UNION COUNTY, GEORGIA

FINANCIAL REPORT

For the Year Ended December 31, 2011

UNION COUNTY, GEORGIA
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FINANCIAL SECTION

RL Jennings & Associates, PC
Certified Public Accountants

R.. Lee Jennings, CFCA, CPA
Mona Evans, CPA
Thomas H. Evans, Jr., CPA
Sherry L. Estes, CPA
Lisa J. Hoyle, CPA
Katherine S. Washington, CPA

61 Maddox Circle, East Ellijay
P.O. Box 2683, Ellijay, GA 30540
706-273-1945
Fax 706-273-1946
www.ellijaycpa.com
www.facebook.com/RLJ.ellijay

Member of
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

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, 2011, 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 3.4% of the assets and 79.2% of the revenues of the discretely presented component units. Those financial statements, as of June 30, 2011, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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 October 11, 2012, 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 10 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.

Bt Jennings + Associates, PC

Ellijay, Georgia
October 11, 2012

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, 2011. 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 $50,025,295 (net assets) for the year reported. This represents an increase of $4,364,735 over the previous year.

Total net assets are comprised of the following:

1) Capital assets, net of related debt, of $36,712,124 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 $3,515,360 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, unassigned General Fund balance increased from $4,945,388 to $6,342,036. This increase of $1,396,648 is approximately 12.0 percent of total General Fund expenditures.

Union County's governmental funds reported total ending fund balance of $7,703,045 this year. This compares to the prior year ending fund balance of $7,012,389 showing an increase of $690,656 during the current year.

At the end of the current fiscal year, unassigned fund balance for Union County's governmental funds was $4,071,703. The increase in unassigned funds is due primarily to the reduction of interfund liabilities within funds from restricted to unassigned fund balances. Restricted fund balance is primarily for the County debt to be paid and for SPLOST projects.

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 2011.

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 four separate legal entities in its report - Union County Department of Public Health, Union County Building Authority, Union County Development Authority, and Union County Urban Redevelopment Agency. 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 11 and 12 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 13 through 18 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 two major and fourteen non-major governmental funds. Union County's major governmental funds are: General 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 19 through 21 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 22 and 23 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 24 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 46.

Financial Analysis of Union County as a Whole

Union County's net assets at year-end are $50 million. The following table provides a summary of Union County's net assets:

Summary of Net Assets (Exhibit A-1)

	Governmental Activities 2011	Governmental Activities 2010	Business Activities 2011	Business Activities 2010	Total 2011	Total 2010	Percentage of Total 2011
Assets:							
Current	$ 15,607,405	$ 14,994,498	$ (308,557)	$ (199,115)	$ 15,298,848	$ 14,795,383	28%
Capital	37,343,067	34,787,651	2,946,597	3,035,164	40,289,664	37,822,815	72%
Total assets	52,950,472	49,782,149	2,638,040	2,836,049	55,588,512	52,618,198	100%
Liabilities:							
Current	1,171,120	1,289,040	74,417	32,310	1,245,537	1,321,350	22%
Long-Term	4,317,680	5,250,265	-	38,088	4,317,680	5,288,353	78%
Total Liabilities	5,488,800	6,539,305	74,417	70,398	5,563,217	6,609,703	100%
Net assets:							
Investment in capital assets net of debt	33,765,527	30,424,226	2,946,597	2,997,076	36,712,124	33,421,302	73%
Restricted	3,515,360	3,722,749	-	-	3,515,360	3,722,749	7%
Unrestricted	10,180,785	9,095,869	(382,974)	(231,425)	9,797,811	8,864,444	20%
Total net assets	$ 47,461,672	$ 43,242,844	$ 2,563,623	$ 2,765,651	$ 50,025,295	$ 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 12 to 1. The national trend indicators state that the standard ratio is 2 to 1. The stated overall ratio of 12 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 $2,563,623. 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 $4,364,735 for governmental activities and decreased by $202,028 for Business-type activities. Union County's overall financial position improved during 2011.

