UNION COUNTY, GEORGIA

FINANCIAL REPORT

For the Year Ended December 31, 2010

UNION COUNTY, GEORGIA
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Lamar Paris, Commissioner
Union County, 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 Union County, Georgia, as of and for the year ended December 31, 2010, which collectively comprise Union County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Union County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit, Union County Department of Public Health, which represents 2.7% of the assets and 81.9% of the revenues of the discretely presented component units. Those financial statements, as of June 30, 2010, were audited by other auditors whose report have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Union County Department of Public Health, are based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Georgia, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2011, on our consideration of Union County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management

about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Projects Constructed with Special Local Option Sales Tax is presented for purposes of additional analysis as required by Official Code of Georgia section 48-8-121 and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Projects Constructed with Special Local Option Sales Tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

R L Jennings & Rogers, PC

Ellijay, Georgia
August 18, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Union County, Georgia annual financial report, Union County's management is pleased to provide this narrative discussion and analysis of the financial activities of Union County for the year ended December 31, 2010. Union County's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

Union County's assets exceeded its liabilities by $46,008,495 (net assets) for the year reported. This represents an increase of $2,067,585 over the previous year.

Total net assets are comprised of the following:

1) Capital assets, net of related debt, of $33,421,302 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
2) Net assets of $3,722,749 are restricted by constraints imposed from outside Union County such as debt covenants, grantors, laws, or regulations.
3) At the end of the current year, unreserved and undesignated General Fund balance increased from $4,363,779 to $4,945,388. This increase of $581,609 is approximately 5.06 percent of total General Fund expenditures.

Union County's governmental funds reported total ending fund balance of $7,012,389 this year. This compares to the prior year ending fund balance of $6,992,329 showing an increase of $20,060 during the current year.

At the end of the current fiscal year, unreserved designated and undesignated fund balance for Union County's governmental funds was $3,472,430. The increase in unreserved designated and undesignated funds is due primarily to the reduction of interfund liabilities within funds from reserved to unreserved fund balances. Reserved fund balance is primarily for the County debt to be paid.

Overall, Union County continues to maintain a strong financial position, in spite of a challenging economy.

The above financial highlights are explained in more detail in the "fiscal analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document is intended to serve as an introduction to Union County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Union County also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in year 2010.

Government-wide Financial Statements

Union County's comprehensive annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about Union County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets.* This is the government-wide statement of position presenting information that includes all of Union County's assets and liabilities, with the difference reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Union County as a whole is improving or deteriorating. Evaluation of the overall health of Union County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

The government-wide financial statements are designed to provide readers with a broad overview of Union County's finances, in a manner similar to private-sector business. The *Statement of Activities*, reports how Union County's net assets changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of Union County's distinct activities or functions on revenues provided by Union County's taxpayers.

In the Statement of Net Assets and the Statement of Activities, Union County is divided into three kinds of activities:

- Governmental activities - Most of Union County's basic services are reported here, including the police, fire, community development, transportation, information services, environmental and general administration. Property taxes, public service taxes and franchise fees finance the majority of these activities.
- Business-type activities - Union County charges a fee to customers to help it cover all or most of the cost of certain services it provides. Union County's Golf Course and park and recreation activities are reported here.
- Component units - Union County includes two separate legal entities in its report - Union County Department of Public Health and Union County Development Authority. Although legally separate, these "component units" are important because Union County provides monthly supplements and pays a portion of operating cost and is financially accountable for them.

The Government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on Union County's most significant funds rather than Union County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

Union County has three kinds of funds:

Governmental funds - The majority of Union County's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of Union County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance for Union County's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 14 through 19 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

Union County maintains three major and fourteen non-major governmental funds. Union County's major governmental funds are: General, SPLOST II, and SPLOST III. Union County's major and non-major funds types consist of: Special Revenue, Capital Projects, and Debt Service governmental fund-types.

Proprietary funds - Union County charges customers for the services it provides, whether to outside customers or to other units within Union County. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, Union County's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which Union County charges customers a fee. The two County proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to Union County's organization for the County's golf course and park and recreation activities.

The basic enterprise fund financial statements are presented on pages 20 through 22 of this report.

Union County maintains two enterprise funds: Golf Course and Meeks Park.

Fiduciary funds - Union County uses fiduciary funds to account for resources held for the benefit of parties outside county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Union County government's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. These funds are presented on pages 23 and 24 of this report.

Notes to the Financial Statements

The basic financial statements include notes that explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Budgetary Presentations

Budgetary comparison statements are included as "basic financial statements" for the general fund. These statements and schedules demonstrate compliance with Union County's adopted and final revised budget.

Supplementary Financial Information

As discussed, Union County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds presented as supplementary financial information of this report begin on page 45.

Financial Analysis of Union County as a Whole

Union County's net assets at year-end are $46 million. The following table provides a summary of Union County's net assets:

Summary of Net Assets (Exhibit A-1)

	Governmental Activities 2009	Governmental Activities 2010	Business Activities 2009	Business Activities 2010	Total 2009	Total 2010	Percentage of Total 2010
Assets:							
Current	$ 14,451,647	$ 14,994,498	$ (138,642)	$ (199,115)	$ 14,313,005	$ 14,795,383	28%
Capital	33,672,477	34,787,651	3,108,106	3,035,164	36,780,583	37,822,815	72%
Total assets	48,124,124	49,782,149	2,969,464	2,836,049	51,093,588	52,618,198	100%
Liabilities:							
Current	802,802	1,289,040	47,044	32,310	849,846	1,321,350	20%
Long-Term	6,263,840	5,250,265	38,992	38,088	6,302,832	5,288,353	80%
Total Liabilities	7,066,642	6,539,305	86,036	70,398	7,152,678	6,609,703	100%
Net assets:							
Investment in capital assets, net of debt	28,404,572	30,424,226	3,033,730	2,997,076	31,467,063	33,421,302	73%
Restricted	9,734,320	3,722,749	-	-	9,734,320	3,722,749	8%
Unrestricted	2,918,590	9,095,869	(150,302)	(231,425)	2,768,288	8,864,444	19%
Total net assets	$ 41,057,482	$ 43,242,844	$ 2,883,428	$ 2,765,651	$ 43,940,910	$ 46,008,495	100%

Union County continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. For Union County overall, the current ratio is 11 to 1. The national trend indicators state that the standard ratio is 2 to 1. The stated overall ratio of 11 to 1 reflects Union County's financial strength.

Union County reported positive balances in net assets for governmental type activities. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business-type activities net assets are $2,765,651. This analysis focuses on the net assets (Exhibit A-1) and revenues and expenses (Exhibit A-2) of Union County's governmental and business-type activities. Net assets increased $2,185,362 for governmental activities and decreased by $117,777 for Business-type activities. Union County's overall financial position improved during 2010.

Note that approximately 70 percent of the governmental activities' net assets are tied up in capital. Union County uses these capital assets to provide services to its citizens. However, with business-type activities, Union County has spent approximately 100 percent of its net assets on capital. Capital assets in the business-type activities provide services and generate revenues for this fund. Seventy-two percent of Union County's total net assets are included in capital assets.

The following table provides a summary of Union County's changes in net assets:

Summary of Changes in Net Assets (Exhibit A-2)

	Governmental Activities 2009	Governmental Activities 2010	Business Activities 2009	Business Activities 2010	Total 2009	Total 2010	% Total 2010
Revenues:							
Program revenue:							
Charges for services	$ 1,867,034	$ 1,791,839	$ 837,216	$766,953	$ 2,704,250	$2,558,792	14%
Operating Grants	367,379	1,317,018	-	-	367,379	1,317,018	7%
Capital Grants	1,001,334	883,234	-	-	1,001,334	883,234	5%
General revenue:							
Property taxes	6,970,383	6,772,003	-	-	6,970,383	6,772,003	36%
Business	935,220	964,961	-	-	935,220	964,961	5%
Sales taxes	5,677,094	5,903,527	-	-	5,677,094	5,903,527	32%
Other	204,747	122,584	-	10,657	204,747	133,241	1%
Total Revenue	17,023,191	17,755,166	837,216	777,610	17,860,407	18,532,776	100%
Program Expenses							
General government	3,356,397	3,328,941	-	-	3,356,397	3,328,941	20%
Judicial	1,029,570	982,504	-	-	1,029,570	982,504	6%
Health & Welfare	601,456	1,096,738	-	-	601,456	1,096,738	7%
Housing and Development	649,695	613,821	-	-	649,695	613,821	4%
Public safety	6,136,693	5,577,212	-	-	6,136,693	5,577,212	34%
Public works	2,506,055	2,974,269	-	-	2,506,055	2,974,269	18%
Culture & Rec.	211,909	202,222	-	-	211,909	202,222	1%
Interest	197,240	122,838	-	-	197,240	122,838	1%
Golf Course	-	-	728,327	647,869	728,327	647,869	4%
Meeks Park	-	-	873,195	918,777	873,195	918,777	5%
Total Expenses	14,689,015	14,898,545	1,601,522	1,566,646	16,290,537	16,465,191	100%
Excess (deficiency)	2,334,176	2,856,621	(764,306)	(789,036)	1,569,870	2,067,585	
Transfers	(953,657)	(671,259)	953,657	671,259	-	-	
Change in net assets	1,380,519	2,185,362	189,351	(117,777)	1,569,870	2,067,585	
Beginning net assets	39,676,963	41,057,482	2,694,076	2,883,428	42,371,040	43,940,910	
Ending net assets	$ 41,057,482	$ 43,242,844	$2,883,427	$2,765,651	$43,940,910	$46,008,495	

GOVERNMENTAL REVENUES

Union County's governmental activities are heavily reliant on property taxes and public service taxes to support governmental operation. Property taxes provided 36 percent and sales and use taxes provided 32 percent of Union County's total revenues. Also, note that the program revenues cover only 26 percent of the governmental operating expenses. This means that the taxpayers and Union County's other general revenues fund 74 percent of the governmental activities. As a result, the general economy and the local businesses have a major impact on Union County's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

This table presents the cost of each of Union County's programs, including the net costs (i.e., total costs less revenues generated by the activities). The net costs illustrate the financial burden that was placed on Union County's taxpayers by each of these functions.

