$ 447,718	\$ 24,208	\$ 94,244	\$ 406,562	\$ 206,438	\$ 6,055,162	6.25	\$ 15,137,905	40.00%
2013	\$ 3,426,254	\$ 524,676	\$ 1,088,536	\$ 143,682	\$ 839,414	\$ 472,894	\$ 23,710	\$ 87,110	\$ 407,207	\$ 235,418	\$ 5,963,651	6.25	\$ 14,909,128	40.00%
2014	\$ 3,790,135	\$ 518,272	\$ 1,097,131	\$ 139,685	\$ 912,993	\$ 417,373	\$ 23,523	\$ 88,453	\$ 394,713	\$ 222,571	\$ 6,370,281	6.25	\$ 15,925,703	40.00%
2015	\$ 3,833,923	\$ 518,438	\$ 1,407,595	\$ 149,746	\$ 928,926	\$ 305,581	\$ 23,300	\$ 115,720	\$ 399,104	\$ 228,644	\$ 6,655,481	6.25	\$ 16,638,703	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)

<i>Tax Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>
<i>Fiscal Year</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
<i>Unincorporated Districts</i>										
County-Unincorporated	6.980	6.260	6.250	6.250	6.250	6.250	6.250	6.250	5.989	5.735
Hall Co. Schools	17.200	15.750	16.420	16.420	16.420	17.670	18.490	19.250	18.900	18.800
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	0.200	0.150	0.100	0.050
Fire District Unincorporated	1.120	1.510	1.510	1.510	1.510	1.650	1.650	2.400	2.400	2.650
Total Hall County Unincorporated	25.550	23.770	24.430	24.430	24.430	25.820	26.590	28.050	27.389	27.235
<i>Incorporated Districts</i>										
County - Incorporated except for City of Gainesville	6.980	6.260	6.250	6.250	6.250	6.250	6.250	6.250	5.989	5.735
County - Incorporated - City of Gainesville (2)	6.980	6.260	6.250	6.250	6.250	6.250	6.250	6.250	5.989	5.735
Hall Co. Schools	17.200	15.750	16.420	16.420	16.420	17.670	18.490	19.250	18.900	18.800
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.200	0.150	0.100	0.050
Fire District Incorporated	2.470	2.720	2.710	2.710	2.710	3.080	3.080	3.080	3.830	4.080
Braselton CID	0.000	0.000	0.000	0.000	0.000	5.000	5.000	5.000	5.000	5.000
Lanier Island Pkwy CID	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.000	0.000	0.000

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.

<i>Municipalities</i>										
City of Gainesville (1)	2.890	2.660	2.660	2.660	2.920	2.920	3.060	3.060	3.020	2.980
Gainesville City Schools (1) (3)	7.450	6.960	7.810	7.710	7.390	7.390	7.590	7.590	7.480	6.890
City of Oakwood	2.480	2.480	2.480	2.480	2.480	2.480	2.658	2.658	4.000	4.000
City of Flowery Branch	2.837	2.837	2.837	2.837	2.837	2.837	2.837	2.837	3.337	3.337
Buford City Schools	15.350	13.300	13.250	13.200	13.150	13.100	13.050	13.000	12.950	12.900

(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.

<i>City of Gainesville</i>	<i>7.225</i>	<i>6.650</i>	<i>6.650</i>	<i>6.650</i>	<i>7.300</i>	<i>7.300</i>	<i>7.650</i>	<i>7.650</i>	<i>7.550</i>	<i>7.450</i>
<i>Gainesville City Schools</i>	<i>18.625</i>	<i>17.400</i>	<i>19.525</i>	<i>19.275</i>	<i>18.475</i>	<i>18.475</i>	<i>18.975</i>	<i>18.975</i>	<i>18.700</i>	<i>17.225</i>

