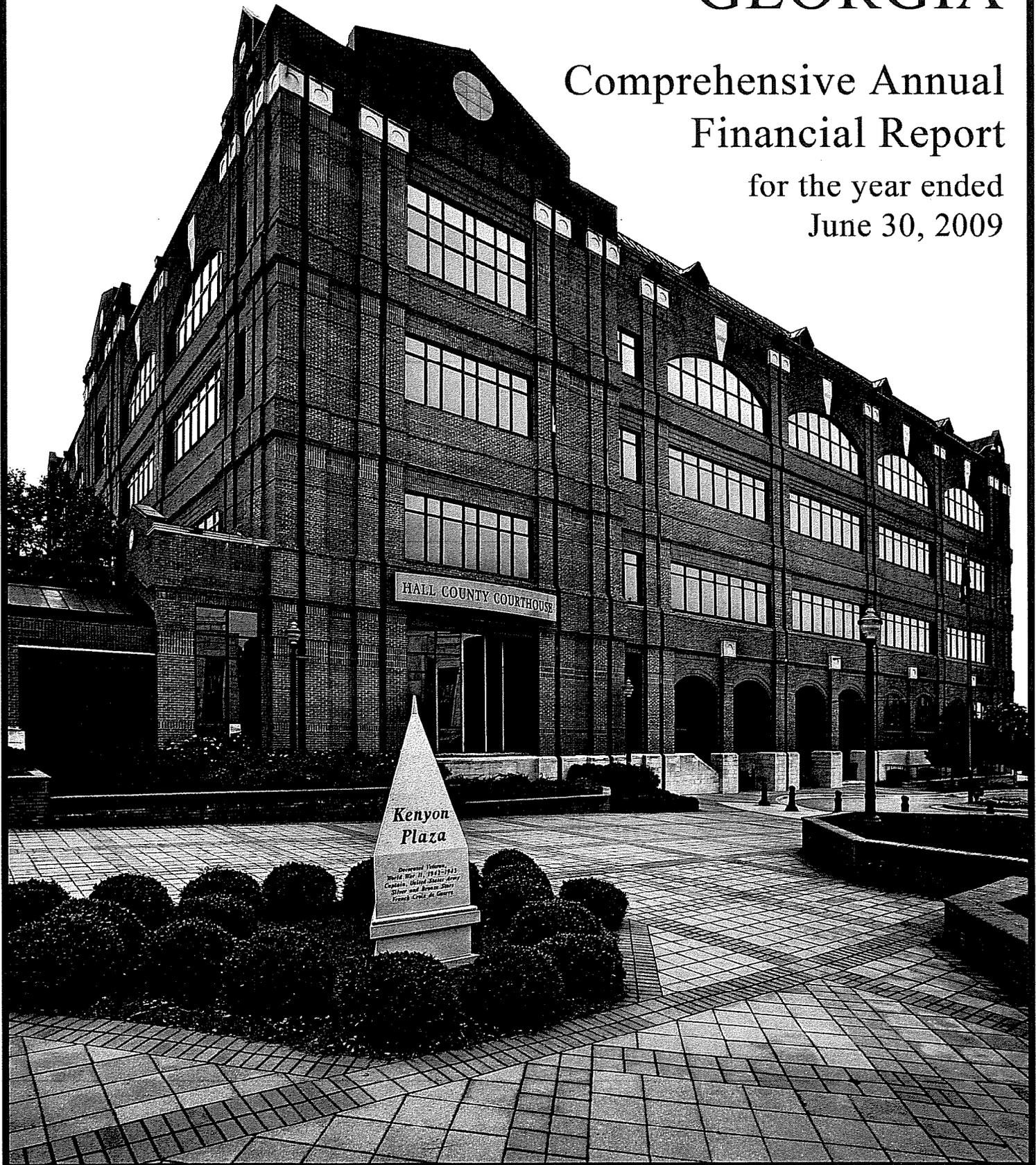
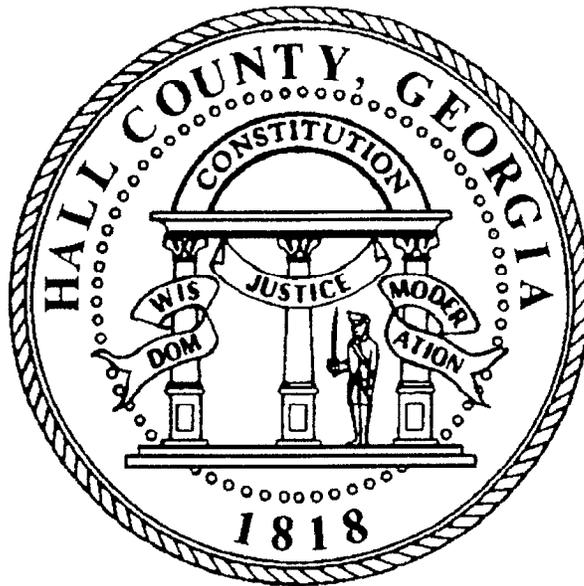


# HALL COUNTY GEORGIA

## Comprehensive Annual Financial Report

for the year ended  
June 30, 2009





## *Introductory Section*

Letter of Transmittal  
Certificate of Achievement for Excellence in Financial Reporting  
Organizational Chart  
Officials of Hall County, Georgia

**HALL COUNTY, GEORGIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED June 30, 2009**

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# HALL COUNTY GOVERNMENT

## BOARD OF COMMISSIONERS

December 14, 2009

### To the Citizens of Hall County, Georgia:

The Comprehensive Annual Financial Report (CAFR) of Hall County, Georgia for the fiscal year ended June 30, 2009 consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. The report provides detailed information on how the County receives, spends and accounts for its revenues prepared as required by both local ordinances and state statutes. 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 2009 and that the information presented is fair and accurate. We encourage readers to consider this transmittal letter in conjunction with the annotated financial statements and management's discussion and analysis.

Bates, Carter, & Co., LLP, a firm of licensed certified public accountants has audited the County's financial statements. 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, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Hall County, Georgia's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

### Profile of the Government

Hall County is located in Northeast Georgia and encompasses 392 square miles. Gainesville, the county seat, is situated 50 miles northeast of Atlanta and 40 miles northwest of Athens. Bordered on the west by Lake Sidney Lanier, Hall County lies at the southern edge of the Chattahoochee Natural Forest and the foothills of the Blue Ridge Mountains. Hall County's population of 184,814 (U.S. Census Bureau estimate, 2008) has grown steadily in the last 20 years. Between 2000 and 2008, population changed by 45.7% compared with a state change in population of 26.4%. Gainesville-Hall County Metropolitan Statistical Area (MSA) is the third fastest growing metropolitan area in the Nation and the fastest in Georgia according to the U.S. Census Bureau. The County's largest incorporated municipality is Gainesville, with a population of 31,107 (U.S. Census Bureau estimate 2007) representing 16.8% of the entire County population. Other municipalities include Oakwood, Flowery Branch, Clermont, Lula and Gillsville as well as part of Buford and Braselton.

Hall County operates under the commission form of government as set forth in its charter. The Board of Commissioners is comprised of five members -- one Chairman is



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TOM OLIVER  
CHAIRMAN

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

CHARLEY NIX  
COUNTY ADMINISTRATOR

PHIL SUTTON  
ASSISTANT COUNTY  
ADMINISTRATOR

HEATHER BENNETT  
COMMISSION CLERK

JESSICA YORK  
EXECUTIVE ASSISTANT

elected at-large and the other four are elected by their respective geographical districts. Elections for the district seats are staggered to provide some continuity on the Board of Commissioners. A County Administrator, appointed by the Board of Commissioners, serves as the administrative director of Hall County government. The administrator provides direction to department heads and managers to implement policies set forth by the Board of Commissioners. The citizens of Hall County also elect a number of other officials including Sheriff, Clerk of Court, Tax Commissioner, Magistrate Court Judge, Probate Court Judge, Solicitor General, District Attorney, Superior Court Judges and State Court Judges.

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

## **Economic Conditions and Outlook**

### **Local Economy**

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

In spite of the current economic conditions, the County does continue to grow. The employment rate is 9.1% compared to last year of 4.7%. However, this rate is lower than the State (10.2%) and lower than the United States (9.8%). Due to its proximity to Atlanta and excellent transportation infrastructure, Hall County is a regional hub for industrial, financial and retail activity, medical facilities, and educational opportunities. Three new firms have added to the base of 15 automotive suppliers. TRW Automotive, ElringKlinger, and ZF Industries have added \$70 million in investments and will add a new automatic transmission line adding 80 jobs and a \$30 million investment. Procure Rx announced an \$18 million investment and creation of 180 jobs adding to the established base of pharmaceutical companies in Gainesville-Hall County.

### **Tourism**

- Lake Lanier Islands, 1,100-acre resort in South Hall County, is undergoing a \$300 million investment and includes new infrastructure, golf course improvements, the first class Legacy Lodge Hotel and Conference Center, harbor development, retail, and health spa on the shores of Lake Sidney Lanier.
- The Lake Lanier Olympic Center, home to the 1996 Atlanta Centennial Olympic Games, continues to host many international and rowing and canoe/kayak events in North Hall County.
- The Atlanta Falcons, a National Football League team headquartered in Flowery Branch, has a \$2.9 million local economic impact from their summer training camp. An Atlanta Falcons Physical Therapy Center will be located in South Hall County.
- Road Atlanta, a 2.54-mile International Grand Prix course, adds \$53 million to the local economy annually. Road Atlanta hosted the 12th Petit Le Mans in September 2009.
- The Smithgall Woodland Garden, a 185-acre preserve in the City of Gainesville and a part of the Atlanta Botanical Garden, is in the midst of a \$10 million program to develop the garden with a visitor's center, children's garden, pavilions, and amphitheater.

### **Housing**

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

#### Healthcare

- A new \$180 million six-story north patient tower on Northeast Georgia Medical Center's main campus opened in 2009. The project includes new beds, surgery and imaging space.
- A new \$50 million Women & Children's Pavilion opened in Fall 2008.
- Northeast Georgia Health System (NGHS) acquired a 119-acre site for a new \$200 million South Hall hospital campus. The master site plan includes a healthcare village concept and multiple medical office buildings with the first opening in the fall of 2009.

### **MAJOR INITIATIVES & ACCOMPLISHMENTS**

Fiscal year (FY) 2009 was a challenging year for Hall County Government, as it was for the rest of the nation due to the economic recession. However, Hall County was able to provide major infrastructure improvements, enhance public services, and initiate new programs to benefit residents, including the following:

#### **Finance**

Hall County Government implemented a number of cost-saving measures, mainly in the area of personnel, to compensate for a drop-off in property taxes, sales taxes and other revenues amounting to a \$4.45-million deficit. In a successful effort to avoid layoffs in FY 2009, the Board of Commissioners implemented a mandatory employee furlough of one day per month; a hiring freeze for non-critical positions, eliminated cost, merit and promotion increases; reduced overtime; and postponed capital equipment purchases from the General Fund. These changes cut operating expenses without significantly impacting public services.

#### **Special Local Option Sales Tax (SPLOST)**

Passage of the SPLOST VI referendum is arguably the most significant initiative of FY2009. In March 2009, the voters approved a continuation of the 1-cent sales tax program that has provided funding for large-scale projects. SPLOST VI is expected to earn \$240 million over six years, contributing to road improvements, water and sewer expansion, recreational facilities, administrative office relocation, fire and EMS support, a new library and other projects that would not otherwise be possible.

#### **Recreational Facilities**

The newly expanded Laurel Park Boat Ramp opened to the public on April 25, 2009. It was the first mega-ramp completed under the Governor's Go Fish Georgia Initiative. The construction of the ramp and associated improvements cost approximately \$1.1 million with the Department of Natural Resources offsetting \$400,000 of the cost. Hall County Public Works constructed the four-lane mega-ramp at Laurel Park to accompany the existing four-lane boat ramp. The 350-foot mega-ramp gave residents and visitors lake access during drought conditions. The tournament staging area, restrooms and additional parking will benefit the county economically by attracting large events such as the 2010 Forrest Wood Cup Championship Fishing Tournament.

Hall County Field of Dreams "Phil Niekro Field" made its debut on November 12, 2008. The field and playground, designed for children with physical and developmental disabilities, fulfills a previously unmet need in the community. After the Hall County Board of Commissioners approved seed money in 2006, the state of Georgia, Greater Hall Chamber of Commerce, the North Georgia Community Foundation, the Atlanta Braves Foundation and many other individuals raised money for the field. The park is operated by Hall County Parks and Leisure Services and opened its first league in fall 2009.

#### **Code Enforcement**

In April 2009, Hall County Government reorganized its Code Enforcement, Animal Control and Park Ranger divisions into a new Public Safety Department to improve efficiency, establish a more organized operational process, and better coordinate code enforcement violations with the courts. With the new organization in place, the county began ramping up efforts to implement regulations for codes such as junk disposal, business licensing and alcoholic beverage sales.

### **Sewer and Water**

Public Works and Utilities will complete construction of the Mulberry Sewer System Pump Stations in December 2009 at a cost of \$14.2 million. The two major pumping facilities will ultimately pump 5 million gallons of sewer from South Hall to the City of Gainesville Flat Creek Water Reclamation Facility. Also in South Hall, construction of the Spout Springs Sewer System was completed, including gravity sewer, force main, pump station and reuse mains for the new Flowery Branch High School on Spout Springs Road. Reuse operation from Spout Springs Water Reclamation Facility now provides reuse water to Sterling on the Lake, Hall County School Board and Hall County Library System. In North Hall, Public Works initiated the North Hall Sewer System Master Plan that entails planning for sewer service involving 42,000 acres in North Hall.

Hall County submitted a permit application to the U.S. Army Corps of Engineers for an 850-acre water reservoir in North Hall called Glades Reservoir to provide water for the future of Hall County. Initial yield was for 6.4 million gallons per day (MGD). However, due to Senior U.S. District Judge Paul A. Magnuson's ruling in July 2009, Hall County shifted the reservoir operation to a pumped storage reservoir that may produce up to 99 MGD. The reservoir is still in the permitting phase.

### **Roads and Bridges**

Hall County Road Maintenance, Engineering and Traffic Engineering divisions resurfaced 51.52 miles of county roads, paved 2.42 miles of county gravel roads, and reconstructed 0.38 miles of county roads. Also completed were the replacement of a timber bridge at J. Martin Road with an aluminum box culvert, and a safety improvement project on Brown Street to replace pipes, extend shoulders and install additional guardrail.

### **Building Projects**

The Engineering Division oversaw the repair and restoration of a degraded section of West Fork Little River, a project funded through an EPA Wetlands Restoration grant. This project won an Honor Award for engineering excellence presented by the Georgia Engineering Alliance in 2009. Among the projects managed was the construction of the Mulberry Creek Community Center, a 40,000 square foot facility that opened November 2009 and the new Georgia State Patrol Post 6 estimated for completion in December 2009. In addition, the division completed the expansion of Blackshear Place Compactor Site building, as well as constructed a pad for an additional compactor.

### **Technology**

Hall County Government now offers an array of online payment services, including property taxes, traffic and Department of Natural Resources citations, emergency medical service payments, car tag fees, business licenses and landfill use fees, even animal shelter donations. The initiative kicked off November 1, 2008, when the county activated online tax bill payment using an electronic check draft or credit card. Online payments provide a convenient alternative for bill payment for residents and businesses, in addition to, expediting payments to the County.

### **Solid Waste**

In FY 2009, Solid Waste began construction of a new 12.8 acre cell located within the Municipal Solid Waste landfill off Candler Road. The construction of this cell represents the start of Phase II and the closure of Phase I which began 12 years ago. Phase II is scheduled for completion in November 2009. Additionally, Solid Waste conducted a traffic survey of the 13 compactor sites and subsequently reduced operating hours by two (2) hours. The change is projected to save the county \$82,500 per year and has already proven to greatly enhance the safety of residents as well as employees.

### **Resource Recovery**

Resource Recovery bid its electronics recycling contract in April 2008 to allow televisions to be recycled (at a cost) in order to prepare for the likelihood of increased disposal or dumping of outdated televisions due to the planned switch to 100% digital broadcast scheduled for June 2009. Also, an in-house recycling study using local resources was conducted to update available information for use in planning for the

future, in conjunction with an Environmental Studies class and the Geographical Information Systems program at Gainesville State College.

#### **Fleet Maintenance**

In an effort to better serve the community, Fleet Maintenance re-evaluated the usage and efficiency of the current fleet and reduced the piece count and maintenance personnel by 10 percent. Further cost-saving measures included a study of re-tread tires, carpooling and equipment usage.

#### **Planning and Development**

The Planning Department successfully completed a partial update to the Comprehensive Plan. The update was a state-mandated requirement to assess the county's growth and development goals over the past five years. In Fiscal Year 2008, the Hall County Building Inspection Department issued a total of 3,706 permits and conducted 20,143 inspections as well as overseeing E & S (Soil Erosion) requirements and compliance for all residential building sites.

Since the county designated Black and Cooley Drive area as a redevelopment district in 2005, twenty-nine homes have been rehabilitated, five of those rehabilitated homes were sold, two new homes were built, and four new lots acquired for future development. The Commission adopted an overlay district in June 2008 that has encouraged new development on vacant and underutilized land, provided flexibility in development standards to facilitate infill development, encouraged construction of housing near employment and services, and promoted neighborhood preservation and enhancement. Construction will soon begin on a connector street for Black and Cooley Drives, which will improve public safety access and correct poor drainage.

#### **Public Information**

In the spirit of open government, the Hall County Board of Commissioners began using TV18, the Gainesville-Hall County government channel, to record and broadcast public meetings. The professionally produced meetings have proven to be the most watched program on TV18. The broadcasts have improved the ability of the public to directly access their local government.

#### **County Extension Service**

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

#### **Community Service Center**

The Community Service Center, shared with the City of Gainesville, met the needs of the community by serving a record 119,000 Meals on Wheels in FY 2009. Likely due to the economic downturn, use of Meals on Wheels, the Senior Life Center and the Red Rabbit has increased. The CSC opened a new Center for Family Prosperity in January 2009, which prepared and e-filed taxes for dozens of families and helped circulate some \$80,000 in state and federal tax dollars throughout our community.

### **CAPITAL IMPROVEMENT PROGRAM**

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

### **FINANCIAL INFORMATION**

The County implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions. GASB Statement 45 was issued in 2004; however, Hall

County was not required to report this liability on financial statements until fiscal year beginning July 1, 2008. GASB 45 does not require a state of local government to fund the OPEB benefits, but the cumulative difference between the pay-as-you-go costs and the annual required contribution must be reported and disclosed on the financial statements (Note 9 in Notes to Financial Statements).

## **OTHER INFORMATION**

### **Independent Audit**

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

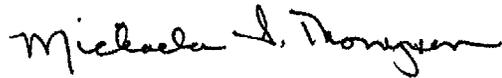
### **Awards**

In 2009, for the 11<sup>th</sup> consecutive year, Hall County received a Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the fiscal year 2008. The award honors easily readable, efficiently organized, comprehensive annual financial reporting that conforms to program standards. The certificate recognizes the use of generally accepted accounting principles and meeting applicable legal requirements. The county intends to maintain and surpass this standard and to submit this and future reports to GFOA for consideration.

Respectfully submitted,



Charles S. Nix  
County Administrator



Michaela I. Thompson  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hall County  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

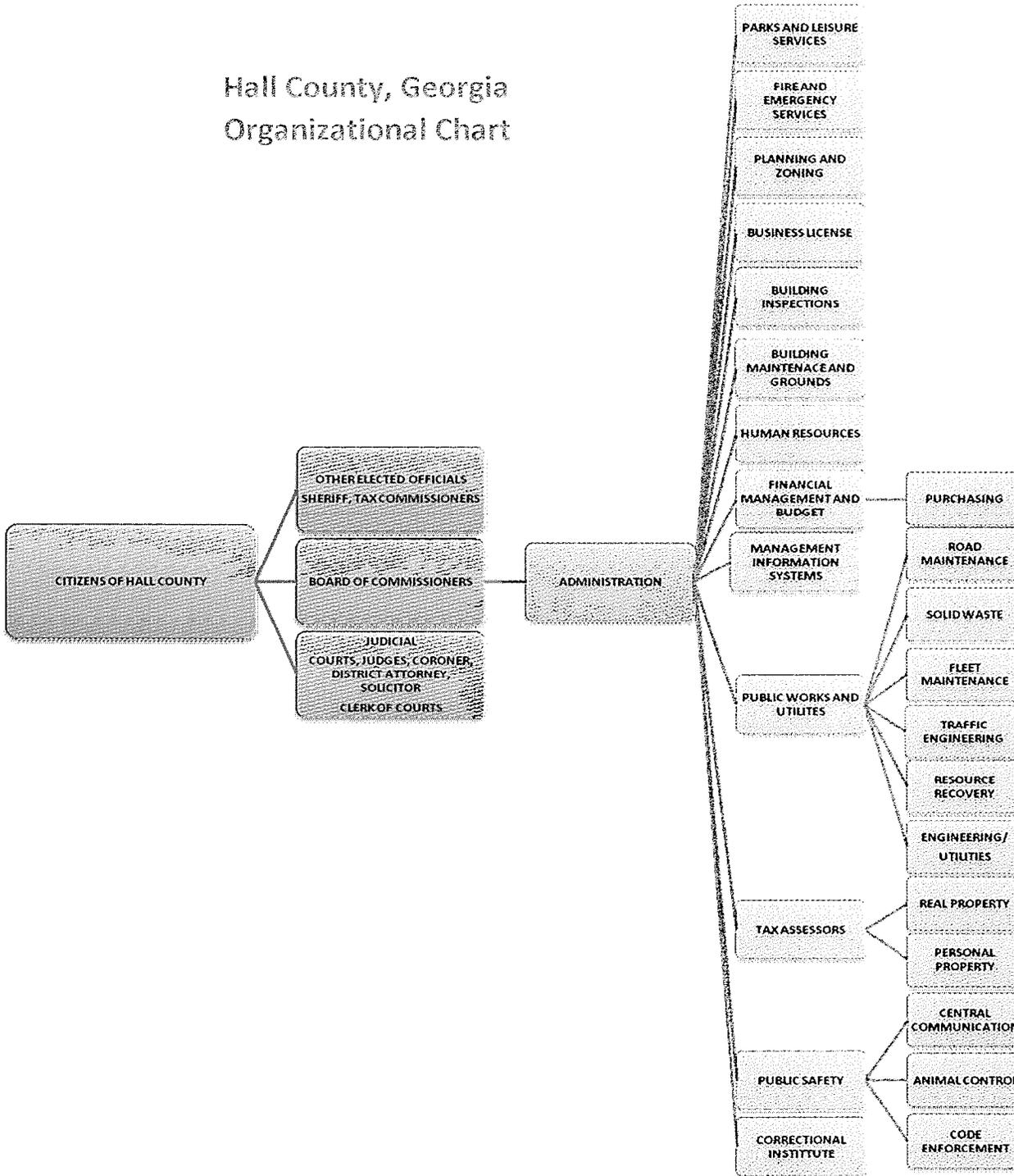
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# Hall County, Georgia Organizational Chart



# Hall County, Georgia Officials



## Hall County Board of Commissioners

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



## Administration and Department Directors

- County Administrator - **Charley Nix**
- Assistant County Administrator - **Phil Sutton**
- County Clerk - **Heather Bates**
- Public Relations Officer - **Nikki Young**
- County Attorney - **William Blalock**
- Human Resources - **Linda Pryor**
- Financial Services - **Michelle L. Thompson**
- Public Works & Utilities - **Kenneth M. Rearden**
- Fire & EMS - **David Kinberd**
- Planning & Zoning - **Randy Kightan**
- Parks & Leisure - **Greg Walker**
- Management Information Services - **James Thomas**
- Public Safety Director - **Marty Nix**
- Correctional Institute - **Avery Niles**
- Business License - **Susan Bator**
- Building Maintenance & Grounds - **Drett Jockel**
- Tax Assessors - **Michael Henderson**



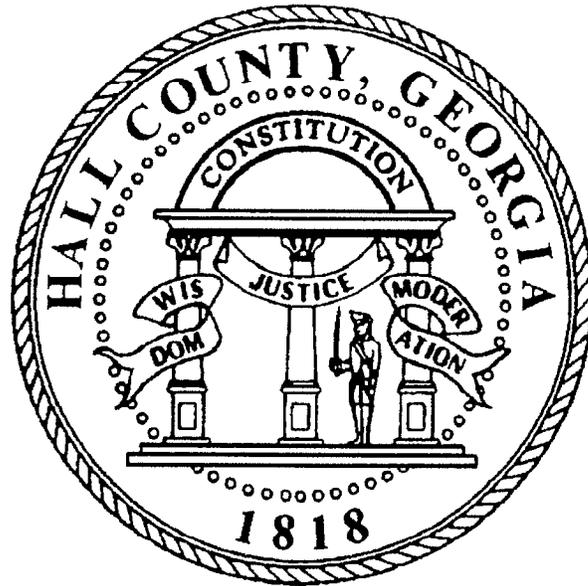
## Elected Officials

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



## Judicially Appointed Officials

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



## *Financial Section*

Independent Auditors' Report  
Management Discussion and Analysis

## INDEPENDENT AUDITORS' REPORT

December 18, 2009

Board of Commissioners  
HALL COUNTY, GEORGIA  
Gainesville, GA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA, as of, and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Commissioners of HALL COUNTY, GEORGIA. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hall County Health Department, a component unit of the County, as of and for the year then ended June 30, 2009, which statements reflect total assets of \$2,867,544 as of June 30, 2009, and total revenues of \$15,967,752, for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Hall County Health Department, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the financial statements, the County has adopted the composite method to calculate depreciation expense for road infrastructure assets.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2009, on our consideration of HALL COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Fire District are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HALL COUNTY, GEORGIA's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of HALL COUNTY, GEORGIA. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

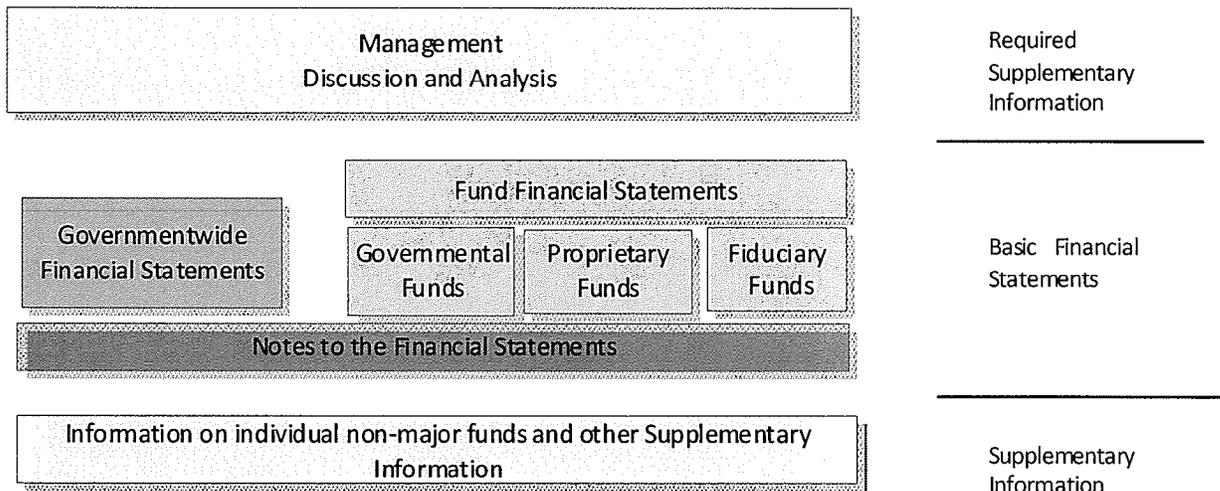
*Baker, Carter & Co., LLP*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis is a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009, provided to the readers of Hall County's financial statements. This discussion's intention 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.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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



**Government-wide Financial Statements.** The government-wide financial statements, presented on pages 1 and 2, provide a broad overview of Hall County's finances in a manner similar to that of private-sector businesses. The statements include:

- Statement of Net Assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time, the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.
- Statement of Activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year. This 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.