The most significant governmental expense for Union County is providing Public Safety services such as Fire and Police protection. This comprises 38 percent of the total governmental expenditures, which was $5,577,212 for 2010. Public Safety expenses are offset by revenues collected from a variety of sources, with the largest being fines and forfeitures, which was $735,991 for 2010. The second largest cost for government is general government, totaling over $3.3 million or 22 percent of governmental expenditures. General government expenses are offset by a variety of charges for services, which totaled $496,410 for 2010. These charges for services include registration and program fees.

- The cost of all governmental activities this year was $14,898,545.
- The revenue amount that paid for most of these activities came from Union County property taxes, sales tax and business taxes of $13,640,491.
- Some of the costs were paid by those who would benefit directly from the programs and subsidies from other governments and organizations through grants and/or contributions.

Governmental Activities (Exhibit A-2)

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2010	Net Cost of Services 2010
General government	$ 3,356,397	$ 3,005,034	$ 3,328,941	$ 2,340,373
Judicial	1,029,570	1,026,080	982,504	894,618
Health & welfare	601,456	539,917	1,096,738	795,451
Housing & development	649,695	649,695	613,821	343,546
Public safety	6,136,693	3,484,752	5,577,212	4,108,028
Public works	2,506,055	2,364,715	2,974,269	2,719,119
Culture & recreation	211,909	185,835	202,222	(417,519)
Interest	197,240	197,240	122,838	122,838
Total	$ 14,689,015	$ 11,453,268	$ 14,898,545	$ 10,906,454

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this year was $647,869 for the Golf Course and $918,777 for Meeks Park as shown in Exhibit A-2, the amounts paid by the users of the systems were $511,186 and 255,767 respectively.

Financial Analysis of Union County's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements.

Governmental funds reported ending fund balances of $7,012,389. Of this year-end total, $699,290 is reserved for debt service, $43,531 is reserved for inventories, $2,744,783 is reserved for capital projects and other commitments account for the remainder. Unreserved fund balance totaled $3,742,430 reflecting an increase due to the reservation of fund balance for future obligations.

The total ending fund balances of governmental funds show an increase of $20,060 or a .2 percent increase.

Major Governmental Funds

The General Fund is Union County's primary operating fund and the largest source of the day-to-day service delivery. The General Fund's fund balance increased by $595,317.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status on a fund basis for enterprise funds. Union County has two enterprise funds, the Golf Course which reflected a decrease of $107,165 in operating revenues which resulted in an operating loss of $95,107 before depreciation. Total enterprise fund revenue increased $36,902. Meeks Park sustained an operating loss of $535,485 before depreciation for programs provided at Meeks Park and through the recreation department. This is a result of the rise in costs and the bad economy.

Component Units

Component units are legally separate organizations for which Union County is financially accountable. Union County is financially accountable for an organization if Union County appoints a voting majority of the organization's governing board and (1) Union County is able to significantly influence the programs or services performed or provided by the organizations; or (2) Union County is legally entitled to or can otherwise access the organization's resources; Union County's is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or Union County is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level. Union County has three discretely presented component units: the Union County Department of Public Health, Union County Development Authority, the Union County Building Authority and the Urban Redevelopment Authority.

Budgetary Highlights

The General Fund - The General Fund's original revenue and expenditure budget was revised to actual.

Capital Assets and Debt Administration

Capital Assets

Union County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2010, is $30,424,226 and $2,997,076 respectively. The major additions and deletions to capital for governmental activities for 2010 were:

- The capital expenditures for construction in progress increased by $2,001,573 with the primary expenditure of various projects capitalized this year.
- Capital expense associated with infrastructure (road improvements, sidewalks, etc.) was $669,379. Primary expenses in this category went for new roads.

For more information on the changes in capital assets, see Note 5.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Non-depreciable assets:						
Land & construction in progress	$ 5,827,582	$ 8,079,155	$ 2,169,139	$ 2,189,006	$ 7,996,721	$ 10,268,161
Depreciable assets:						
Land improvements	-	-	478,042	482,199	478,042	482,199
Building & improvements	17,587,366	17,855,933	1,047,056	1,060,736	18,634,422	18,916,669
Equipment & furniture	4,041,655	4,370,367	725,072	736,570	4,766,727	5,106,937
Vehicles	3,973,454	4,064,527	47,212	64,351	4,020,666	4,128,878
Infrastructure	13,426,178	14,095,557	-	-	13,426,178	14,095,557
Total depreciable assets	39,161,086	40,386,384	2,297,382	2,343,856	41,458,468	42,730,240
Less accumulated depr.	11,316,191	13,677,888	1,358,415	1,497,698	12,674,606	15,175,586
Book value – depr. assets	27,844,895	26,708,496	938,967	846,158	28,783,862	27,554,654
Percentage depreciated	29%	34%	59%	64%	31%	36%
Total Capital assets	$ 33,672,477	$ 34,787,651	$ 3,108,106	$ 3,035,164	$ 36,780,583	$ 37,822,815

At December 31, 2010, the depreciable assets for governmental activities were 34 percent depreciated. This compares to the December 31, 2009 of 29% percentage. This comparison indicates that Union County is focusing on replacing its assets at close to the same rate as they are depreciating which is a positive indicator. Note that the business-type activities are only 64% depreciated.

Long-term Debt

During the year, Union County retired $1,052,948 of prior long-term obligations. See Note 7 for additional detail of long-term debt activity.

Outstanding Borrowings as of December 31, 2010

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Capital leases	$ 227,795	$ 115,000	$ 74,376	$ 38,088	$ 302,171	$ 153,088
Contracts	600,000	500,000	-	-	600,000	500,000
Compensated absences	106,222	109,307			106,222	109,307
Landfill cost	289,713	277,533	-	-	289,713	277,533
General obligation bonds	5,040,110	4,248,425	-	-	5,040,110	4,248,425
Total	$ 6,263,840	$ 5,250,265	$ 74,376	$ 38,088	$ 6,338,216	$ 5,288,353

Economic Conditions Affecting Union County

Union County's elected and appointed officials considered many factors when adopting the 2011 budget, tax rates and fees that will be charged for the business-type activities. One of these factors is the economy. The population growth experienced by Union County has stimulated local business and development activity while increasing many of the operating cost of government. According to the Census this year the estimated population for Union County is 21,356 which is a 23.5 percent growth in ten years.

Since primary revenue streams for Union County are property taxes and sales taxes, Union County's tax revenues are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy. Union County remains the second lowest combined county/school millage rate in the state.

Key assumptions for forecasts for 2011 and the future are summarized as follows:

1. The 2010 SPLOST projects are on the way, including the Multi-purpose building, farmers market, the horse arena, moving the Choestoe school building, and the Bryon Herbert Reese project just to name a few.
2. The additional walking trails will be completed at Meeks Park.
3. A partial economic recovery.

Contacting Union County's Financial Management

This financial report is designed to provide a general overview of Union County's finances, comply with finance-related laws and regulations, and demonstrate Union County's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact Union County at 706-439-6000.

UNION COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Building Authority	Development Authority	Urban Redevelopment Agency
ASSETS							
Cash	$ 10,649,721	$ 124,552	$ 10,774,273	$ 152,244	$ 2,711	$ 191,401	$ -
Restricted cash	468,187	-	468,187	-	-	-	4,417,346
Taxes receivable	1,514,390	-	1,514,390	-	-	-	-
Accounts receivable	686,879	962	687,841	41,258	-	1,667	-
Internal balances	337,129	(337,129)	-	-	-	-	-
Due from other governments	1,048,885	-	1,048,885	-	-	-	-
Due from primary government	-	-	-	-	-	-	-
Due from component unit	122,967	-	122,967	-	-	-	-
Inventories	43,531	8,983	52,514	-	-	1,840,635	-
Prepaid expenses	52,355	-	52,355	-	-	-	-
Nondepreciable capital assets	8,534,938	2,189,005	10,723,943	-	-	66,541	609,496
Depreciable capital assets, net	26,252,713	846,159	27,098,872	5,954	-	2,855	-
Other assets	70,454	3,517	73,971	-	-	-	110,573
Total Assets	$ 49,782,149	$ 2,836,049	$ 52,618,198	$ 199,456	$ 2,711	$ 2,103,099	$ 5,137,415
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	$ 1,123,092	$ 30,326	$ 1,153,418	$ 5,035	$ -	$ 45,635	$ -
Other accrued liabilities	102,342	1,984	104,326	-	-	5,007	19,782
Due to primary government	-	-	-	-	2,711	120,256	-
Deferred revenues	63,606	-	63,606	-	-	-	-
Long-term liabilities:							
Due within one year	1,015,241	3,258	1,018,499	32,000	-	-	-
Due in more than one year	4,235,024	34,830	4,269,854	25,166	-	-	5,118,094
Total Liabilities	6,539,305	70,398	6,609,703	62,201	2,711	170,898	5,137,876
Net Assets:							
Invested in capital assets, net of related debt	30,424,226	2,997,076	33,421,302	5,954	-	69,396	-
Restricted for:							
Capital projects	2,744,783	-	2,744,783	-	-	-	-
Debt service	699,290	-	699,290	-	-	-	-
Other purposes	278,676	-	278,676	-	-	-	-
Unrestricted	9,095,869	(231,425)	8,864,444	131,301	-	1,862,805	(461)
Total Net Assets	43,242,844	2,765,651	46,008,495	137,255	-	1,932,201	(461)
Total Liabilities and Net Assets	$ 49,782,149	$ 2,836,049	$ 52,618,198	$ 199,456	$ 2,711	$ 2,103,099	$ 5,137,415