(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)**

Taxpayer	Tax Year 2015			Tax Year 2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Georgia Power Company	\$ 54,466	1	0.82%	\$ 36,697	2	0.67%
Wrigley Manufacturing Company	53,104	2	0.80%	37,109	1	0.68%
Jackson EMC	41,264	3	0.62%	28,339	3	0.52%
Fieldale Farms Corp	29,433	4	0.44%	14,043	6	0.26%
Kelsey Hayes Company	15,116	5	0.23%	-		0.00%
Tree Lake Associates	12,616	6	0.19%	-		0.00%
Kings Hawaiian Bakery, Inc	11,841	7	0.18%	-		0.00%
Perdue Foods	11,456	8	0.17%	-		0.00%
Norfolk Southern Corp	11,404	9	0.17%	-		0.00%
Gainesville Freezer LP	10,231	10	0.15%	-		0.00%
Bellsouth	-		0.00%	23,304	4	0.43%
SKF USA, Inc.	-		0.00%	12,234	5	0.22%
John Wieland Homes	-		0.00%	9,032	7	0.17%
NNP-Looper Lake	-		0.00%	7,006	8	0.13%
Miltons Food Service	-		0.00%	8,877	9	0.16%
Dozier Communities, LLC	-		0.00%	6,977	10	0.13%
Totals	<u>\$ 250,931</u>		<u>3.77%</u>	<u>\$ 183,618</u>		<u>3.38%</u>

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)		Interest, Costs and Penalties	Total Adjusted Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
	Adjustments				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2007	\$ 50,830	\$ 2,503	\$ 1,248	\$ 54,581	\$ 53,055	104.38%	\$ 1,388	\$ 54,443	99.75%	\$ 138
2008	\$ 52,955	\$ 2,854	\$ 1,505	\$ 57,314	\$ 55,300	104.43%	\$ 1,799	\$ 57,099	99.62%	\$ 215
2009	\$ 55,751	\$ 846	\$ 1,440	\$ 58,037	\$ 56,162	100.74%	\$ 1,657	\$ 57,819	99.62%	\$ 218
2010	\$ 54,698	\$ 513	\$ 1,262	\$ 56,473	\$ 54,711	100.02%	\$ 1,576	\$ 56,287	99.67%	\$ 186
2011	\$ 52,369	\$ (130)	\$ 1,202	\$ 53,441	\$ 51,786	98.89%	\$ 1,492	\$ 53,278	99.69%	\$ 163
2012	\$ 50,368	\$ 480	\$ 1,064	\$ 51,912	\$ 50,602	100.46%	\$ 1,165	\$ 51,767	99.72%	\$ 145
2013	\$ 52,771	\$ 1,089	\$ 1,049	\$ 54,909	\$ 53,923	102.18%	\$ 849	\$ 54,772	99.75%	\$ 137
2014	\$ 54,285	\$ 345	\$ 936	\$ 55,566	\$ 54,470	100.34%	\$ 789	\$ 55,259	99.45%	\$ 307
2015	\$ 56,560	\$ (225)	\$ 515	\$ 56,850	\$ 56,225	99.41%	\$ 70	\$ 56,295	99.02%	\$ 555
2016	\$ 2,206	\$ (71)	\$ 114	\$ 2,249	\$ 2,236	101.36%	\$ -	\$ 2,236	99.42%	\$ 13

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

Property taxes levied during the calendar year 2015 are recorded as revenues in the financial statements in 2016 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 \$500,000 per year.

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

Since the 2016 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxable sales	\$ 2,228,778	\$ 1,742,857	\$ 1,529,592	\$ 4,769,388	\$ 4,627,551	\$ 5,506,097	\$ 5,093,878	\$ 6,122,449	\$ 5,649,356	\$ 5,822,955
County direct sales tax rate (LOST) (1)	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	1,697	1,369	1,205	3,690	3,581	4,334	3,938	4,877	4,507	4,578
City of Clermont	27	22	20	99	96	107	106	114	114	123
City of Lula	89	75	61	197	192	213	211	225	229	366
City of Flowery Branch	119	97	85	260	252	280	278	296	302	799
City of Braselton	2	1	1	3	3	4	4	4	4	238
City of Gillsville	11	0	0	25	24	27	27	29	29	29
City of Oakwood	178	144	127	385	373	415	412	438	447	589
City of Buford	0	0	0	15	14	16	16	17	17	133
City of Resthaven	0	0	0	0	0	0	0	0	0	5

Source:

Rates - State Department of Revenue (DOR).

Taxable sales - These figures are unavailable. They have been estimated based on the amount of taxes received from the DOR.