Both of the government-wide financial statements identify the various functions of Hall County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Hall County, Georgia, include general government, judicial, public health and welfare, public safety, public works, recreation and culture, and housing and development. The business-type activities of Hall County, Georgia, 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. 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* 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.

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, Allen Creek Soccer Complex, Hotel Motel Tax, and Law Library); Capital Projects (SPLOST, Impact Fees, State Roads, and Capital Projects). 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, Impact Fees and Capital Projects, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual budget for its general fund and special revenue funds. It adopts an annual budget for capital project funds 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 group insurance, retiree health benefits, employee healthcare, and workers' compensation. The County adopts an annual budget for these funds to facilitate fiscal control and accounting of activities in these funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste, water, and sewer/wastewater operations of the County, each of which are considered to be major funds of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

*Other 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 and progress in funding its obligation to provide pension benefits to its employees. Combining and individual fund statements and schedules can be found on pages 50-71 of this report.

- Hall County's assets exceeded its liabilities at June 30, 2009, by \$488,599,991 (net assets). Of this amount, \$437,824,950 represents capital assets (i.e. land, buildings and improvements, infrastructure, machinery & equipment) net of depreciation and related debt. The government's ongoing obligations to the citizens of Hall County and creditors will be met with the balance of \$50,775,041.
- As of June 30, 2009, the County's governmental funds reported combined ending fund balance of \$47,563,085. Of this amount, \$11,609,136 remains in the various funds as unreserved, undesignated.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Hall County, on an entity-wide basis, had a decrease in net assets during 2009 of \$59 million, which is the combination of a \$64 million decrease in governmental activities and \$5 million increase in business-type activities. This decrease is primarily the result of a change in accounting principle in the calculation of depreciation for road infrastructure assets. The new method combines all components of a road together and applies composite rate depreciation. As a result, the cumulative effect of applying the new method decreased beginning net assets by \$62 million (Note 17).

#### Hall County Governmental Activities Changes in Restricted Net Assets

	(\$ in thousands)		Incr/(Decr)	% Incr/-Decr
	2009	2008		
Capital outlay projects	\$ 13,680	\$ 17,786	\$ (4,106)	(23)%
Debt service	10,695	11,290	(595)	(5)%
Impact fees	4,106	5,898	(1,792)	(30)%
Public safety programs	2,665	3,749	(1,084)	(29)%
Parks	335	946	(611)	(65)%
Special assessments	560	426	134	31 %
Special/restricted programs	1,236	1,234	2	- %
Total Restricted Net Assets	\$ 33,277	\$ 41,329	\$ (8,052)	(19)%

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 64,594	\$ 66,414	\$ 20,030	\$ 18,444	\$ 84,624	\$ 84,858
Capital assets (net of depreciation)	<u>403,603</u>	<u>463,187</u>	<u>87,188</u>	<u>67,147</u>	<u>490,791</u>	<u>530,334</u>
Total assets	<u>468,197</u>	<u>529,601</u>	<u>107,218</u>	<u>85,591</u>	<u>575,415</u>	<u>615,192</u>
Long-term liabilities outstanding	29,871	37,399	44,875	31,674	74,746	69,073
Other liabilities	<u>7,404</u>	<u>(2,757)</u>	<u>4,666</u>	<u>1,175</u>	<u>12,070</u>	<u>(1,582)</u>
Total liabilities	<u>37,275</u>	<u>34,642</u>	<u>49,541</u>	<u>32,849</u>	<u>86,816</u>	<u>67,491</u>
Net assets						
Invested in capital assets, net of related debt	390,642	441,928	47,183	41,859	437,825	483,787
Restricted	33,276	41,329	-	-	33,276	41,329
Unrestricted	<u>7,005</u>	<u>11,702</u>	<u>10,494</u>	<u>10,883</u>	<u>17,499</u>	<u>22,585</u>
Total net assets	<u>\$ 430,923</u>	<u>\$ 494,959</u>	<u>\$ 57,677</u>	<u>\$ 52,742</u>	<u>\$ 488,600</u>	<u>\$ 547,701</u>

At June 30, 2009, the County had \$437,824,950 invested in capital assets, net of debt and accumulated depreciation, which represents the largest portion of the County's net assets (89.6%). This reflects the County's investment in capital assets (e.g., land, buildings, machinery and equipment) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Assets exceed liabilities by \$489 million and \$548 million for 2009 and 2008, respectively.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 29,056	\$ 25,445	\$ 6,427	\$ 6,057	\$ 35,483	\$ 31,502
Operating grants and contributions	4,317	6,762	-	5	4,317	6,767
Capital grants and contributions	12,847	17,946	1,104	12,374	13,951	30,320
General revenue						
Property taxes	50,679	48,977	-	-	50,679	48,977
Sales taxes	45,246	51,438	-	-	45,246	51,438
Other taxes	8,144	9,017	-	-	8,144	9,017
Gain on sale of assets	71	1,816	541	-	612	1,816
Unrestricted investment earnings	553	2,076	64	194	617	2,270
Grants and contributions not restricted to a specific program	<u>2,107</u>	<u>2,029</u>	<u>-</u>	<u>-</u>	<u>2,107</u>	<u>2,029</u>
Total revenue	153,020	165,506	8,136	18,630	161,156	184,136
<b>Expenses:</b>						
General government	20,350	16,964	-	-	20,350	16,964
Judicial	16,738	15,846	-	-	16,738	15,846

Public safety	71,870	68,089	-	-	71,870	68,089
Public works	25,211	18,153	-	-	25,211	18,153
Public health and welfare	3,905	3,510	-	-	3,905	3,510
Recreation and culture	7,267	8,351	-	-	7,267	8,351
Housing and development	5,057	5,564	-	-	5,057	5,564
Interest and paying fees	672	644	-	-	672	644
Solid waste	-	-	5,906	5,717	5,906	5,717
Water and sewer utilities	-	-	1,581	2,108	1,581	2,108
<b>Total expenses</b>	<b>151,070</b>	<b>137,121</b>	<b>7,487</b>	<b>7,825</b>	<b>158,557</b>	<b>144,946</b>
Increase in net assets before transfers	1,950	28,385	649	10,805	2,599	39,190
Transfers	(4,286)	1,828	4,286	(1,828)	-	-
Increase (Decrease) in net assets	(2,336)	30,213	4,935	8,977	2,599	39,190
Prior period adjustment	-	1,190	-	-	-	1,190
Change in accounting principle	(61,700)	-	-	-	(61,700)	-
Net assets, beginning of year	494,959	463,556	52,742	43,765	547,701	507,321
Net assets, end of year	\$ 430,923	\$ 494,959	\$ 57,677	\$ 52,742	\$ 488,600	\$ 547,701

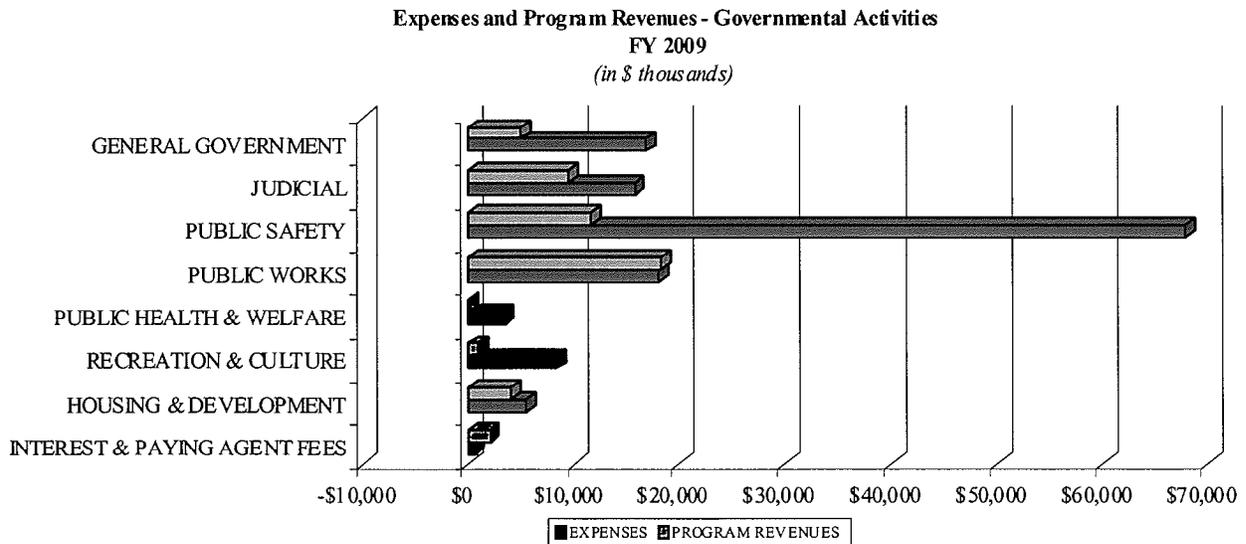
The comparative schedule of changes in net assets denotes a change of \$59 million in assets. The primary contributor to this decrease is, as mentioned previously, the change in accounting principle (Note 17) of \$62 million.

Revenue decreased by \$23 million of which \$16 million decrease is attributable to the fiscal year 2008 purchase of the Spout Springs Reclamation Plant. Other contributors to the decrease directly related to the economy are sales tax (\$6.0M), intangible taxes (\$1.1M), license and permits (\$0.4M), in addition to, fines and forfeitures (\$0.9M).

Expenses increased by \$14 million (\$5.1%) from the previous year. This increase is the result of SPLOST paving and resurfacing projects (\$5.1M), park and recreation projects such as the Field of Dreams (\$0.7M), and Laurel Park mega boat ramp (\$1.2M) and the completion of Fire Station 15 (\$1.8M).

#### Governmental Activities:

With the economic downturn, revenue decreased as previously explained. Primarily all revenue categories related to consumer spending. Hall County maintained general fund expenses at a lower level than fiscal year 2008 (\$0.4M). The following charts show activities by function:



**Revenues by Sources - Governmental Activities**  
FY 2009

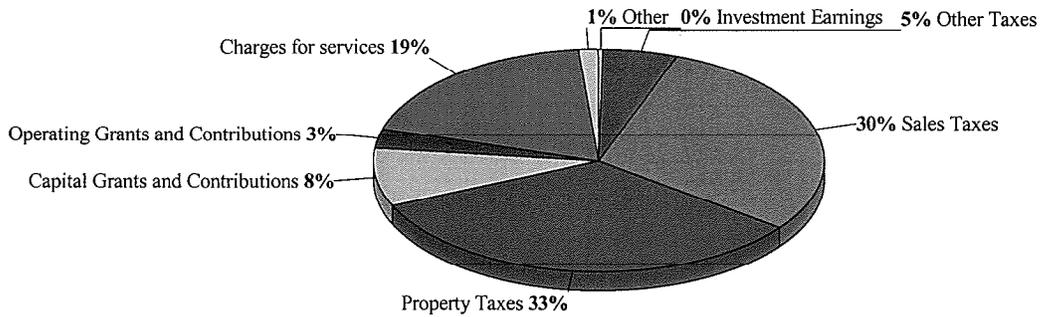


Chart shows all sources of revenue collected for governmental activities not limited to program revenue.

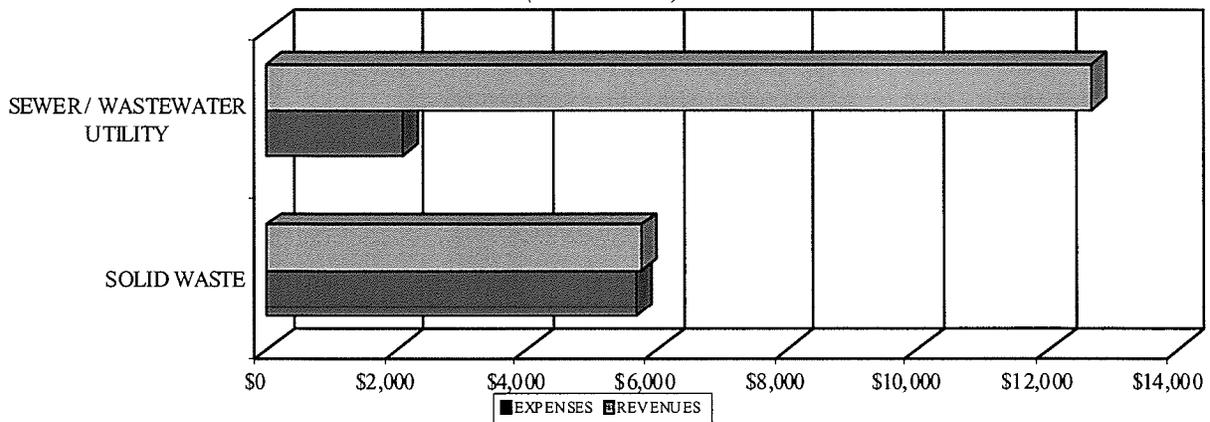
**Business-Type Activities:**

Business-type assets decreased County's net assets by \$5 million. Key elements of this increase are:

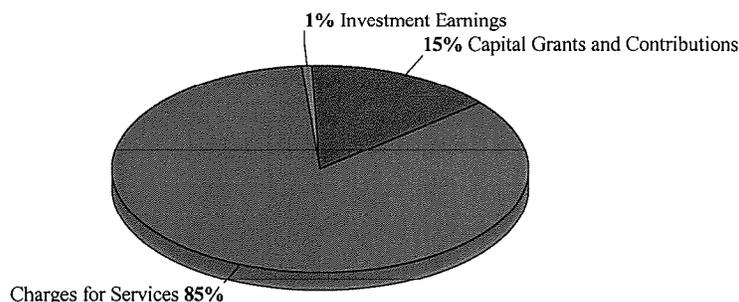
- The Solid Waste Disposal Facility Fund had an increase in net assets of \$1,535,007. The fund reported operating revenues of \$5,466,149 and operating expenses of \$5,785,496. The operating loss was offset by the gain on the sales of capital assets resulting in income of \$157,285 for the fiscal year.
- The Sewer/Wastewater Utility Fund had an increase in net assets of \$3,397,008. While the fund reported revenues of \$960,620 and operating expenses of \$1,192,948, resulting in an operating loss of \$232,328. The County is conducting a sewer rate study scheduled for completion by December 31, 2009. This study will incorporate and set usage fees to cover all operating costs for the future.

**Expenses and Program Revenues - Business-Type Activities**  
FY 2009

(\$ in thousands)



**Revenues by Sources - Business-Type**  
FY 2009



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

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

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$47,563,085, a decrease of \$4,394,154 in comparison with the prior year. This decrease is primarily to cash from Bond Proceeds utilized for the new jail facility construction. Approximately 24% of the total ending fund balance (\$11,609,136) constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion within the legal parameters of each fund. See the Governmental Funds Balance Sheet on page 3 for further details.

**Governmental Fund Revenue and Expenditure Comparison**  
(\$ in thousands)

	2009	2008	Inc/Dec	%Inc/Dec		2009	2008	Inc/Dec	%Inc/Dec
<b>Revenue</b>					<b>Expenditures</b>				
Taxes	\$ 103,538	\$ 108,925	\$ (5,387)	(4.9)%	General Government	\$ 18,233	\$ 17,043	\$ 1,190	7 %
License and Permits	2,238	3,107	(869)	(28.0)%	Judicial	15,368	15,069	299	2 %
Intergovernmental	8,852	10,447	(1,595)	(15.3)%	Public Health and Welfare	3,603	3,286	317	10 %
Fines and Forfeitures	4,732	5,564	(832)	(15.0)%	Public Safety	62,684	62,946	(262)	- %
Charges for Services	21,765	17,028	4,737	27.8 %	Public Works	12,635	7,643	4,992	65 %
Interest income	419	1,967	(1,548)	(78.7)%	Recreation and Culture	6,247	7,691	(1,444)	(19)%
Miscellaneous	194	370	(176)	(47.6)%	Housing and Development	4,634	5,189	(555)	(11)%
					Intergovernmental	2,400	2,477	(77)	(3)%
					Capital Outlay	10,205	26,631	(16,426)	(62)%
					Debt Service	11,234	11,452	(218)	(2)%
<b>Total Revenues</b>	<u>\$ 141,738</u>	<u>\$ 147,408</u>	<u>\$ (5,670)</u>	<u>(3.8)%</u>	<b>Total Expenditures</b>	<u>\$ 147,243</u>	<u>\$ 159,427</u>	<u>\$ (12,184)</u>	<u>(13)%</u>

The County had an overall decrease in tax revenue of \$5.4 million. Property tax had an increase of \$1.7 million from last year offset by decrease of \$3.5 million in LOST, \$2.8 million in SPLOST and \$0.8 million in Fines and Forfeitures, which account for the majority of the 3.8% revenue decrease. The County currently shares two different 1% sales taxes on all sales within the County. The Local Option Sales Tax (LOST) is a direct offset to property taxes and is renewed every ten years by agreement with the County's municipalities. This agreement was renewed in 2009 with the County receiving 81.1% of the tax with the remainder 18.9% to the municipalities. The Special Purpose Local Option Sales Tax (SPLOST) was also renewed by voter referendum in March 2009. This renewal of SPLOST began July 2009 and continues for 6 years or until the projected \$240 million is achieved.

The County's actual expenditures overall resulted in a decrease under fiscal year 2008. The decrease is a result of limited capital outlay as compared to fiscal year 2008 with the primary expenditure being jail facility bond debt.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, total fund balance was \$6,627,155 with unreserved, undesignated fund balance of \$6,580,374. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures and transfers out. Fund balance represents 7.2% of total fund expenditures with unreserved, undesignated representing 7.2%.

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 \$1,716,407, a (10.0)% decrease from that of fiscal year 2008. This decrease is attributed to capital equipment expenditures. The unreserved, undesignated portion of this fund balance is \$1,716,407. The unreserved, undesignated portion of the fund balance represents 11.6% of total fund expenditures.

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

<b>Hall County Governmental Funds</b>				
<b>Changes in Fund Balance</b>				
<i>(\$ in thousands)</i>				
	2009	2008	Incr/(Decr)	% Incr/-Decr
General Fund	\$ 6,627	\$ 9,288	\$ (2,661)	(28.6)%
Fire District	1,716	1,908	(192)	(10.1)%
SPLOST	28,587	29,076	(489)	(1.7)%
Capital Projects	3,181	1,103	2,078	188.4 %
Impact Fees	4,106	5,898	(1,792)	(30.4)%
Non-Major Funds	<u>3,346</u>	<u>4,684</u>	<u>(1,338)</u>	<u>(28.6)%</u>
Total Fund Balance	<u>\$ 47,563</u>	<u>\$ 51,957</u>	<u>\$ (4,394)</u>	<u>(8.5)%</u>

The other major funds consist of the special local options sales tax fund (SPLOST) and the capital project fund. These funds provide the capital funding for various projects either designated by the Commission or approved via referendum of the voters of Hall County. The fund balances are restricted to current and future projects. The SPLOST has decreased as SPLOST V funds has been utilized and funding ended June 30, 2009, however, the SPLOST VI referendum was passed and collections have started. The Impact Fee funds have been utilized for the park projects and collections have decreased by \$0.6 million (44.5%) from fiscal year 2008 due to the commercial and housing market economic slowdown.

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

<b>Hall County Proprietary Funds</b>				
<b>Changes in Net Assets</b>				
<i>(\$ in thousands)</i>				
	2009	2008	Incr/(Decr)	% Incr/-Decr
Solid Waste Disposal	\$ 13,669	\$ 12,134	\$ 1,535	12.7 %
Water Utility	6,602	6,602	-	0.0 %
Sewer/Waste Water Utility	37,512	34,115	3,397	10.0 %
Internal Service	<u>(240)</u>	<u>(1,345)</u>	<u>1,105</u>	<u>(82.2)%</u>
Total Fund Balance	<u>\$ 57,543</u>	<u>\$ 51,506</u>	<u>\$ 6,037</u>	<u>11.7 %</u>

Unrestricted net assets of the proprietary funds at the end of the year amounted to \$10,600,291. The majority or \$12,091,338 is in the Sewer/Waste Water Utility fund. The total increase in proprietary net assets was \$4,932,015. Other factors related to the finances of these funds have been discussed in the previous business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

General Fund For the Year Ended June 30, 2009				
	-----Budget-----			Variance of
	Original	Final	Actual	Final Budget
General Government	\$ 21,922,867	\$ 21,153,135	\$ 18,626,193	\$ 2,526,942
Judicial	14,185,679	14,189,214	13,576,270	612,944
Public Safety	42,579,328	43,349,359	42,654,258	695,101
Public Works	6,382,489	6,382,489	5,576,208	806,281
Public Health and Welfare	3,634,058	3,742,990	3,218,784	524,206
Recreation and Culture	5,558,924	5,676,964	5,333,149	343,815
Housing and Development	3,445,584	3,421,458	3,040,023	381,435
Total Charges to Appropriations	<u>\$ 97,708,929</u>	<u>\$ 97,915,609</u>	<u>\$ 92,024,885</u>	<u>\$ 5,890,724</u>

The variance to final amended budget is the result of the cost cutting measures that were incorporated in October 2008 which included mandatory furloughs and hiring freeze.

## 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, 2009, was \$491 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads and bridges. The decrease in assets is due to the change in method of calculating depreciation expense for road infrastructure assets. As a result, the cumulative effect of applying the new method decreased beginning net assets by \$61.6 million (Note 17).

Hall County's Capital Assets (Net of depreciation) (\$ in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land and Improvements	\$ 52,762	\$ 205,435	\$ 23,046	\$ 23,046	\$ 75,808	\$ 228,481
Construction in Progress	8,948	11,949	32,147	13,137	41,095	25,086
Buildings	126,234	125,112	8,562	8,850	134,796	133,962
Machinery & Equipment	19,142	21,884	2,192	479	21,334	22,363
Vehicles	9,154	9,109	138	169	9,292	9,278
Infrastructure	187,364	89,698	21,103	21,467	208,467	111,165
Total Assets	<u>\$ 403,604</u>	<u>\$ 463,187</u>	<u>\$ 87,188</u>	<u>\$ 67,148</u>	<u>\$ 490,792</u>	<u>\$ 530,335</u>

Governmental assets moved from construction in progress to the asset records during the year totaled approximately \$6 million. Major projects consisted of the following:

- Various Road Improvement Projects/Expansions - \$0.8 million
- Completion of the Laurel Boat Ramp - \$1.2 million
- Completion of the Field of Dreams Recreation Park - \$1.5 million
- Completion of the Fire Station 15 - \$1.8 million

Additional information on the County's capital assets can be found in Note 5 on pages 26 through 28 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total long-term indebtedness of \$74,745,387. The contracts payable is for construction of the State Control Building and Animal Control Shelter. The debt for the Animal Control Shelter will be repaid by SPLOST VI funds. The Net Other Post Employment Benefits (OPEB) was a GASB 45 requirement for this reporting year as explained in Note 9. The estimated claims payable for workers compensation and county insurance programs and compensated absences or vacation leave earned by county employees and not paid at the close of the fiscal year are reported as liabilities. The notes payable increases for the water and sewer fund and is a GEFA loan for the continued expansion of the Mulberry Creek sewer district.