Note that approximately 71 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-three 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 2011	Governmental Activities 2010	Business Activities 2011	Business Activities 2010	Total 2011	Total 2010	% Total 2011
Revenues:							
Program revenue:							
Charges for services	$ 1,957,745	$ 1,791,839	$ 784,580	$766,953	$ 2,742,325	$2,558,792	13%
Operating Grants	1,157,347	1,317,018	-	-	1,157,347	1,317,018	5%
Capital Grants	2,553,628	883,234	-	-	2,553,628	883,234	12%
General revenue:							
Property taxes	7,248,255	6,772,003	-	-	7,248,255	6,772,003	34%
Business	985,065	964,961	-	-	985,065	964,961	5%
Sales taxes	6,433,393	5,903,527	-	-	6,433,393	5,903,527	30%
Other	120,433	122,584	-	10,657	120,433	133,241	1%
Total Revenue	20,455,866	17,755,166	784,580	777,610	21,240,446	18,532,776	100%
Program Expenses							
General government	3,546,797	3,328,941	-	-	3,546,797	3,328,941	21%
Judicial	987,315	982,504	-	-	987,315	982,504	6%
Health & Welfare	1,167,070	1,096,738	-	-	1,167,070	1,096,738	7%
Housing and Development	594,081	613,821	-	-	594,081	613,821	3%
Public safety	5,967,294	5,577,212	-	-	5,967,294	5,577,212	35%
Public works	2,778,705	2,974,269	-	-	2,778,705	2,974,269	16%
Culture & Rec.	211,468	202,222	-	-	211,468	202,222	1%
Interest	135,831	122,838	-	-	135,831	122,838	1%
Golf Course	-	-	683,496	647,869	683,496	647,869	4%
Meeks Park	-	-	1,005,682	918,777	1,005,682	918,777	6%
Total Expenses	15,388,561	14,898,545	1,689,178	1,566,646	17,077,739	16,465,191	100%
Excess (deficiency)	5,067,305	2,856,621	(904,598)	(789,036)	4,162,707	2,067,585	
Transfers	(702,570)	(671,259)	702,570	671,259	-	-	
Change in net assets	4,364,735	2,185,362	(202,028)	(117,777)	4,162,707	2,067,585	
Beginning net assets	43,242,844	41,057,482	2,765,651	2,883,428	46,008,495	43,940,910	
Prior period adjustment	(145,907)	-	-	-	(145,907)	-	
Ending net assets	$ 47,461,672	$ 43,242,844	$2,563,623	$2,765,651	$50,025,295	$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 34 percent and sales and use taxes provided 30 percent of Union County's total revenues. Also, note that the program revenues cover only 37 percent of the governmental operating expenses. This means that the taxpayers and Union County's other general revenues fund 63 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 39 percent of the total governmental expenditures, which was $5,967,294 for 2011. Public Safety expenses are offset by revenues collected from a variety of sources, with the largest being fines and forfeitures, which was $760,003 for 2011. The second largest cost for government is general government, totaling over $3.5 million or 23 percent of governmental expenditures. General government expenses are offset by a variety of charges for services, which totaled $581,734 for 2011. These charges for services include registration and program fees.

- The cost of all governmental activities this year was $15,388,561.
- The revenue amount that paid for most of these activities came from Union County property taxes, sales tax and business taxes of $14,787,146.
- 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 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
General government	$ 3,546,797	$ 2,405,894	$ 3,328,941	$ 2,340,373
Judicial	987,315	941,114	982,504	894,618
Health & welfare	1,167,070	899,766	1,096,738	795,451
Housing & development	594,081	496,617	613,821	342,564
Public safety	5,967,294	4,107,817	5,577,212	4,107,583
Public works	2,778,705	2,223,627	2,974,269	2,718,996
Culture & recreation	211,468	1,490,825	202,222	(421,164)
Interest	135,831	135,831	122,838	122,838
Total	$ 15,388,561	$ 9,719,841	$ 14,898,545	$ 10,901,259

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this year was $683,496 for the Golf Course and $1,005,682 for Meeks Park as shown in Exhibit A-2, the amounts paid by the users of the systems were $537,045 and 247,535 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 $7,703,045. Of this year-end total, $3,515,360 is restricted, $115,982 is nonspendable. Unassigned fund balance totaled $4,071,703 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 $690,656 or a 9 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 $1,416,744.

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 increase of $25,859 in operating revenues which still resulted in an operating loss of $103,590 before depreciation. Total enterprise fund revenue increased $17,627. Meeks Park sustained an operating loss of $630,590 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 four 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 and related debt, for governmental and business-type activities as of December 31, 2011, is $33,765,527 and $2,946,597 respectively. The major additions and deletions to capital for governmental activities for 2011 were:

- The capital expenditures for construction in progress increased by $2,846,804 with $323,664 of various projects capitalized this year.
- Capital expense associated with infrastructure (road improvements, sidewalks, etc.) was $1,463,002. Primary expenses in this category went for new roads.

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

Capital Asset Detail:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land & construction in progress	$ 11,252,266	$ 8,079,155	$ 2,151,760	$ 2,189,006	$ 13,404,026	$ 10,268,161
Depreciable assets:						
Land improvements	-	-	488,577	482,199	488,577	482,199
Building & improvements	17,862,824	17,855,933	1,124,370	1,060,736	18,987,194	18,916,669
Equipment & furniture	4,639,764	4,370,367	783,705	736,570	5,423,469	5,106,937
Vehicles	4,314,219	4,064,527	64,351	64,351	4,378,570	4,128,878
Infrastructure	15,558,559	14,095,557	-	-	15,558,559	14,095,557
Total depreciable assets	42,375,366	40,386,384	2,461,003	2,343,856	44,836,369	42,730,240
Less accumulated depr.	16,284,565	13,677,888	1,666,166	1,497,698	17,950,731	15,175,586
Book value – depr. assets	26,090,801	26,708,496	794,837	846,158	26,885,638	27,554,654
Percentage depreciated	38%	34%	68%	64%	40%	36%
Total Capital assets	$ 37,343,067	$ 34,787,651	$ 2,946,597	$ 3,035,164	$ 40,289,664	$ 37,822,815

At December 31, 2011 the depreciable assets for governmental activities were 38 percent depreciated. This compares to the December 31, 2010 of 34 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 68% depreciated.

Long-term Debt

During the year, Union County retired $1,216,016 of prior long-term obligations. See Note 7 for additional detail of long-term debt activity.