Notes:

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

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

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

Calendar Year		Annual Collections
2007	\$	29,918,593
2008	\$	27,806,104
2009	\$	24,985,329 ¹
2010	\$	22,819,428
2011	\$	26,184,117
2012	\$	27,093,192
2013	\$	26,441,482
2014	\$	28,617,550
2015	\$	28,950,120
2016	\$	17,521,589 ²

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

2 Represents 6 months of Collections received as of June 30, 2016

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Contracts & Notes Payable	Capital Leases	Contracts Payable	Notes Payable	Capital Leases			
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
2013	\$ -	\$ 10,239	\$ 142	\$ 20,868	\$ 32,614	\$ 500	\$ 64,363	1.08%	\$ 347
2014	\$ -	\$ 6,211	\$ -	\$ 20,379	\$ 31,684	\$ 500	\$ 58,774	0.94%	\$ 310
2015	\$ -	\$ 2,057	\$ 527	\$ 19,809	\$ 29,887	\$ -	\$ 52,280	0.84%	\$ 297
2016	\$ -	\$ 1,908	\$ 619	\$ 18,584	\$ 28,314	\$ -	\$ 49,425	0.73%	\$ 259

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 16 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)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Compensated Absences	Claims Payable	Net OPEB Obligation	Net Pension Obligation	Total	Landfill Closure/ Postclosure	Compensated Absences	Net Pension Obligation	Total			
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
2013	\$ 3,345	\$ 2,763	\$ 54,539	\$ 182	\$ 60,829	\$ 7,361	\$ 67		\$ 7,428	\$ 68,257	1.15%	\$ 368
2014	\$ 3,638	\$ 2,516	\$ 56,732	\$ (43)	\$ 62,843	\$ 7,617	\$ 67		\$ 7,684	\$ 70,527	1.15%	\$ 376
2015	\$ 3,472	\$ 1,693	\$ 58,980	\$ 29,461	\$ 64,102	\$ 7,810	\$ 67	\$ 1,260	\$ 9,137	\$ 71,979	1.15%	\$ 377
2016	\$ 3,838	\$ 1,634	\$ 61,880	\$ 32,456	\$ 99,808	\$ 14,662	\$ 63	\$ 1,388	\$ 16,113	\$ 115,921	1.71%	\$ 599

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 16 for personal income and population data.

HALL COUNTY, GEORGIA
RATIOS OF 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 Actual Taxable Value of Property (1)	Per Capita (2)
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%	-
2013	-	-	-	0.00%	0.00%	-
2014	-	-	-	0.00%	0.00%	-
2015	-	-	-	0.00%	0.00%	-
2016	\$ -	\$ -	\$ -	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 16 for population data.

HALL COUNTY, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
(amounts expressed in thousands)

<i>Governmental Unit</i>	<i>General Obligation Bonded Debt Outstanding</i>	<i>Percentage Applicable to Government</i>	<i>Amount Applicable to Government</i>
Hall County Direct Debt ⁽⁷⁾	\$ 2,527	100%	\$ 2,527
Overlapping:			
Hall County Board of Education ⁽¹⁾	13,995.00	100%	13,995.00
City of Gainesville ⁽²⁾	20,766	100%	20,766
City of Gainesville Schools ⁽³⁾	32,244	100%	32,244
City of Oakwood ⁽⁴⁾	4,174	100%	4,174
City of Buford ⁽⁵⁾	39,553	19%	7,515
City of Braselton ⁽⁶⁾	8,197	18%	1,475
Total overlapping debt	118,929		80,169.53
Total direct and overlapping debt	\$ 121,456		\$ 82,697

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 \$8,380,000 of general obligation bonds, \$3,00,000 of lease-purchase/installment sale debt tax, some of which is intergovernmental contract debt; all of this debt is intended to be paid from a 1% educational sales tax.

⁽²⁾ The City of Gainesville debt is comprised of intergovernmental contract debt; \$78,265,000 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 \$20,766,180 is governmental activities capital lease debt.

⁽³⁾ The Gainesville School District debt is comprised of \$27,698,597 of general obligation bonds, \$1,925,000 of intergovernmental contract debt, and \$2,620,253 of capital lease debt; most of the Gainesville School District debt is intended to be paid from a 1% educational sales tax.

⁽⁴⁾ \$3,500,000 of the Oakwood debt is dated 12/16/2007 to provide funding for Road projects.