**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	
	2009	2008	2009	2008	2009	2008
Bonds Payable	\$ 10,405	\$ 20,703	\$ -	\$ -	\$ 10,405	\$ 20,703
Contracts Payable	5,327	-	-	-	5,327	-
Capital Leases	714	894	964	-	1,678	894
Notes Payable	-	-	23,294	11,239	23,294	11,239
Claims Payable (estimate)	2,681	2,590	-	-	2,681	2,590
Landfill Closure/Postclosure	-	-	6,185	6,023	6,185	6,023
Compensated Absences	3,479	3,118	77	65	3,556	3,183
Net OPEB Obligation	7,265	-	-	-	7,265	-
Totals	\$ 29,871	\$ 27,305	\$ 30,520	\$ 17,327	\$ 60,391	\$ 44,632

The operating revenues for governmental activities have been sufficient to meet these obligations and sufficient reserves are available to meet the obligations of claims payable and compensated absences. The obligations related to business-type activities have chiefly related to the landfill/solid waste and water/sewer activities of the County. Additional information regarding Hall County's long-term debt can be found in Note 6 on pages 29 through 34 of this report.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is \$751,097,800.

#### ECONOMIC OUTLOOK

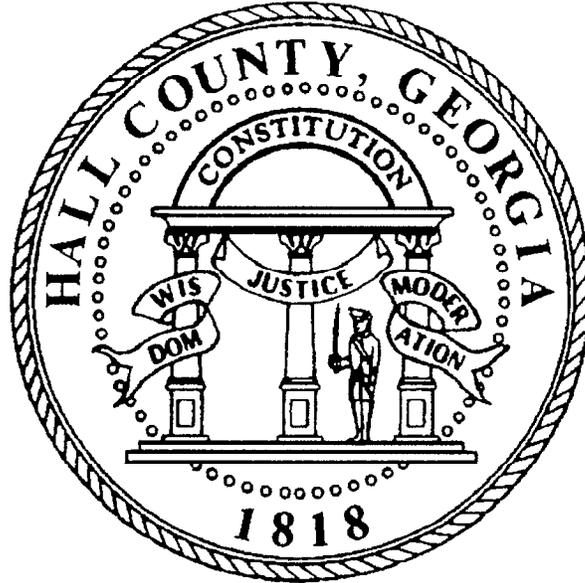
The economic outlook for Hall County in fiscal year 2010:

- The unemployment rate in Hall County is at 5.4%, but still is lower than the State of Georgia and the United States.
- LOST and SPLOST revenues are approximately 12% under fiscal year 2008. This decrease has been projected for the fiscal year 2010 Budget. The County is monitoring collections on a monthly basis.
- The real property tax digest has grown by 2% from 2008 to 2009. The County is not planning for any erosion to the digest for fiscal year 2010 budget.
- SPLOST VI referendum was passed in March 2009 for a budget of \$240 million thereby continuing to support capital projects and outlay.
- Hall County Government implemented a number of cost-saving measures, mainly in the area of personnel, to compensate for the drop in revenue from property taxes, sales taxes and other revenues. These changes cut operating expenses without significantly impacting public services and have been incorporated into the fiscal 2010 budget, in addition to, eliminating retirement fund matching and increasing the employee share of health costs.

The current economy and the pressures from revenue decreases were taken into consideration when preparing the 2010 budget and should place the County in a good financial position for the future.

#### 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.



*Basic Financial Statements*

**HALL COUNTY, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

<u>PRIMARY GOVERNMENT</u>				
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
<b>ASSETS</b>				
Cash	\$ 17,543,149	\$ 3,928,237	\$ 21,471,386	\$ 2,228,831
Investments	10,215,357	1,784,643	12,000,000	5,576
Receivables (net of allowance for uncollectibles)	15,827,352	490,611	16,317,963	914,881
Internal balances	3,203,979	(3,203,979)	-	-
Inventories	359,300	-	359,300	-
Prepaid items	260,293	-	260,293	46,290
Restricted assets:				
Cash	14,906,289	-	14,906,289	-
Non-current assets:				
Deferred charges	101,558	782,120	883,678	-
Prepaid capacity	-	16,249,003	16,249,003	-
Land held for resale	18,699	-	18,699	-
Net pension obligation	2,158,543	-	2,158,543	-
Capital assets:				
Capital assets not being depreciated	61,710,184	55,192,764	116,902,948	-
Capital assets being depreciated	545,827,656	43,665,722	589,493,378	5,909,118
Less: accumulated depreciation	(203,934,981)	(11,670,773)	(215,605,754)	(3,997,179)
Capital assets, net of depreciation	<u>403,602,859</u>	<u>87,187,713</u>	<u>490,790,572</u>	<u>1,911,939</u>
<b>TOTAL ASSETS</b>	<u>468,197,378</u>	<u>107,218,348</u>	<u>575,415,726</u>	<u>5,107,517</u>
<b>LIABILITIES</b>				
Accounts payable	4,085,081	4,505,505	8,590,586	683,828
Accrued interest payable	153,624	54,084	207,708	-
Other accrued items	1,786,867	54,257	1,841,124	-
Due to other governments	54,685	-	54,685	23,442
Unearned revenue	1,069,283	26,254	1,095,537	-
Amounts held in trust	254,638	26,070	280,708	-
Noncurrent liabilities:				
Due within one year				
Compensated absences payable	2,900,000	76,921	2,976,921	670,566
Estimated claims payable	1,342,703	-	1,342,703	-
Accrued landfill closure / postclosure	-	370,000	370,000	-
Notes payable	-	1,190,234	1,190,234	-
Capital leases payable	158,280	472,881	631,161	-
General obligation bonds payable	10,405,000	-	10,405,000	-
Contracts payable	478,274	-	478,274	-
Due in more than one year				
Compensated absences payable	578,649	-	578,649	193,467
Estimated claims payable	1,338,108	-	1,338,108	-
Accrued landfill closure / postclosure	-	5,815,297	5,815,297	-
Notes payable	-	22,103,698	22,103,698	-
Capital leases payable	556,157	490,890	1,047,047	-
Contracts payable	4,848,292	14,354,958	19,203,250	-
Net OPEB obligation	7,265,045	-	7,265,045	-
<b>TOTAL LIABILITIES</b>	<u>37,274,686</u>	<u>49,541,049</u>	<u>86,815,735</u>	<u>1,571,303</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	390,641,581	47,183,369	437,824,950	1,911,939
Restricted for:				
Capital outlay projects	13,680,359	-	13,680,359	-
Debt service	10,694,558	-	10,694,558	-
Impact fee projects	4,105,766	-	4,105,766	-
Public safety programs	2,664,592	-	2,664,592	-
Parks	335,227	-	335,227	-
Special Assessments	559,802	-	559,802	-
Special / Restricted Programs	1,236,108	-	1,236,108	420,862
Unrestricted	7,004,699	10,493,930	17,498,629	1,203,413
<b>TOTAL NET ASSETS</b>	<u>\$ 430,922,692</u>	<u>\$ 57,677,299</u>	<u>\$ 488,599,991</u>	<u>\$ 3,536,214</u>

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES.....				NET (EXPENSE) AND CHANGES IN NET ASSETS.....			COMPONENT UNITS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
General government	\$ 20,349,700	\$ 4,985,226	\$ 110,029	\$ 75,000	\$ (15,179,445)	\$ -	\$ (15,179,445)	\$ -
Judicial	16,737,631	6,626,984	781,625	-	(9,329,022)	-	(9,329,022)	-
Public safety	71,869,747	14,690,847	1,448,280	428,714	(55,301,906)	-	(55,301,906)	-
Public works	25,211,340	889,875	297,381	11,599,576	(12,424,508)	-	(12,424,508)	-
Public health and welfare	3,905,369	-	289,750	94,400	(3,521,219)	-	(3,521,219)	-
Recreation and culture	7,267,449	953,224	59,887	-	(6,254,338)	-	(6,254,338)	-
Housing and development	5,056,842	909,945	1,330,143	649,574	(2,167,180)	-	(2,167,180)	-
Interest	672,454	-	-	-	(672,454)	-	(672,454)	-
Total Governmental Activities	151,070,532	29,056,101	4,317,095	12,847,264	(104,850,072)	-	(104,850,072)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste/recycling	5,905,910	5,466,149	-	-	-	(439,761)	(439,761)	-
Water and sewer	1,581,159	960,620	-	1,103,554	-	483,015	483,015	-
Total Business-Type Activities	7,487,069	6,426,769	-	1,103,554	-	43,254	43,254	-
TOTAL PRIMARY GOVERNMENT	\$ 158,557,601	\$ 35,482,870	\$ 4,317,095	\$ 13,950,818	\$ (104,850,072)	\$ 43,254	\$ (104,806,818)	\$ -
COMPONENT UNITS								
Health Department	\$ 15,645,256	\$ 6,030,264	\$ 9,937,488	\$ -	-	-	-	322,496
Library System	3,486,094	38,694	402,234	229,449	-	-	-	(2,815,717)
TOTAL COMPONENT UNITS	\$ 19,131,350	\$ 6,068,958	\$ 10,339,722	\$ 229,449	-	-	-	(2,493,221)
GENERAL REVENUES								
Property taxes					50,679,216	-	50,679,216	-
Sales taxes					45,245,724	-	45,245,724	-
Insurance premium taxes					5,325,013	-	5,325,013	-
Real estate recording taxes					1,318,284	-	1,318,284	-
Other taxes					1,500,800	-	1,500,800	-
Total taxes					104,069,037	-	104,069,037	-
Miscellaneous					(1)	-	(1)	34,580
Unrestricted investment earnings					552,681	64,977	617,658	988
Grants and contributions not restricted to a specific program					2,107,044	-	2,107,044	2,997,812
Gain on sale of capital assets					70,860	540,938	611,798	-
TRANSFERS					(4,286,037)	4,286,037	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					102,513,584	4,891,952	107,405,536	3,033,380
CHANGES IN NET ASSETS					(2,336,488)	4,935,206	2,598,718	540,159
NET ASSETS, Beginning					494,958,768	52,742,093	547,700,861	2,996,055
CHANGE IN ACCOUNTING PRINCIPLE					(61,699,588)	-	(61,699,588)	-
NET ASSETS, Beginning as restated					433,259,180	52,742,093	486,001,273	2,996,055
NET ASSETS, Ending					\$ 430,922,692	\$ 57,677,299	\$ 488,599,991	\$ 3,536,214

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009**

	GENERAL	FIRE DISTRICT	SPLST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	\$ 1,669,142	\$ 1,346,804	\$ 7,312,106	\$ -	\$ 2,680,429	\$ 2,350,711	\$ 15,359,192
Investments	1,044,554	687,273	5,339,336	-	1,396,092	981,505	9,448,760
Receivables (net of allowance for uncollectibles)	10,284,361	337,325	4,184,453	-	35,390	985,823	15,827,352
Due from other funds	1,847,498	-	2,006,882	-	-	-	3,854,380
Prepaid items	20,054	-	-	-	-	-	20,054
Inventories	285,759	73,542	-	-	-	-	359,301
Restricted assets:							
Cash	-	-	10,848,182	4,058,108	-	-	14,906,290
<b>TOTAL ASSETS</b>	<b>\$ 15,151,368</b>	<b>\$ 2,444,944</b>	<b>\$ 29,690,959</b>	<b>\$ 4,058,108</b>	<b>\$ 4,111,911</b>	<b>\$ 4,318,039</b>	<b>\$ 59,775,329</b>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 1,487,178	\$ 127,053	\$ 1,090,866	\$ 876,634	\$ 5,603	\$ 398,108	\$ 3,985,442
Other accrued items	1,378,719	270,039	13,444	-	542	115,974	1,778,718
Due to other governments	54,685	-	-	-	-	-	54,685
Due to other funds	-	-	-	-	-	114,262	114,262
Deferred revenue	5,593,516	331,445	-	-	-	99,538	6,024,499
Amounts held in trust	10,115	-	-	-	-	244,523	254,638
<b>TOTAL LIABILITIES</b>	<b>\$ 8,524,213</b>	<b>\$ 728,537</b>	<b>\$ 1,104,310</b>	<b>\$ 876,634</b>	<b>\$ 6,145</b>	<b>\$ 972,405</b>	<b>\$ 12,212,244</b>
FUND BALANCES							
Reserved:							
Encumbrances	26,727	-	-	200,411	-	33,279	260,417
Prepaid expenditure	20,054	-	-	-	-	-	20,054
Debt service	-	-	10,848,182	-	-	-	10,848,182
Capital outlay projects	-	-	17,738,467	2,981,063	-	-	20,719,530
Impact fee projects	-	-	-	-	4,105,766	-	4,105,766
Unreserved, undesignated:							
General Fund	6,580,374	-	-	-	-	-	6,580,374
Capital Projects Funds	-	1,716,407	-	-	-	201,783	201,783
Special Revenue Funds	-	1,716,407	-	-	-	3,110,572	4,826,979
<b>TOTAL FUND BALANCES</b>	<b>\$ 6,627,155</b>	<b>\$ 1,716,407</b>	<b>\$ 28,586,649</b>	<b>\$ 3,181,474</b>	<b>\$ 4,105,766</b>	<b>\$ 3,345,634</b>	<b>\$ 47,563,085</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,151,368</b>	<b>\$ 2,444,944</b>	<b>\$ 29,690,959</b>	<b>\$ 4,058,108</b>	<b>\$ 4,111,911</b>	<b>\$ 4,318,039</b>	<b>\$ 59,775,329</b>

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**June 30, 2009**

**Total Fund Balances for Governmental Funds (page 3)** \$ 47,563,085

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

Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds. 403,602,859

Land held for resale used in the governmental activities is not a financial resource and therefore is not reported in the funds. 18,699

Internal service funds are used by the County to charge the cost of group health and other types of insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: (133,950)

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

Property Taxes	2,825,160	
Assessments	50,255	
Fines	661,491	
Note receivables	<u>1,418,310</u>	
		4,955,216

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

General obligation bonds, net of premium and discounts	(10,405,000)	
Deferred charge for issuance cost	101,558	
Accrued interest	(153,624)	
Compensated absences	(3,478,649)	
Capital leases	(714,437)	
Contracts payable	(5,326,566)	
Net pension obligation	2,158,543	
Net OPEB obligation	<u>(7,265,045)</u>	
		(25,083,220)

Rounding 3

**Total net assets of governmental activities (page 1)** \$430,922,692

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, 2009**

	GENERAL	FIRE DISTRICT	SPLST	CAPITAL PROJECTS	IMPACT FEES	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	\$ 63,590,861	\$ 14,151,797	\$ 25,790,764	\$ -	\$ -	\$ 5,061	\$ 103,538,483
Licenses and permits	1,582,842	-	-	-	655,501	-	2,238,343
Intergovernmental	3,498,105	398,463	-	-	-	4,955,172	8,851,740
Fines and forfeitures	3,809,988	1,739	-	-	-	920,360	4,732,087
Charges for services	16,573,170	46,994	-	-	-	5,145,298	21,765,462
Contributions and donations	-	1,500	-	-	-	21,450	22,950
Interest income	48,817	27,626	235,377	3,386	65,790	37,603	418,599
Miscellaneous	120,380	4,787	-	-	-	45,372	170,539
<b>TOTAL REVENUES</b>	<b>89,224,163</b>	<b>14,632,906</b>	<b>26,026,141</b>	<b>3,386</b>	<b>721,291</b>	<b>11,130,316</b>	<b>141,738,203</b>
EXPENDITURES							
Current Expenditures							
General government	18,233,292	-	-	-	-	-	18,233,292
Judicial	13,192,972	-	-	39,482	635,488	-	15,368,145
Public safety	41,997,955	14,570,442	194,692	38,674	-	5,882,018	62,683,781
Public works	5,547,445	-	5,594,829	-	-	1,493,162	12,635,436
Public health and welfare	3,218,784	-	-	-	-	384,684	3,603,468
Recreation and culture	5,196,710	-	115,991	-	203	933,920	6,246,824
Housing and development	3,040,023	-	-	217,576	36,649	1,339,970	4,634,218
Intergovernmental	-	-	2,021,475	303,240	-	75,000	2,399,715
Capital outlay	321,763	254,100	3,421,113	2,550,070	1,841,134	1,817,185	10,205,365
Debt service	179,242	-	10,165,000	-	-	-	10,344,242
Principal	55,717	-	731,456	-	-	-	787,173
Interest	-	-	-	-	-	-	-
Issue costs	-	-	-	103,466	-	-	103,466
<b>TOTAL EXPENDITURES</b>	<b>90,983,903</b>	<b>14,824,542</b>	<b>22,244,556</b>	<b>3,252,508</b>	<b>2,513,474</b>	<b>13,426,142</b>	<b>147,245,125</b>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(1,759,740)	(191,636)	3,781,585	(3,249,122)	(1,792,183)	(2,295,826)	(5,506,922)
OTHER FINANCING SOURCES (USES)							
Sale of county property	70,860	-	-	-	-	-	70,860
Proceeds from contract payable	-	-	-	5,327,945	-	-	5,327,945
Transfers in	68,921	-	-	-	-	1,055,819	1,124,740
Transfers out	(1,040,982)	-	(4,271,037)	-	-	(98,758)	(5,410,777)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(901,201)</b>	<b>-</b>	<b>(4,271,037)</b>	<b>5,327,945</b>	<b>-</b>	<b>957,061</b>	<b>1,112,768</b>
NET CHANGE IN FUND BALANCES	(2,660,941)	(191,636)	(489,452)	2,078,823	(1,792,183)	(1,338,765)	(4,394,154)
FUND BALANCES, Beginning of year	9,288,096	1,908,043	29,076,101	1,102,651	5,897,949	4,684,399	51,957,239
FUND BALANCES, End of year	6,627,155	1,716,407	28,586,649	3,181,474	4,105,766	3,345,634	47,563,085

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, 2009**

Net change in fund balances (page 5) \$ (4,394,154)

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	10,205,365	
Depreciation expense	<u>(18,456,120)</u>	(8,250,755)

In the statement of activities, only the gain/loss on the sale of various equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the equipment sold.

Net book value of equipment sold	<u>(30,476)</u>	(30,476)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	2,825,160	
Donated assets	10,396,712	
Assessments	50,255	
Fines	<u>661,491</u>	13,933,618

Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.

Property taxes	(2,294,605)	
Assessments	(16,962)	
Fines	<u>(545,115)</u>	(2,856,682)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.

Proceeds from borrowing including premiums and discounts	(5,327,945)	
Principal payments on long-term debt	10,344,242	
Bond issuance costs, current year	101,558	
Bond issuance costs, prior year	(18,072)	
Amortization of bond premium and discounts	134,699	
Accrued interest on bonds, current year	(153,624)	
Accrued interest on bonds, prior year	<u>253,619</u>	5,334,477

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	(3,478,649)	
Compensated absences, prior year	<u>3,117,879</u>	(360,770)

Internal service funds are used by management to charge the costs of certain activities, such as group health and other types of insurance. The net revenue (expenses) of certain internal service funds is reported with governmental activities.

1,101,369

Net pension obligation is not available during the current period and therefore is not reported in the funds.

End of year	2,158,543	
Beginning of year	<u>(1,706,613)</u>	451,930

Net OPEB obligation is not available during the current period and therefore is not reported in the funds.

End of year	<u>(7,265,045)</u>	(7,265,045)
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**Changes in net assets of governmental activities (page 2) \$ (2,336,488)**

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**June 30, 2009**

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 3,928,237	\$ -	\$ -	\$ 3,928,237	\$ 2,183,957
Investments	1,784,643	-	-	1,784,643	766,599
Receivables (net of allowance for uncollectibles)	409,431	81,180	-	490,611	-
Prepaid items	-	-	-	-	240,237
<b>TOTAL CURRENT ASSETS</b>	<b>6,122,311</b>	<b>81,180</b>	<b>-</b>	<b>6,203,491</b>	<b>3,190,793</b>
<b>Noncurrent Assets</b>					
Deferred charges	-	782,120	-	782,120	-
Prepaid capacity	-	16,249,003	-	16,249,003	-
<b>Capital assets</b>					
Capital assets not being depreciated	6,367,196	41,132,464	7,693,104	55,192,764	-
Capital assets being depreciated	21,028,769	22,636,953	-	43,665,722	-
Less: accumulated depreciation	(10,838,511)	(832,262)	-	(11,670,773)	-
<b>TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	<b>16,557,454</b>	<b>62,937,155</b>	<b>7,693,104</b>	<b>87,187,713</b>	<b>-</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>16,557,454</b>	<b>79,968,278</b>	<b>7,693,104</b>	<b>104,218,836</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>22,679,765</b>	<b>80,049,458</b>	<b>7,693,104</b>	<b>110,422,327</b>	<b>3,190,793</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	153,823	4,351,682	-	4,505,505	99,644
Accrued interest payable	-	54,084	-	54,084	-
Other accrued items	54,257	-	-	54,257	8,149
Due to other funds	-	2,006,882	1,090,736	3,097,618	642,500
Amounts held in trust	26,070	-	-	26,070	-
Unearned revenue	26,254	-	-	26,254	-
Compensated absences payable	76,921	-	-	76,921	-
Accrued landfill closure/postclosure	370,000	-	-	370,000	-
Estimated claims payable	-	-	-	-	1,342,703
Notes payable	110,438	1,079,796	-	1,190,234	-
Capital lease payable	472,881	-	-	472,881	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,290,644</b>	<b>7,492,444</b>	<b>1,090,736</b>	<b>9,873,824</b>	<b>2,092,996</b>
<b>Noncurrent Liabilities</b>					
Estimated claims payable	-	-	-	-	1,338,108
Accrued landfill closure/postclosure	5,815,297	-	-	5,815,297	-
Notes payable	1,413,620	20,690,078	-	22,103,698	-
Capital lease payable	490,890	-	-	490,890	-
Contracts payable	-	14,354,958	-	14,354,958	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,719,807</b>	<b>35,045,036</b>	<b>-</b>	<b>42,764,843</b>	<b>1,338,108</b>
<b>TOTAL LIABILITIES</b>	<b>9,010,451</b>	<b>42,537,480</b>	<b>1,090,736</b>	<b>52,638,667</b>	<b>3,431,104</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	14,069,625	25,420,640	7,693,104	47,183,369	-
Unrestricted	(400,311)	12,091,338	(1,090,736)	10,600,291	(240,311)
<b>TOTAL NET ASSETS</b>	<b>\$ 13,669,314</b>	<b>\$ 37,511,978</b>	<b>\$ 6,602,368</b>	<b>57,783,660</b>	<b>\$ (240,311)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(106,361)	
Net assets of business-type activities				<u>\$ 57,677,299</u>	

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2009**

**BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS**

	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	WATER UTILITY FUND	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
<b>OPERATING REVENUES</b>					
Charges for sales and services:					
Sewer sales	\$ -	\$ 916,808	\$ -	\$ 916,808	\$ -
Other	-	43,812	-	43,812	-
Recycling and transfer fees	5,420,916	-	-	5,420,916	-
Charges for services-other	45,233	-	-	45,233	-
Charges to other funds	-	-	-	-	15,970,477
Total Operating Revenues	<u>5,466,149</u>	<u>960,620</u>	<u>-</u>	<u>6,426,769</u>	<u>15,970,477</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	2,100,211	-	-	2,100,211	26,619
Supplies	290,741	-	-	290,741	155
Other services and charges	1,970,169	711,273	-	2,681,442	42,530
Benefit claims	-	-	-	-	12,050,244
Insurance premiums	424,490	-	-	424,490	1,298,149
General and administrative	-	-	-	-	1,482,306
Landfill closure/postclosure costs	269,474	-	-	269,474	-
Depreciation	730,411	481,635	-	1,212,046	-
Repairs and maintenance	-	40	-	40	-
Total Operating Expenses	<u>5,785,496</u>	<u>1,192,948</u>	<u>-</u>	<u>6,978,444</u>	<u>14,900,003</u>
OPERATING INCOME (LOSS)	<u>(319,347)</u>	<u>(232,328)</u>	<u>-</u>	<u>(551,675)</u>	<u>1,070,474</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	59,299	5,678	-	64,977	34,086
Interest expense	(123,605)	(388,211)	-	(511,816)	-
Gain (loss) on sale of capital assets	540,938	-	-	540,938	-
Total Nonoperating Revenues (Expenses)	<u>476,632</u>	<u>(382,533)</u>	<u>-</u>	<u>94,099</u>	<u>34,086</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
	157,285	(614,861)	-	(457,576)	1,104,560
Sewer connection fees	-	1,103,554	-	1,103,554	-
Transfer in	1,377,722	2,908,315	-	4,286,037	-
CHANGE IN NET ASSETS	<u>1,535,007</u>	<u>3,397,008</u>	<u>-</u>	<u>4,932,015</u>	<u>1,104,560</u>
TOTAL NET ASSETS, Beginning of year	<u>12,134,307</u>	<u>34,114,970</u>	<u>6,602,368</u>		<u>(1,344,871)</u>
TOTAL NET ASSETS, End of year	<u>\$ 13,669,314</u>	<u>\$ 37,511,978</u>	<u>\$ 6,602,368</u>		<u>\$ (240,311)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>3,191</u>	
Change in net assets of business-type activities				<u>\$ 4,935,206</u>	

The accompanying notes are an integral part of this statement.