Outstanding Borrowings as of December 31, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital leases	$ 135,800	$ 115,000	$ -	$ 38,088	$ 135,800	$ 153,088
Contracts	400,000	500,000	-	-	400,000	500,000
Compensated absences	82,667	109,307			82,667	109,307
Landfill cost	257,473	277,533	-	-	257,473	277,533
General obligation bonds	3,441,740	4,248,425	-	-	3,441,740	4,248,425
Total	$ 4,317,680	$ 5,250,265	$ -	$ 38,088	$ 4,317,680	$ 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 2012 and the future are summarized as follows:

1. The 2011 SPLOST projects are on the way and nearing completion or are already completed.
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, 2011

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Department of Public Health	Building Authority	Development Authority	Urban Redevelopment Agency
ASSETS							
Cash	$ 10,105,541	$ 262,715	$ 10,368,256	$ 220,714	$ 2,711	$ 170,591	$ -
Restricted cash	570,648	-	570,648	-	-	-	456,272
Taxes receivable	1,909,940	-	1,909,940	-	-	-	-
Accounts receivable	636,512	1,785	638,297	50,227	-	1,667	-
Internal balances	615,552	(615,552)	-	-	-	-	-
Due from other governments	1,467,332	-	1,467,332	-	-	-	-
Due from primary government	-	-	-	-	-	-	-
Due from component unit	133,058	-	133,058	-	-	-	-
Inventories	68,899	42,495	111,394	-	-	1,720,379	-
Prepaid expenses	47,083	-	47,083	-	-	1,506	-
Nondepreciable capital assets	11,252,267	2,151,760	13,404,027	-	-	519,535	4,936,807
Depreciable capital assets, net	26,090,800	794,837	26,885,637	4,772	-	624	-
Other assets	52,840	-	52,840	-	-	-	105,045
Total Assets	$ 52,950,472	$ 2,638,040	$ 55,588,512	$ 275,713	$ 2,711	$ 2,414,302	$ 5,498,124
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable	$ 935,572	$ 67,974	$ 1,003,546	$ 9,365	$ -	$ 2,408	$ -
Other accrued liabilities	171,935	6,443	178,378	-	-	5,399	98,335
Due to primary government	-	-	-	-	2,711	-	130,347
Deferred revenues	63,613	-	63,613	-	-	-	-
Long-term liabilities:							
Due within one year	1,004,011	-	1,004,011	33,000	-	-	-
Due in more than one year	3,313,669	-	3,313,669	17,863	-	484,010	5,117,440
Total Liabilities	5,488,800	74,417	5,563,217	60,228	2,711	491,817	5,346,122
Net Assets:							
Invested in capital assets, net of related debt	33,765,527	2,946,597	36,712,124	4,772	-	520,159	-
Restricted for:							
Capital projects	2,367,092	-	2,367,092	-	-	-	-
Debt service	801,768	-	801,768	-	-	-	-
Public safety	281,510	-	281,510	-	-	-	-
Other purposes	64,990	-	64,990	-	-	-	-
Unrestricted	10,180,785	(382,974)	9,797,811	210,713	-	1,402,326	152,002
Total Net Assets	47,461,672	2,563,623	50,025,295	215,485	-	1,922,485	152,002
Total Liabilities and Net Assets	$ 52,950,472	$ 2,638,040	$ 55,588,512	$ 275,713	$ 2,711	$ 2,414,302	$ 5,498,124

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

UNION COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

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	$ 3,546,797	$ 581,734	$ 559,169	$ -	$ (2,405,894)	$ -	$ (2,405,894)				
Judicial	987,315	-	46,201	-	(941,114)	-	(941,114)				
Public safety	5,967,294	1,262,581	259,356	337,540	(4,107,817)	-	(4,107,817)				
Public works	2,778,705	-	41,283	513,795	(2,223,627)	-	(2,223,627)				
Health and welfare	1,167,070	15,966	251,338	-	(899,766)	-	(899,766)				
Culture and recreation	211,468	-	-	1,702,293	1,490,825	-	1,490,825				
Housing and development	594,081	97,464	-	-	(496,617)	-	(496,617)				
Interest on long-term debt	135,831	-	-	-	(135,831)	-	(135,831)				
Total governmental activities	15,388,561	1,957,745	1,157,347	2,553,628	(9,719,841)	-	(9,719,841)				
Business-type activities:											
Golf course	683,496	537,045	-	-	-	(146,451)	(146,451)				
Meeks Park	1,005,682	247,535	-	-	-	(758,147)	(758,147)				
Total business-type activities	1,689,178	784,580	-	-	-	(904,598)	(904,598)				
Total primary government	$ 17,077,739	$ 2,742,325	$ 1,157,347	$ 2,553,628	(9,719,841)	(904,598)	(10,624,439)				
Component Units:											
County public health department	$ 592,558	$ 389,252	$ 271,924	$ -				$ 68,618	$ -	$ -	$ -
Building authority	-	-	-	-				-	-	-	-
Development authority	182,890	-	170,000	-				-	-	(12,890)	-
Urban redevelopment agency	5,528	-	157,991	-				-	-	-	152,463
Total component units	$ 775,448	$ 389,252	$ 441,924	$ -				68,618	-	(12,890)	152,463
General revenues:											
Taxes:											
Property taxes, levied for general purposes					7,248,255	-	7,248,255	-	-	-	-
Franchise taxes					26,596	-	26,596	-	-	-	-
Business taxes					958,469	-	958,469	-	-	-	-
General and selective sales taxes					6,433,393	-	6,433,393	-	-	-	-
Investment earnings					28,873	-	28,873	-	-	187	-
Miscellaneous					61,499	-	61,499	-	-	2,987	-
Gain on disposition of capital assets					30,061	-	30,061	-	-	-	-
Transfers					(702,570)	702,570	-	-	-	-	-
Total general revenues and transfers					14,084,576	702,570	14,787,146	-	-	3,174	-
Change in net assets					4,364,735	(202,028)	4,162,707	68,618	-	(9,716)	152,463
Net assets, beginning of year, as restated					43,096,937	2,765,651	43,940,910	146,867	-	1,932,201	(461)
Net assets, end of year					$ 47,461,672	$ 2,563,623	$ 50,025,295	$ 215,485	$ -	$ 1,922,485	$ 152,002