⁽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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed value of property	\$ 5,894,289	\$ 7,228,599	\$ 7,510,978	\$ 7,649,777	\$ 7,432,664	\$ 7,060,942	\$ 6,668,162	\$ 6,606,276	\$ 6,987,565	\$ 7,283,229
Debt limit (10% of total assessed value)	589,429	722,860	751,098	764,978	743,266	706,094	666,816	660,628	698,757	728,323
Amount of Debt applicable to limit:										
General obligation bonds	31,256	20,703	10,405	-	-	-	-	-	-	-
Less: Resources restricted to paying principal	11,300	11,290	10,848	-	-	-	-	-	-	-
Total net debt applicable to limit	19,956	9,413	(443)	-	-	-	-	-	-	-
Legal debt margin	\$ 569,473	\$ 713,447	\$ 751,541	\$ 764,978	\$ 743,266	\$ 706,094	\$ 666,816	\$ 660,628	\$ 698,757	\$ 728,323
Total net debt applicable to the limit as a percentage of debt limit	3.39%	1.30%	-0.06%	0.00%	0.00%	0.00%	0.00%	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		Debt Service		Coverage
	Increment		Principal	Interest	
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	-	-	-		-
2013	-	-	-		-
2014	-	-	-		-
2015	-	-	-		-
2016	\$ -	\$ -	\$ -		-

⁽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)		School Enrollment (d)	Unemployment Rate (e)
					High School or Higher	College or Higher		
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%
2013	185,416	\$ 5,933,497	\$ 32,001	35.1	78.0%	22.1%	26,515	7.80%
2014	187,745	\$ 6,155,971	\$ 32,789	37.5	78.5%	22.1%	26,959	6.90%
2015	190,761	\$ 6,254,862	\$ 35,491	37.6	78.8%	22.8%	27,106	6.00%
2016	193,535	\$ 6,770,253	\$ 35,491	36.0	78.5%	22.8%	27,297	4.60%

Data sources:

- (a) Population estimate based upon US Census Bureau QuickFacts (2015 estimate)
- (b) US Census Bureau (2015 American Community Survey 1-Year Estimates)
- (c) Federal Bureau of Economic Analysis (Survey of Current Business).
- (d) Hall County Board Of Education (2016).
- (e) U.S. Department of Labor (Bureau of Labor Statistics, 2013).
- (f) US Census Bureau (2010-2014)

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

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

Employer ⁽¹⁾	2016			2007 ⁽²⁾		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Northeast Georgia Medical Center (2)	7,900	1	11.19%			
Fieldale Farms (2)	2,550	2	3.61%			
Pilgrims	1,380	3	1.95%			
Victory Processing LLC (2)	1,310	4	1.86%			
Kubota Manufacturing of America	1,300	5	1.84%			
Mar-Jac Poultry, Inc	1,250	6	1.77%			
ZF Gainesville, LLC (4)	1,150	7	1.63%			
Cottrell, Inc	990	8	1.40%			
Gold Creek Foods	980	9	1.39%			
Wal-Mart (4)	970	10	1.37%			
All other employers	50,832		71.99%			
Total	<u>70,612</u>		<u>100.00%</u>	<u>0</u>		<u>0.00%</u>

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 2007 is unavailable.

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

Function	Full-time Equivalent Employees as of June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	146	137	136	125	116	99	94	96	110	116
Public safety										
Sheriff										
Officers	330	423	423	423	496	468	439	429	419	381
Civilians	38	59	59	59	31	18	17	17	31	54
Fire and EMS										
Firefighters & EMT's	311	317	317	316	371	227	305	382	386	361
Civilians	11	16	16	16	11	27	27	10	9	13
Other public safety	98	104	105	118	-	-	-	-	-	112
Court system	191	202	208	207	189	190	193	191	230	249
Public works	96	96	96	90	99	63	60	63	65	64
Health and welfare	-	-	-	-	18	16	30	36	37	1
Recreation and culture	42	43	43	41	44	32	32	31	37	31
Housing and development	40	40	40	30	-	6	6	6	7	25
Solid Waste	29	29	29	29	27	27	29	30	28	26
Water & Sewer	-	-	-	-	-	-	-	-	-	-
Total	1,332	1,466	1,472	1,454	1,402	1,173	1,232	1,291	1,359	1,433