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions / Programs:	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Department of Public Health	Component Units: Building Authority	Component Units: Development Authority	Component Units: Urban Redevelopment Agency
Primary government:											
Governmental activities:											
General government	$ 3,328,941	$ 496,410	$ 492,158	$ -	$ (2,340,373)	$ -	$ (2,340,373)				
Judicial	982,504	-	87,886	-	(894,618)	-	(894,618)				
Public safety	5,577,212	1,176,835	216,611	75,738	(4,108,028)	-	(4,108,028)				
Public works	2,974,269	-	234,360	20,790	(2,719,119)	-	(2,719,119)				
Health and welfare	1,096,738	15,284	286,003	-	(795,451)	-	(795,451)				
Culture and recreation	202,222	-	-	619,741	417,519	-	417,519				
Housing and development	613,821	103,310	-	166,965	(343,546)	-	(343,546)				
Interest on long-term debt	122,838	-	-	-	(122,838)	-	(122,838)				
Total governmental activities	14,898,545	1,791,839	1,317,018	883,234	(10,906,454)	-	(10,906,454)				
Business-type activities:											
Golf course	647,869	511,186	-	-	-	(136,683)	(136,683)				
Meeks Park	918,777	255,767	-	-	-	(663,010)	(663,010)				
Total business-type activities	1,566,646	766,953	-	-	-	(799,693)	(799,693)				
Total primary government	$ 16,465,191	$ 2,558,792	$ 1,317,018	$ 883,234	(10,906,454)	(799,693)	(11,706,147)				
Component Units:											
County public health department	$ 712,491	$ 463,057	$ 317,590	$ -				$ 68,156	$ -	$ -	$ -
Building authority	-	-	-	-				-	-	-	-
Development authority	171,122	-	170,000	-				-	-	(1,122)	-
Urban redevelopment agency	461	-	-	-				-	-	-	(461)
Total component units	$ 883,613	$ 463,057	$ 487,590	$ -				68,156	-	(1,122)	(461)
General revenues:											
Taxes:											
Property taxes, levied for general purposes					6,772,003	-	6,772,003	-	-	-	-
Franchise taxes					68,367	-	68,367	-	-	-	-
Business taxes					896,594	-	896,594	-	-	-	-
General and selective sales taxes					5,903,527	-	5,903,527	-	-	-	-
Investment earnings					33,616	-	33,616	-	-	1,181	-
Miscellaneous					55,262	-	55,262	-	-	510	-
Gain on disposition of capital assets					33,706	10,657	44,363	-	-	-	-
Transfers					(671,259)	671,259	-	-	-	-	-
Total general revenues and transfers					13,091,816	681,916	13,773,732	-	-	1,691	-
Change in net assets					2,185,362	(117,777)	2,067,585	68,156	-	569	(461)
Net assets, beginning of year, restated					41,057,482	2,883,428	43,940,910	69,099	-	1,931,632	-
Net assets, end of year					$ 43,242,844	$ 2,765,651	$ 46,008,495	$ 137,255	$ -	$ 1,932,201	$ (461)

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General Fund	SPLOST II	SPLOST III	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 7,352,977	$ 1,723,384	$ 1,000,014	$ 573,346	$ 10,649,721
Restricted cash	-	-	-	468,187	468,187
Taxes receivable, net	1,501,531	-	-	12,859	1,514,390
Due from component units	122,967	-	-	-	122,967
Due from other governments	436,242	-	492,301	120,342	1,048,885
Other receivables	607,875	-	-	79,004	686,879
Due from other funds	6,921,780	3,880,560	1,439,044	296,202	12,537,586
Inventories	43,531	-	-	-	43,531
Prepaid expenses	52,355	-	-	-	52,355
Total Assets	$ 17,039,258	$ 5,603,944	$ 2,931,359	$ 1,549,940	$ 27,124,501
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 1,075,956	$ -	$ 34,000	$ 13,136	$ 1,123,092
Due to other funds	4,197,077	5,587,759	168,761	2,246,860	12,200,457
Deferred revenue	6,642,773	-	-	63,612	6,706,385
Other accrued expenses	82,178	-	-	-	82,178
Total Liabilities	11,997,984	5,587,759	202,761	2,323,608	20,112,112
Fund Balances:					
Reserved for:					
Inventories	43,531	-	-	-	43,531
Prepaid items	52,355	-	-	-	52,355
Debt service	-	-	-	699,290	699,290
Capital projects	-	16,185	2,728,598	-	2,744,783
Other purposes	-	-	-	-	-
Unreserved	4,945,388	-	-	-	4,945,388
Unreserved, reported in nonmajor funds:					
Special revenue funds	-	-	-	(1,555,726)	(1,555,726)
Capital projects funds	-	-	-	82,768	82,768
Total Fund Balances (Deficit)	5,041,274	16,185	2,728,598	(773,668)	7,012,389
Total Liabilities and Fund Balances	$ 17,039,258	$ 5,603,944	$ 2,931,359	$ 1,549,940	$ 27,124,501

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
December 31, 2010

Total fund balances - governmental funds		$ 7,012,389
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net assets. The cost of the capital assets is $48,465,539, and accumulated depreciation is $13,677,888.		34,787,651
Certain other long-term assets (such as deferred taxes) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net assets.		6,642,779
Certain other long-term assets are not available to pay current period expenditures and, therefore, are not reported in governmental funds.		
Unamortized bond issue costs		70,454
Long-term liabilities are not due and payable in the current period and, therefore, are reported as liabilities in the funds.		
Contracts	(500,000)	
Capital leases	(115,000)	
Bonds	(4,248,425)	
Compensated absences	(109,307)	
Landfill post-closure	(259,621)	
Accrued interest	(38,076)	(5,270,429)
Total net assets - governmental activities		$ 43,242,844

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General Fund	SPLOST II	SPLOST III	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 10,414,708	$ -	$ 3,226,533	$ 95,768	$ 13,737,009
Licenses and permits	127,200	-	-	-	127,200
Intergovernmental	759,708	-	-	474,063	1,233,771
Charges for services	468,664	-	-	320,661	789,325
Fines and forfeitures	640,385	-	-	95,606	735,991
Interest income	20,677	2,898	2,297	7,744	33,616
Contributions and donations	244,630	-	-	-	244,630
Miscelianeous	253,608	-	166,965	7,761	428,334
Total Revenues	12,929,580	2,898	3,395,795	1,001,603	17,329,876
Expenditures:					
Current:					
General government	3,022,288	-	-	-	3,022,288
Judicial	937,367	-	-	32,066	969,433
Public safety	4,271,470	-	-	713,479	4,984,949
Public works	1,134,353	-	-	-	1,134,353
Health and welfare	1,061,788	-	-	17,684	1,079,472
Culture and recreation	202,222	-	-	-	202,222
Housing and development	472,884	-	-	135,143	608,027
Intergovernmental	-	-	255,000	-	255,000
Debt service:					
Principal	212,795	-	-	785,000	997,795
Interest and other charges	7,672	-	-	129,840	137,512
Capital outlay:					
General government	-	-	60,265	-	60,265
Judicial	-	-	-	-	-
Public safety	54,275	-	275,490	96,868	426,633
Public works	-	36,421	632,682	-	669,103
Health and welfare	107,704	-	6,891	-	114,595
Culture and recreation	-	-	1,244,229	368,925	1,613,154
Housing and development	-	-	407,802	-	407,802
Total Expenditures	11,484,818	36,421	2,882,359	2,279,005	16,682,603
Excess (deficiency) of revenues over expenditures	1,444,762	(33,523)	513,436	(1,277,402)	647,273
Other Financing Sources (Uses):					
Proceeds from sale of assets	32,584	-	-	-	32,584
Proceeds from insurance recovery	11,462	-	-	-	11,462
Transfers in	105,847	336,112	550	944,787	1,387,296
Transfers out	(999,338)	-	(953,009)	(106,208)	(2,058,555)
Total other financing sources and uses	(849,445)	336,112	(952,459)	838,579	(627,213)
Net change in fund balances	595,317	302,589	(439,023)	(438,823)	20,060
Fund balances, beginning of year, as restated	4,445,957	(286,404)	3,167,621	(334,845)	6,992,329
Fund balances (deficit), end of year	$ 5,041,274	$ 16,185	$ 2,728,598	$ (773,668)	$ 7,012,389

The notes to financial statements are an integral part of this statement.

UNION 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 December 31, 2010

Total net change in fund balances - governmental funds:	$	20,060
Amounts reported for governmental activities in the statement of activities are different because:		
Government funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense. This is the amount by which capital outlays of $3,609,581 exceeded depreciation of $2,504,857 in the current period.		1,104,724
Contributed capital assets are reported as revenue on the government-wide statement of activities but are not reported in the governmental funds.		20,790
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the disposition increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the asset disposed.		(10,340)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal payments on bonded debt in the current period.		997,795
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		44,505
In the statement of activities, certain operating expenses--compensated absences, landfill post-closure expenses, and interest on long-term debt---are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Compensated absences		(3,085)
Bond issuance costs, net of amortization		(15,941)
Bond premium, net of amortization		6,685
Landfill closure and post-closure costs		12,180
Interest on long-term debt		7,989
Change in net assets of governmental activities	$	2,185,362

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	$ 7,208,624	$ 6,727,498	$ 6,727,498	$ -
Franchise taxes	40,000	68,367	68,367	-
Business taxes	916,000	896,594	896,594	-
Sales and use tax	2,600,000	2,581,226	2,581,226	-
Licenses and permits	145,040	127,200	127,200	-
Intergovernmental	656,800	759,708	759,708	-
Charges for services	316,550	467,785	467,785	-
Fines and forfeitures	547,000	640,385	640,385	-
Investment earnings	37,000	20,677	20,677	-
Miscellaneous	576,627	256,187	256,187	-
Contributions and donations	100,000	244,630	244,630	-
Penalties and interest	60,000	139,323	139,323	-
Total Revenues	13,203,641	12,929,580	12,929,580	-
Expenditures:				
General government:				
Executive	258,517	266,871	266,871	-
Elections	139,675	146,494	146,494	-
General administration	428,430	1,454,710	1,454,710	-
Financial administration	115,562	116,324	116,324	-
Licensing	-	14,502	14,502	-
Purchasing	-	-	-	-
Law	50,000	62,147	62,147	-
Data processing	80,604	74,799	74,799	-
Tax commissioner	279,831	286,537	286,537	-
Tax assessor	382,655	285,265	285,265	-
Risk management	247,000	198,897	198,897	-
General government buildings	308,711	292,766	292,766	-
Public information	55,000	51,361	51,361	-
General engineering	-	-	-	-
Judicial:				
Judicial administration	3,900	4,174	4,174	-
Superior court	125,475	112,338	112,338	-
Clerk of Superior Court	276,482	233,100	233,100	-
District attorney	82,501	62,324	62,324	-
Magistrate court	178,538	167,732	167,732	-
Probate court	237,080	200,363	200,363	-
Juvenile court	79,756	62,854	62,854	-
Grand jury	2,200	1,459	1,459	-
Public defender	87,726	87,776	87,776	-
Public Safety:				
Sheriff	1,930,953	2,008,535	2,008,535	-
Vice control	72,670	67,276	67,276	-
Jail operations	1,180,762	1,276,249	1,276,249	-
Fire and emergency management	757,424	753,027	753,027	-
Ambulance	500,000	500,000	500,000	-