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

UNION COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	General Fund	SPLOST III	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 7,611,338	$ 1,847,398	$ 646,805	$ 10,105,541
Restricted cash	-		570,648	570,648
Taxes receivable, net	1,896,335	-	13,605	1,909,940
Due from component units	2,711	130,347	-	133,058
Due from other governments	478,090	565,223	424,019	1,467,332
Other receivables	553,363	-	83,149	636,512
Due from other funds	3,794,228	-	305,036	4,099,264
Inventories	68,899	-	-	68,899
Prepaid expenses	47,083	-	-	47,083
Total Assets	$ 14,452,047	$ 2,542,968	$ 2,043,262	$ 19,038,277
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 836,658	$ 81,000	$ 17,914	$ 935,572
Due to other funds	305,036	338,788	2,839,888	3,483,712
Deferred revenue	6,695,150	-	63,613	6,758,763
Other accrued expenses	157,185	-	-	157,185
Total Liabilities	7,994,029	419,788	2,921,415	11,335,232
Fund Balances:				
Nonspendable	115,982	-	-	115,982
Restricted	-	2,123,180	1,392,180	3,515,360
Unassigned	6,342,036	-	(2,270,333)	4,071,703
Total Fund Balances (Deficit)	6,458,018	2,123,180	(878,153)	7,703,045
Total Liabilities and Fund Balances	$ 14,452,047	$ 2,542,968	$ 2,043,262	$ 19,038,277

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, 2011

Total fund balances - governmental funds		$ 7,703,045
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.		37,343,067
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.		6,695,150
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		52,840
Long-term liabilities are not due and payable in the current period and, therefore, are reported as liabilities in the funds.		
Contracts	(400,000)	
Capital leases	(135,799)	
Bonds	(3,441,740)	
Compensated absences	(82,667)	
Landfill post-closure	(239,562)	
Accrued interest	(32,662)	(4,332,430)
Total net assets - governmental activities		$ 47,461,672

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, 2011

	General Fund	SPLOST III	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 11,216,294	$ 3,450,840	$ 106,076	$ 14,773,210
Licenses and permits	131,617	-	-	131,617
Intergovernmental	715,154	-	940,583	1,655,737
Charges for services	555,970	-	351,287	907,257
Fines and forfeitures	659,975	-	100,028	760,003
Interest income	17,535	3,771	7,567	28,873
Contributions and donations	100,000	-	-	100,000
Miscellaneous	295,048	15,350	-	310,398
Total Revenues	13,691,593	3,469,961	1,505,541	18,667,095
Expenditures:				
Current:				
General government	3,087,126	-	-	3,087,126
Judicial	958,681	-	17,910	976,591
Public safety	4,619,165	-	759,144	5,378,309
Public works	855,925	-	-	855,925
Health and welfare	1,131,905	-	20,131	1,152,036
Culture and recreation	213,447	-	-	213,447
Housing and development	497,351	-	97,476	594,827
Intergovernmental	-	204,000	157,991	361,991
Debt service:				
Principal	215,000	62,683	800,000	1,077,683
Interest and other charges	5,321	10,815	114,180	130,316
Capital outlay:				
General government	19,720	68,578	-	88,298
Judicial	-	-	-	-
Public safety	34,397	52,462	343,580	430,439
Public works	-	1,146,886	-	1,146,886
Health and welfare	-	-	-	-
Culture and recreation	-	1,104,894	452,606	1,557,500
Housing and development	-	265,820	-	265,820
Total Expenditures	11,638,038	2,916,138	2,763,018	17,317,194
Excess (deficiency) of revenues over expenditures	2,053,555	553,823	(1,257,477)	1,349,901
Other Financing Sources (Uses):				
Proceeds from sale of assets	30,977	-	-	30,977
Proceeds from insurance recovery	12,348	-	-	12,348
Transfers in	22,434	14,875	1,174,116	1,211,425
Transfers out	(702,570)	(1,174,116)	(37,309)	(1,913,995)
Total other financing sources and uses	(636,811)	(1,159,241)	1,136,807	(659,245)
Net change in fund balances	1,416,744	(605,418)	(120,670)	690,656
Fund balances (deficit), beginning of year	5,041,274	2,728,598	(757,483)	7,012,389
Fund balances (deficit), end of year	$ 6,458,018	$ 2,123,180	$ (878,153)	$ 7,703,045