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2009**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	TOTAL	ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer	\$ 5,410,739	\$ 960,959	\$ 6,371,698	\$ 6,283
Payments to suppliers	(2,743,334)	(1,580,304)	(4,323,638)	(15,488,603)
Payments to employees	(2,080,712)	-	(2,080,712)	38,818
Internal activity-payments from (to) other funds	-	(1,089,684)	(1,089,684)	15,970,477
Net cash provided by (used in) operating activities	<u>586,693</u>	<u>(1,709,029)</u>	<u>(1,122,336)</u>	<u>526,975</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	2,908,315	2,908,315	-
Proceeds from noncapital debt	-	9,576	9,576	-
Principal payments on noncapital related debt	-	(94,080)	(94,080)	-
Interest expense on noncapital related debt	-	(85,502)	(85,502)	-
Net Cash provided (used) by non-capital financing activities	<u>-</u>	<u>2,738,309</u>	<u>2,738,309</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,995,976)	(13,642,020)	(16,637,996)	-
Proceeds from the sale of capital assets	617,104	-	617,104	-
Sales of prepaid capacity	-	7,630	7,630	-
Connection fees paid by customers	-	1,103,554	1,103,554	-
Transfers in	1,377,722	-	1,377,722	-
Payment made to debt	(560,700)	(187,100)	(747,800)	-
Proceeds from the issuance of debt	1,419,305	12,431,840	13,851,145	-
Paid for issuance cost	-	(424,000)	(424,000)	-
Interest paid	(123,605)	(564,623)	(688,228)	-
Net cash provided (used) by capital and related financing activities	<u>(266,150)</u>	<u>(1,274,719)</u>	<u>(1,540,869)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	60,221	5,678	65,899	34,199
Purchase of investments	(5,850,702)	(2)	(5,850,704)	(2,107,745)
Proceeds from sale of investments	7,383,835	-	7,383,835	2,536,197
Net cash provided (used) by investing activities	<u>1,593,354</u>	<u>5,676</u>	<u>1,599,030</u>	<u>462,651</u>
Net increase (decrease) in cash and cash equivalents	1,913,897	(239,763)	1,674,134	989,626
CASH, Beginning of year	<u>2,014,340</u>	<u>239,763</u>	<u>2,254,103</u>	<u>1,194,331</u>
CASH, End of year	<u>\$ 3,928,237</u>	<u>\$ -</u>	<u>\$ 3,928,237</u>	<u>\$ 2,183,957</u>

(CONTINUED)

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2009**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	SOLID WASTE DISPOSAL FACILITY	SEWER / WASTE WATER UTILITY	TOTAL	INTERNAL SERVICE FUND FUEL DEPOT
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (319,347)	\$ (232,328)	\$ (551,675)	\$ 1,070,474
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	730,411	481,635	1,212,046	-
Landfill closure/postclosure costs	269,474	-	269,474	-
(Increase) decrease in:				
Accounts receivable	7,222	40,239	47,461	6,283
Prepaid expenses	-	-	-	(9,927)
Increase (decrease) in:				
Accounts payable	49,333	(868,991)	(819,658)	37,208
Compensated absences	11,843	-	11,843	-
Amounts held in trust	300	-	300	-
Accrued landfill costs	(107,267)	-	(107,267)	-
Other accrued items	7,656	-	7,656	(25,325)
Deferred revenue	(62,932)	(39,900)	(102,832)	90,762
Due to other funds	-	(1,089,684)	(1,089,684)	(642,500)
	<u>\$ 586,693</u>	<u>\$ (1,709,029)</u>	<u>\$ (1,122,336)</u>	<u>\$ 526,975</u>
Net cash provided by (used in) operating activities				
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES				
Net unrealized gain (loss) on investments	<u>\$ (922)</u>	<u>\$ (181)</u>	<u>\$ (1,103)</u>	<u>\$ (111)</u>
Net book value of disposals	<u>\$ (76,166)</u>	<u>\$ -</u>	<u>\$ (76,166)</u>	<u>\$ -</u>
Amortization of bond refunding	<u>\$ -</u>	<u>\$ 8,202</u>	<u>\$ 8,202</u>	<u>\$ -</u>
Amortization of deferred charges	<u>\$ -</u>	<u>\$ 14,617</u>	<u>\$ 14,617</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, 2009**

	<b>AGENCY FUNDS</b>
ASSETS	
Cash	\$ <u>4,571,473</u>
TOTAL ASSETS	\$ <u><u>4,571,473</u></u>
LIABILITIES	
Amount held in trust	\$ <u>4,571,473</u>
TOTAL LIABILITIES	\$ <u><u>4,571,473</u></u>

The accompanying notes are an integral part of this statement

**HALL COUNTY, GEORGIA  
 COMPONENT UNITS  
 COMBINING STATEMENT OF NET ASSETS  
 June 30, 2009**

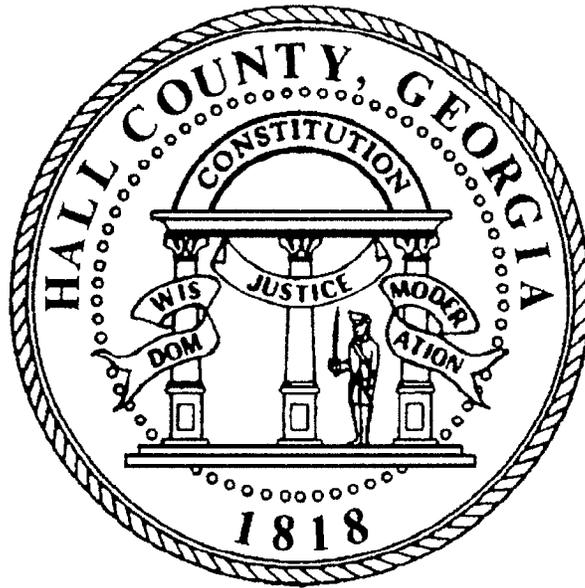
	<b>HEALTH DEPARTMENT</b>	<b>LIBRARY SYSTEM</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash	\$ 1,785,327	\$ 443,504	\$ 2,228,831
Investments	-	5,576	5,576
Receivables (net of allowance for uncollectibles)	880,937	33,944	914,881
Prepaid items	-	46,290	46,290
Capital assets:			
Capital assets being depreciated	455,245	5,453,873	5,909,118
Less: accumulated depreciation	<u>(253,965)</u>	<u>(3,743,214)</u>	<u>(3,997,179)</u>
Capital assets, net of depreciation	<u>201,280</u>	<u>1,710,659</u>	<u>1,911,939</u>
<b>TOTAL ASSETS</b>	<u><b>2,867,544</b></u>	<u><b>2,239,973</b></u>	<u><b>5,107,517</b></u>
<b>LIABILITIES</b>			
Accounts payable	674,651	9,177	683,828
Due to other governments	23,442	-	23,442
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	622,000	48,566	670,566
Due in more than one year			
Compensated absences payable	<u>120,617</u>	<u>72,850</u>	<u>193,467</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,440,710</b></u>	<u><b>130,593</b></u>	<u><b>1,571,303</b></u>
<b>NET ASSETS</b>			
Invested in capital assets	201,280	1,710,659	1,911,939
Restricted for:			
Program income	420,862		420,862
Unrestricted	<u>804,692</u>	<u>398,721</u>	<u>1,203,413</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 1,426,834</b></u>	<u><b>\$ 2,109,380</b></u>	<u><b>\$ 3,536,214</b></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, 2009**

	.....PROGRAM REVENUES.....					.....NET (EXPENSE) AND CHANGES IN NET ASSETS.....		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	HEALTH DEPARTMENT	LIBRARY SYSTEM	TOTAL	
COMPONENT UNITS								
GOVERNMENTAL ACTIVITIES								
Health Department	\$ 15,645,256	\$ 6,030,264	\$ 9,937,488	\$ -	\$ 322,496	\$ -	\$ 322,496	\$ 322,496
Library System	3,486,094	38,694	402,234	229,449	-	(2,815,717)	-	(2,815,717)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 19,131,350</b>	<b>\$ 6,068,958</b>	<b>\$ 10,339,722</b>	<b>\$ 229,449</b>	<b>\$ 322,496</b>	<b>(2,815,717)</b>	<b>\$ -</b>	<b>(2,493,221)</b>
<b>GENERAL REVENUES</b>								
Miscellaneous						34,580		34,580
Unrestricted investment earnings						988		988
Grants and contributions not restricted to a specific program						2,997,812		2,997,812
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>						<b>3,033,380</b>		<b>3,033,380</b>
<b>CHANGES IN NET ASSETS</b>					322,496	217,663		540,159
NET ASSETS, Beginning					1,104,338	1,891,717		2,996,055
NET ASSETS, Ending					<b>\$ 1,426,834</b>	<b>\$ 2,109,380</b>		<b>\$ 3,536,214</b>

The accompanying notes are an integral part of this statement



*Notes to Financial Statements*

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

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

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Discretely Presented Component Units: The Hall County Board of Health (Health Department) monitors and controls all health activities in the County. The Board is managed by seven members, four of which are appointed by the Hall County Board of Commissioners. The Health Department is dependent upon the government because the government approves the Health Department's budget and the government has the ability to impose its will upon the Health Department. During 2009, the County supplemented the Health Department's budget in the amount of \$818,440. The Health Department is presented as a governmental fund type.

The Hall County Library System (Library) serves all citizens of Hall County through headquarters library in Gainesville, Georgia and five branch facilities. The Library is governed by a 10-member board of Trustees appointed by the County Board of Commissioners. The County provides the majority of funding for the Library. During 2009, the County supplemented the Library's budget in the amount of \$2,436,204. The Library is presented as a governmental fund type.

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

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

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

**(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

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

The government reports the following major governmental funds:

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

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

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

**(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

***1. Deposits and Investments***

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

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

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**2.     *Receivables and Payables***

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

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

Property taxes attach as an enforceable lien on property as of January 1. Taxes are normally levied by October 1 of each year. The taxes for the 2008 digest year were payable on December 1, 2008. Interest and penalties are assessed on taxes not paid by this date. The taxes are subject to lien after March 1, 2009.

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

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

**3.     *Inventories and Prepaid Items***

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

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

**4.     *Capital Assets***

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2009.

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

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

**5.      *Compensated Absences***

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

**6.      *Long-term Obligations***

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

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**7. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The government-wide statement of net assets reports \$33,276,412 of restricted net assets, of which \$2,276,210 is restricted by enabling legislation.

**8. *Management Estimates***

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**(A) BUDGETARY INFORMATION**

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

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

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

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

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

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

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

**(B) DEFICIT NET ASSETS**

At June 30, 2009, the Group Insurance Internal Service Fund had a deficit in net assets of \$696,736, which resulted from the accrual of unpaid claims at June 30, 2009. The County has a five year plan to increase health care costs to departments to eliminate this deficit.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

*Custodial credit risk - deposits.* In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The County's policy permits the County to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of June 30, 2009, \$92,367 deposits of the County were uninsured and uncollateralized.

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

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

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

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As of June 30, 2009, Hall County had the following investments:

	INVESTMENT MATURITIES (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	Rating (1)
Federal Farm Credit Banks Consolidated	6,000,000	-	6,000,000	AAA
Federal Home Loan Bank	2,000,000	2,000,000	-	AAA
Federal Home Loan Mortgage Corporation	4,000,000	-	4,000,000	AAA
Total Debt Securities	\$ 12,000,000	\$ 2,000,000	\$ 10,000,000	
Maximum Investment		16.67 %	83.33 %	
<i>1. Standard &amp; Poors</i>				
Cash per financial statements				
Cash		\$ 21,471,386		
Restricted cash		14,906,289		
Deposits		\$ 36,377,675		
Investments per financial statements				
Investments		\$ 12,000,000		
Investments as listed above		\$ 12,000,000		

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

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

*Credit Risk.* State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. Hall County has no investment policy that would further limit its investment choices. At June 30, 2009, the ratings of its investments are shown above.

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

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Hall County has a policy of placing investments with qualified financial institutions. As of June 30, 2009, all investments are adequately secured with insurance.

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**NOTE 4 - RECEIVABLES**

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

	General Fund	Fire District	SPLOST	Impact Fees	Nonmajor Governmental Funds
Receivables:					
Property Taxes	\$ 2,493,715	\$ 331,445	\$ -	\$ -	\$ 50,256
Fines	10,399,796	-	-	-	-
Accounts	1,891,829	5,880	23,769	4,968	455,994
Notes	1,418,310	-	-	-	-
Intergovernmental	<u>4,146,939</u>	-	<u>4,160,684</u>	<u>30,422</u>	<u>479,573</u>
Total Gross Receivables	20,350,589	337,325	4,184,453	35,390	985,823
Less: Allowance for Uncollectibles	<u>(10,066,228)</u>	-	-	-	-
Total Net Receivables	<u>\$ 10,284,361</u>	<u>\$ 337,325</u>	<u>\$ 4,184,453</u>	<u>\$ 35,390</u>	<u>\$ 985,823</u>

Property taxes receivable at June 30, 2009, consist of the following:

<u>DIGEST YEAR</u>	<u>GENERAL FUND (2)</u>	<u>FIRE DISTRICT</u>
2009 (1)	\$ 72,829	\$ 12,030
2008	1,330,358	201,955
2007	307,943	39,164
2006	165,922	15,369
2005	160,150	15,501
2004	116,356	13,408
2003	121,030	12,609
2002	186,338	17,440
2001	12,913	2,765
2000	8,680	857
1999	921	69
1998	973	28
1997	726	17
1996	711	16
1995	2,235	75
1994 and prior	<u>5,630</u>	<u>142</u>
Total	<u>\$ 2,493,715</u>	<u>\$ 331,445</u>

(1) 2009 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, 2009.

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

<b>Business-type Activities:</b>	Solid Waste Disposal Facility	Sewer/Waste Water Utility	Total
Receivables:			
Property Taxes	\$ 270,033	\$ -	\$ 270,033
Accounts	<u>139,398</u>	<u>81,180</u>	<u>220,578</u>
Total Gross Receivables	409,431	81,180	490,611
Less: Allowance for Uncollectibles	-	-	-
Total Net Receivables	<u>\$ 409,431</u>	<u>\$ 81,180</u>	<u>\$ 490,611</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)	\$ 2,493,715	\$ -
Delinquent property taxes receivable (Fire District Fund)	331,445	-
Probation fines (General Fund)	661,491	-
Assessments (Special Assessment Fund)	50,255	-
Note Receivable (General Fund)	1,418,310	-
Rental Revenue (General Fund)	-	1,020,000
Grant drawdowns prior to meeting all eligibility requirements (Grants Fund)	-	<u>49,283</u>
Total deferred/ unearned revenue for governmental funds	<u>\$ 4,955,216</u>	<u>\$ 1,069,283</u>

	Health Department	Library System
Receivables:		
Accounts	\$ 277,850	\$ 182,917
Intergovernmental	<u>603,087</u>	<u>-</u>
Total Gross Receivables	880,937	182,917
Less: Allowance for Uncollectibles	-	<u>(148,973)</u>
Total Net Receivables	<u>\$ 880,937</u>	<u>\$ 33,944</u>

**HALL COUNTY, GEORGIA**  
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**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Change in Accounting Principle	Adjusted Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>Governmental Activities:</b>							
<b>Non-Depreciable Assets:</b>							
Land and improvements	\$ 18,396,559	\$ -	\$ 18,396,559	\$ 1,205,741	\$ -	\$ 2,399	\$ 19,604,699
Infrastructure land and improvements	187,038,631	(154,900,106)	32,138,525	1,018,665	-	-	33,157,190
Construction in progress	11,949,103	(5,307,728)	6,641,375	8,040,984	-	(5,734,064)	8,948,295
Total non-depreciable capital assets	<u>217,384,293</u>	<u>(160,207,834)</u>	<u>57,176,459</u>	<u>10,265,390</u>	<u>-</u>	<u>(5,731,665)</u>	<u>61,710,184</u>
<b>Depreciable Assets:</b>							
Buildings and improvements	147,061,548	-	147,061,548	-	-	4,845,361	151,906,909
Machinery and equipment	36,822,508	-	36,822,508	163,085	(70,511)	99,999	37,015,081
Vehicles	25,190,221	-	25,190,221	2,012,047	(883,949)	-	26,318,319
Infrastructure	175,675,467	145,964,020	321,639,487	8,161,556	-	786,304	330,587,347
Total depreciable capital assets	<u>384,749,744</u>	<u>145,964,020</u>	<u>530,713,764</u>	<u>10,336,688</u>	<u>(954,460)</u>	<u>5,731,664</u>	<u>545,827,656</u>
<b>Less Accumulated Depreciation for:</b>							
Buildings and improvements	(21,949,997)	-	(21,949,997)	(3,723,367)	-	(1)	(25,673,365)
Machinery and equipment	(14,938,638)	-	(14,938,638)	(2,991,412)	56,474	-	(17,873,576)
Vehicles	(16,081,411)	-	(16,081,411)	(1,950,792)	867,510	-	(17,164,693)
Infrastructure	(85,977,025)	(47,455,774)	(133,432,799)	(9,790,549)	-	1	(143,223,347)
Total accumulated depreciation	<u>(138,947,071)</u>	<u>(47,455,774)</u>	<u>(186,402,845)</u>	<u>(18,456,120)</u>	<u>923,984</u>	<u>-</u>	<u>(203,934,981)</u>
Total depreciable capital assets, net	<u>245,802,673</u>	<u>98,508,246</u>	<u>344,310,919</u>	<u>(8,119,432)</u>	<u>(30,476)</u>	<u>5,731,664</u>	<u>341,892,675</u>
Governmental activities capital assets, net	<u>\$ 463,186,966</u>	<u>\$ (61,699,588)</u>	<u>\$ 401,487,378</u>	<u>\$ 2,145,958</u>	<u>\$ (30,476)</u>	<u>\$ (1)</u>	<u>\$ 403,602,859</u>

On July 1, 2008, the County changed its method of calculating depreciation expense for road infrastructure assets. As a result, the cumulative effect of applying the new method decreased beginning net assets by \$61,699,588. See Note 17 for additional details.

Additions to governmental activities capital assets for fiscal year ending June 30, 2009 consist of the following:

Capital Outlay	\$ 10,205,365
Donated land	2,224,406
Donated roads	8,161,556
Donated vehicles	10,750
Rounding	<u>1</u>
Total	<u>\$ 20,602,078</u>
Non-depreciable capital assets additions	\$ 10,265,390
Depreciable capital assets additions	<u>10,336,688</u>
Total	<u>\$ 20,602,078</u>

**HALL COUNTY, GEORGIA**  
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<b>Business-type Activities:</b>	<u>Beginning Balance</u>	Additions	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Non-Depreciable Assets:					
Land and improvements	\$ 23,045,770	\$ -	\$ -	\$ -	\$ 23,045,770
Construction in progress	<u>13,136,780</u>	<u>18,898,777</u>	<u>338,816</u>	<u>(227,379)</u>	<u>32,146,994</u>
Total non-depreciable capital assets	<u>36,182,550</u>	<u>18,898,777</u>	<u>338,816</u>	<u>(227,379)</u>	<u>55,192,764</u>
Depreciable Assets:					
Land improvements	144,988	-	-	-	144,988
Buildings and improvements	10,448,282	-	-	-	10,448,282
Machinery and equipment	3,774,781	2,090,901	(1,751,561)	-	4,114,121
Vehicles	812,554	-	-	-	812,554
Water and sewer infrastructure	<u>27,918,397</u>	<u>-</u>	<u>1</u>	<u>227,379</u>	<u>28,145,777</u>
Total depreciable capital assets	<u>43,099,002</u>	<u>2,090,901</u>	<u>(1,751,560)</u>	<u>227,379</u>	<u>43,665,722</u>
Less Accumulated Depreciation for:					
Land improvements	(144,988)	-	-	-	(144,988)
Buildings	(1,598,720)	(288,630)	622	-	(1,886,728)
Machinery and equipment	(3,295,476)	(301,055)	1,674,774	-	(1,921,757)
Vehicles	(643,497)	(31,032)	(1)	-	(674,530)
Water and sewer lines and system	<u>(6,451,443)</u>	<u>(591,328)</u>	<u>1</u>	<u>-</u>	<u>(7,042,770)</u>
Total accumulated depreciation	<u>(12,134,124)</u>	<u>(1,212,045)</u>	<u>1,675,396</u>	<u>-</u>	<u>(11,670,773)</u>
Total depreciable capital assets, net	<u>30,964,878</u>	<u>878,856</u>	<u>(76,164)</u>	<u>227,379</u>	<u>31,994,949</u>
Business-type activities capital assets, net	<u>\$ 67,147,428</u>	<u>\$ 19,777,633</u>	<u>\$ 262,652</u>	<u>\$ -</u>	<u>\$ 87,187,713</u>

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

**Governmental Activities:**

General Government	\$ 290,160
Judicial	780,605
Public Safety	5,663,444
Public Works	10,359,120
Public Health and Welfare	301,901
Recreation and Culture	819,751
Housing and Development	<u>241,139</u>
Total depreciation expense-governmental activities	<u>\$ 18,456,120</u>

**Business-type Activities:**

Sewer/Waste Water Utility	\$ 481,635
Solid Waste	<u>730,410</u>
Total depreciation expense-business-type activities	<u>\$ 1,212,045</u>

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, 2009 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end.

**HALL COUNTY, GEORGIA**  
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The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Source</u>
<b>Governmental Activities:</b>					
Central Hall Multi Use Trail	\$ 254,058	\$ 165,538	\$ 28,123	\$ 60,397	SPLOST
Mulberry Creek Community Center	4,600,000	3,220,368	1,319,278	60,354	SPLOST/Impact Fees
Animal Control Facility	2,464,400	773,294	1,297,853	393,253	SPLOST
Marina Bay	2,100,000	83,555	305,386	1,711,059	SPLOST
Georgia State Patrol Post 6	2,456,700	378,127	1,983,716	94,857	Capital Fund/Bonds
Nopone Road	2,627,080	5,000	2,622,080	-	SPLOST
Dawsonville Highway	1,950,000	1,949,204	-	796	SPLOST
Skelton Road	1,452,921	1,249,146	-	203,775	SPLOST
Sardis Connector	5,500,000	859,776	123,829	4,516,395	SPLOST
Other Various Road Projects	1,309,141	264,287	1,044,854	-	SPLOST
	<u>\$ 24,714,300</u>	<u>\$ 8,948,295</u>	<u>\$ 8,725,119</u>	<u>\$ 7,040,886</u>	
<b>Business-type Activities:</b>					
Cell 1 of Candler Road Landfill	\$ 3,833,206	\$ 861,821	\$ 2,971,385	\$ -	Landfill Fund
Lula Water Reclamation Project	1,543,000	700,000	-	843,000	SPLOST/Sewer Fund
Mulberry Basin	34,071,638	30,585,173	3,486,465	-	SPLOST/GEFA
Water and Sewerage Projects	<u>\$ 39,447,844</u>	<u>\$ 32,146,994</u>	<u>\$ 6,457,850</u>	<u>\$ 843,000</u>	

**Discretely Presented Component Units**

Activity for the Health Department for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Depreciable Assets:				
Machinery and equipment	\$ 293,859	\$ 161,386	\$ -	\$ 455,245
Less Accumulated Depreciation	(196,098)	(57,867)	-	(253,965)
Capital Assets, net	<u>\$ 97,761</u>	<u>\$ 103,519</u>	<u>\$ -</u>	<u>\$ 201,280</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Depreciable Assets:				
Machinery and equipment	\$ 545,602	\$ 15,256	\$ (16,450)	\$ 544,408
Books and collections	5,379,019	615,416	(1,084,970)	4,909,465
Total depreciable capital assets	<u>5,924,621</u>	<u>630,672</u>	<u>(1,101,420)</u>	<u>5,453,873</u>
Less Accumulated Depreciation for:				
Machinery and equipment	(309,112)	(49,156)	14,805	(343,463)
Books and collections	(3,952,731)	(531,990)	1,084,970	(3,399,751)
Total accumulated depreciation	<u>(4,261,843)</u>	<u>(581,146)</u>	<u>1,099,775</u>	<u>(3,743,214)</u>
Total depreciable capital assets, net	<u>1,662,778</u>	<u>49,526</u>	<u>(1,645)</u>	<u>1,710,659</u>
Capital Assets, net	<u>\$ 1,662,778</u>	<u>\$ 49,526</u>	<u>\$ (1,645)</u>	<u>\$ 1,710,659</u>

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 6 - LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
<b>Governmental Activities:</b>						
General obligation bonds	\$ 20,570,000	\$ -	\$ (10,165,000)	\$ 10,405,000	\$ 10,405,000	\$ -
Plus: original issue premium	<u>133,320</u>	<u>-</u>	<u>(133,320)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	<u>20,703,320</u>	<u>-</u>	<u>(10,298,320)</u>	<u>10,405,000</u>	<u>10,405,000</u>	<u>-</u>
Contracts Payable	-	5,298,240	-	5,298,240	470,000	4,828,240
Less: original issue discount	-	(28,482)	237	(28,245)	(1,424)	(26,821)
Plus: original issue premium	<u>-</u>	<u>58,187</u>	<u>(1,616)</u>	<u>56,571</u>	<u>9,698</u>	<u>46,873</u>
Total contracts payable	<u>-</u>	<u>5,327,945</u>	<u>(1,379)</u>	<u>5,326,566</u>	<u>478,274</u>	<u>4,848,292</u>
Capital leases	893,678	-	(179,242)	714,436	158,280	556,156
Estimated claims payable	2,590,049	11,802,490	(11,711,728)	2,680,811	1,342,703	1,338,108
Net OPEB obligation	-	8,808,575	(1,543,530)	7,265,045	-	7,265,045
Compensated absences	<u>3,117,879</u>	<u>2,396,399</u>	<u>(2,035,629)</u>	<u>3,478,649</u>	<u>2,900,000</u>	<u>578,649</u>
Governmental activities long-term liabilities	<u>\$ 27,304,926</u>	<u>\$ 28,335,409</u>	<u>\$ (25,769,828)</u>	<u>\$ 29,870,507</u>	<u>\$ 15,284,257</u>	<u>\$ 14,586,250</u>
<b>Business-type Activities:</b>						
Contracts payable	\$ 14,500,000	\$ -	\$ -	\$ 14,500,000	\$ -	\$ 14,500,000
Less: deferred amounts of refunding	<u>(153,244)</u>	<u>-</u>	<u>8,202</u>	<u>(145,042)</u>	<u>-</u>	<u>(145,042)</u>
Total contracts payable	<u>14,346,756</u>	<u>-</u>	<u>8,202</u>	<u>14,354,958</u>	<u>-</u>	<u>14,354,958</u>
Capital leases	-	1,419,305	(455,534)	963,771	472,881	490,890
Notes payable	11,238,864	12,441,416	(386,347)	23,293,933	1,190,234	22,103,699
Compensated absences	65,078	58,428	(46,585)	76,921	76,921	-
Landfill closure/postclosure	<u>6,023,090</u>	<u>372,234</u>	<u>(210,027)</u>	<u>6,185,297</u>	<u>370,000</u>	<u>5,815,297</u>
Business-type activities long-term liabilities	<u>\$ 31,673,788</u>	<u>\$ 14,291,383</u>	<u>\$ (1,090,291)</u>	<u>\$ 44,874,880</u>	<u>\$ 2,110,036</u>	<u>\$ 42,764,844</u>

Compensated absences are generally liquidated by the general fund.