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2010

(continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Fire stations and buildings	77,026	85,636	85,636	-
Coroner	21,519	27,330	27,330	-
Animal control	137,360	112,941	112,941	-
Public Works:				
Highways and streets administrative	823,640	959,696	959,696	-
Paved street	-	-	-	-
Unpaved street	-	-	-	-
Solid waste and recycling administration	66,200	25,701	25,701	-
Public education	-	15,680	15,680	-
Maintenance and shop	146,498	133,276	133,276	-
Health and Welfare:				
Public health administration	202,986	186,430	186,430	-
Intergovernmental welfare payments	36,900	105,734	105,734	-
Senior citizens center	153,822	129,600	129,600	-
Community center	75,999	76,086	76,086	-
Transportation services	97,622	171,641	171,641	-
Culture and Recreation:				
Culture and recreation administration	54,585	30,221	30,221	-
Library administration	182,290	172,001	172,001	-
Housing and development:				
Conservation administration	63,220	61,947	61,947	-
Agricultural resources	50,066	33,018	33,018	-
Building inspection	215,850	166,866	166,866	-
Planning and zoning	51,109	43,809	43,809	-
Economic development	185,497	159,325	159,325	-
Total Expenditures	10,503,641	11,484,818	11,484,818	-
Excess (Deficiency) of Revenues over Expenditures	2,700,000	1,444,762	1,444,762	-
Other Financing Sources (Uses):				
Proceeds from the sale of assets	-	32,584	32,584	-
Proceeds from insurance recovery	-	11,462	11,462	-
Transfers in	-	105,847	105,847	-
Transfers out	(2,700,000)	(999,338)	(999,338)	-
Total Other Financing Sources and Uses	(2,700,000)	(849,445)	(849,445)	-
Net change in fund balance	-	595,317	595,317	-
Fund balance, beginning of year	4,445,957	4,445,957	4,445,957	-
Fund balance, end of year	$ 4,445,957	$ 5,041,274	$ 5,041,274	$ -

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 37,323	$ 87,229	$ 124,552
Due from other funds	2,890	17,425	20,315
Other receivables	962	-	962
Inventories	8,983	-	8,983
Total Current Assets	50,158	104,654	154,812
Noncurrent Assets:			
Capital Assets:			
Land, improvements, and construction in progress not being depreciated	1,690,345	498,660	2,189,005
Other capital assets, net of depreciation	239,693	606,466	846,159
Total capital assets	1,930,038	1,105,126	3,035,164
Deposits	3,517	-	3,517
Total Noncurrent Assets	1,933,555	1,105,126	3,038,681
Total Assets	$ 1,983,713	$ 1,209,780	$ 3,193,493
LIABILITIES AND NET ASSETS			
Liabilities:			
Current Liabilities:			
Accounts payable	$ 4,330	$ 25,996	$ 30,326
Due to other funds	345,444	12,000	357,444
Other accrued liabilities	1,984	-	1,984
Capital leases, due within one year	3,258	-	3,258
Total Current Liabilities	355,016	37,996	393,012
Noncurrent Liabilities:			
Capital leases, net of current portion	34,830	-	34,830
Total Liabilities	389,846	37,996	427,842
Net Assets:			
Invested in capital assets, net of related debt	1,891,950	1,105,126	2,997,076
Unrestricted	(298,083)	66,658	(231,425)
Total Net Assets	1,593,867	1,171,784	2,765,651
Total Liabilities and Net Assets	$ 1,983,713	$ 1,209,780	$ 3,193,493

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
Operating Revenues:			
Charges for services	$ 511,186	$ 255,767	$ 766,953
Operating Expenses:			
Personal services	234,023	285,386	519,409
Contractual services	44,078	-	44,078
Utilities	25,401	115,962	141,363
Repairs and maintenance	77,929	129,587	207,516
Supplies and expenses	224,862	260,317	485,179
Depreciation	38,368	127,525	165,893
Total Operating Expenses	644,661	918,777	1,563,438
Operating Income (loss)	(133,475)	(663,010)	(796,485)
Nonoperating Revenues (Expenses):			
Interest expense	(3,208)	-	(3,208)
Gain on disposition of capital assets	-	10,657	10,657
Total Nonoperating Revenue (Expenses)	(3,208)	10,657	7,449
Net Income (Loss) Before Transfers	(136,683)	(652,353)	(789,036)
Transfers:			
Transfers in	-	671,259	671,259
Total Transfers	-	671,259	671,259
Change in net assets	(136,683)	18,906	(117,777)
Total net assets, beginning of year	1,730,550	1,152,878	2,883,428
Total net assets, end of year	$ 1,593,867	$ 1,171,784	$ 2,765,651

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
Cash Flows from Operating Activities:			
Receipts from customers	$ 511,828	$ 255,767	$ 767,595
Payments to suppliers	(349,737)	(488,381)	(838,118)
Payments to employees	(234,023)	(285,386)	(519,409)
Net cash provided by (used in) operating activities	(71,932)	(518,000)	(589,932)
Cash Flows from Non-Capital Financing Activities:			
Interfund loans-proceeds and collections	162,700	(39)	162,661
Transfers and operating subsidies, net	-	671,259	671,259
Reimburseable payments	(120)	-	(120)
Net cash provided by (used in) non-capital financing activities	162,580	671,220	833,800
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(14,479)	(87,965)	(102,444)
Principal paid on debt	(36,288)	-	(36,288)
Interest paid on debt	(3,208)	-	(3,208)
Net cash provided by (used in) capital and related financing activities	(53,975)	(87,965)	(141,940)
Net increase (decrease) in cash	36,673	65,255	101,928
Cash, beginning of year	650	21,974	22,624
Cash, end of year	$ 37,323	$ 87,229	$ 124,552
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (133,475)	$ (663,010)	$ (796,485)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	38,368	127,525	165,893
Change in assets and liabilities:			
Accounts receivable	-	-	-
Inventories	20,084	-	20,084
Prepaid items	(75)	-	(75)
Accounts payable	4,330	17,485	21,815
Other accrued liabilities	(1,164)	-	(1,164)
Net cash provided by (used in) operating activities	$ (71,932)	$ (518,000)	$ (589,932)

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Decemer 31, 2010

	Agency Funds	Pension Trust Fund
Assets		
Cash and cash equivalents	$ 538,046	$ -
Restricted cash	160,411	-
Investments, held for pension benefits:		
Mutual funds	-	818,184
Taxes receivable	2,221,791	-
Total Assets	$ 2,920,248	$ 818,184
Liabilities and Net Assets		
Liabilities:		
Due to others	$ 2,920,248	$ -
Net Assets held in trust for pension benefits		818,184
Total Liabilities and Net Assets		$ 818,184

The notes to financial statements are an integral part of this statement.

UNION COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2010

	Pension Trust Fund
Additions:	
Employer contributions	$ 103,919
Investment earnings	491
Net appreciation (depreciation) in fair value of assets	102,419
Total Additions	206,829
Deductions:	
Benefits and claims	67,227
Total Deductions	67,227
Change in net assets	139,602
Net assets held in trust for pension benefits, beginning of year	678,582
Net assets held in trust for pension benefits, end of year	$ 818,184

The notes to financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Union County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America 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 County's proprietary funds apply all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the County's accounting policies are described below.

A. The Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The County's financial statements include the accounts of all operations. The criteria for including organizations within the County's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 14 (GASB 14), "The Financial Reporting Entity", is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The financial statements of component units have been included either as blended or discretely presented component units. Blended component units, although legally separate entities are in substance, part of the County's operations and so financial data from these units are combined with the financial data of the primary government. The Union County Finance Corporation is considered a blended component unit of the County and is shown as blended with the primary government. Agencies included as departments in the General Fund are not considered controlled by the County. Therefore, expenditure amounts represent only County contributions to those entities or amounts that the County is receiving as reimbursements. Revenues from the offices of other elected officials are included in the General Fund. The Union County Tax Commissioner disburses a portion of taxes collected to the Union County Board of Education and the State of Georgia. However, these entities are not considered controlled by the County and are excluded from the entity. The Housing Authority is considered a related organization.

Each discretely presented component unit is reported in a separate column in the combined financial statements. The Union County Department of Public Health, the Union County Building Authority, and the Union County Development Authority are shown as discretely presented component units. Discretely presented component units are shown in a separate column on the combined financial statements to emphasize legal separation from the County.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Union County Department of Public Health provides health related services to the citizens of Union County. The County provides monthly supplements and pays a portion of operating costs directly. Complete financial statements for the year ended June 30, 2010 of the individual component unit can be obtained directly from their administrative office. The address for this administrative office is as follows:

Georgia Department of Health Resources
Northwest Health District
111 Bryant Crossing, Suite AA
Dalton, Georgia 30720

The Union County Development Authority acts as a catalyst in the development and promotion of trade, commerce, industry, and employment opportunities within Union County. Information included herein has been complied from the records of the Authority. Complete financial statements for the year ended December 31, 2010 can be obtained directly from their administrative office. The address is as follows:

Union County Development Authority
P.O. Box 801
Blairsville, Georgia 30512

The Union County Building Authority was organized for the purpose of acquiring equipment and financing the equipment for the County. Separately issued financial statements are not available for the Union County Building Authority as of December 31, 2010.

The Union County Rural Urban Redevelopment Authority was organized for the purpose of acquiring debt and financing the construction of the multipurpose building location on the golf course property. Separately issued financial statements are not available for the Union County Rural Urban Redevelopment Authority as of December 31, 2010.