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, 2011

Total net change in fund balances - governmental funds:	$	690,656
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 $3,488,943 exceeded depreciation of $2,679,177 in the current period.		809,766
Contributed capital assets are reported as revenue on the government-wide statement of activities but are not reported in the governmental funds.		1,693,991
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.		(916)
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.		1,077,683
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.		52,371
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		26,639
Bond issuance costs		(17,614)
Bond premium		6,685
Landfill closure and post-closure costs		20,060
Interest on long-term debt		5,414
Change in net assets of governmental activities	$	4,364,735

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, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	$ 7,308,165	$ 7,195,884	$ 7,195,884	$ -
Franchise taxes	40,000	26,596	26,596	-
Alcohol taxes	85,000	115,812	115,812	-
Business taxes	897,500	958,469	958,469	-
Sales and use tax	2,600,000	2,760,665	2,760,665	-
Licenses and permits	105,895	131,617	131,617	-
Intergovernmental	670,302	715,154	715,154	-
Charges for services	265,000	555,970	555,970	-
Fines and forfeitures	518,000	659,975	659,975	-
Investment earnings	22,985	17,535	17,535	-
Miscellaneous	391,300	295,048	295,048	-
Contributions and donations	100,000	100,000	100,000	-
Penalties and interest	255,000	158,868	158,868	-
Total Revenues	13,259,147	13,691,593	13,691,593	-
Expenditures:				
General government:				
Executive	261,025	263,305	263,305	-
Elections	127,220	69,876	69,876	-
General administration	438,430	1,602,072	1,602,072	-
Financial administration	116,430	114,649	114,649	-
Licensing	-	-	-	-
Purchasing	-	-	-	-
Law	50,000	30,924	30,924	-
Data processing	12,000	3,021	3,021	-
Tax commissioner	296,077	305,039	305,039	-
Tax assessor	389,891	307,146	307,146	-
Risk management	252,000	214,665	214,665	-
General government buildings	308,711	278,470	278,470	-
Public information	57,000	38,000	38,000	-
Judicial:				
Judicial administration	3,900	3,138	3,138	-
Superior court	120,266	119,478	119,478	-
Clerk of Superior Court	267,159	216,971	216,971	-
District attorney	82,694	87,735	87,735	-
Magistrate court	178,955	168,436	168,436	-
Probate court	235,647	200,280	200,280	-
Juvenile court	66,741	75,381	75,381	-
Grand jury	2,200	1,654	1,654	-
Public defender	85,608	85,608	85,608	-
Public Safety:				
Sheriff	1,930,953	2,198,264	2,198,264	-
Vice control	74,378	57,674	57,674	-
Jail operations	1,180,762	1,376,778	1,376,778	-
Fire and emergency management	750,899	784,322	784,322	-

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, 2011

(continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Fire stations and buildings	86,956	105,639	105,639	-
Coroner	20,999	25,996	25,996	-
Animal control	137,360	104,889	104,889	-
Public Works:				
Highways and streets administrative	823,640	659,786	659,786	-
Paved street	-	-	-	-
Unpaved street	-	-	-	-
Solid waste and recycling administration	61,200	32,504	32,504	-
Public education	-	22,905	22,905	-
Maintenance and shop	146,498	140,730	140,730	-
Health and Welfare:				
Public health administration	189,561	185,213	185,213	-
Ambulance contracted services	500,000	500,000	500,000	-
Intergovernmental welfare payments	199,500	255,161	255,161	-
Senior citizens center	155,944	145,899	145,899	-
Community center	71,999	51,668	51,668	-
Transportation services	91,337	93,964	93,964	-
Culture and Recreation:				
Culture and recreation administration	54,585	28,979	28,979	-
Library administration	182,290	184,468	184,468	-
Housing and development:				
Conservation administration	64,574	62,172	62,172	-
Agricultural resources	52,566	34,818	34,818	-
Building inspection	212,218	195,456	195,456	-
Planning and zoning	49,974	49,530	49,530	-
Economic development	173,000	155,375	155,375	-
Total Expenditures	10,563,147	11,638,038	11,638,038	-
Excess (Deficiency) of Revenues over Expenditures	2,696,000	2,053,555	2,053,555	-
Other Financing Sources (Uses):				
Proceeds from the sale of assets	-	30,977	30,977	-
Proceeds from insurance recovery	-	12,348	12,348	-
Transfers in	-	22,434	22,434	-
Transfers out	(2,696,000)	(702,570)	(702,570)	-
Total Other Financing Sources and Uses	(2,696,000)	(636,811)	(636,811)	-
Net change in fund balance	-	1,416,744	1,416,744	-
Fund balance, beginning of year	5,041,274	5,041,274	5,041,274	-
Fund balance, end of year	$ 5,041,274	$ 6,458,018	$ 6,458,018	$ -