**GOVERNMENTAL ACTIVITIES**

**GENERAL OBLIGATION BONDS**

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ <u>10,405,000</u>	\$ <u>247,525</u>	\$ <u>10,652,525</u>
	<u>\$ 10,405,000</u>	<u>\$ 247,525</u>	<u>\$ 10,652,525</u>

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**CONTRACTS PAYABLE**

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

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

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

The annual requirements to amortize contract payables outstanding as of June 30, 2009 are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 470,000	\$ 190,280	\$ 660,280
2011	485,000	179,204	664,204
2012	495,000	165,367	660,367
2013	510,000	153,229	663,229
2014	828,240	133,847	962,087
2015-2019	1,000,000	407,849	1,407,849
2020-2024	675,000	274,536	949,536
2025-2030	<u>835,000</u>	<u>114,680</u>	<u>949,680</u>
	<u>\$ 5,298,240</u>	<u>\$ 1,618,992</u>	<u>\$ 6,917,232</u>

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**CAPITAL LEASES**

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

The assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Buildings and improvements	\$ 2,416,705	\$ -
Machinery and equipment	44,598	2,036,409
Vehicles	88,968	-
Less accumulated depreciation	<u>(731,122)</u>	<u>(243,945)</u>
	<u>\$ 1,819,149</u>	<u>\$ 1,792,464</u>

Minimum future lease obligations for these leases, as of June 30, 2009 , are as follows:

<u>Year Ending June 30</u>	Governmental <u>Activities</u>
2010	\$ 190,018
2011	178,601
2012	153,461
2013	144,274
2014	<u>143,144</u>
Total minimum lease payments	809,498
Less: amount representing interest (4.65%-5.28%)	<u>(95,062)</u>
Present value of minimum lease payments	<u>\$ 714,436</u>

**PLEDGED REVENUE**

Hall County has pledged SPLOST revenues to repay its general obligation bonds related to the construction of the new jail with an original debt of \$40,325,000. In the event that the County's SPLOST revenues are insufficient to cover the principal and interest payments, the County has agreed to pledge its property tax revenue. The bond is payable in 2010. The total principal and interest remaining is \$10,652,525. For the current year, the principal and interest paid and SPLOST revenues recognized by the County were \$10,896,456 and \$25,790,764, respectively. Current year principal and interest payments are approximately 42% of net revenues.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**BUSINESS-TYPE ACTIVITIES**

**CONTRACTS PAYABLE**

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

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

The refunding was undertaken to reduce risk associated with the variable interest rate. The reacquisition price exceeded the net carrying amount of the old debt by \$155,513. This amount is netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. This transaction resulted in an economic loss of \$114,406. The additional bond proceeds from the new issuance were used to fund sewer construction projects. The bonds' interest rate at June 30, 2009 was 4.00%. Interest payments are due on April 1 and October 1 each year, and the bonds mature in full on April 1, 2027.

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u> <sup>1</sup>	<u>Total</u>
2009	\$ -	\$ 658,570	\$ 658,570
2010	-	659,679	659,679
2011	-	659,503	659,503
2012	-	660,437	660,437
2013	-	658,570	658,570
2014-2018	-	3,297,868	3,297,868
2019-2023	-	3,297,692	3,297,692
2024-2027	<u>14,500,000</u>	<u>1,753,854</u>	<u>16,253,854</u>
Total	<u>\$ 14,500,000</u>	<u>\$ 11,646,173</u>	<u>\$ 26,146,173</u>

<sup>1</sup>Based on the variable rate at June 30, 2009.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

NOTES PAYABLE

At June 30, 2007, the Enterprise Funds had one Georgia Environmental Facilities Authority (GEFA) loan for the construction of infrastructure and equipment. The original amount of the note was \$2,143,577 with an interest rate of 4.92%. At June 30, 2009, the loan had an outstanding balance of \$1,524,058.

On July 1, 2007, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Calvary Church Road Sewer Facility. The facility is the property of the City of Gainesville, and will include a wastewater pump station, regulated gravity sewers, and a force main necessary for the County's new 1,026-bed Jail. The loan bears interest of 3% and matures on July 1, 2028. At June 30, 2009, the outstanding balance was \$2,959,999.

On November 5, 2007, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Mulberry Creek Regional Sewer Facilities Phase I. The facility will include a gravity sewer main, two pump stations, force mains, and other appurtenances. The loan provides for a maximum balance of \$10,000,000 and bears interest at 3%. At June 30, 2009, the outstanding balance was \$9,960,111. The loan will mature on July 1, 2030.

On August 1, 2008, the County entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the construction of the Mulberry Creek Regional Sewer Facilities Phase II. The facility will include a gravity sewer main, two pump stations, force mains, and other appurtenances. The loan provides for a maximum balance of \$21,200,000 and bears interest at 3%. At June 30, 2009, the outstanding balance was \$8,849,765. The loan will mature on November 1, 2029.

The annual requirements to amortize notes payable outstanding as of June 30, 2009 are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,190,234	\$ 694,762	\$ 1,884,996
2011	1,807,856	665,013	2,472,869
2012	1,864,695	608,174	2,472,869
2013	1,924,670	548,200	2,472,870
2014	1,985,204	487,566	2,472,770
2015-2019	7,183,939	1,586,308	8,770,247
2020-2024	3,702,900	826,940	4,529,840
2025-2029	<u>3,634,435</u>	<u>251,160</u>	<u>3,885,595</u>
Total	<u>\$ 23,293,933</u>	<u>\$ 5,668,123</u>	<u>\$ 28,962,056</u>

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**CAPITAL LEASES**

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

Minimum future lease obligations for these leases, as of June 30, 2009 , are as follows:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>
2010	\$ 500,901
2011	500,901
Total minimum lease payments	<u>\$ 1,001,802</u>
Less: amount representing interest (4.65%-5.28%)	<u>(38,031)</u>
Present value of minimum lease payments	<u><u>\$ 963,771</u></u>

**COMPONENT UNITS**

Activity for the Health Department for the year ended June 30, 2009, was as follows:

	<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>
<b>Governmental activities</b>						
Compensated absences	\$ <u>779,258</u>	\$ <u>585,904</u>	\$ <u>(622,545)</u>	\$ <u>742,617</u>	\$ <u>622,000</u>	\$ <u>120,617</u>

Activity for the Library for the year ended June 30, 2009 , was as follows:

	<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>
<b>Governmental activities</b>						
Compensated absences	\$ <u>111,290</u>	\$ <u>113,490</u>	\$ <u>(103,364)</u>	\$ <u>121,416</u>	\$ <u>48,566</u>	\$ <u>72,850</u>

**NOTE 7 - INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at June 30, 2009 , consist of the following:

114,262	Due to the General fund from nonmajor governmental funds representing short-term loans.
642,500	Due to the General fund from the internal service funds representing short-term loans.
1,090,736	Due to the General fund from the Water Utility fund representing short-term loans.
<u>2,006,882</u>	Due to the SPLOST fund from the Sewer/Wastewater Utility fund representing short-term loans.
<u>\$ 3,854,380</u>	Total

Summary of balances due from other funds reported in fund financial statements:

3,854,380	Due from other funds, Balance Sheet-Governmental Funds.
<u>-</u>	Due from other funds, Statement of Net Assets - Proprietary Funds, Business-type Activities - Enterprise Funds.
<u>\$ 3,854,380</u>	Total

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Transfers to/from other funds at June 30, 2009, consists of the following:

\$ 702,395	From General fund to other nonmajor governmental funds to supplement operating budget.
182,661	From General fund to other nonmajor governmental funds to pay for the Soccer Complex.
<u>155,926</u>	From the General fund to other nonmajor governmental funds for the County' s matching portion on federal and state grants.
<u>1,040,982</u>	Total transfers from the General fund.
1,362,722	From the SPLOST fund to the Solid Waste fund to help fund capital projects and debt service.
<u>2,908,315</u>	From the SPLOST fund to the Sewer / Wastewater Utility fund to fund capital projects.
<u>4,271,037</u>	Total transfers from SPLOST fund.
68,921	From the other nonmajor governmental funds to the General fund to reimburse unrestricted revenue.
14,837	From Restricted programs nonmajor governmental funds to the Grants nonmajor governmental fund for the Victim Witness Grant.
<u>15,000</u>	From the other nonmajor governmental funds to the Landfill for capital assets.
<u>98,758</u>	Total transfers from nonmajor governmental funds.
<u>\$ 5,410,777</u>	Total

Summary of transfers out to other funds reported in fund financial statements:

\$ <u>5,410,777</u>	Transfers Out, Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.
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**NOTE 8 - SEWER TREATMENT CONTRACTS**

In June 2004, The County purchased 1,000,000 gallons per day of waste water treatment capacity from the City of Gainesville for \$14,701,513, which has been recorded as a prepaid item. This asset will be amortized as it is sold to developers and other users. At June 30, 2009, the County has not sold any of the capacity.

In June 2004, The County purchased 400,000 gallons per day of waste water treatment capacity from the City of Flowery Branch for \$4,000,000, which has been recorded as a prepaid item. During 2006, the County transferred 200,000 gallons of this capacity to the City of Oakwood. This asset will be amortized as it is sold to developers and other users. As of June 30, 2009, 45,251 gallons had been sold to developers, and the remaining capacity is valued at \$1,547,490.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

(A) PLAN DESCRIPTION

The County contributes to the Association of County Commissioners of Georgia (ACCG) Defined Benefit Plan (Plan), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time, the contribution rates for the County and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339. The County's payroll for employees participating in the Plan as of January 1, 2008, (the most recent actuarial valuation date) was \$12,324,648 (based on covered earnings of preceding year).

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

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

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

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

(B) FUNDING POLICY

Contributions totaling \$2,916,504 (\$2,916,504 employer and \$0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2008.

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

(C) ANNUAL PENSION COST

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

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

The County's contributions to the Plan for the years ended June 30, 2009, 2008, and 2007 were \$2,916,504, \$2,597,966, and \$2,585,533 respectively, and were greater than the recommended annual pension cost for each year.

The information was determined as part of the actuarial valuation as of January 1, 2008. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2008
Actuarial Cost method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	10 years
(The estimated amortization period for all unfunded liabilities combined into one amount.)	
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate return*	8.0%
Projected salary increases*	5.0%
*Includes inflation at	3.0%
Cost-of-living adjustments	N/A
Post-retirement benefit increases	N/A

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

Derivation of annual pension cost:	<u>2009</u>	<u>2008</u>
Annual required contribution	\$ 2,457,053	\$ 2,157,078
Interest on net pension obligation	(136,529)	(101,706)
Amortization of net pension obligation	<u>144,050</u>	<u>111,305</u>
Annual pension cost	2,464,574	2,166,677
Contributions made with interest	<u>(2,916,504)</u>	<u>(2,597,966)</u>
Increase (decrease) in net pension obligation	(451,930)	(431,289)
Net pension obligation, beginning of year	<u>(1,706,613)</u>	<u>(1,275,324)</u>
Net pension obligation, end of year	<u>\$ (2,158,543)</u>	<u>\$ (1,706,613)</u>

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

The funded status of the plan as of the most recent valuation date, January 1, 2008, was as follows:

(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
\$ 26,206,529	\$ 44,201,287	\$ 59.29 %	\$ 17,994,758	\$ 14,188,604	126.83 %

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

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

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

Fiscal Year June 30	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 2,464,574	\$ 2,916,504	118.3 %	\$(2,158,543)
2008	\$ 2,166,677	\$ 2,597,966	119.9 %	\$(1,706,613)
2007	\$ 1,961,678	\$ 2,568,394	130.9 %	\$ (757,059)
2006	\$ 2,067,268	\$ 2,585,533	125.1 %	\$(1,275,324)

**DEFINED CONTRIBUTION PLAN**

**(A) PLAN DESCRIPTION**

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

**(B) FUNDING POLICY**

Contributions totaling \$3,451,557 (\$3,451,557 employer and \$0 employee) were made in accordance with the Plan A guidelines and the designations by County Employees.

**OTHER POST-RETIREMENT BENEFITS**

**(A) PLAN DESCRIPTION**

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

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

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

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

<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%

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

(B) FUNDING POLICY

The post-retirement medical insurance benefits are currently funded on a pay-as-you-go basis. The County currently funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide post-retirement benefits. For fiscal year 2009, the County contributed \$1,543,530 to the plan. In fiscal year 2009, total member contributions were \$557,063.

(C) ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

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

	<u>2009</u>
Annual required contribution	\$ 8,808,575
Interest on note OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>8,808,575</u>
Employer contributions made with interest	<u>(1,543,530)</u>
Increase (decrease) in net OPEB obligation	7,265,045
Net OPEB obligation, Beginning of year	-
Net OPEB obligation, End of year	<u>\$ 7,265,045</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Fiscal Year	Annual OPEB	Employer	Percentage of	Net OPEB
Ending	Cost	Contributions	Annual OPEB	Obligation
<u>June 30,</u>	<u>Cost</u>	<u>Contributions</u>	<u>Cost Contributed</u>	<u>Obligation</u>
2009	8,808,575	1,543,530	17.5%	(7,265,045)

(D) FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$79,771,369, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$79,771,369. The covered payroll (annual payroll of active employees covered by the benefits) was \$62,037,301, and the ratio of the UAAL to the covered payroll was 129 percent.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

**(E) ACTUARIAL METHODS AND ASSUMPTIONS**

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

The information was determined as part of the actuarial valuation as of July 1, 2008. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	30-year open period; percent of pay payment
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate return	4.00%
Healthcare cost trend rate(s):	
Select rates	9.00% for medical and 5.00% for dental to 5.00% for 2012
Ultimate rate	5.00%
Post retirement benefit increase	N/A
Projected salary increases	3.00% per year

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**OTHER PLANS**

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

- (A) **PROBATE JUDGES' RETIREMENT FUND OF GEORGIA**  
The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.
- (B) **CLERK OF SUPERIOR COURT RETIREMENT FUND**  
The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.
- (C) **SHERIFF'S RETIREMENT FUND/PEACE OFFICER'S ANNUITY AND BENEFIT FUND**  
The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.
- (D) **GEORGIA STATE EMPLOYEES' RETIREMENT SYSTEM**  
The Health Department's eligible employees participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system covering employees of local boards of health and various agencies and departments of the State of Georgia. ERS is funded through employer and employee contributions and the Health Department has no legal obligation for paying benefits.
- (E) **TEACHER RETIREMENT SYSTEM OF GEORGIA (TRS)**  
All full-time librarians and clerical personnel employed by the Hall County Library System are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing multiple employer public employee retirement system (PERS).

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

NOTE 10 - RISK MANAGEMENT

GROUP HEALTH INSURANCE

The County accounts for the risks associated with the employee's health insurance plan in the Group Insurance Fund, an internal service fund where assets are set aside for claim settlements. In 2004, the County changed from purchasing commercial insurance to a partially self-insured plan where commercial insurance is purchased for claims in excess of coverage provided by the County. During the year ended June 30, 2009, Hall County was covered under two separate aggregate stop loss policies as the reinsurance contracts straddled this period.

During the period of July 1, 2008, through December 31, 2008, Hall County's actual minimum calendar year attachment point was the greater of \$12,435,228 or 95 percent of the first month's calculated attachment point multiplied by 12, and was based upon an aggregate attachment factor of \$677.30 per enrolled employee per month during each of the months in the period referenced above. The loss limit per person was \$150,000.

During the period from January 1, 2009, through June 30, 2009, Hall County's actual minimum calendar year attachment point was the greater of \$13,539,709, or 95% percent of the first month's calculated attachment point multiplied by 12 and was based upon an aggregate attachment factor of \$737.46 per enrolled employee per month during each of the months in the period referenced above. The loss limit per person was \$175,000.

Although Hall County's fiscal year ends on June 30, 2009, stop loss contracts are written on a calendar year basis with attachment factors distinct to the calendar year contract period.

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, 2009, the County included in accrued expenses \$820,811 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.

	<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, 2008	\$ 894,254	\$ 10,432,217	\$ (10,076,422)	\$1,250,049
Year ended June 30, 2009	\$ 1,250,049	\$ 10,922,004	\$ (11,351,242)	\$ 820,811

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**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, 2009, there was no need for such an assessment. Therefore, no liability for this has been included in the amounts below.

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

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

HALL COUNTY, GEORGIA participates in the large deductible option with a \$250,000 deductible. Under this plan, Hall County is responsible for all payments up to \$250,000, per occurrence, on workers compensation claims. Once an individual claim exceeds the deductible, the plan will pay all costs in excess of the deductible. As of June 30, 2009, an actuary determined that approximately \$1,860,000 is reported but unpaid and incurred but not reported claims were outstanding relating to fiscal year 2009 for which Hall County will be liable. This liability represents Hall County's portion of the liability and not the total liability including the insurer's portion.

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

	Beginning of Year	Incurred Claims and Changes in Estimates	Claims Payments	End of Year
Year ended June 30, 2008	\$ 1,350,000	\$ 292,462	\$ (302,462)	\$ 1,340,000
Year ended June 30, 2009	\$ 1,340,000	\$ 880,486	\$ (360,486)	\$ 1,860,000

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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 2009, the County contracted with several different insurance providers for various insurance coverages.

<u>Type</u>	<u>Amount in Force</u>	
Property	\$ 159,401,592	
	<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	1,000,000	3,000,000
Public Officials Liability	1,000,000	2,000,000
Automobile Liability	1,000,000	1,000,000
Employee Benefits Liability	1,000,000	3,000,000
Employment Practices Liability	1,000,000	1,000,000
Blanket Crime Bond	500,000	None
Worker's Compensation	Statutory	Statutory

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

**NOTE 11 - RELATED PARTY TRANSACTIONS**

*Development Authority*

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

*Mental Health/Mental Retardation*

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

*Other*

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

NOTE 12 - CONTINGENT LIABILITIES

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

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

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

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

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

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

As of June 30, 2009, the County has recorded a liability for the Allen Creek Landfill of \$4,782,986, 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, 2009, the County has recorded liability for the Candler Road landfill of \$1,402,311, which represents the estimated closure and postclosure costs based on 20.06% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,588,272 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. The County expects to close the landfill in the year 2033. The estimated costs are subject to changes such as the effects of inflation, revision of laws and other variables. The revised liability for the closure, postclosure and remediation costs has been estimated by the Hall County Engineering Department.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. The County has fulfilled this requirement for the period ended June 30, 2009 using the applicable financial ratio tests.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

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

The estimate for the closure/postclosure costs of the County's Allen Creek Landfill qualifies as a significant estimate. Hall County's Engineering Department has estimated the remaining closure, remediation, and the thirty year post closure monitoring cost to be \$4,782,986. The County has accrued the difference between the estimated liability this year and the amount accrued as of June 30, 2008, 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 \$6,990,583.

The estimate for the closure/postclosure cost of the County's Candler Road Landfill qualifies as a significant estimate. Hall County's Engineering Department has estimated closure and the thirty year post closure monitoring to be \$1,402,311, which represents the estimated closure and postclosure costs based on 19.4% of landfill capacity used to date. The County will recognize the remaining estimated cost of closure and postclosure care of \$5.5 million as the remaining estimated capacity is filled.

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

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

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

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

NOTE 15 - GEORGIA MOUNTAINS REGIONAL COMMISSION

Under Georgia law, the County, in conjunction with other cities and counties in the area are members of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues there to. During its year ended June 30, 2009, the County paid \$142,936 in such dues. Membership in an GMRC is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the GMRC in Georgia.

**HALL COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

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

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

**NOTE 16 - HOTEL/MOTEL TAX**

During the year ended June 30, 2009, the County collected \$5,061 of which \$2,024 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent \$80,000. This was 3,953% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County complied with the requirements of this law.

**NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE**

On July 1, 2008, the County changed its method of calculating depreciation expense for road infrastructure assets. In all prior periods, the straight-line depreciation was used for calculating depreciation expense for the road surface component and the component for road base was not depreciated. The new method combines all components of a road together and applies a composite rate of depreciation. Management considers this method to be preferable because the method simplifies the financial reporting process of road infrastructure assets for the County. As a result, the cumulative effect of applying the new method decreased beginning net assets by \$61,699,588.



*Required Supplementary Information*

**HALL COUNTY, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**For the Year Ended June 30, 2009**  
**"Unaudited"**

**DEFINED BENEFIT PENSION PLAN**

Actuarial Valuation Date	(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)
January 1 2002	\$ 20,965,764	\$ 25,037,127	83.74 %	\$ 4,071,363	\$ 17,016,778	23.93 %
2003	20,064,077	27,381,576	73.28 %	7,317,499	18,084,982	40.46
2004	22,749,923	29,190,687	77.94 %	6,440,764	17,841,644	36.10
2005	24,006,330	29,479,406	81.43 %	5,473,076	17,436,073	31.39
2006	24,268,573	43,737,657	55.49 %	19,469,084	13,222,978	147.24
2007	25,580,570	43,260,257	59.13 %	17,679,687	14,111,019	125.29
2008	\$ 26,206,529	\$ 44,201,287	59.29 %	\$ 17,994,758	\$ 14,188,604	126.83 %

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

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

**OTHER POST-EMPLOYMENT BENEFITS**

Actuarial Valuation Date	(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)
July 1 2008	\$ -	\$ 79,771,369	0.00 %	\$ 79,771,369	\$ 62,037,301	128.59 %

2008 was the first year that this plan was effective.