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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Basis of 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 the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. At the fund level, property tax payments received in advance of the fiscal year they are intended to finance are reported as deferred income. 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 taxes, franchise taxes, licenses, and investment income 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 County.

The County reports the following major governmental funds:

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

The Special Purpose Local Option Sales Tax II Fund (SPLOST II) is used to account for the revenues (which are collected for the purpose of capital projects other than roads and bridges) and expenditures relating to the 2003 1% Special Purpose Local Option Sales Tax.

The Special Purpose Local Option Sales Tax III Fund (SPLOST III) accounts for the revenues and expenditures related to the 2009 1% Special Purpose Local Option Sales Tax. The resolution includes various capital projects for the County. In addition, there is an intergovernmental agreement with the City of Blairsville as the City receives of a percentage of the revenues for funding capital projects within the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County reports the following major proprietary funds:

The Golf Course Fund is used to account for the operations of the Butternut Creek Golf Course.

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 this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 non-operating 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 revenue of the enterprise fund is charges to customers for sales and services provided. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary fund reporting focuses on net assets. The County's fiduciary funds are agency funds and a pension trust fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. Constitutional officers use these funds to temporarily hold assets. The pension trust fund accounts for activities related to the public employees retirement system.

D. Cash and Cash Equivalents

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

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as 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."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventory

Inventories consist of supplies and are stated at cost. Inventories are accounted on the first-in, first-out (FIFO) method of accounting for inventories. The County uses the purchases method of accounting for inventories; in which materials and supplies are recorded as expenses when purchased and are adjusted as inventory when accounted for at interval periods during the year or at year-end.

G. Prepaid Items

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.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB 34, infrastructure assets acquired prior to July 1, 2004, have been capitalized. 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. 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 useful lives are expensed as incurred.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	*Years*
Buildings	50
Improvements other than buildings	20
Machinery and equipment	3 - 20
Infrastructure	7 - 50
Vehicles	2 - 15

I. Compensated Absences

The County offers full-time employees vacation and sick leave as compensated absences. In accordance with the provisions of Statement of Government Accounting Standards No. 16, "Accounting for Compensated Absences," the vacation pay is accrued.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

J. 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, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. 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 County applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted
net assets are available.

L. Use of Estimates

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

NOTE 2. LEGAL COMPLIANCE - BUDGETS

The applicable statutes of the State of Georgia require the County to operate under an annual balanced budget adopted by the County Commissioner. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Budget revisions at this level are subject to final review by the County Commissioner.

Annual budgets are adopted for all governmental funds and proprietary funds. On or before August 15 of the preceding year, all departments of the government submit requests for appropriations to the government's

NOTE 2. LEGAL COMPLIANCE – BUDGETS (concluded)

manager so that a budget may be prepared. Before September 1, the proposed budget is presented to the County Commissioner for review. The County Commissioner holds a public hearing and a final budget must be prepared and adopted no later than December 31. The budget is adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies.

NOTE 3. DEPOSITS AND INVESTMENTS

State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of December 31, 2010, the County's deposit balances were fully collateralized or insured by FDIC coverage.

Currently, the County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are valued based on quoted market prices.

The County's deposit balances invested in Georgia Fund One local government investment pool has not been categorized as to level of risk because it is a pool managed by another government. Georgia Fund One, which was created by the Official Code of Georgia Annotated (OCGA) 36-83-8, is a state net asset value investment pool, which follows Standard and Poor's criteria for AAA rated market funds.

The pool is not registered with the SEC as an investment company. Georgia Fund One is administered by the State of Georgia Office of Treasury and Fiscal Services.

At December 31, 2010, the County had the following investments in the Pension Trust Fund:

Investment	Maturities	Credit Rating	Fair Value
Mutual Funds	2.7 to 6.9 weighted average	AAA to B	$ 815,135

NOTE 4. RECEIVABLES

Receivables at December 31, 2010, for the County's governmental funds in the aggregate are as follows:

	General	SPLOST III	Nonmajor	Total
Receivables:				
Property taxes	$ 1,501,531	$ -	$ -	$ 1,501,531
Other governments:				
Sales tax	393,837	492,301	-	886,138
Grants and contracts	-	-	137,231	137,231
Reimbursements	-	-	-	-
Miscellaneous	42,405	-	-	42,405
Accounts:				
Payments in lieu of tax	154,478	-	-	154,478
Franchise	-	-	-	-
Hotel/motel tax	-	-	12,859	12,859
Business	-	-	-	-
Health cost reimbursements	433,648	-	-	433,648
E-911	19,749	-	58,129	77,878
Miscellaneous	-	-	3,986	3,986
Gross receivables	2,545,648	492,301	212,205	3,250,154
Less allowance	-	-	-	-
Net receivables	$ 2,545,648	$ 492,301	$ 212,205	$ 3,250,154

Property taxes were levied September 2010. Bills are payable on or before December 20, 2010, after which the applicable property is subject to lien and penalties and interest as assessed. The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The total current levy for the 2011 digest was $19,475,846 in total for all jurisdictions. As of December 31, 2010, any receivables, plus any amounts collected prior to year-end, for the 2010 digest are deferred revenues, since those revenues are intended to finance expenditures in the subsequent fiscal year. The receivables collected during 2010 for the 2009 and prior year levies are recognized as revenues in the year ended December 31, 2010. Net receivables for the 2009 and prior year digest levies that are estimated to be collected subsequent to February 28, 2011 are recorded as revenue when received. Property taxes attached as an enforceable lien on property as of a date not yet determined.

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NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning of year	Increases	Reclassifications and Decreases	End of year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,317,883	$ 250,000	$ -	$ 2,567,883
Construction in progress	3,509,699	2,457,356	(455,783)	5,511,272
Total capital assets, not being depreciated	5,827,582	2,707,356	(455,783)	8,079,155
Capital assets, being depreciated:				
Infrastructure	13,426,178	669,379	-	14,095,557
Buildings and improvements	17,587,366	28,600	239,967	17,855,933
Machinery and equipment	4,041,655	70,463	125,816	4,237,934
Furniture and fixtures	132,433	-	-	132,433
Vehicles	3,973,454	154,573	(63,500)	4,064,527
Total capital assets, being depreciated	39,161,086	923,015	302,283	40,386,384
Less accumulated depreciation for:				
Infrastructure	3,172,009	1,423,311	-	4,595,320
Buildings and improvements	3,388,295	368,246	-	3,756,541
Machinery and equipment	2,190,919	338,446	(88,159)	2,441,206
Furniture and fixtures	59,868	6,907	-	66,775
Vehicles	2,505,100	367,947	(55,001)	2,818,046
Total accumulated depreciation	11,316,191	2,504,857	(143,160)	13,677,888
Total capital assets, being depreciated, net	27,844,895	(1,581,842)	445,443	26,708,496
Governmental activities capital assets, net	$ 33,672,477	$ 1,125,514	$ (10,340)	$ 34,787,651

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NOTE 5. CAPITAL ASSETS (continued)

	Beginning of year	Increases	Reclassifications and Decreases	End of year
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 1,690,346	$ -	$ -	$ 1,690,346
Land improvements	448,590	-	-	448,590
Construction in progress	30,203	26,367	(6,500)	50,070
Total capital assets not being depreciated	2,169,139	26,367	(6,500)	2,189,006
Capital assets, being depreciated:				
Land improvements	478,042	4,157	-	482,199
Buildings and improvements	1,047,056	13,680	-	1,060,736
Equipment and furniture	725,072	39,361	(27,863)	736,570
Vehicles	47,212	18,879	(1,740)	64,351
Total capital assets being depreciated	2,297,382	76,077	(29,603)	2,343,856
Less accumulated depreciation for:				
Land improvements	186,055	27,174	-	213,229
Buildings and improvements	618,583	79,319	-	697,902
Equipment and furniture	516,213	52,124	(25,218)	543,119
Vehicles	37,564	7,276	(1,392)	43,448
Total accumulated depreciation	1,358,415	165,893	(26,610)	1,497,698
Total capital assets being depreciated, net	938,967	(89,816)	(2,993)	846,158
Business-type activities capital assets, net	$ 3,108,106	$ (63,449)	$ (9,493)	$ 3,035,164

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NOTE 5. CAPITAL ASSETS (concluded)

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

Governmental activities:	
General government	$ 287,627
Judicial	13,071
Public safety	592,263
Public works	1,588,836
Health and welfare	17,266
Housing and development	5,794
Total depreciation expense - governmental activities	$ 2,504,857
Business-type activities:	
Culture and recreation	$ 165,893

NOTE 6. RESTRICTED ASSETS

Cash balances in the following funds are restricted for the following use:

Nonmajor fund - restricted for general obligation bond principal and interest payments	$ 468,187

NOTE 7. LONG-TERM DEBT – PRIMARY GOVERNMENT

CAPITAL LEASES

The County has entered into capital leases for various capital assets. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. The equipment acquired by the leases is included in governmental activities capital assets in the amount of $1,508,433 (cost of $1,859,420 less accumulated depreciation of $350,987) and business-type activities in the amount of $103,964 (cost of $173,274 less accumulated depreciation of $69,310.

The following is a summary of capital leases payable at December 31, 2010:

Governmental activities:	
Union County Finance Corporation / United Community Bank – for the acquisition of real property; interest rate of 4.6%; semi-annual installments ranging from $80,000 to $115,000; maturing August 2011.	$ 115,000
Business-type activities:	
Bayview Bank, FKA First Dupage Bank – for the purchase of GPS on carts; In the original amount of $166,512; interest rate of 6.5%; monthly installments of $3,258; maturing December 2011.	$ 38,088

NOTE 7. LONG-TERM DEBT – PRIMARY GOVERNMENT (continued)

Future minimum lease payments are as follows:

	Governmental activities			*Business-type activities*		
	Principal	Interest	Total	Principal	Interest	Total
2011	$ 115,000	$ 5,290	$ 120,290	$ 38,088	$ 1,008	$ 39,096

CONTRACTS

Governmental activities:

In 1979, the County entered into an agreement to provide a maximum of $100,000 annually to the Hospital Authority through the year 2015. The amount may be reduced in any given year, but only by the direction of the Hospital Authority. The remaining obligation as of December 31, 2010 was $500,000.