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function										
Police										
Physical arrests	8,257	9,200	9,426	8,664	8,358	7,369	7,557	11,946		13,841
Traffic violations	12,984	13,240	13,501	13,767	8,498	9,579	7,178	10,845		13,805
Fire										
Number of calls answered	24,073	25,331	26,655	28,048	23,329	23,461	22,965	23,920	25,553	23,394
Inspections	1,874	1,395	1,240	1,262	806	781	1,033	1,074	1,118	2,440
Highways and streets										
Street resurfacing (miles)	51	43	52	49	26	14	22	23	21	21
Potholes repaired	282	532	406	531	689	1,139	1,856	1,379	1,673	1,047
Sanitation										
Refuse collected (tons/day)	244	274	284	196	182	165	216	226	183	290
Recyclables collected (tons/day)	11	14	15	10	9	9	14	17	20	22
Culture and recreation										
Athletic field permits issued	n/a*									
Community center admissions	n/a*									
Water										
New connections	n/a	n/a*	n/a*							
Water mains breaks	n/a	n/a*	n/a*							
Average daily consumption	n/a	n/a*	n/a*							
(thousands of gallons)	n/a	n/a*	n/a*							
Wastewater										
Average daily sewage treatment	n/a	1,950	2,050	205	211	237	275	294	3,071	280
(thousands of gallons)										

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.

Table 19

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Sheriff headquarters &/or precincts	3	3	3	3	3	3	3	3	3	3
Fire Stations	14	15	15	15	15	15	15	16	16	16
Solid Waste										
Compactor Sites	13	13	13	13	13	13	12	12	12	12
Highways and streets										
Streets (miles)	1,046	1,052	1,052	1,052	1,056	1,060	1,060	1,060	1,060	1,086
Streetlights*	308	312	316	324	320	322	324	324	325	327
Traffic signals	29	35	35	35	38	38	38	38	38	39
Culture and recreation										
Parks acreage	1,359	1,359	1,359	1,359	1,459	1,459	1,580	1,580	1,580	1,607
Parks	20	20	20	20	20	20	22	22	22	23
Tennis courts	34	34	34	34	34	34	37	37	37	36
Community centers	4	4	4	4	4	4	4	4	4	3
Water										
Water mains (miles)	n/a									
Fire hydrants	n/a									
Maximum daily capacity (thousands of gallons)	n/a									
Sewer										
Sanitary sewers (miles)	n/a	32	32	32	32	60	60	60	65	75
Storm sewers (miles)	n/a									
Maximum daily treatment capacity (thousands of gallons)	n/a	1,950	1,950	2,050	2,050	2,050	2,750	2,940	1,900	1,850