**HALL COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2009**  
**(Required Supplementary Information)**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 9,288,096	\$ 9,288,096	\$ 9,288,096	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	72,073,725	72,073,725	63,590,861	(8,482,864)
Licenses and permits	2,266,850	2,266,850	1,582,842	(684,008)
Intergovernmental	3,137,279	3,137,279	3,498,105	360,826
Fines and forfeitures	4,479,774	4,479,774	3,809,988	(669,786)
Charges for services	15,273,221	15,273,221	16,573,170	1,299,949
Investment income	375,182	375,182	48,817	(326,365)
Miscellaneous	72,341	72,341	120,380	48,039
Sale of county property	30,557	30,557	70,860	40,303
Transfers in	-	-	68,921	68,921
Total Resources (Inflows)	<u>97,708,929</u>	<u>97,708,929</u>	<u>89,363,944</u>	<u>(8,344,985)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>106,997,025</u>	<u>106,997,025</u>	<u>98,652,040</u>	<u>(8,344,985)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>Current Expenditures</b>				
<b>General Government</b>				
Legislative	1,131,810	1,140,793	989,227	151,566
Elections	746,689	871,834	871,835	(1)
Financial administration	772,727	772,727	630,201	142,526
Business license	144,814	144,814	140,397	4,417
Purchasing	362,321	362,321	306,404	55,917
Data processing/MIS	1,103,836	1,103,836	1,069,334	34,502
Human resources	783,483	783,483	511,477	272,006
Tax commissioner	1,765,834	1,985,803	1,870,042	115,761
Tax assessor-real property	1,255,537	1,255,537	1,228,494	27,043
Tax assessor-personal property	464,135	464,135	381,989	82,146
Risk management	8,102,697	7,770,885	6,955,947	814,938
Buildings	1,837,604	1,837,604	1,749,695	87,909
General services	3,298,444	2,506,426	1,768,215	738,211
Agencies	152,936	152,937	152,936	1
Total General Government	<u>21,922,867</u>	<u>21,153,135</u>	<u>18,626,193</u>	<u>2,526,942</u>
<b>Judicial</b>				
Judicial administration	694,446	694,446	681,412	13,034
Superior court	3,017,010	3,055,524	3,037,239	18,285
Clerk of superior court	2,403,307	2,403,307	2,197,543	205,764
District attorney	1,385,177	1,391,651	1,391,643	8
State court	1,489,063	1,450,549	1,274,612	175,937
Magistrate court	1,069,898	1,066,959	1,059,456	7,503
Probate court	492,614	492,614	476,967	15,647
Juvenile court	1,293,978	1,293,978	1,238,680	55,298
Public defender	1,374,524	1,374,524	1,299,169	75,355
Solicitor	965,662	965,662	919,549	46,113
Total Judicial	<u>14,185,679</u>	<u>14,189,214</u>	<u>13,576,270</u>	<u>612,944</u>
<b>Public Safety</b>				
Sheriff	14,765,846	14,721,538	14,510,709	210,829
Criminal investigation	38,000	56,349	56,348	1
Detention center	15,492,578	16,028,769	15,847,363	181,406
Correctional institute	3,003,545	3,003,545	2,827,312	176,233
Emergency medical services	7,761,819	7,993,319	7,884,578	108,741
Coroner	116,515	120,226	120,224	2
Agencies	686,710	686,709	685,555	1,154
Sheriff-court services warrants	40,000	63,589	63,588	1
Other public safety	-	1,000	984	16
Emergency management	161,139	161,139	160,376	763
Animal control	513,176	513,176	497,221	15,955
Total Public Safety	<u>42,579,328</u>	<u>43,349,359</u>	<u>42,654,258</u>	<u>695,101</u>
<b>Public Works</b>				
Highways and streets	3,657,734	3,657,734	3,448,188	209,546
Maintenance and shop	853,610	853,610	739,413	114,197
Engineering	1,871,145	1,871,145	1,388,607	482,538
Total Public Works	<u>6,382,489</u>	<u>6,382,489</u>	<u>5,576,208</u>	<u>806,281</u>

**HALL COUNTY, GEORGIA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2009  
(Required Supplementary Information)**

CONTINUED.....	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
Public Health and Welfare				
Health department	878,940	878,940	876,975	1,965
Public welfare	1,445,005	1,540,129	1,223,889	316,240
Community Center	878,884	892,692	892,692	-
Agencies	231,229	231,229	225,228	6,001
General services	200,000	200,000	-	200,000
Total Public Health and Welfare	<u>3,634,058</u>	<u>3,742,990</u>	<u>3,218,784</u>	<u>524,206</u>
Recreation and Culture				
Parks	2,641,909	2,700,009	2,423,662	276,347
Library	2,614,802	2,674,742	2,674,740	2
Agriculture center	302,213	302,213	234,747	67,466
Total Recreation and Culture	<u>5,558,924</u>	<u>5,676,964</u>	<u>5,333,149</u>	<u>343,815</u>
Housing and development				
Conservation	95,354	95,355	92,567	2,788
Building inspection	1,148,798	1,148,798	1,028,357	120,441
Planning and zoning	1,146,959	1,137,976	1,000,490	137,486
Code enforcement	283,360	282,360	255,084	27,276
Agencies	483,000	483,000	403,000	80,000
General services	57,000	42,856	42,855	1
County agent	231,113	231,113	217,670	13,443
Total Housing and Development	<u>3,445,584</u>	<u>3,421,458</u>	<u>3,040,023</u>	<u>381,435</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>97,708,929</u>	<u>97,915,609</u>	<u>92,024,885</u>	<u>5,890,724</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(206,680)</u>	<u>(2,660,941)</u>	<u>(2,454,261)</u>
FUND BALANCE, End of year	<u>\$ 9,288,096</u>	<u>\$ 9,081,416</u>	<u>\$ 6,627,155</u>	<u>\$ (2,454,261)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

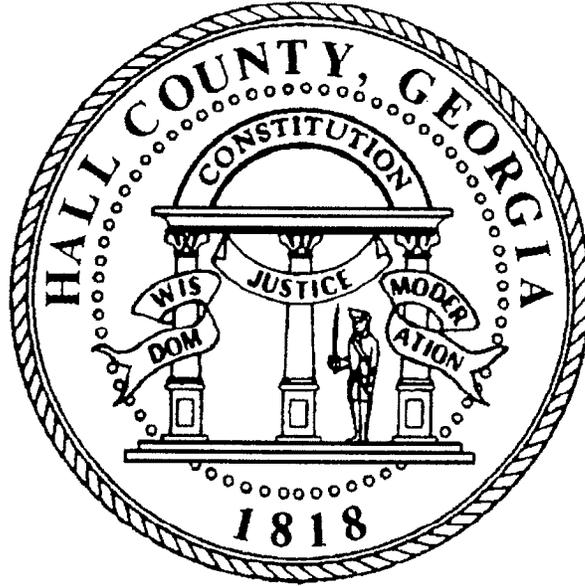
1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**HALL COUNTY, GEORGIA**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE DISTRICT**  
**For the Year Ended June 30, 2009**  
**(Required Supplementary Information)**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 1,908,043	\$ 1,908,043	\$ 1,908,043	\$ -
RESOURCES (INFLOWS)				
Taxes	14,646,656	14,646,656	14,151,797	(494,859)
Intergovernmental	405,977	405,977	398,463	(7,514)
Fines and forfeitures	-	-	1,739	1,739
Charges for services	51,670	51,670	46,994	(4,676)
Contributions and donations	-	-	1,500	1,500
Investment income	150,000	150,000	27,626	(122,374)
Miscellaneous	-	-	4,787	4,787
Total Resources (Inflows)	<u>15,254,303</u>	<u>15,254,303</u>	<u>14,632,906</u>	<u>(621,397)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>17,162,346</u>	<u>17,162,346</u>	<u>16,540,949</u>	<u>(621,397)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	14,342,116	14,921,023	14,824,542	96,481
TOTAL CHARGES TO APPROPRIATIONS	<u>14,342,116</u>	<u>14,921,023</u>	<u>14,824,542</u>	<u>96,481</u>
CHANGE IN FUND BALANCE	<u>912,187</u>	<u>333,280</u>	<u>(191,636)</u>	<u>(524,916)</u>
FUND BALANCE, End of year	<u>\$ 2,820,230</u>	<u>\$ 2,241,323</u>	<u>\$ 1,716,407</u>	<u>\$ (524,916)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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



*Non-Major Governmental Funds*

# NONMAJOR GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

## CAPITAL PROJECTS FUNDS

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

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

**HALL COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2009**

SPECIAL REVENUE 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	\$ 462,531	\$ 157,540	\$ -	\$ 358,130	\$ 1,181,971	\$ 49,638	\$ 11,741	\$ 2,221,551
Investments	251,577	97,623	711	213,324	344,819	-	6,178	914,232
Receivables (net of allowance for uncollectibles)	356,891	103,424	415,976	50,255	51,129	-	2,798	980,473
TOTAL ASSETS	\$ 1,070,999	\$ 358,587	\$ 416,687	\$ 621,709	\$ 1,577,919	\$ 49,638	\$ 20,717	\$ 4,116,256
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 62,000	\$ 16,052	\$ 225,967	\$ 11,652	\$ 61,987	\$ 3,555	\$ 16,895	\$ 398,108
Other accrued items	60,814	7,308	8,729	-	35,301	-	3,822	115,974
Due to other funds	-	-	114,262	-	-	-	-	114,262
Deferred revenue	-	-	49,283	50,255	-	-	-	99,538
Amounts held in trust	-	-	-	-	244,523	-	-	244,523
TOTAL LIABILITIES	\$ 122,814	\$ 23,360	\$ 398,241	\$ 61,907	\$ 341,811	\$ 3,555	\$ 20,717	\$ 972,405
FUND BALANCES								
Reserved:								
Encumbrances	31,956	-	-	-	1,323	-	-	33,279
Unreserved, undesignated:								
Capital Projects Funds	-	-	-	-	-	-	-	-
Special Revenue Funds	916,229	335,227	18,446	559,802	1,234,785	46,083	-	3,110,572
TOTAL FUND BALANCES	948,185	335,227	18,446	559,802	1,236,108	46,083	-	3,143,851
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,070,999	\$ 358,587	\$ 416,687	\$ 621,709	\$ 1,577,919	\$ 49,638	\$ 20,717	\$ 4,116,256

**HALL COUNTY, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2009**

CAPITAL PROJECTS FUNDS	STATE ROAD FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS		
Cash	129,160	\$ 2,350,711
Investments	67,273	981,505
Receivables (net of allowance for uncollectibles)	5,350	985,823
<b>TOTAL ASSETS</b>	<b>201,783</b>	<b>\$ 4,318,039</b>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	-	398,108
Other accrued items	-	115,974
Due to other funds	-	114,262
Deferred revenue	-	99,538
Amounts held in trust	-	244,523
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>972,405</b>
FUND BALANCES		
Reserved:		
Encumbrances	-	33,279
Unreserved, undesignated:		
Capital Projects Funds	201,783	201,783
Special Revenue Funds	-	3,110,572
<b>TOTAL FUND BALANCES</b>	<b>201,783</b>	<b>3,345,634</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>201,783</b>	<b>\$ 4,318,039</b>

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

	SPECIAL REVENUE 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		
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,061	\$ -	\$ -	\$ 5,061		
Taxes	-	-	3,422,115	-	704,807	-	-	39,887	4,167,309		
Intergovernmental	-	-	-	-	743,451	-	176,909	-	920,360		
Fines and forfeitures	3,447,802	622,819	-	839,708	138,487	-	-	96,482	5,143,298		
Charges for services	-	-	-	-	21,450	-	-	-	21,450		
Contributions and donations	10,241	7,589	1	-	11,170	-	41	-	34,960		
Interest income	2,675	35	-	-	42,662	-	-	-	45,372		
Miscellaneous	3,461,218	630,443	3,422,116	845,626	1,662,027	5,061	176,950	136,369	10,339,810		
TOTAL REVENUES											
EXPENDITURES											
Current Expenditures											
Judicial	-	-	267,047	-	1,050,726	-	182,430	-	1,500,203		
Public safety	4,354,068	-	409,920	-	1,118,030	-	-	-	5,882,018		
Public works	-	-	-	711,405	-	-	-	-	711,405		
Public health and welfare	-	-	384,684	-	-	-	-	-	384,684		
Recreation and culture	-	534,890	-	-	-	80,000	-	319,030	933,920		
Housing and development	-	-	1,339,970	-	-	-	-	-	1,339,970		
Intergovernmental	-	-	75,000	-	-	-	-	-	75,000		
Capital outlay	-	706,779	1,075,762	-	34,644	-	-	-	1,817,185		
Debt service	-	-	-	-	-	-	-	-	-		
TOTAL EXPENDITURES	4,354,068	1,241,669	3,552,383	711,405	2,203,400	80,000	182,430	319,030	12,644,385		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(892,850)	(611,226)	(130,267)	134,221	(541,373)	(74,939)	(5,480)	(182,661)	(2,304,575)		
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	170,763	-	627,456	74,939	-	182,661	1,055,819		
Transfers out	-	-	(15,000)	-	(83,758)	-	-	-	(98,758)		
TOTAL OTHER FINANCING SOURCES (USES)	-	-	155,763	-	543,698	74,939	-	182,661	957,061		
NET CHANGE IN FUND BALANCES	(892,850)	(611,226)	25,496	134,221	2,325	-	(5,480)	-	(1,347,514)		
FUND BALANCES, Beginning of year	1,841,035	946,453	(7,050)	425,581	1,233,783	-	51,563	-	4,491,365		
FUND BALANCES, End of year	948,185	335,227	18,446	559,802	1,236,108	-	46,083	-	3,143,851		

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2009**

	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES		
Taxes	-	5,061
Intergovernmental	787,863	4,955,172
Fines and forfeitures	-	920,360
Charges for services	-	5,145,298
Contributions and donations	-	21,450
Interest income	2,643	37,603
Miscellaneous	-	45,372
<b>TOTAL REVENUES</b>	<b>790,506</b>	<b>11,130,316</b>
EXPENDITURES		
Current Expenditures		
Judicial	-	1,500,203
Public safety	-	5,882,018
Public works	781,757	1,493,162
Public health and welfare	-	384,684
Recreation and culture	-	933,920
Housing and development	-	1,339,970
Intergovernmental	-	75,000
Capital outlay	-	1,817,185
Debt service	-	-
<b>TOTAL EXPENDITURES</b>	<b>781,757</b>	<b>13,426,142</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,749	(2,295,826)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,055,819
Transfers out	-	(98,758)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>957,061</b>
NET CHANGE IN FUND BALANCES	8,749	(1,338,765)
FUND BALANCES, Beginning of year	193,034	4,684,399
FUND BALANCES, End of year	\$ 201,783	\$ 3,345,634

**HALL COUNTY, GEORGIA**  
**EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND**  
**SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 1,841,035	\$ 1,841,035	\$ 1,841,035	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	500	500
Charges for services	3,561,523	3,561,523	3,447,802	(113,721)
Investment income	30,000	30,000	10,241	(19,759)
Miscellaneous	2,000	2,000	2,675	675
Transfer in	781,523	781,523	-	(781,523)
Total Resources (Inflows)	<u>4,375,046</u>	<u>4,375,046</u>	<u>3,461,218</u>	<u>(913,828)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>6,216,081</u>	<u>6,216,081</u>	<u>5,302,253</u>	<u>(913,828)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	4,375,046	4,375,046	4,354,068	20,978
TOTAL CHARGES TO APPROPRIATIONS	<u>4,375,046</u>	<u>4,375,046</u>	<u>4,354,068</u>	<u>20,978</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(892,850)</u>	<u>(892,850)</u>
FUND BALANCE, End of year	<u>\$ 1,841,035</u>	<u>\$ 1,841,035</u>	<u>\$ 948,185</u>	<u>\$ (892,850)</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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 946,453	\$ 946,453	\$ 946,453	\$ -
RESOURCES (INFLOWS)				
Charges for services	648,972	648,972	622,819	(26,153)
Investment income	28,500	28,500	7,589	(20,911)
Miscellaneous	300	300	35	(265)
Total Resources (Inflows)	<u>677,772</u>	<u>677,772</u>	<u>630,443</u>	<u>(47,329)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,624,225</u>	<u>1,624,225</u>	<u>1,576,896</u>	<u>(47,329)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	<u>665,245</u>	<u>1,241,209</u>	<u>1,241,669</u>	<u>(460)</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>665,245</u>	<u>1,241,209</u>	<u>1,241,669</u>	<u>(460)</u>
CHANGE IN FUND BALANCE	<u>12,527</u>	<u>(563,437)</u>	<u>(611,226)</u>	<u>(47,789)</u>
FUND BALANCE, End of year	<u>\$ 958,980</u>	<u>\$ 383,016</u>	<u>\$ 335,227</u>	<u>\$ (47,789)</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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ (7,050)	\$ (7,050)	\$ (7,050)	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	3,599,422	3,599,422	3,422,115	(177,307)
Contributions and donations	-	(46,333)	-	46,333
Investment income	-	-	1	1
Transfer in	137,828	137,828	170,763	32,935
Total Resources (Inflows)	<u>3,737,250</u>	<u>3,690,917</u>	<u>3,592,879</u>	<u>(98,038)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,730,200</u>	<u>3,683,867</u>	<u>3,585,829</u>	<u>(98,038)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	383,865	269,174	267,047	2,127
Public safety	519,146	684,034	671,222	12,812
Public works	350,000	508,075	519,302	(11,227)
Public health and welfare	622,430	384,684	384,684	-
Recreation and culture	-	15,000	-	15,000
Housing and development	1,861,809	1,875,887	1,725,128	150,759
TOTAL CHARGES TO APPROPRIATIONS	<u>3,737,250</u>	<u>3,736,854</u>	<u>3,567,383</u>	<u>169,471</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(45,937)</u>	<u>25,496</u>	<u>71,433</u>
FUND BALANCE, End of year	<u>\$ (7,050)</u>	<u>\$ (52,987)</u>	<u>\$ 18,446</u>	<u>\$ 71,433</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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 425,581	\$ 425,581	\$ 425,581	\$ -
RESOURCES (INFLOWS)				
Charges for services	671,720	671,720	839,708	167,988
Investment income	13,000	13,000	5,918	(7,082)
Total Resources (Inflows)	<u>684,720</u>	<u>684,720</u>	<u>845,626</u>	<u>160,906</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,110,301</u>	<u>1,110,301</u>	<u>1,271,207</u>	<u>160,906</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public works	684,720	711,405	711,405	-
TOTAL CHARGES TO APPROPRIATIONS	<u>684,720</u>	<u>711,405</u>	<u>711,405</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(26,685)</u>	<u>134,221</u>	<u>160,906</u>
FUND BALANCE, End of year	<u>\$ 425,581</u>	<u>\$ 398,896</u>	<u>\$ 559,802</u>	<u>\$ 160,906</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**  
**RESTRICTED PROGRAM SPECIAL REVENUE FUND**  
**SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 1,233,783	\$ 1,233,783	\$ 1,233,783	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	679,394	681,194	704,807	23,613
Fines and forfeitures	755,461	830,461	743,451	(87,010)
Charges for services	163,787	163,787	138,487	(25,300)
Contributions and donations	-	15,000	21,450	6,450
Investment income	-	-	11,170	11,170
Miscellaneous	-	-	42,662	42,662
Transfer in	731,682	731,682	627,456	(104,226)
Total Resources (Inflows)	<u>2,330,324</u>	<u>2,422,124</u>	<u>2,289,483</u>	<u>(132,641)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>3,564,107</u>	<u>3,655,907</u>	<u>3,523,266</u>	<u>(132,641)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	1,191,182	1,257,880	1,065,563	192,317
Public safety	1,243,230	1,436,507	1,221,595	214,912
TOTAL CHARGES TO APPROPRIATIONS	<u>2,434,412</u>	<u>2,694,387</u>	<u>2,287,158</u>	<u>407,229</u>
CHANGE IN FUND BALANCE	<u>(104,088)</u>	<u>(272,263)</u>	<u>2,325</u>	<u>274,588</u>
FUND BALANCE, End of year	<u>\$ 1,129,695</u>	<u>\$ 961,520</u>	<u>\$ 1,236,108</u>	<u>\$ 274,588</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, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Taxes	10,000	10,000	5,061	(4,939)
Transfer in	70,000	70,000	74,939	4,939
Total Resources (Inflows)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	80,000	80,000	80,000	-
TOTAL CHARGES TO APPROPRIATIONS	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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  
LAW LIBRARY SPECIAL REVENUE FUND  
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 51,563	\$ 51,563	\$ 51,563	\$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	169,030	169,030	176,909	7,879
Investment income	-	-	41	41
Miscellaneous	611	13,400	-	(13,400)
Total Resources (Inflows)	<u>169,641</u>	<u>182,430</u>	<u>176,950</u>	<u>(5,480)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>221,204</u>	<u>233,993</u>	<u>228,513</u>	<u>(5,480)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Judicial	169,641	182,430	182,430	-
TOTAL CHARGES TO APPROPRIATIONS	<u>169,641</u>	<u>182,430</u>	<u>182,430</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(5,480)</u>	<u>(5,480)</u>
FUND BALANCE, End of year	<u>\$ 51,563</u>	<u>\$ 51,563</u>	<u>\$ 46,083</u>	<u>\$ (5,480)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

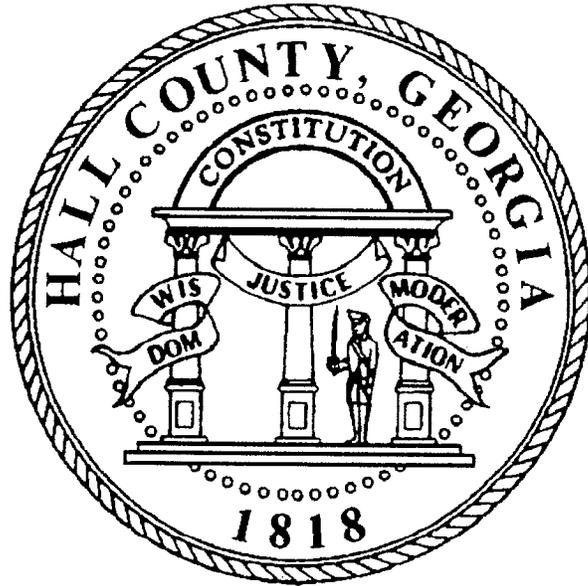
I. The budgetary basis of accounting used in this schedule is the same as GAAP.

**HALL COUNTY, GEORGIA**  
**ALLEN CREEK SOCCER COMPLEX SPECIAL REVENUE FUND**  
**SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2009**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	41,330	41,330	39,887	(1,443)
Charges for services	101,285	101,285	96,482	(4,803)
Transfer in	209,287	209,287	182,661	(26,626)
Total Resources (Inflows)	<u>351,902</u>	<u>351,902</u>	<u>319,030</u>	<u>(32,872)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>351,902</u>	<u>351,902</u>	<u>319,030</u>	<u>(32,872)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Recreation and culture	351,902	351,902	319,030	32,872
TOTAL CHARGES TO APPROPRIATIONS	<u>351,902</u>	<u>351,902</u>	<u>319,030</u>	<u>32,872</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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



*Internal Service Funds*

## INTERNAL SERVICE FUNDS

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

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

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

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2009**

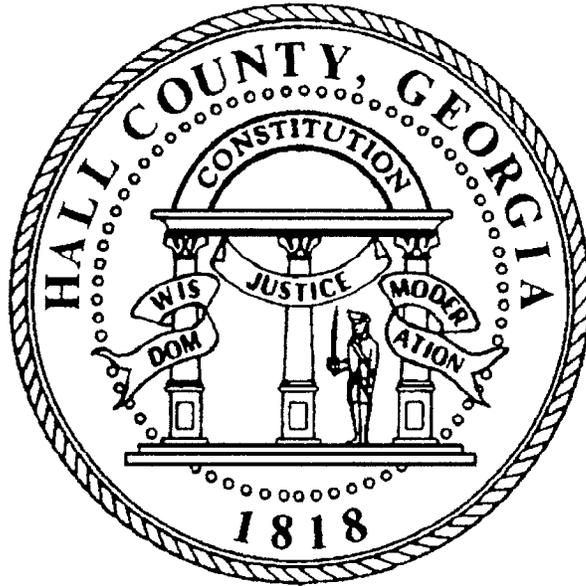
	<b>GROUP</b>	<b>RISK</b>	
	<b>INSURANCE</b>	<b>MANAGEMENT</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 742,020	\$ 1,441,937	\$ 2,183,957
Investments	-	766,599	766,599
Prepaid items	32,410	207,827	240,237
<b>TOTAL CURRENT ASSETS</b>	<u>774,430</u>	<u>2,416,363</u>	<u>3,190,793</u>
<b>TOTAL ASSETS</b>	<u>774,430</u>	<u>2,416,363</u>	<u>3,190,793</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	-	99,644	99,644
Other accrued items	7,855	294	8,149
Due to other funds	642,500	-	642,500
Estimated claims payable	820,811	521,892	1,342,703
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,471,166</u>	<u>621,830</u>	<u>2,092,996</u>
Noncurrent Liabilities			
Estimated claims payable	-	1,338,108	1,338,108
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>-</u>	<u>1,338,108</u>	<u>1,338,108</u>
<b>TOTAL LIABILITIES</b>	<u>1,471,166</u>	<u>1,959,938</u>	<u>3,431,104</u>
<b>NET ASSETS</b>			
Unrestricted	(696,736)	456,425	(240,311)
<b>TOTAL NET ASSETS</b>	<u>\$ (696,736)</u>	<u>\$ 456,425</u>	<u>\$ (240,311)</u>

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2009**

	<b>GROUP INSURANCE</b>	<b>RISK MANAGEMENT</b>	<b>TOTAL</b>
OPERATING REVENUES			
Charges for sales and services:			
Charges to other funds	\$ 13,735,046	\$ 2,235,431	\$ 15,970,477
Total Operating Revenues	<u>13,735,046</u>	<u>2,235,431</u>	<u>15,970,477</u>
OPERATING EXPENSES			
Salaries and benefits	-	26,619	26,619
Supplies	-	155	155
Other services and charges	-	42,530	42,530
Benefit claims	10,922,004	1,128,240	12,050,244
General and administrative	1,482,306	-	1,482,306
Insurance premiums	-	1,298,149	1,298,149
Total Operating Expenses	<u>12,404,310</u>	<u>2,495,693</u>	<u>14,900,003</u>
OPERATING INCOME (LOSS)	<u>1,330,736</u>	<u>(260,262)</u>	<u>1,070,474</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	15,792	18,294	34,086
Total Nonoperating Revenues (Expenses)	<u>15,792</u>	<u>18,294</u>	<u>34,086</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,346,528</u>	<u>(241,968)</u>	<u>1,104,560</u>
CHANGE IN NET ASSETS	<u>1,346,528</u>	<u>(241,968)</u>	<u>1,104,560</u>
TOTAL NET ASSETS, Beginning of year	<u>(2,043,264)</u>	<u>698,393</u>	<u>(1,344,871)</u>
TOTAL NET ASSETS, End of year	<u>\$ (696,736)</u>	<u>\$ 456,425</u>	<u>\$ (240,311)</u>

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended June 30, 2009**

	<b>GROUP INSURANCE</b>	<b>RISK MANAGEMENT</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customer	\$ 2,800	\$ 3,483	\$ 6,283
Payments to suppliers	(13,031,833)	(2,456,770)	(15,488,603)
Payments to employees	(454,344)	493,162	38,818
Internal activity-payments from (to) other funds	13,735,046	2,235,431	15,970,477
	<u>251,669</u>	<u>275,306</u>	<u>526,975</u>
Net cash provided by (used in) operating activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	15,795	18,404	34,199
Purchase of investments	(4,100)	(2,103,645)	(2,107,745)
Proceeds from sale of investments	6,426	2,529,771	2,536,197
	<u>18,121</u>	<u>444,530</u>	<u>462,651</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	269,790	719,836	989,626
CASH, Beginning of year	<u>472,230</u>	<u>722,101</u>	<u>1,194,331</u>
CASH, End of year	<u>\$ 742,020</u>	<u>\$ 1,441,937</u>	<u>\$ 2,183,957</u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,330,736	\$ (260,262)	\$ 1,070,474
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
(Increase) decrease in:			
Accounts receivable, net	2,800	3,483	6,283
Prepaid expenses	14,977	(24,904)	(9,927)
Increase (decrease) in:			
Accounts payable	-	37,208	37,208
Other accrued items	(25,106)	(219)	(25,325)
Claims payable	(429,238)	520,000	90,762
Due to other funds	(642,500)	-	(642,500)
	<u>251,669</u>	<u>275,306</u>	<u>526,975</u>
Net cash provided by (used in) operating activities			
 <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>			
Net unrealized gain (loss) on investments	<u>\$ (2)</u>	<u>\$ (109)</u>	<u>\$ (111)</u>



## *Fiduciary Funds*

## FIDUCIARY FUNDS

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

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

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

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

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

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

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

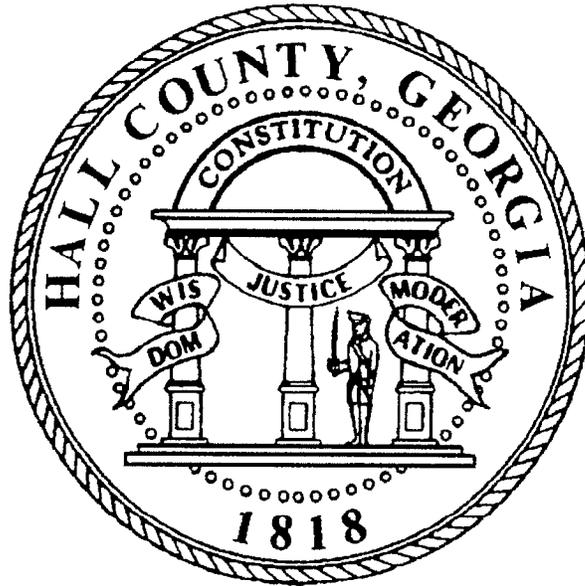
**Inmate Fund** - to account for the collection and disbursements of cash for the benefit of the inmates incarcerated at the Hall County Detention Center.