Future minimum payments under this agreement consisted of the following at December 31, 2010:

2011	$100,000
2012	100,000
2013	100,000
2014	100,000
2015	100,000
	$ 500,000

GENERAL OBLIGATION BONDS

Governmental activities:

The following is a summary of the outstanding long-term bond issues at December 31, 2010:

Year Issued / Purpose	Interest Rate (%)	Interest Due	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
2004/Courthouse Expansion	2.73%	Feb 1, Aug 1	8/1/2004	8/1/2009	$5,000,000	$5,000,000	$ -
2006/Courthouse Expansion	3.40%	Feb 1, Aug 1	3/23/2006	8/1/2009	1,900,000	1,900,000	-
2009/Various SPLOST Projects	Varies	Feb 1, Aug 1	2/25/2009	8/1/2015	5,000,000	-	4,215,000
							$ 4,215,000

On February 1, 2004, the County issued general obligation bonds of $5,000,000 to finance the expansion of the Courthouse. Bond issue costs totaling $113,500 were amortized over sixty months. Amortization expense for 2010 totaled $0, totally amortized in 2009. On March 23, 2006, the County issued general obligation bonds of $1,900,000 to finance the expansion of the courthouse. Bond issue costs totaling $51,750 were amortized over sixty months. Amortization expense for 2010 totaled $6,685. On February 25, 2009, the County issued general obligation bonds of $5,000,000 to finance various SPLOST III projects. Bond issuance costs totaling $98,372 are being amortized over seventy-two months. Amortization expense for 2010 totaled $17,614. Total amortization expense for 2010 was $24,299.

NOTE 7. LONG-TERM DEBT – PRIMARY GOVERNMENT (concluded)

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2010, are as follows:

Year	*Principal*	*Interest*	*Total*
2011	$800,000	$114,125	$ 914,125
2012	820,000	98,125	918,125
2013	840,000	73,525	913,525
2014	865,000	48,325	913,325
2015	890,000	26,700	916,700
	$ 4,215,000	$ 360,800	$ 4,575,800

CHANGES IN LONG-TERM DEBT

Changes in long-term liabilities consisted of the following for the year ended December 31, 2010:

Governmental activities:	Beginning Balance	Additions	Deductions	Ending Balance	Amounts due In one year
Bonds payable:					
General obligation bonds	$ 5,000,000	$ -	$ 785,000	$ 4,215,000	$ 800,000
Plus deferred amounts:					
Issuance premium	40,110	-	6,685	33,425	-
Total bonds payable	5,040,110	-	791,685	4,248,425	800,000
Capital leases	227,795	-	112,795	115,000	115,000
Contracts	600,000	-	100,000	500,000	100,000
Compensated absences	106,222	3,085	-	109,307	-
Closure and post-closure landfill costs	289,713	-	12,180	277,533	17,912
	$ 6,263,840	$ 3,085	$ 1,016,660	$ 5,250,265	$ 1,032,912
Business-type activities:					
Capital leases	$ 74,376	$ -	$ 36,288	$ 38,088	$ 38,088

All long term obligations of the County's governmental funds will be financed through future expendable available financial resources as they become due. Principal and interest payments related to the County's enterprise funds are financed from income derived from operations of the Golf Course Fund and Meeks Park Fund. The compensated absences and closure and post-closure landfill liabilities will be paid from the General Fund.

NOTE 8. LONG-TERM DEBT – COMPONENT UNIT

REVENUE BOND

During 2010, the Union County Urban Redevelopment Agency (the "URA") (a discretely-presented component unit of the County) obtained financing for the construction of a multipurpose building located on the golf course through the issuance of revenue bonds known as the "Series 2010 Bonds", in an original amount of $5,105,000, to be sold to the County upon completion of the project pursuant to an Agreement of Sale. The bonds are payable with variable annual installments of principal ranging from $245,000 to $290,000, with interest payable semi-annually at a rate of 4.32%, and a maturity date in August 2030. The bonds are special limited obligations of the Union County Urban Redevelopment Agency payable solely from and secured by the installment payments of purchase price made by the County to the URA. See Note 18 for further information on the commitment made by the County pursuant to an Agreement of Sale.

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2010, are as follows:

Year	*Principal*	*Interest*	*Total*
2011	$ -	$ 257,991	$ 257,991
2012	-	236,004	236,004
2013	-	236,004	236,004
2014	-	236,004	236,004
2015	-	236,004	236,004
2016-2030	5,105,000	2,000,862	7,105,862
	$ 5,105,000	$ 3,202,869	$ 8,307,869

CHANGES IN LONG-TERM DEBT

Changes in long-term debt consisted of the following for the year ended December 31, 2010:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts due In one year
Bonds payable:					
Revenue bonds	$ -	$ 5,105,000	$ -	$ 5,105,000	$ -
Plus deferred amounts:					
Issuance premium	-	13,149	55	13,094	-
Total bonds payable	$ -	$ 5,118,149	$ 55	$ 5,118,094	$ -

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivable/ Payable:

Receivable fund	Payable fund	Amount
General	SPLOST II	$ 4,148,715
General	SPLOST III	168,761
General	Nonmajor governmental	2,246,860
General	Nonmajor enterprise	12,000
General	Golf Course	345,444
SPLOST II	General	3,880,560
SPLOST III	SPLOST II	1,439,044
Golf Course	General	2,890
Nonmajor governmental	General	296,202
Nonmajor enterprise	General	17,425
		$ 12,557,901

These balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

Transfers In	Transfers Out	Amount
General	Nonmajor governmental	$ 105,847
SPLOST III	General	550
SPLOST II	Nonmajor governmental	361
SPLOST II	SPLOST III	335,751
Nonmajor enterprise	General	671,259
Nonmajor debt service	General	327,529
Nonmajor debt service	SPLOST III	617,258
		$ 2,058,555

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. RESERVED FUND BALANCES/ DEFICIT FUND BALANCES

Major fund reservations are disclosed on the face of the statements. The nonmajor funds have reserved fund balances for the following purposes:

Debt service	$ 699,290

The following funds had the following deficit fund balances at December 31, 2010:

Nonmajor E911 Fund	$ 691,748
Nonmajor Multiple Grant Fund	1,142,654
Nonmajor TEA Grant Fund	155,941

The County expects to generate future revenues to offset these deficits.

NOTE 11. CONTINGENT LIABILITIES AND LITIGATION

The County generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determinable in amount. The County is a party to various legal proceedings, which normally occur, in governmental operations. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the County to meet its financial obligations.

NOTE 12. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for five years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date.

As of December 31, 2010, the County has recorded a liability of $277,533, which is recognized in the government-wide financial statements. The landfill, which is closed, reached capacity in prior years. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 13. RETIREMENT BENEFITS

Defined Contribution Pension Plans –

Plan Description: The Union County Money Purchase Pension Plan (the Plan) is a defined contribution pension plan established by resolution of the Commissioner to provide benefits at retirement to substantially all employees of the County who are participants of the Section 401(a) retirement plan. Plan members do not contribute to the Plan. The County is required to contribute 2.733% of covered salary to a maximum of $12,000. The County's contribution, as employer, was $103,919 for 2010. Plan provisions and contribution requirements are established and may be amended by the Commissioner. GebCorp administers this plan on behalf of the County.

In order to benefit from the 401(a) plan, the employees must participate in the 457 Deferred Compensation plan offered by the County. The employees can make any contribution they desire and the County will match up to 6% of the employee's salary. Upon making the required contribution, the County makes the matching contribution in the aforementioned 401(a) plan. GebCorp administers the 457 plan on behalf of the County.

Significant Accounting Policies:
Basis of Accounting - The Plan uses the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due.

Method Used to Value Investments - Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last

NOTE 13. RETIREMENT BENEFITS (concluded)

reported sales price. Investments that do not have an established market are reported at estimated fair values.

Vesting - Employees are fully vested after three years of participation in the plans. In the event that an employee is terminated before becoming fully vested, the amount contributed on the employee's behalf by the County is deposited into a forfeiture account where it is redistributed among the remaining active participants.

NOTE 14. JOINT VENTURES

The County in conjunction with cities and counties in the area are members of the Georgia Mountain Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs (formerly RDCs). Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC as "public agencies and instrumentality's of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources, (O.C.G.A. 50-8-31.9) A copy of the financial statements can be obtained at: Georgia Mountain Regional Commission, P.O. Box 1720, Gainesville, Georgia 30503-1720.

The County participates with Towns and Lumpkin Counties in the North Georgia Resource Management Authority. The Authority studies solid waste disposal issues, developed a plant to recycle waste paper and has leased those facilities to private entities. The participating counties annually contract to provide varying amounts to cover the Authority's operating costs up to a predetermined maximum limit. Financial statements for the Authority are available at: North Georgia Resource Management Authority, 624 Green Street, Gainesville, Georgia 30501.

NOTE 15. RISK MANAGEMENT

Union County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pools

The County joined the Georgia Interlocal Risk Management Agency (GIRMA). The County management, based on anticipated needs, selects insurance coverage and deductible options for property, casualty and crime under the policy. The County is required to pay all premiums, applicable deductibles and assessments billed

NOTE 15. RISK MANAGEMENT (concluded)

by GIRMA, as well as following loss reductions and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the County in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims in "IBNR" is established by an actuary. The County has not completed a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims that the County is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2010. No provisions have been made in the financial statements for the year ended December 31, 2010 for any estimate of potential unpaid claims.