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, 2016

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	2015-AP-BX-0687	\$ 75,646	\$ 75,646
-Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0439	14,064	11,556
-Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-1170	16,468	16,468
Passed through the Criminal Justice Coordinating Council				
-Edward Byrne Memorial Justice Assistance Grant	16.738	B14-8-016	47,496	13,739
			78,028	41,763
Passed through the Prosecuting Attorneys' Council of Georgia				
-Victims of Crime Assistance (District Attorney's Office)	16.575	C13-8-103, C14-8-108, C15-8-153	99,046	66,276
-Victims of Crime Assistance (Solicitor's Office)	16.575	C13-8-103, C14-8-108, C15-8-153	141,980	96,412
-Victims of Crime Assistance (District Attorney's Office)	16.575	C13-8-102, C14-8-072	44,046	10,580
-Victims of Crime Assistance (Solicitor's Office)	16.575	C13-8-102, C14-8-072	80,736	19,186
			365,808	192,454
Passed through the Criminal Justice Coordinating Council				
-Recovery Act-Edward Byrne Memorial Justice Assistance Grant	16.804	2014-VV-BX-0058, Q15-8-005	162,500	38,036
-Recovery Act-Edward Byrne Memorial Justice Assistance Grant	16.804	2014-VV-BX-0058, Q15-8-006	162,500	50,471
			325,000	88,507
TOTAL US DEPARTMENT OF JUSTICE			844,482	398,370
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through the Georgia Department of Community Affairs				
-Neighborhood Stabilization Program -NSP1 Program Income	14.256	08-ns-5064	2,646,541	634,230
-Neighborhood Stabilization Program -NSP3 Program Income	14.256	11-ns-6005	1,134,632	295,461
			3,781,173	929,691
Community Home Investment Program (CHIP 2011)	14.239	2011-814	304,470	6,333
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,085,643	936,024
U.S. DEPARTMENT OF TRANSPORTATION				
Passed-through the Georgia Department of Transportation				
-Metropolitan Transportation Planning and State and Non-Metropolitan Planning	20.505	GA-80-0008-02/T005409	71,223	29,613
-Highway Planning and Construction	20.205	PI0011801	346,680	259,472
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			417,903	289,085
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed-through the Georgia Emergency Management Agency				
-Homeland Security Grant Program	97.067	EMW-2015-SS-00065-S01/SHO15-076	3,000	2,960
-Homeland Security Grant Program	97.067	EMW-2014-SS-00092-S01/SHO14-102	3,000	1,659
-Homeland Security Grant Program	97.067	EMW-2015-SS-00065-S01/SHO15-015	7,700	7,700
-Homeland Security Grant Program	97.067	EMW-2014-SS-00092-S01/SHO14-047	20,000	11,934
			33,700	24,253
-GEMA Hazard Mitigation	97.039	PDMC-PL-2013-3	13,500	0
-Emergency Management Performance Grants	97.042	OEM15-071	54,405	54,405
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			101,605	78,658
GRAND TOTAL			\$ 5,449,635	\$ 1,702,136

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. This schedule is prepared on the modified accrual basis of accounting.

INDEPENDENT AUDITORS' 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 8, 2016

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the HALL COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 8, 2016. 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. Our report includes a reference to other auditors who audited the financial statements of the Hall County Health Department as described in our report on HALL COUNTY, GEORGIA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HALL COUNTY, GEORGIA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the HALL COUNTY, GEORGIA's internal control.

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

deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Bates, Carls : Co, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

December 8, 2016

Board of Commissioners
HALL COUNTY, GEORGIA
Gainesville, Georgia

Report on Compliance for Each Major Federal Award Program

We have audited HALL COUNTY, GEORGIA's compliance with the types of compliance requirements described in the OMB 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, 2016. 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.

HALL COUNTY, GEORGIA's basic financial statements include the operations of the Hall County Health Department. Any amounts of federal awards received by that component unit are not included in the schedule during the year ended June 30, 2016. Our audit, described below, did not include the operations of Hall County Health Department because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of HALL COUNTY, GEORGIA's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

(Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of HALL COUNTY, GEORGIA's compliance.

Opinion on Each Major Federal Program

In our opinion, HALL COUNTY, GEORGIA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of HALL COUNTY, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered HALL COUNTY, GEORGIA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bates, Carter & Co, LLP

HALL COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements – Unmodified opinion.
2. Compliance (financial statements) – No material instances of noncompliance.
3. Internal Control (financial statements) – No significant deficiency, no material weakness.
4. Compliance (major programs) – No significant deficiency, no material weakness.
5. Internal control (major programs) – No significant deficiency, no material weakness.
6. Audit findings required to be reported under the Uniform Guidance
 - 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 \$25,000 for major programs – None reported
 - iv) Known questioned costs greater than \$25,000 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 – Neighborhood Stabilization Program, CFDA 14.256
8. Dollar threshold used to distinguish between Type A and Type B programs – \$750,000.
9. Does the auditee qualify as a low risk auditee under the Uniform Guidance – No.

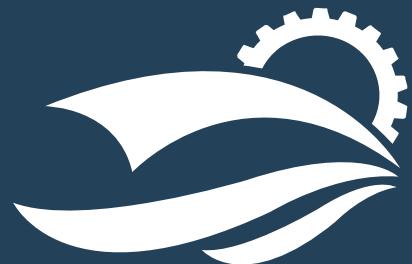
II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

There were no findings or questioned costs relating to *Government Auditing Standards* reported for the year ended June 30, 2016.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs relating to *Government Auditing Standards* reported for the year ended June 30, 2016.

and then...



HALL COUNTY
G E O R G I A
*We have it **all** in Hall*