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**June 30, 2009**

	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
ASSETS								
Cash	\$ 766,353	\$ 1,727,866	\$ 907,533	\$ 125,867	\$ 45,145	\$ 881,267	\$ 117,442	\$ 4,571,473
TOTAL ASSETS	<u>766,353</u>	<u>1,727,866</u>	<u>907,533</u>	<u>125,867</u>	<u>45,145</u>	<u>881,267</u>	<u>117,442</u>	<u>4,571,473</u>
LIABILITIES								
Amounts held for others	766,353	1,727,866	907,533	125,867	45,145	881,267	117,442	4,571,473
TOTAL LIABILITIES	<u>\$ 766,353</u>	<u>\$ 1,727,866</u>	<u>\$ 907,533</u>	<u>\$ 125,867</u>	<u>\$ 45,145</u>	<u>\$ 881,267</u>	<u>\$ 117,442</u>	<u>\$ 4,571,473</u>

**HALL COUNTY, GEORGIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**For the Year Ended June 30, 2009**

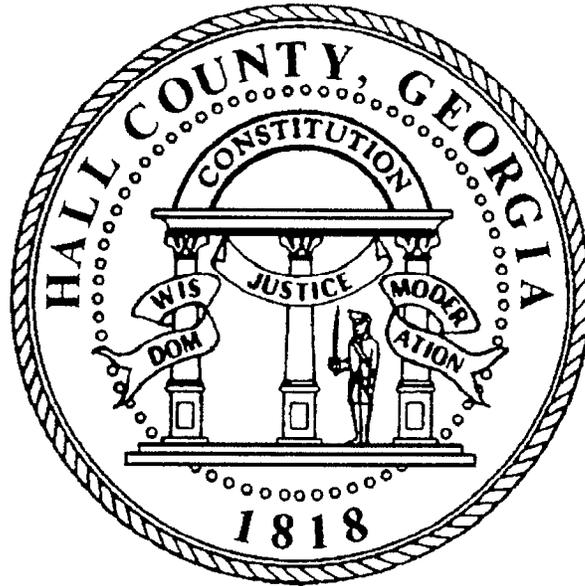
	TAX COMMISSIONER	CLERK OF SUPERIOR COURT	PROBATE COURT	MAGISTRATE COURT	JUVENILE COURT	SHERIFF	INMATE FUND	TOTAL
<b>ASSETS</b>								
Cash								
Balance, July 1, 2008	\$ 699,672	\$ 1,680,820	\$ 820,164	\$ 130,002	\$ 41,759	\$ 847,678	\$ 167,258	\$ 4,387,353
Additions	151,403,106	17,982,938	433,877	1,185,445	85,231	782,505	1,597,851	173,470,953
Deductions	(151,336,425)	(17,935,892)	(346,508)	(1,189,580)	(81,845)	(748,916)	(1,647,667)	(173,286,833)
Balance, June 30, 2009	766,353	1,727,866	907,533	125,867	45,145	881,267	117,442	4,571,473
<b>TOTAL ASSETS</b>	<b>\$ 766,353</b>	<b>\$ 1,727,866</b>	<b>\$ 907,533</b>	<b>\$ 125,867</b>	<b>\$ 45,145</b>	<b>\$ 881,267</b>	<b>\$ 117,442</b>	<b>\$ 4,571,473</b>
<b>LIABILITIES</b>								
Due to County								
Balance, July 1, 2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	58,533,845	10,325,474	174,833	467,952	23,489	202,335	147,086	69,875,014
Deductions	(58,533,845)	(10,325,474)	(174,833)	(467,952)	(23,489)	(202,335)	(147,086)	(69,875,014)
Balance, June 30, 2009	-	-	-	-	-	-	-	-
Amounts held for others								
Balance, July 1, 2008	699,672	1,680,820	820,164	130,002	41,759	847,678	167,258	4,387,353
Additions	92,869,261	7,657,464	259,044	717,493	61,742	580,170	1,450,765	103,595,939
Deductions	(92,802,580)	(7,610,418)	(171,675)	(721,628)	(58,356)	(546,581)	(1,500,581)	(103,411,819)
Balance, June 30, 2009	766,353	1,727,866	907,533	125,867	45,145	881,267	117,442	4,571,473
<b>Total Liabilities</b>	<b>699,672</b>	<b>1,680,820</b>	<b>820,164</b>	<b>130,002</b>	<b>41,759</b>	<b>847,678</b>	<b>167,258</b>	<b>4,387,353</b>
Balance, July 1, 2008	151,403,106	17,982,938	433,877	1,185,445	85,231	782,505	1,597,851	173,470,953
Deductions	(151,336,425)	(17,935,892)	(346,508)	(1,189,580)	(81,845)	(748,916)	(1,647,667)	(173,286,833)
<b>TOTAL LIABILITIES</b>	<b>\$ 766,353</b>	<b>\$ 1,727,866</b>	<b>\$ 907,533</b>	<b>\$ 125,867</b>	<b>\$ 45,145</b>	<b>\$ 881,267</b>	<b>\$ 117,442</b>	<b>\$ 4,571,473</b>



*Supplemental Information*

**HALL COUNTY, GEORGIA**  
**OTHER SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
 Year Ended June 30, 2009

PROJECT	ORIGINAL ESTIMATED COSTS	EXPENDITURES	
		PRIOR YEARS	CURRENT YEAR
<b>SPLOST III (effective July 1, 1995)</b>			
Candler Road Landfill	\$ 13,261,757	\$ 13,261,757	\$ -
Allen Creek Landfill	6,321,203	6,321,203	-
Water Supply Reservoir	20,000,000	19,052,434	-
Water and Sewer Service	15,000,000	17,174,516	1,906,404
Courthouse Building	8,000,000	21,010,381	-
Health Department Building	4,000,000	3,520,673	-
<b>TOTAL SPLOST III</b>	<b>\$ 66,000,000</b>	<b>\$ 78,434,560</b>	<b>\$ 1,906,404</b>
<b>SPLOST IV (effective July 1, 2000)</b>			
Road Projects	\$ 42,000,000	\$ 38,206,087	\$ 47,965
Water Projects	29,000,000	23,094,229	-
Sewer Projects	39,000,000	29,303,211	274,832
Park and Leisure Projects	18,000,000	16,413,957	2,009,763
Fire Stations	12,000,000	9,831,018	-
Intergovernmental Allocations:			
Clermont	376,272	288,766	-
Flowers Branch	1,170,864	931,021	-
Gainesville - included in the above projects		1,450,000	-
Gillsville	108,778	83,481	-
Lula	952,848	649,802	81,453
Oakwood	1,366,902	1,051,320	-
Buford	24,336	-	-
<b>TOTAL SPLOST IV</b>	<b>\$ 144,000,000</b>	<b>\$ 116,131,796</b>	<b>\$ 2,414,013</b>
<b>SPLOST V (effective July 1, 2004)</b>			
Road Projects	\$ 40,300,000	\$ 22,737,470	\$ 7,040,050
Water and Sewer Projects	1,000,000	5,668,476	2,104
Recreational Facilities	8,500,000	4,505,385	106,246
New Detention Center	54,000,000	69,055,697	12,098,224
New Fire Station	5,200,000	-	-
800 MHZ Radio System	16,000,000	15,706,635	70,000
Landfill improvement	8,500,000	31,561	1,380,001
Library	4,000,000	527,284	-
Municipal Projects			
Braselton	6,085	12,580	1,084
Buford	26,977	-	-
Clermont	110,819	87,276	19,742
Flowers Branch	477,658	368,540	85,092
Gainesville	6,764,982	5,327,767	1,205,141
Gillsville	44,169	-	-
Lula	358,112	285,031	60,796
Oakwood	711,198	577,595	126,696
<b>TOTAL SPLOST V</b>	<b>\$ 146,000,000</b>	<b>\$ 124,891,297</b>	<b>\$ 22,195,176</b>



*Statistical Section*

## 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.

<b>Contents</b>	<b>Table</b>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Net Assets by Component	1
Changes in Net Assets	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
General Governmental Tax Revenues by Source	5
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax and another significant local revenue source, sales taxes.</i>	
Assessed Value and Estimated Actual Value of Taxable Property	6
Property Tax Rates (Direct and Overlapping Governments)	7
Principal Property Taxpayers	8
Property Tax Levies and Collections	9
Taxable Sales and Sales Taxes	10
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type	11
Ratios of Net General Bonded Debt Outstanding	12
Direct and Overlapping Bonded Debt	13
Legal Debt Margin Information	14
Pledged Revenue Coverage	15

## Demographic and Economic Information

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

Demographic and Economic Statistics	16
Principal Employers	17

## Operating Information

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

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

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

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

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

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

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>EXPENSES</b>							
Governmental activities:							
General government	\$ 14,004	\$ 13,394	\$ 13,868	\$ 15,203	\$ 19,195	\$ 16,964	\$ 20,350
Judicial	9,267	10,485	13,100	14,459	14,330	15,846	16,738
Public health and welfare	3,051	3,914	1,980	2,430	3,483	3,511	3,905
Public safety	43,765	48,062	50,903	54,600	54,972	68,089	71,870
Public works	8,523	15,556	16,844	18,113	17,970	18,153	25,211
Recreation and culture	4,723	5,435	5,062	8,158	5,710	8,351	7,267
Housing and development	2,803	3,649	3,751	4,015	4,555	5,564	5,057
Interest on long-term debt	217	121	186	(85)	1,846	643	671
Total governmental activities expenses	<u>86,353</u>	<u>100,616</u>	<u>105,694</u>	<u>116,893</u>	<u>122,061</u>	<u>137,121</u>	<u>151,069</u>
Business-type activities:							
Solid Waste	5,687	5,320	5,328	5,379	5,307	5,717	5,905
Water and sewer utilities	302	371	863	37,715	70	2,108	1,581
Total business-type activities expenses	<u>5,989</u>	<u>5,691</u>	<u>6,191</u>	<u>43,094</u>	<u>5,377</u>	<u>7,825</u>	<u>7,486</u>
Total primary government expenses	<u>\$ 92,342</u>	<u>\$ 106,307</u>	<u>\$ 111,885</u>	<u>\$ 159,987</u>	<u>\$ 127,438</u>	<u>\$ 144,946</u>	<u>\$ 158,555</u>
<b>PROGRAM REVENUES</b>							
Governmental activities:							
Charges for services:							
General government	\$ 4,644	\$ 4,048	\$ 5,505	\$ 4,472	\$ 4,678	\$ 5,020	\$ 4,985
Judicial	5,679	6,024	2,925	6,697	4,560	6,899	6,627
Public health and welfare	7	-	7	1	-	-	-
Public safety	6,817	7,177	6,985	9,428	8,205	9,915	14,691
Public works	502	505	569	592	738	930	890
Recreation and culture	1,136	1,653	880	2,588	1,039	1,013	953
Housing and development	1,347	1,027	1,132	1,453	3,409	1,668	910
Total charges for services	<u>20,132</u>	<u>20,434</u>	<u>18,003</u>	<u>25,231</u>	<u>22,629</u>	<u>25,445</u>	<u>29,056</u>
Operating grants and contributions	2,496	4,148	3,967	4,623	4,266	6,762	6,762
Capital grants and contributions	13,916	7,978	6,270	9,101	18,090	17,946	17,946
Total governmental activities program revenues	<u>36,544</u>	<u>32,560</u>	<u>28,240</u>	<u>38,955</u>	<u>44,985</u>	<u>50,153</u>	<u>53,764</u>
Business-type activities:							
Charges for services:							
Solid Waste	4,643	4,794	4,950	5,292	5,085	5,767	5,466
Water and sewer utilities	26	39	28	34	27	290	961
Total charges for services	<u>4,669</u>	<u>4,833</u>	<u>4,978</u>	<u>5,326</u>	<u>5,112</u>	<u>6,057</u>	<u>6,427</u>
Operating grants and contributions	-	-	-	75	25	5	-
Capital grants and contributions	143	25	245	-	-	12,374	1,104
Total business-type activities program revenues	<u>4,812</u>	<u>4,858</u>	<u>5,223</u>	<u>5,401</u>	<u>5,137</u>	<u>18,436</u>	<u>7,531</u>
Total primary government program revenues	<u>\$ 41,356</u>	<u>\$ 37,418</u>	<u>\$ 33,463</u>	<u>\$ 44,356</u>	<u>\$ 50,122</u>	<u>\$ 68,589</u>	<u>\$ 61,295</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (expense)/revenue							
Governmental activities	\$ (49,809)	\$ (68,056)	\$ (77,454)	\$ (77,454)	\$ (77,076)	\$ (86,968)	\$ (97,305)
Business-type activities	(1,177)	(833)	(968)	(968)	(240)	10,611	45
Total primary government net expense	\$ (50,986)	\$ (68,889)	\$ (78,422)	\$ (78,422)	\$ (77,316)	\$ (76,357)	\$ (97,260)
<b>GENERAL REVENUES AND OTHER</b>							
<b>CHANGES IN NET ASSETS</b>							
Governmental activities:							
Taxes							
Property Taxes	\$ 32,900	\$ 34,741	\$ 37,177	\$ 39,513	\$ 42,400	\$ 48,977	\$ 50,679
Sales Taxes	37,995	41,267	43,317	49,696	51,744	51,438	45,246
Insurance premium tax	3,807	4,083	4,418	4,717	4,944	5,198	5,325
Real estate and recording taxes	2,758	3,044	2,789	3,161	3,391	2,259	1,318
Other taxes	599	1,406	1,417	1,491	1,530	1,560	1,502
Total taxes	78,059	84,541	89,118	98,578	104,009	109,432	104,070
Unrestricted grants and contributions	2,072	1,860	1,931	2,042	2,071	2,029	2,107
Investment earnings	2,025	789	1,436	3,965	4,440	2,076	553
Miscellaneous	3	-	-	-	-	-	-
Gain on sale of capital assets	(1,374)	689	1,635	107	-	1,816	71
Transfers	(15,667)	(16,944)	(5,231)	(559)	(5,200)	1,828	(4,286)
Total governmental activities	65,118	70,935	88,889	104,133	105,320	117,181	102,515
Business-type activities:							
Investment earnings	606	1,743	112	117	181	194	65
Gain on sale of capital assets	(12)	-	5	-	(541)	-	(541)
Transfers	15,667	16,944	5,231	559	5,200	(1,828)	4,286
Total business-type activities	16,261	18,687	5,348	676	4,840	(1,634)	3,810
Total primary government	\$ 81,379	\$ 89,622	\$ 94,237	\$ 104,809	\$ 110,160	\$ 115,547	\$ 106,325
<b>CHANGE IN NET ASSETS</b>							
Governmental activities	\$ 15,309	\$ 2,879	\$ 11,435	\$ 26,679	\$ 28,244	\$ 30,213	\$ 5,210
Business-type activities	15,084	17,854	4,380	(292)	4,600	8,977	3,855
Total primary government	\$ 30,393	\$ 20,733	\$ 15,815	\$ 26,387	\$ 32,844	\$ 39,190	\$ 9,065

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

**HALL COUNTY, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General fund</b>										
<b>Reserved</b>										
Prepaid expenditures	\$ 33	\$ 132	\$ 20	\$ 346	\$ 351	\$ 587	\$ 471	\$ 66	\$ 838	\$ 20
Encumbrances	1,859	428	195	-	-	-	127	127	181	27
Other programs	9	1,469	-	-	-	-	-	-	-	-
<b>Total reserved</b>	1,901	2,029	215	346	351	587	598	193	47	47
<b>Unreserved</b>	12,628	16,736	16,280	11,519	11,124	11,853	14,535	15,320	8,269	6,580
<b>Total general fund</b>	\$ 14,529	\$ 18,765	\$ 16,495	\$ 11,865	\$ 11,475	\$ 12,440	\$ 15,133	\$ 15,513	\$ 8,316	\$ 6,627
<b>All other governmental funds</b>										
<b>Reserved:</b>										
Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Encumbrances	-	-	-	-	-	-	-	787	182	233
Capital outlay	48,348	36,381	30,250	26,627	25,194	81,276	77,136	20,604	17,786	20,720
Debt service	-	-	-	-	-	605	10,405	10,923	11,290	10,848
Other programs	29	776	70	132	1,238	6	96	6,148	5,898	4,106
<b>Total reserved</b>	48,377	37,157	30,320	26,759	26,432	81,887	87,637	38,462	35,907	35,907
<b>Unreserved, reported in:</b>										
Special revenue funds	4,532	7,381	12,083	12,068	11,693	9,688	5,220	6,010	6,391	4,827
Capital projects funds	3,720	3,982	8,825	9,518	7,446	5,908	152	183	1,122	202
<b>Total unreserved</b>	8,252	11,363	20,908	21,586	19,139	15,596	5,372	6,193	7,513	5,029
<b>Total all other governmental funds</b>	\$ 56,629	\$ 48,520	\$ 51,228	\$ 48,345	\$ 45,571	\$ 97,483	\$ 93,009	\$ 44,655	\$ 43,420	\$ 40,936
<b>Total reserved</b>	\$ 50,278	\$ 39,186	\$ 30,535	\$ 27,105	\$ 26,783	\$ 82,474	\$ 88,235	\$ 38,655	\$ 35,954	\$ 35,954
<b>Total unreserved</b>	\$ 20,880	\$ 28,099	\$ 37,188	\$ 33,105	\$ 30,263	\$ 27,449	\$ 19,907	\$ 21,513	\$ 15,782	\$ 11,609
<b>Total all funds</b>	\$ 71,158	\$ 67,285	\$ 67,723	\$ 60,210	\$ 57,046	\$ 109,923	\$ 108,142	\$ 60,168	\$ 51,736	\$ 47,563

**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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES</b>										
Taxes (see table 5)	\$ 71,298	\$ 75,953	\$ 80,549	\$ 78,815	\$ 84,509	\$ 88,715	\$ 98,567	\$ 104,167	\$ 108,924	\$ 103,539
Licenses and permits	2,162	2,141	2,189	2,228	3,115	3,645	4,612	4,777	3,107	2,238
Fines and forfeitures	2,028	3,570	4,391	4,271	4,669	4,964	4,202	5,028	5,564	4,732
Charges for services	8,405	9,405	9,595	11,909	12,739	13,162	15,498	15,311	17,028	21,765
Investment earnings	3,845	3,675	2,955	1,899	550	1,496	3,877	4,331	1,967	419
Intergovernmental	4,389	6,890	6,137	7,407	8,638	7,714	7,400	7,794	10,447	8,852
Miscellaneous	399	161	106	248	138	115	260	108	371	194
Total revenues	92,526	101,795	106,777	114,358	119,811	134,416	141,516	147,408	141,739	141,739
<b>EXPENDITURES</b>										
General government	11,183	11,790	14,233	13,693	13,021	13,506	15,041	17,335	17,043	18,233
Judicial	6,209	6,888	7,949	9,201	9,650	12,032	13,800	13,384	15,069	15,368
Public works	4,569	4,743	5,354	6,840	7,774	6,761	7,062	8,054	7,643	12,635
Public health and welfare	2,061	2,248	2,786	2,818	3,703	1,759	2,209	3,275	3,287	3,604
Public safety	29,393	32,906	37,271	42,161	45,343	48,180	51,800	52,029	62,946	62,684
Recreation and culture	1,908	1,864	2,658	4,404	4,223	4,518	7,677	5,151	7,691	6,247
Housing and development	-	-	-	2,738	3,176	3,307	3,522	4,092	5,189	4,635
Intergovernmental	375	1,230	1,193	815	842	2,796	2,444	4,484	2,477	2,400
Capital Outlay	28,491	36,318	25,786	15,227	12,994	14,923	32,566	64,093	26,631	10,205
Principal on long-term debt	587	675	712	-	828	480	178	9,982	10,171	10,344
Interest on long-term debt	231	303	206	-	121	93	62	2,482	1,280	847
Other debt service payments	-	-	-	-	-	266	-	-	-	-
Total expenditures	85,007	98,965	98,148	97,897	101,675	108,621	136,361	184,361	159,427	147,202
Excess of revenues over (under) expenditures	7,519	2,830	7,774	8,880	12,683	11,190	(1,945)	(42,845)	(12,019)	(5,463)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	6,425	5,914	5,646	4,315	6,338	6,389	6,422	3,107	7,164	1,124
Transfers out	(8,044)	(7,605)	(8,192)	(19,982)	(23,282)	(8,362)	(6,918)	(8,307)	(5,336)	(5,411)
Issuance of bond debt	-	-	-	-	-	40,325	-	-	-	103
Premium on bonds issued	-	-	-	-	-	1,960	-	-	-	-
Proceeds from installment sale	-	-	703	-	-	-	-	-	-	-
Proceeds from capital leases	1,963	-	-	-	-	-	-	-	134	-
Sale of capital assets	677	4	4,590	1,301	1,095	1,677	659	72	1,846	71
Total other financing sources (uses)	1,021	(1,687)	2,747	(14,366)	(15,849)	41,989	163	(5,128)	3,808	(4,113)
Net change in fund balances	\$ 8,540	\$ 1,143	\$ 10,521	\$ (5,486)	\$ (3,166)	\$ 53,179	\$ (1,782)	\$ (47,973)	\$ (8,211)	\$ (9,576)
Debt service as a percentage of noncapital expenditures	1.4%	1.6%	1.3%	0.0%	1.1%	0.9%	0.2%	10.4%	8.6%	8.2%

**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		Sales Tax (SPLOST)	Sales Tax (LOST)	Insurance Premium Tax	Real Estate & recording taxes	Other Taxes	Total
		Local Option	Local Option						
2000	\$ 28,772	\$ 21,615	\$ 16,411	\$ 2,713	\$ 1,244	\$ 543	\$ 71,298		
2001	32,331	21,902	16,685	2,860	1,515	660	75,953		
2002	35,752	21,896	16,772	3,448	2,051	630	80,549		
2003	33,655	21,572	16,423	3,807	2,759	599	78,815		
2004	34,709	23,478	17,789	4,083	3,044	1,406	84,509		
2005	36,474	24,592	18,725	4,718	2,789	1,417	88,715		
2006	39,502	28,288	21,408	4,717	3,161	1,491	98,567		
2007	42,557	29,457	22,288	4,944	3,391	1,530	104,167		
2008	48,470	29,290	22,148	5,198	2,259	1,559	108,924		
2009	\$ 50,149	\$ 25,791	\$ 19,455	\$ 5,325	\$ 1,318	\$ 1,501	\$ 103,539		

**HALL COUNTY, GEORGIA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
 Last Ten Fiscal Years

(modified accrual basis of accounting)  
 (amounts expressed in thousands)

Fiscal Year	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 Property	Public Utilities	Inventories & Equipment (4)	Motor Vehicles	Mobile Homes	Real Property					Personal Property	
2002	\$ 1,920,263	\$ 198,641	\$ 537,835	\$ 84,974	\$ 723,785	\$ 385,710	\$ 29,802	\$ 85,764	\$ 147,500	\$ 96,103	\$ 3,723,171	7.48	\$ 9,307,928	40.00%
2003	2,181,940	202,473	589,564	84,979	685,792	403,915	29,821	82,228	137,981	82,411	4,040,320	7.32	10,100,800	40.00%
2004	2,717,688	357,103	721,942	94,500	675,267	408,260	31,182	75,358	235,296	150,981	4,695,023	6.52	11,737,558	40.00%
2005	2,835,006	356,964	744,871	99,294	678,692	426,445	29,814	81,681	240,870	147,832	4,864,065	6.50	12,160,163	40.00%
2006	3,003,513	361,252	795,001	104,700	729,313	425,737	28,798	92,235	252,550	178,696	5,109,303	6.99	12,773,258	40.00%
2007	3,230,489	364,734	834,281	111,856	796,612	421,830	27,261	107,226	250,565	203,337	5,440,387	6.98	13,600,968	40.00%
2008	3,972,378	525,420	1,121,349	120,228	878,857	464,822	26,460	119,085	367,383	249,168	6,612,048	6.26	16,530,120	40.00%
2009	\$ 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%

Source: County Board of Equalization and Assessment.

Note: Information for 2000-2001 is not available.

(1) Includes conservation use property.

(2) Includes aircraft, boats, miscellaneous personal property, timber and heavy equipment.

(3) Property that is exempt from taxation has not been included. That is typically property owned by governments and not-for-profit organizations like churches.