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

UNION COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 148,581	$ 114,134	$ 262,715
Due from other funds	-	2,100	2,100
Other receivables	1,785	-	1,785
Inventories	42,495	-	42,495
Total Current Assets	192,861	116,234	309,095
Noncurrent Assets:			
Capital Assets:			
Land, improvements, and construction in progress not being depreciated	1,690,345	461,415	2,151,760
Other capital assets, net of depreciation	202,047	592,790	794,837
Total Noncurrent Assets	1,892,392	1,054,205	2,946,597
Total Assets	$ 2,085,253	$ 1,170,439	$ 3,255,692
LIABILITIES AND NET ASSETS			
Liabilities:			
Current Liabilities:			
Accounts payable	23,607	$ 44,367	$ 67,974
Due to other funds	609,427	8,225	617,652
Other accrued liabilities	4,803	1,640	6,443
Total Current Liabilities	637,837	54,232	692,069
Total Liabilities	637,837	54,232	692,069
Net Assets:			
Invested in capital assets, net of related debt	1,892,392	1,054,205	2,946,597
Unrestricted	(444,976)	62,002	(382,974)
Total Net Assets	1,447,416	1,116,207	2,563,623
Total Liabilities and Net Assets	$ 2,085,253	$ 1,170,439	$ 3,255,692

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, 2011

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
Operating Revenues:			
Charges for services	$ 537,045	$ 247,535	$ 784,580
Operating Expenses:			
Personal services	276,355	316,696	593,051
Contractual services	17,685	-	17,685
Utilities	20,727	138,319	159,046
Repairs and maintenance	89,616	91,989	181,605
Supplies and other expenses	236,252	331,121	567,373
Depreciation	38,411	127,557	165,968
Total Operating Expenses	679,046	1,005,682	1,684,728
Operating Income (loss)	(142,001)	(758,147)	(900,148)
Nonoperating Revenues (Expenses):			
Interest expense	(4,450)	-	(4,450)
Total Nonoperating Revenue (Expenses)	(4,450)	-	(4,450)
Net Income (Loss) Before Transfers	(146,451)	(758,147)	(904,598)
Transfers:			
Transfers in	-	702,570	702,570
Total Transfers	-	702,570	702,570
Change in net assets	(146,451)	(55,577)	(202,028)
Total net assets, beginning of year	1,593,867	1,171,784	2,765,651
Total net assets, end of year	$ 1,447,416	$ 1,116,207	$ 2,563,623

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, 2011

	Enterprise Funds		
	Golf Course	Meeks Park (Nonmajor)	Total
Cash Flows from Operating Activities:			
Receipts from customers	$ 536,221	$ 247,535	$ 783,756
Payments to suppliers	(372,176)	(541,418)	(913,594)
Payments to employees	(276,355)	(316,696)	(593,051)
Net cash provided by (used in) operating activities	(112,310)	(610,579)	(722,889)
Cash Flows from Non-Capital Financing Activities:			
Interfund loans-proceeds, net of collections	266,871	11,550	278,421
Transfers and operating subsidies, net	-	702,570	702,570
Net cash provided by (used in) non-capital financing activities	266,871	714,120	980,991
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(765)	(76,636)	(77,401)
Principal paid on debt	(38,088)	-	(38,088)
Interest paid on debt	(4,450)	-	(4,450)
Net cash provided by (used in) capital and related financing activities	(43,303)	(76,636)	(119,939)
Net increase (decrease) in cash	111,258	26,905	138,163
Cash, beginning of year	37,323	87,229	124,552
Cash, end of year	$ 148,581	$ 114,134	$ 262,715
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (142,001)	$ (758,147)	$ (900,148)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	38,411	127,557	165,968
Change in assets and liabilities:			
Accounts receivable	(823)	-	(823)
Inventories	(33,512)	-	(33,512)
Deposits	3,517	-	3,517
Accounts payable	19,279	18,371	37,650
Other accrued liabilities	2,819	1,640	4,459
Net cash provided by (used in) operating activities	$ (112,310)	$ (610,579)	$ (722,889)

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

UNION COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Decemer 31, 2011

	Agency Funds	Pension Trust Fund
Assets		
Cash and cash equivalents	$ 1,554,350	$ -
Restricted cash	185,043	-
Investments, held for pension benefits:		
Mutual funds	-	865,880
Taxes receivable	5,806,836	-
Total Assets	$ 7,546,229	$ 865,880
Liabilities and Net Assets		
Liabilities:		
Due to others	$ 7,546,229	$ -
Net Assets held in trust for pension benefits		865,880
Total Liabilities and Net Assets		$ 865,880

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, 2011

	Pension Trust Fund
Additions:	
Employer contributions	$ 103,103
Net appreciation (depreciation) in fair value of assets	(10,869)
Total Additions	92,234
Deductions:	
Fees	10,181
Benefits and claims	34,357
Total Deductions	44,538
Change in net assets	47,696
Net assets held in trust for pension benefits, beginning of year	818,184
Net assets held in trust for pension benefits, end of year	$ 865,880

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, Union County Development Authority, and the Union County Urban Redevelopment Agency 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, 2011 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, 2011 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, 2011.

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, 2011.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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."