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self Insurance Workers' Compensation 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 management. The County is required to pay all premiums, applicable deductibles and assessments billed by ACCG, as well as following loss reduction and prevention procedures established by ACCG. ACCG's responsibility includes paying claims and representing the County in defense and settlement of claims. ACCG's basis for establishing the liabilities for unpaid claims is established by an actuary. The County has not compiled a record of the claims paid up to the applicable deductible for the prior year or the current fiscal year. The County is unaware of any claims, which the County is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2010. No provisions have been made in the financial statements for the year ended December 31, 2010 or any estimate of potential unpaid claims. The County also pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

NOTE 16. HOTEL/MOTEL LODGING TAX

The County has levied a 5% lodging tax. During the year ended December 31, 2010, $95,768 was collected. Per state law, 40% was required to be spent to promote tourism, conventions and trade shows. The County spent $91,459, representing 95.5%, for these purposes thereby conforming to the requirements of state law. Verification was reviewed to ensure that the Chamber made use of such funds in conformity with the requirements of Code Section 48-8-121 as modified by House Bill 1433.

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NOTE 17. OPERATING LEASE COMMITMENTS

Governmental Activities:

During 2009, the County entered into a 60 month renewable operating lease for a postage machine and a 48 month renewable operating lease for a copier. The lease expense in the current year for the postage machine was $3,372 and the copier was $1,434. The following are the required future lease payments to which the County is committed.

	Pitney Bowes Machine	AD-Reed Copier	Total
2011	$ 4,236	$ 2,868	$ 7,104
2012	4,236	2,868	7,104
2013	4,236	1,434	5,670
2014	4,224	-	4,224
Total	$ 16,932	$ 7,170	$ 24,102

Business-type Activities:

During 2008 and in prior years, the County entered into 48-month renewable operating leases for golf carts and other golf course equipment. Lease expense in the current year totaled $120,990. The following are the required future lease payments to which the organization is committed:

2011	$ 92,190

During 2008, the County entered into a 48-month renewable operating lease for Toro mowers. The lease expense in the current year totaled $16,682. The following are the required future lease payments to which the organization is committed:

2011	$ 16,682
2012	6,951
	$ 23,633

NOTE 18. OTHER COMMITMENTS

Pursuant to an agreement of sale (the "Agreement") dated November 1, 2010 between the County and the Union County Urban Redevelopment Agency, as issuer of the Series 2010 Revenue Bonds, the County is obligated to make periodic installment payments of purchase price in amounts calculated to be sufficient to enable the URA to pay, when due, the principal of, premium, if any, and interest on the revenue bonds. The obligation of the County to make the installment payments of purchase price required by the Agreement is a general obligation of the County to which its full faith and credit and unlimited taxing power are pledged. The purchase relates an urban redevelopment plan approved in October 2010 by the County to redevelop 7.2 acres of land adjacent to the County's golf course by constructing a new multi-use building. The Series 2010 Revenue Bonds issued by URA provides the funds to finance the project. The County is obligated under the Agreement, in the event the proceeds of the Series 2010 Bonds are not sufficient to pay the costs of completing the project, to complete the project and to pay such cost overruns. The County has agreed in the Agreement to levy, to the extent necessary, an annual ad valorem tax on all taxable property located in the territorial limits of the County, at such rates as may be necessary to produce in each year revenues that will be sufficient to fulfill the County's obligations under the Agreement.

NOTE 19. NET ASSETS RESTATEMENT – COMPONENT UNITS

The Union County Department of Public Health has determined a restatement is required to increase the balance of net assets to properly reflect revenue earned. The restatement impacts the beginning net assets as follows:

Net Assets, December 31, 2009, as previously reported	$ 69,089
Adjustment to increase understated revenue	10
Net Assets, December 31, 2009, as restated	$ 69,099

The Union County Development Authority has determined a restatement is required to increase the balance of net assets to properly reflect the accrual of accounts payable. The restatement impacts the beginning net assets as follows:

Net Assets, December 31, 2009, as previously reported	$ 1,926,257
Adjustment to decrease accounts payable	5,375
Net Assets, December 31, 2009, as restated	$ 1,931,632

NOTE 20. RESTATEMENT OF FUND BALANCE – PRIMARY GOVERNMENT

The Expansion Fund and SPLOST II Fund has been combined and reported as the "SPLOST II Fund", effective January 1, 2010. The restatement impacts fund balance as follows:

	Expansion Fund	SPLOST II Fund
Net Assets, December 31, 2009, as previously reported	$ 7,381,609	$ (7,668,013)
Decrease for combining effect	(7,381,609)	7,381,609
Net Assets, January 1, 2010, as restated	$ -	$ (286,404)

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash	$ 266,126	$ -	$ 307,220	$ 573,346
Restricted cash	-	468,187	-	468,187
Taxes receivable	12,859	-	-	12,859
Due from other governments	120,342	-	-	120,342
Other receivables	62,115	-	16,889	79,004
Due from other funds	8,841	287,361	-	296,202
Total Assets	$ 470,283	$ 755,548	$ 324,109	$ 1,549,940
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 13,136	$ -	$ -	$ 13,136
Deferred revenues	50,101	-	13,511	63,612
Due to other funds	1,962,772	56,258	227,830	2,246,860
Total Liabilities	2,026,009	56,258	241,341	2,323,608
Fund Balances:				
Reserved for:				
Debt service	-	699,290	-	699,290
Unreserved	(1,555,726)	-	82,768	(1,472,958)
Total Fund Balances (Deficit)	(1,555,726)	699,290	82,768	(773,668)
Total Liabilities and Fund Balances	$ 470,283	$ 755,548	$ 324,109	$ 1,549,940

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
Revenues:				
Sales and use tax	$ 95,768	$ -	$ -	$ 95,768
Intergovernmental	180,611	-	293,452	474,063
Fines and forfeitures	95,606	-	-	95,606
Charges for service	320,661	-	-	320,661
Interest income	2,603	712	4,429	7,744
Miscellaneous revenue	7,761	-	-	7,761
Total Revenues	703,010	712	297,881	1,001,603
Expenditures:				
Current:				
Judicial	32,066	-	-	32,066
Public safety	713,479	-	-	713,479
Health and welfare	17,684	-	-	17,684
Housing and development	135,143	-	-	135,143
Debt service:				
Principal	-	785,000	-	785,000
Interest and other fees	-	129,840	-	129,840
Capital outlay:				
Public safety	96,868	-	-	96,868
Culture and recreation	-	-	368,925	368,925
Total Expenditures	995,240	914,840	368,925	2,279,005
Excess of Revenue Over (Under) Expenditures	(292,230)	(914,128)	(71,044)	(1,277,402)
Other Financing Sources (Uses):				
Transfers in	-	944,787	-	944,787
Transfers out	-	(106,208)	-	(106,208)
Total Other Financing Sources (Uses)	-	838,579	-	838,579
Net change in fund balances	(292,230)	(75,549)	(71,044)	(438,823)
Fund balances (deficit), beginning of year	(1,263,496)	774,839	153,812	(334,845)
Fund balances (deficit), end of year	$ (1,555,726)	$ 699,290	$ 82,768	$ (773,668)

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2010

	Nonmajor Special Revenue Funds									
	Law Library	Seizure Fund	E 911	Jail Operations	Drug Abuse	Juvenile Court	Local Victims Assistance	Multiple Grant	Hotel/Motel	Total
ASSETS										
Cash	$ 48,517	$ 412	$ -	$ 125,262	$ 79,747	$ 12,188	$ -	$ -	$ -	$ 266,126
Taxes receivable	-	-	-	-	-	-	-	-	12,859	12,859
Due from other governments	-	-	-	-	-	-	-	120,342	-	120,342
Other receivables	-	-	58,129	-	-	-	1,969	-	2,017	62,115
Due from other funds	-	-	-	-	1,282	-	6,102	-	1,457	8,841
Total Assets	$ 48,517	$ 412	$ 58,129	$ 125,262	$ 81,029	$ 12,188	$ 8,071	$ 120,342	$ 16,333	$ 470,283
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,064	$ -	$ 11,072	$ 13,136
Deferred revenues	-	-	-	-	-	-	-	50,101	-	50,101
Due to other funds	-	-	749,877	-	-	-	-	1,212,895	-	1,962,772
Total Liabilities	-	-	749,877	-	-	-	2,064	1,262,996	11,072	2,026,009
Fund Balances:										
Unreserved	48,517	412	(691,748)	125,262	81,029	12,188	6,007	(1,142,654)	5,261	(1,555,726)
Total Fund Balances (Deficit)	48,517	412	(691,748)	125,262	81,029	12,188	6,007	(1,142,654)	5,261	(1,555,726)
Total Liabilities and Fund Balances	$ 48,517	$ 412	$ 58,129	$ 125,262	$ 81,029	$ 12,188	$ 8,071	$ 120,342	$ 16,333	$ 470,283

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds									
	Law Library	Seizure Fund	E 911	Jail Operations	Drug Abuse	Juvenile Court	Local Victims Assistance	Multiple Grant	Hotel/Motel	Total
Revenues:										
Sales and use tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 95,768	$ 95,768
Intergovernmental	-	-	-	-	-	-	-	180,611	-	180,611
Fines and forfeitures	15,534	-	-	35,210	24,303	1,350	19,209	-	-	95,606
Charges for services	-	-	320,661	-	-	-	-	-	-	320,661
Interest income	200	13	-	1,383	886	121	-	-	-	2,603
Miscellaneous revenue	-	-	-	-	-	-	-	-	7,761	7,761
Total Revenues	15,734	13	320,661	36,593	25,189	1,471	19,209	180,611	103,529	703,010
Expenditures:										
Current:										
Judicial	4,674	-	-	-	-	725	-	26,667	-	32,066
Public safety	-	3,498	535,038	-	10,618	-	-	164,325	-	713,479
Health and welfare	-	-	-	-	-	-	17,684	-	-	17,684
Housing and development	-	-	-	-	-	-	-	43,684	91,459	135,143
Capital outlay:										
Public safety	-	-	15,919	-	-	-	-	80,949	-	96,868
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Total Expenditures	4,674	3,498	550,957	-	10,618	725	17,684	315,625	91,459	995,240
Excess of Revenues Over (Under) Expenditures	11,060	(3,485)	(230,296)	36,593	14,571	746	1,525	(135,014)	12,070	(292,230)
Other Financing Sources (Uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	11,060	(3,485)	(230,296)	36,593	14,571	746	1,525	(135,014)	12,070	(292,230)
Fund balances (deficit), beginning of year	37,457	3,897	(461,452)	88,669	66,458	11,442	4,482	(1,007,640)	(6,809)	(1,263,496)
Fund balances (deficit), end of year	$ 48,517	$ 412	$ (691,748)	$ 125,262	$ 81,029	$ 12,188	$ 6,007	$ (1,142,654)	$ 5,261	$ (1,555,726)