(4) Includes furniture and fixtures.

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

<i>Tax Year</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
<i>Fiscal Year</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2008</i>	<i>2009</i>
<i>Unincorporated Districts</i>											
County-Unincorporated	6.500	7.000	7.480	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250
Hall Co. Schools	13.850	14.230	14.510	15.770	14.410	15.130	16.300	17.200	15.750	16.420	16.420
Hall Co. Schools-Bonds	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Fire District Unincorporated	2.520	2.520	2.520	1.880	1.620	1.620	1.120	1.120	1.510	1.510	1.510
<b>Total Hall County</b>	<b>23.120</b>	<b>24.000</b>	<b>24.760</b>	<b>25.220</b>	<b>22.800</b>	<b>23.500</b>	<b>24.660</b>	<b>25.550</b>	<b>23.770</b>	<b>24.430</b>	<b>24.430</b>
<i>Incorporated Districts</i>											
County - Incorporated except for City of Gainesville	6.500	7.000	7.480	7.320	6.520	6.500	6.990	6.980	6.260	6.250	6.250
County - Incorporated - City of Gainesville (2)	6.500	6.940	7.370	7.130	5.520	6.030	6.550	6.980	6.260	6.250	6.250
Hall Co. Schools	13.850	14.230	14.510	15.770	14.410	15.130	16.300	17.200	15.750	16.420	16.420
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Fire District Incorporated	3.700	3.620	3.620	3.120	2.990	2.980	2.470	2.470	2.720	2.720	2.710

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

*Municipalities*

City of Gainesville (1)	2.400	2.300	2.350	2.300	2.750	2.620	2.600	2.890	2.660	2.660	2.660
Gainesville City Schools (1) (3)	6.620	7.350	7.350	6.990	7.500	7.970	7.920	7.450	6.620	7.420	7.420
City of Oakwood	2.530	2.480	2.480	2.480	2.480	2.480	2.480	2.480	2.480	2.480	2.480
City of Flowery Branch	3.260	2.440	2.440	2.440	2.220	1.810	2.845	2.837	2.837	2.837	2.837
Buford City Schools	14.850	13.750	13.650	13.600	13.500	13.400	13.350	15.350	13.300	13.250	13.250

(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>6.000</i>	<i>5.750</i>	<i>5.875</i>	<i>5.750</i>	<i>6.875</i>	<i>6.550</i>	<i>6.500</i>	<i>7.225</i>	<i>6.650</i>	<i>6.650</i>	<i>6.650</i>
<i>Gainesville City Schools</i>	<i>16.550</i>	<i>18.375</i>	<i>18.375</i>	<i>17.475</i>	<i>18.750</i>	<i>19.925</i>	<i>19.800</i>	<i>18.625</i>	<i>16.550</i>	<i>16.550</i>	<i>18.550</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)

	Tax Year 2008			Tax Year 1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wrigley Manufacturing Company	\$ 143,716	1	2.08%	\$ 53,629	1	0.61%
Georgia Power Company	104,593	2	1.52%	44,996	4	0.51%
Jackson EMC	88,091	3	1.28%	49,715	3	0.56%
Bellsouth	50,496	4	0.73%	39,283	5	0.44%
Tree Lake Associates	33,496	5	0.49%			0.00%
Fieldale Farms Corp	38,558	6	0.56%	27,061	9	0.31%
UNISIA Steering Systems	34,356	7	0.50%			0.00%
SKF USA, Inc.	28,693	8	0.42%	50,716	2	0.57%
Norfolk Southern Corp	22,463	9	0.33%			0.00%
KIK Piedmont LLC	19,026	10	0.28%			0.00%
ZUA Auto Parts	-		0.00%	34,085	6	0.39%
New Holland Milliken	-		0.00%	28,593	7	0.32%
World Color Dittler	-		0.00%	27,102	8	0.31%
KSL Lake Lanier	-		0.00%	25,174	10	0.28%
<b>Totals</b>	<b>\$ 563,488</b>		<b>8.17%</b>	<b>\$ 380,354</b>		<b>4.30%</b>

Source: County Board of Equalization and Assessment.

**HALL COUNTY, GEORGIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Tax Years

(amounts expressed in thousands)

Tax Year	Taxes Levied for the Tax Year (Original Levy)	Adjustments	Interest, Costs and Penalties	Total Adjusted Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001	\$ 35,344	\$ 2,168	\$ 776	\$ 38,288	\$ 37,195	105.24%	\$ 1,082	\$ 38,277	\$ 11
2002	36,499	1,704	777	38,980	38,159	104.55%	714	38,873	107
2003	37,602	1,541	734	39,877	39,130	104.06%	661	39,791	86
2004	38,091	2,838	806	41,735	40,954	107.52%	690	41,644	91
2005	40,349	2,938	766	44,053	43,341	107.42%	584	43,925	128
2006	43,873	3,023	856	47,752	46,918	106.94%	695	47,613	139
2007	50,830	2,491	1,169	54,490	53,055	104.38%	1,152	54,207	283
2008	52,955	2,824	877	56,656	55,300	104.43%	46	55,346	1,310
2009	\$ 4,084	(6)	\$ 219	\$ 4,297	\$ 4,162	101.91%	\$ -	\$ 4,162	\$ 135

Note: Information for 2000 is not available.

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

Property taxes levied during the calendar year 2008 are recorded as revenues in the financial statements in 2009 since they are levied to finance that year's expenditure. 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 tax. Because the mobile home digest is denoted with the digest year they are billed, they are included in the levy and collections for that digest year.

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

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

Since the 2009 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Taxable sales	\$ 1,641,132	\$ 1,668,529	\$ 1,677,145	\$ 1,644,428	\$ 1,778,942	\$ 1,866,039	\$ 2,140,833	\$ 2,228,778	\$ 1,742,857	\$ 1,529,592
County direct sales tax rate (LOST)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
County SPLOST tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>SPLOST (2)</b>										
Portion of taxes collected for :										
City of Gainesville	0	1,531	1,997	1,450	0	1,549	1,644	1,697	1,369	1,205
City of Clermont	59	60	60	61	62	25	26	27	22	20
City of Lula	151	152	152	153	154	82	87	89	75	61
City of Flowery Branch	186	187	187	188	189	109	116	119	97	85
City of Braselton	n/a	n/a	n/a	n/a	n/a	1	1	2	1	1
City of Gillsville	16	17	17	17	18	9	11	11	0	0
City of Oakwood	218	219	219	220	221	161	168	178	144	127

Source:

Rates - State Department of Revenue (DOR).

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

Notes:

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government Income (1)	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Contracts Payable	Notes Payable	Capital Leases			
2000	\$ -	\$ -	\$ 5,188	\$ -	\$ 3,591	\$ -	\$ 8,779	0.29%	\$ 69
2001	-	-	4,514	-	3,878	-	8,392	0.24%	60
2002	-	703	3,801	-	3,754	-	8,258	0.22%	54
2003	-	470	2,175	-	3,747	356	6,748	0.17%	43
2004	-	236	1,580	-	5,413	52	7,281	0.17%	43
2005	40,325	-	1,337	-	5,247	-	46,909	1.01%	277
2006	40,325	-	1,159	-	1,825	-	43,309	0.90%	252
2007	30,530	-	971	-	1,729	-	33,230	0.65%	185
2008	20,570	-	894	14,347	11,239	-	47,050	0.89%	261
2009	\$ 10,405	\$ -	\$ 714	\$ -	\$ 23,294	\$ 964	\$ 35,377	0.64%	\$ 191

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Estimated Actual Taxable Value of Property (1)		Per Capita (2)
					Repaying Principal	Total	
2000	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -	-
2001	-	-	-	0.00%	0.00%	-	-
2002	-	-	-	0.00%	0.00%	-	-
2003	-	-	-	0.00%	0.00%	-	-
2004	-	-	-	0.00%	0.00%	-	-
2005	42,236	-	42,236	908.71%	0.35%	1,538	1,538
2006	41,643	9,903	31,740	657.34%	0.25%	1,129	1,129
2007	30,530	11,300	19,230	376.34%	0.14%	675	675
2008	20,570	11,290	9,280	176.29%	0.06%	318	318
2009	\$ 10,405	\$ 10,848	\$ (443)	-8.02%	0.00%	\$ (15)	(15)

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

**HALL COUNTY, GEORGIA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2009**  
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Overlapping:			
City of Gainesville Schools	\$ 16,595	100%	\$ 16,595
City of Gainesville	47,360	100%	47,360
Hall County Board of Education	45,534	100%	45,534
City of Flowery Branch	-	0%	-
City of Oakwood	-	0%	-
City of Buford	-	0%	-
Buford City School System	-	0%	-
Hall County Direct Debt	10,649	100%	10,649
Total direct and overlapping debt	\$ 120,138		\$ 120,138

Source: Debt outstanding data provided by City of Gainesville.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed value of property	\$ 3,469,196	\$ 3,733,572	\$ 3,966,774	\$ 4,260,712	\$ 5,081,300	\$ 5,252,767	\$ 5,540,549	\$ 5,894,289	\$ 7,228,599	\$ 7,510,978
Debt limit (10% of total assessed value)	346,920	373,357	396,677	426,071	508,130	525,277	554,055	589,429	722,860	751,098
Amount of Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	42,236	41,643	30,530	20,570	10,405
Less: Resources restricted to paying principal	-	-	-	-	-	-	9,903	11,300	11,290	10,848
Total net debt applicable to limit	-	-	-	-	-	42,236	31,740	19,230	9,280	(443)
Legal debt margin	\$ 346,920	\$ 373,357	\$ 396,677	\$ 426,071	\$ 508,130	\$ 483,041	\$ 522,315	\$ 570,199	\$ 713,580	\$ 751,541
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	8.04%	5.73%	3.26%	1.28%	-0.06%

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

Sales Tax Increment Bonds <sup>(1)</sup>					
Fiscal Year	Sales Tax		Debt Service		Coverage
	Increment		Principal	Interest	
2000	\$	-	\$	-	-
2001		-		-	-
2002		-		-	-
2003		-		-	-
2004		-		-	-
2005		-		-	-
2006		28,288		-	46.76
2007		29,457	9,795	1,945	2.51
2008		29,290	9,960	1,455	2.57
2009	\$	25,791	\$	10,165	\$ 968 2.32

<sup>(1)</sup> Sales tax increment bonds are backed by the sales tax revenue produced by the sales tax rate in effect when the bonds were issued.

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

General obligation bonds were issued in fiscal year 2006.

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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	Education Level as a Percent of Population 25 yrs & Older			School Enrollment	Unemployment Rate (e)
					High School or Higher	College or Higher			
2000	126,375	\$ 3,000,143	\$ 23,740	32.2	70.5%	18.7%	19,820	2.40%	
2001	139,277	3,468,972	24,907	n/a	n/a	n/a	20,956	2.30%	
2002	151,555	3,794,937	25,040	n/a	n/a	n/a	21,112	3.50%	
2003	156,101	3,929,530	25,173	n/a	n/a	n/a	22,430	3.40%	
2004	169,966	4,301,160	25,306	n/a	n/a	n/a	22,515	3.10%	
2005	169,273	4,647,898	27,458	32.3	74.5%	19.6%	23,094	4.30%	
2006	171,774	4,828,567	28,110	n/a	n/a	n/a	24,826	4.20%	
2007	179,271	5,109,723	28,503	n/a	n/a	n/a	25,558	4.00%	
2008	180,175	5,264,080	29,216	n/a	67.7%	16.6%	25,558	4.74%	
2009	184,814	\$ 5,521,344	\$ 29,875	n/a	79.8%	25.6%	26,435	9.10%	

Data sources:

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

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

**HALL COUNTY, GEORGIA  
PRINCIPAL EMPLOYERS  
Current year and 8 years ago**

Employer	2009			2001		
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment	
		Rank	Employment		Rank	Employment
Northeast Georgia Medical Center	4,700	1	5.36%	-	-	-
Fieldale Farms	2,520	2	2.87%	2,057	1	2.85%
Pilgrims Pride	1,560	3	1.78%	-	-	-
Mar-Jac	1,270	4	1.45%	952	3	1.32%
Coleman Natural Foods	1,100	5	1.25%	-	-	-
Wrigley Manufacturing Company	1,000	6	1.14%	714	5	0.99%
Kubota Manufacturing of America	860	7	0.98%	985	2	1.36%
Wal-Mart Super Center	722	8	0.82%	-	-	-
Koch Foods, Inc.	520	9	0.59%	-	-	-
Cottrell, Inc.	490	10	0.56%	746	4	1.03%
All other employers	72,916		83.18%	66,781		92.45%
<b>Total</b>	<b>87,658</b>		<b>100.00%</b>	<b>72,235</b>		<b>100.00%</b>

Source: Greater Hall Chamber of Commerce.

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

Note 2: 2001 Georgia Department of Labor Statistics - Latest statistical history available.

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

Function	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	120	118	121	123	125	126	127	146	137	136
Public safety										
Sheriff										
Officers	253	251	281	296	296	307	307	330	423	423
Civilians	21	23	26	29	29	32	35	38	59	59
Fire and EMS										
Firefighters & EMT's	204	235	249	268	268	284	286	311	317	317
Civilians	8	8	9	9	9	10	10	11	16	16
Other public safety	77	83	94	104	104	95	96	98	104	105
Court system	127	127	133	142	151	151	174	191	202	208
Public works	97	97	100	100	101	95	94	96	96	96
Health and welfare	-	-	-	-	-	-	-	-	-	-
Recreation and culture	26	25	31	33	31	32	35	42	43	43
Housing and development	27	32	35	36	-	40	40	40	40	40
Solid Waste	28	28	28	28	29	29	29	29	29	29
Water & Sewer	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>988</b>	<b>1,027</b>	<b>1,107</b>	<b>1,168</b>	<b>1,143</b>	<b>1,201</b>	<b>1,233</b>	<b>1,332</b>	<b>1,466</b>	<b>1,472</b>

Source: Hall County Finance and Human Resources Departments.

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

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>										
Physical arrests	1,647	1,045	2,346	4,629	6,370	6,021	5,768	5,805	5,987	6,025
Traffic violations	7,065	8,492	11,427	10,294	13,274	12,242	11,309	12,984	13,240	13,501
<b>Fire</b>										
Number of calls answered	21,833	22,890	23,551	21,178	20,840	20,799	23,479	24,073	25,331	26,655
Inspections	281	523	1,060	1,699	954	814	1,352	1,874	1,395	1,240
<b>Highways and streets</b>										
Street resurfacing (miles)	33	23	33	7	39	32	33	51	43	52
Potholes repaired	n/a	n/a	n/a	279	616	523	201	282	532	406
<b>Sanitation</b>										
Refuse collected (tons/day)	203	210	212	218	238	234	258	244	274	284
Recyclables collected (tons/day)	11	12	12	12	12	12	11	11	14	15
<b>Culture and recreation</b>										
Athletic field permits issued	n/a	n/a*								
Community center admissions	n/a*									
<b>Water</b>										
New connections	n/a									
Water mains breaks	n/a									
Average daily consumption (thousands of gallons)	n/a									
Wastewater										
Average daily sewage treatment (thousands of gallons)	n/a	1,950	2,050							

Sources: Various County departments.

Note 1: Hall County Community Centers are free admission to the public.

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

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Sheriff headquarters &/or precincts	1	1	2	3	3	3	3	3	3	3
Fire Stations	10	12	13	13	13	13	13	14	15	15
Solid Waste										
Compactor Sites	12	12	13	13	13	13	13	13	13	13
Highways and streets										
Streets (miles)	990	997	1,011	1,020	1,025	1,026	1,037	1,046	1,052	1,052
Streetlights*	139	166	192	210	233	255	283	308	312	316
Traffic signals	24	26	26	28	27	26	26	29	35	35
Culture and recreation										
Parks acreage	707	800	850	850	850	850	974	1,359	1,359	1,359
Parks	15	17	17	17	17	17	19	20	20	20
Tennis courts	10	18	30	30	30	30	34	34	34	34
Community centers	3	3	3	3	3	3	3	4	4	4
Water										
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fire hydrants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Maximum daily capacity (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sewer										
Sanitary sewers (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	32	32
Storm sewers (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Maximum daily treatment capacity (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,950	1,950

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.



*Single Audit Section*

**HALL COUNTY , GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended June 30, 2009**

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
<b>U.S. DEPARTMENT OF JUSTICE</b>				
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-AP-BX-0055	86,396	86,396
RECOVERY ACT - Edward Byrne JAG Grant	16.804	2009-SB-B9-0027	128,245	118,679
Bulletproof Vest Partnership	16.607	FY 2008	3,629	3,629
Bulletproof Vest Partnership	16.607	FY 2007	8,584	498
			<u>12,213</u>	<u>4,127</u>
Passed through the Georgia Bureau of Investigations				
- Multiple Program Area Codes	16.575	2006-VA-GX-0052/ C06-8-072	40,869	36,935
- Multiple Program Area Codes	16.575	2007-VA-GX-0050/ C07-8-065	46,070	8,131
- Victims of Crime Assistance	16.575	2007-VA-GX-0050/C07-8-064	49,172	12,661
- Victims of Crime Assistance	16.575	C08-8-071	44,046	35,950
- Violence Against Women Act Grant	16.575	C08-8-073	30,000	25,000
			<u>210,157</u>	<u>118,677</u>
Passed through GA Judicial Council				
- Purchase of Services for Juvenile Offenders	16.523	06-B-ST-0001	11,500	8,955
- Purchase of Services for Juvenile Offenders	16.523	05-B-ST-0001	15,000	6,818
			<u>26,500</u>	<u>15,773</u>
<b>Total U.S. Department of Justice</b>			<u><b>463,511</b></u>	<u><b>343,652</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Passed-through the Georgia Department of Community Affairs				
-CHIP Grant 2003	14.239	03m-y-069-1-2852	289,275	15,858
-CHIP Grant 2007	14.239	07m-y-069-1-2962	299,250	110,750
-CHIP Grant 2008	14.239	08m-y-069-1-6010	298,725	227,000
			<u>887,250</u>	<u>353,608</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>887,250</b></u>	<u><b>353,608</b></u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed-through the Georgia Department of Transportation				
-Capital Improvement Assistance Grant	20.507	MTG00-0142-00-013/GA-90-0254	224,000	211,250
-Capital Improvement Assistance Grant	20.507	MTG00-0140-00-004/GA-90-0242	196,000	196,000
-Capital Improvement Assistance Grant	20.507	MTG00-0129-00-005/GA-90-0223	129,600	59,106
-Capital Improvement Assistance Grant	20.507	MTG00-0118-00-005/GA-90-X194	679,840	183,218
-Transit Operating Assistance Grant	20.507	MTG00-0148-00-020/GA-90-X259	417,000	263,730
			<u>1,646,440</u>	<u>913,304</u>
-Capital Improvement Assistance Grant	20.509	MTG00-0139-00-205/GA-18-0028	105,600	96,876
-Capital Improvement Assistance Grant	20.509	MTG00-0139-00-113/GA-18-9027	98,640	41,184
-Transit Operating Assistance Grant	20.509	MTG00-0143-00-056/GA-18-4029	264,445	222,954
-Transit Operating Assistance Grant	20.509	MTG00-0139-00-0125	206,797	60,741
			<u>675,482</u>	<u>421,755</u>
-Transit Planning Assistance Grant	20.505	MTG00-0144-00-009/GA-80-X016	45,790	23,567
-Transit Planning Assistance Grant	20.505	MTG00-0146-00-009/GA-80-004	48,592	48,584
			<u>94,382</u>	<u>72,151</u>

**HALL COUNTY , GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For Year Ended June 30, 2009

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
Passed-through the Georgia Department of Public Safety				
- State and Community Highway Safety	20.600	GA2009-232-00815	93,800	55,842
- State and Community Highway Safety	20.600	GA2008-232-00599	135,300	31,893
			<u>229,100</u>	<u>87,735</u>
Passed-through the Georgia Department of Human Resources				
-Transportation Grant	20.513	427-93-09090300-99	46,400	46,400
<b>Total U.S. Department of Transportation</b>			<u><b>2,691,804</b></u>	<u><b>1,541,345</b></u>
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-through the Georgia Department of Human Resources				
-Transportation Grant	93.667	427-93-09090300-99	30,056	30,056
-Transportation Grant	93.044	427-93-09090300-99	76,687	76,687
-Transportation Grant	93.558	427-93-09090300-66	5,000	5,000
<b>Total U.S. Department of Health and Human Services</b>			<u><b>111,743</b></u>	<u><b>111,743</b></u>
 DEPARTMENT OF HOMELAND SECURITY				
Passed-through the Georgia Emergency Management Agency				
-GEMA/EMA	97.004	2007-GE-T7-0054	12,500	11,933
-GEMA Hall County EMA	97.004	2006-GE-T6-0066	16,526	4,298
			<u>29,026</u>	<u>16,231</u>
-GEMA Hall County Sheriff's Dept	97.067	2006-GE-T6-0066	150,000	147,632
-GEMA Hall County Sheriff's Dept	97.067	2006-GE-T6-0066	142,200	130,150
			<u>292,200</u>	<u>277,782</u>
<b>Total Department of Homeland Security</b>			<u><b>321,226</b></u>	<u><b>294,013</b></u>
 US ENVIRONMENTAL PROTECTION AGENCY				
-EPA-WPDG	66.461	CD-96402404-0	<u>500,000</u>	<u>21,730</u>
<b>GRAND TOTAL</b>			<u><b>\$4,975,534</b></u>	<u><b>\$ 2,666,091</b></u>

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

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 18, 2009

Board of Commissioners  
Hall County, Georgia  
Gainesville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HALL COUNTY, GEORGIA as of, and for the year ended June 30, 2009, which collectively comprise HALL COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated December 18, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Hall County Health Department, as described in our report on HALL COUNTY, GEORIGA's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects HALL COUNTY, GEORGIA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency 09-02 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We do not consider any of the significant deficiencies to be a material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HALL COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 09-01.

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

We noted certain matters that we reported to management of HALL COUNTY, GEORGIA, in a separate letter dated December 18, 2009.

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

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

December 18, 2009

Board of Commissioners  
HALL COUNTY, GEORGIA  
Gainesville, Georgia

Compliance

We have audited the compliance of HALL COUNTY, GEORGIA with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. HALL COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants, applicable to each of its major federal programs is the responsibility of HALL COUNTY, GEORGIA's management. Our responsibility is to express an opinion on HALL COUNTY, GEORGIA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HALL COUNTY, GEORGIA's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on HALL COUNTY, GEORGIA's compliance with those requirements.

In our opinion, HALL COUNTY, GEORGIA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of HALL COUNTY, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered HALL COUNTY, GEORGIA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

*Barton Carter, Co., LLP*

**HALL COUNTY, GEORGIA  
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

- I SUMMARY OF AUDITORS' RESULTS:**
1. Report issued on Financial Statements - Unqualified opinion.
  2. Compliance (financial statements) – One material instances of noncompliance.
  3. Internal Control (financial statements) – One significant deficiency, no material weaknesses.
  4. Compliance (major programs) - Unqualified opinion, no instances of noncompliance.
  5. Internal control (major programs) - Unqualified opinion.
  6. Audit findings required to be reported under A133 Section 510(a)
    - i) Significant deficiencies in internal controls over major programs–None reported
    - ii) Material noncompliance related to major programs – None reported
    - iii) Known questioned costs greater than \$10,000 for major programs – None reported
    - iv) Known questioned costs greater than \$10,000 for a program not audited as major - None reported
    - v) Circumstances if report on compliance is other than unqualified - N/A
    - vi) Known fraud - N/A
    - vii) Misrepresentation in schedule of prior audit findings – None reported
  7. Major programs for the year – Edward Byrne JAG Grant, CFDA 16.804; Transportation Grant, CFDA 20.507.
  8. Dollar threshold used to distinguish between Type A and Type B programs - \$300,000.
  9. Does the auditee qualify as a low risk auditee under A133 Section 530 - Yes.

**II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS**

**Finding Number**

**COMPLIANCE**

**FINANCE**

**09-01 Statement of Condition:**

Four checking accounts for Hall County Board of Commissioners at Regions Bank were not adequately collateralized at June 30, 2009 by a total of \$92,367.

**Criteria:**

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

**Effect of Condition:**

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

**Cause of Condition:**

Cause of condition is unknown.

**Recommendation:**

We recommend that all public funds be adequately secured.

**Response:**

These are funds not managed by the Finance Department but by Elected Officials and were not initially set up as Government accounts. Finance Director has notified Regions Bank and is now on an automated notice of collateralization weekly. Finance Department has started initiative with Elected Officials to change accounts to the County banking umbrella instead of by individual office in order to protect all funds, in addition, to reduce banking costs.

**SIGNIFICANT DEFICIENCY**

**EMS**

**09-02 Statement of Condition:**

It was noted during the audit that the monthly summary reports ending balance did not agree with the ending balance on the Aging Patient Detail Report. The difference in the two reports was approximately \$800,000.

**Criteria:**

Reports generated manually should agree with reports generated by software which maintains EMS receivables.

**Effect of Condition:**

The manual reports are used to summarize information such as total sales, collections, refunds, write-offs, and adjustments by the month and year to date. Since the ending accounts receivable balance did not agree with system reports the information presented can not be relied upon.

**Cause of Condition:**

Cause of condition is unknown.

**Recommendation:**

We recommend that the monthly manual reports be reconciled to the system generated reports on a monthly basis to ensure information presented is accurate.

**Response:**

Monthly manual reports will be reconciled to the system generated reports on a monthly basis.

### **III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

There were no findings or questioned costs relating to Federal awards reported for the year ended June 30, 2009.

*Barton, Carter, & Co., LLP*