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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*
Infrastructure	7 - 50
Buildings	50
Improvements other than buildings	15 - 20
Machinery and equipment	3 - 20
Furniture and fixtures	10 - 20
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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The County has adopted GASB Statement No. 54, which establishes criteria for classifying fund balances in governmental fund financial statements. Fund balances are presented based on classifications that comprise a hierarchy which is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified prepaid items and inventories as being Nonspendable as these items are not resources in spendable form.

Restricted: This classification includes amounts that are restricted to specific purposes whereby constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County's special revenue and capital projects funds are legally restricted to expenditures for specific purposes.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Commissioner. These amounts cannot be used for any other purpose unless the Commissioner removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the County's intent to use for a specific purpose but are neither restricted nor committed. This intent can be expressed by (a) the Commissioner him/her self or (b) the Commissioner delegating this responsibility to County management through the budgetary process. This classification also includes all remaining positive fund balance for all governmental funds other than the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The County's policy would be to use restricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Otherwise, it is the County's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

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 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.

NOTE 3. DEPOSITS AND INVESTMENTS (concluded)

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, 2011, 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, 2011, 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	$ 865,880

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NOTE 4. RECEIVABLES

Receivables at December 31, 2011, for the County's governmental funds in the aggregate are as follows:

	General	SPLOST III	Nonmajor	Total
Receivables:				
Property taxes	$ 1,896,335	$ -	$ -	$ 1,896,335
Other governments:				
Sales tax	452,178	565,223	-	1,017,401
Grants and contracts	-	-	424,019	424,019
Reimbursements	-	130,347	-	130,347
Miscellaneous	28,623	-	-	28,623
Accounts:				
Payments in lieu of tax	145,506	-	-	145,506
Franchise	-	-	-	-
Hotel/motel tax	-	-	17,611	17,611
Business	-	-	-	-
Health cost reimbursements	407,857	-	-	407,857
E-911	-	-	77,077	77,077
Miscellaneous	-	-	2,066	2,066
Gross receivables	2,930,499	695,570	520,773	4,146,842
Less allowance	-	-	-	-
Net receivables	$ 2,930,499	$ 695,570	$ 520,773	$ 4,146,842

Property taxes were levied September 2011. Bills are payable on or before December 20, 2011, 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 2012 digest was $20,753,736 in total for all jurisdictions. As of December 31, 2011, any receivables, plus any amounts collected prior to year-end, for the 2011 digest are deferred revenues, since those revenues are intended to finance expenditures in the subsequent fiscal year. The receivables collected during 2011 for the 2010 and prior year levies are recognized as revenues in the year ended December 31, 2011. Net receivables for the 2010 and prior year digest levies that are estimated to be collected subsequent to February 28, 2012 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, 2011 was as follows:

	Beginning of year	Increases	Reclassifications and Decreases	End of year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,567,883	$ 288,862	$ -	$ 2,856,745
Construction in progress	5,511,272	3,163,120	(278,871)	8,395,521
Total capital assets, not being depreciated	8,079,155	3,451,982	(278,871)	11,252,266
Capital assets, being depreciated:				
Infrastructure	14,095,557	1,463,002	-	15,558,559
Buildings and improvements	17,855,933	-	6,891	17,862,824
Machinery and equipment	4,237,934	269,397	-	4,507,331
Furniture and fixtures	132,433	-	-	132,433
Vehicles	4,064,527	57,600	192,091	4,314,219
Total capital assets, being depreciated	40,386,384	1,789,999	198,982	42,375,366
Less accumulated depreciation for:				
Infrastructure	4,595,320	1,568,035	-	6,163,355
Buildings and improvements	3,756,541	395,030	-	4,151,571
Machinery and equipment	2,441,206	319,488	-	2,760,694
Furniture and fixtures	66,775	6,427	-	73,202
Vehicles	2,818,046	390,197	(72,500)	3,135,743
Total accumulated depreciation	13,677,888	2,679,177	(72,500)	16,284,565
Total capital assets, being depreciated, net	26,708,496	(889,178)	271,482	26,090,801
Governmental activities capital assets, net	$ 34,787,651	$ 2,562,804	$ (7,389)	$ 37,343,067

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NOTE 5. CAPITAL ASSETS (concluded)

	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	199	-	448,789
Construction in progress	50,070	7,348	(44,793)	12,625
Total capital assets not being depreciated	2,189,006	7,547	(44,793)	2,151,760
Capital assets, being depreciated:				
Land improvements	482,199	6,378	-	488,577
Buildings and improvements	1,060,736	63,634	-	1,124,370
Equipment and furniture	736,570	44,635	2,500	783,705
Vehicles	64,351	-	-	64,351
Total capital assets being depreciated	2,343,856	114,647	2,500	2,461,003
Less accumulated depreciation for:				
Land improvements	213,229	26,040	-	239,269
Buildings and improvements	697,902	79,712	-	777,614
Equipment and furniture	543,119	52,940	2,500	598,559
Vehicles	43,448	7,276	-	50,724
Total accumulated depreciation	1,497,698	165,968	2,500	1,666,166
Total capital assets being depreciated, net	846,158	(51,321)	-	794,837
Business-type activities capital assets, net	$ 3,035,164	$ (43,774)	$ (44,793)	$ 2,946,597

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

Governmental activities:	
General government	$ 305,330
Judicial	12,256
Public safety	602,507
Public works	1,743,788
Health and welfare	15,296
Housing and development	-
Total depreciation expense - governmental activities	$ 2,679,177
Business-type activities:	
Culture and recreation	$ 165,968

NOTE 6. RESTRICTED ASSETS

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

Nonmajor funds - restricted for general obligation bond principal and interest payments	$ 570,648

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 $226,652 (cost of $271,983 less accumulated depreciation of $45,330).