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2010

	Nonmajor Debt Service Funds			
	Debt Service - Courthouse Expansion	Debt Service - Jail	Debt Service - Obligation Bond	Total
ASSETS				
Restricted cash	$ 468,176	$ -	$ 11	$ 468,187
Due from other funds	-	-	287,361	287,361
Total Assets	$ 468,176	$ -	$ 287,372	$ 755,548
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	$ 56,258	$ -	$ -	$ 56,258
Total Liabilities	56,258	-	-	56,258
Fund Balances:				
Reserved for:				
Debt service	411,918	-	287,372	699,290
Unreserved	-	-	-	-
Total Fund Balances (Deficit)	411,918	-	287,372	699,290
Total Liabilities and Fund Balances	$ 468,176	$ -	$ 287,372	$ 755,548

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended December 31, 2010

	Nonmajor Debt Service Funds			
	Debt Service - Courthouse Expansion	Debt Service - Jail	Debt Service - Obligation Bond	Total
Revenues:				
Interest income	$ 617	$ -	$ 95	$ 712
Total Revenues	617	-	95	712
Expenditures:				
Debt service:				
Principal	785,000	-	-	785,000
Interest and other fees	129,840	-	-	129,840
Total Expenditures	914,840	-	-	914,840
Excess of Revenue Over (Under) Expenditures	(914,223)	-	95	(914,128)
Other Financing Sources (Uses):				
Transfers in	617,258	327,529	-	944,787
Transfers out	-	-	(106,208)	(106,208)
Total Other Financing Sources (Uses)	617,258	327,529	(106,208)	838,579
Net change in fund balances	(296,965)	327,529	(106,113)	(75,549)
Fund balances (deficit), beginning of year	708,883	(327,529)	393,485	774,839
Fund balances (deficit), end of year	$ 411,918	$ -	$ 287,372	$ 699,290

UNION COUNTY
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2010

	Nonmajor Capital Projects Funds		
	TEA Grant	Capital Projects	Total
ASSETS			
Cash	$ -	$ 307,220	$ 307,220
Other receivable	16,889	-	16,889
Due from other governments	-	-	-
Total Assets	$ 16,889	$ 307,220	$ 324,109
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenues	$ -	$ 13,511	$ 13,511
Due to other funds	172,830	55,000	227,830
Total Liabilities	172,830	68,511	241,341
Fund Balances:			
Unreserved	(155,941)	238,709	82,768
Total Fund Balances (Deficit)	(155,941)	238,709	82,768
Total Liabilities and Fund Balances	$ 16,889	$ 307,220	$ 324,109

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2010

	Nonmajor Capital Projects Funds		
	TEA Grant	Capital Projects	Total
Revenues:			
Intergovernmental	$ 293,452	$ -	$ 293,452
Interest income	-	4,429	4,429
Total Revenues	293,452	4,429	297,881
Expenditures:			
Capital outlay:			
Culture and recreation	368,925	-	368,925
Total Expenditures	368,925	-	368,925
Excess of Revenue Over (Under) Expenditures	(75,473)	4,429	(71,044)
Other Financing Sources (Uses):			
Total Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balances	(75,473)	4,429	(71,044)
Fund balances (deficit), beginning of year	(80,468)	234,280	153,812
Fund balances (deficit), end of year	$ (155,941)	$ 238,709	$ 82,768

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2010

	Tax Commissioner	Clerk of Superior Court	Judge of Probate Court	Magistrate Court	Sheriff	Total Agency Funds
ASSETS						
Cash and equivalents	$ 10,438	$ 511,336	$ 16,272	$ -	$ -	$ 538,046
Restricted cash	50,351	8,105	21,902	550	79,503	160,411
Taxes receivable	2,221,791	-	-	-	-	2,221,791
Total Assets	$ 2,282,580	$ 519,441	$ 38,174	$ 550	$ 79,503	$ 2,920,248
LIABILITIES						
Liabilities:						
Due to others	$ 2,282,580	$ 519,441	$ 38,174	$ 550	$ 79,503	$ 2,920,248
Total Liabilities	$ 2,282,580	$ 519,441	$ 38,174	$ 550	$ 79,503	$ 2,920,248

UNION COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Fiscal Year Ended December 31, 2010

PROJECT	Estimated Cost Original	Estimated Cost Current	Expenditures Prior Years	Expenditures Reclassifications and Adjustments	Expenditures Current Year	Expenditures Total	Estimated % of Completion
SPLOST 2009							
Administration and debt service costs	$ 630,000	$ 500,000	$ 161,948	$ (132,385)	$ 60,265	89,828	18%
Roads and bridges	11,760,000	4,731,506	314,279	-	632,682	946,961	20%
Jail renovation and expansion	1,960,000	87,490	7,421	-	56,083	63,504	73%
County administration annex renovations	490,000	500,000	-	-	-	-	0%
Park and recreation facilities and land acquisition	5,047,000	3,994,583	793,594	153,200	939,205	1,885,999	47%
Library renovation, expansion and books	882,000	900,000	34,997	(32,216) *(b)*	180,154	182,935	20%
Public safety facilities, vehicles and equipment	2,009,000	2,050,000	1,068,315	(20,815)	219,407	1,266,907	62%
Solid waste transfer station/recycling center	833,000	-	-	-	-	-	0%
Farmers market/arena/cannery	784,000	800,000	257,618	-	407,802	665,420	83%
Civic center renovation and expansion	245,000	250,000	239,967	-	6,891	246,858	99%
Multi-use building for economic development offices, community center and pro-shop	3,430,000	3,500,000	380,660	-	(166,965) *(a)*	213,695	6%
Renovations to old courthouse, gym and other historic facilities	1,323,000	594,755	31,030	-	124,870	155,900	26%
Animal control facilities	147,000	150,000	65,578	-	-	65,578	44%
Contractual payments:							
City of Blairsville	1,960,000	1,224,000	102,000	-	255,000	357,000	29%
Totals SPLOST 2009	*$ 31,500,000*	*$ 19,282,334*	*$ 3,457,407*	*$ (32,216)*	*$ 2,715,394*	*$ 6,140,585*	32%
SPLOST 2003							
Road and bridge improvements/repair	$ 8,500,000	$ 8,500,000	$ 9,576,635	$ -	$ 36,421	$ 9,613,056	113%
Other capital projects:							
Road vehicles and equipment			433,768		-	433,768	
SPLOST project preplanning			132,384		-	132,384	
Courthouse expansion			6,577,895		-	6,577,895	
Meeks Park improvements			9,800		-	9,800	
E-911 renovation/expansion/equipment			741,360		-	741,360	
Public safety vehicles			624,857			624,857	
Community/youth Center			-	-	-	-	
Total other capital projects	8,500,000	8,500,000	8,520,064	-	-	8,520,064	100%
Totals SPLOST 2003	*$ 17,000,000*	*$ 17,000,000*	*$ 18,096,699*	*$ -*	*$ 36,421*	*$ 18,133,120*	

Note A- **Basis of Accounting:** This schedule has been prepared on the modified accrual basis of accounting.

Note B- **Reconciliation of schedule with governmental fund statement:**

SPLOST 2009 expenditures per above schedule	$ 2,715,394
Reimbursement of project expenditures from component unit bond issue proceeds noted as *(a)* above and included in Miscellaneous Revenue on governmental fund statement	166,965
Expenditures per SPLOST III Fund Statement of Revenues, Expenditures, and Changes in Fund Balance	$ 2,882,359

Note C- **Reclassification and Adjustments:**

Reclassification among project costs reflected in the Prior Years column were necessary to correct project costs incurred in 2009. Additionally, reimbursements received in 2009 for project costs are reflected.

SPLOST 2009 expenditures per above schedule	$ 3,457,407
Reimbursement of project expenditures from component unit bond issue proceeds noted as *(b)* above and included in Miscellaneous Revenue in the 2009 fund statement	(32,216)
Cumulative net expenditures as of December 31, 2009, as restated	$ 3,425,191

INTERNAL CONTROL AND COMPLIANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Lamar Paris, Commissioner
Union County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County, Georgia, as of and for the year ended December 31, 2010, which collectively comprise Union County, Georgia's basic financial statements and have issued our report thereon dated August 18, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Union 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 Union County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County, Georgia's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency in internal control over financial reporting referenced as finding 2004-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Union County, Georgia, in a separate letter dated August 18, 2011.

Union County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Union County, Georgia's response and, accordingly, we express no opinion on it.

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

Ellijay, Georgia
August 18, 2011

Repeat finding from the prior year:

2004-1 Lack of Segregation of Duties in Various Departments (Sheriff, Tax Commissioner, Clerk of Court, Magistrate Judge, Probate Judge, and Meeks Park)

Criteria: Segregation of employees' duties is a common practice in an effective internal control structure. Policies should be in place requiring the segregation of duties involving cash receipts, cash disbursements, payroll, general ledger and bank reconciliation.

Condition/Context: During the course of the audit, we noted many critical duties are combined and given to the available employees.

Effect: Without some segregation of duties within these functions, there is increased exposure that someone could intentionally or unintentionally misappropriate assets of the County.

Cause: The limited number of employees working in the office and the resulting overlapping of duties causes segregation of duties to be difficult.

Recommendation: To the extent possible, duties should be segregated to maintain the best control system possible. We feel segregation of duties could be improved if different employees performed the separate duties of processing cash receipts and cash disbursements, and maintaining the general ledger. In situations where additional personnel are not available, an effort should be made to divide the duties of the available personnel in such a manner as to achieve the greatest possible segregation of duties. Increased management involvement in the County's finances is also encouraged to strengthen internal controls. When these suggestions are implemented, the County's system of internal control will be enhanced, so that the risk of employee misappropriation of assets is reduced.

Response: The lack of segregation of duties is a recurring item that due to the limited number of employees is difficult to accomplish. Management plans to continue close involvement with the County's finances to aid in this matter.

Current year findings:

None noted.