The following is a summary of capital leases payable at December 31, 2011:

Governmental activities:	
Ford Motor Credit Union – for the acquisition of patrol vehicles; interest rate of 5.45%; annual installments of $73,500; maturing May 2013.	$ 135,800

Future minimum lease payments are as follows:

	Governmental activities		
	Principal	Interest	Total
2012	$ 66,099	$ 7,401	$ 73,500
2013	69,701	3,799	73,500
Total	$ 135,800	$ 11,200	$ 147,000

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, 2011 was $400,000.

Future minimum payments under this agreement consisted of the following at December 31, 2011:

2012	$ 100,000
2013	100,000
2014	100,000
2015	100,000
	$ 400,000

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

GENERAL OBLIGATION BONDS

Governmental activities:

The following is a summary of the outstanding long-term bond issues at December 31, 2011:

Year Issued/Purpose	Interest Rate	Interest Due	Issue Date	Maturity Date	Authorized and Issued	Outstanding
2009/ Various SPLOST Projects	Varies	Feb 1, Aug 1	2/25/2009	8/1/2015	$ 5,000,000	$ 3,415,000

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 2011 totaled $6,685.

Annual debt service requirements to amortize bonds outstanding, as of December 31, 2011, are as follows:

	Principal	Interest	Total
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
	$ 3,415,000	$ 246,675	$ 3,661,675

CHANGES IN LONG-TERM DEBT

Changes in long-term liabilities consisted of the following for the year ended December 31, 2011:

Governmental activities:	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 4,215,000	$ -	$ 800,000	$ 3,415,000	$ 820,000
Plus deferred amounts:					
Issuance premium	33,425	-	6,685	26,740	-
Total bonds payable	4,248,425	-	806,685	3,441,740	820,000
Capital leases	115,000	271,983	251,183	135,800	66,099
Contracts	500,000	-	100,000	400,000	100,000
Compensated absences	109,307	26,640	-	82,667	-
Closure and post-closure landfill costs	277,533	-	20,060	257,473	17,912
	$ 5,250,265	$ 298,623	$ 1,177,928	$ 4,317,680	$ 1,004,011
Business-type activities:					
Capital leases	$ 38,088	$ -	$ 38,088	$ -	$ -

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

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 UNITS

COMPONENT UNIT – URBAN REDEVELOPMENT AGENCY

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, 2011, are as follows:

	Principal	Interest	Total
2012	$ -	$ 236,004	$ 236,004
2013	-	236,004	236,004
2014	-	236,004	236,004
2015	-	236,004	236,004
2016	245,000	236,004	481,004
2017-2021	1,395,000	1,004,968	2,399,968
2022-2026	1,755,000	651,894	2,406,894
2027-2030	1,710,000	207,996	1,917,996
Total	$ 5,105,000	$ 3,044,878	$ 8,149,878

Changes in long-term debt consisted of the following for the year ended December 31, 2011:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due in One Year
Revenue bonds	$ 5,105,000	$ -	$ -	$ 5,105,000	$ -
Plus deferred amounts:					
Issuance premium	13,094	-	654	12,440	-
Total bonds payable	$ 5,118,094	$ -	$ 654	$ 5,117,440	$ -

NOTE 8. LONG-TERM DEBT – COMPONENT UNITS (concluded)

COMPONENT UNIT – DEVELOPMENT AUTHORITY

NOTE PAYABLE AGREEMENT

During 2011, the Authority entered into a note payable agreement with OneGeorgia Authority (Georgia DCA) for the purpose of building a speculative building. The note was disbursed at one time because the Development Authority secured interim financing for the building from a local bank. This part of the note will not become due and will not be amortized until the earlier of 5 years from the last drawdown or at the time the building becomes 70% leased. At that time, the note will be due and payable over a 20 year term at 0% interest.

Changes in long-term debt consisted of the following for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due In One Year
Note agreement	$ -	$ 484,010	$ -	$ 484,010	$ -

Future debt service requirements are as follows:

	Principal	Interest	Total
2012	$ -	$ -	$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	6,050	-	6,050
2017-2021	121,003	-	121,003
2022-2026	121,003	-	121,003
2027-2031	121,003	-	121,003
2032-2036	114,951	-	114,951
Total	$ 484,010	$ -	$ 484,010

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NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivable/Payable:

Receivable fund	Payable fund	Amount
General	SPLOST III	$ 336,688
General	Nonmajor governmental	2,839,888
General	Golf Course	609,427
General	Nonmajor enterprise	8,225
Nonmajor governmental	General	305,036
Nonmajor enterprise	SPLOST III	2,100
		$ 4,101,364

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	$ 22,434
SPLOST III	Nonmajor governmental	14,875
Nonmajor governmental	SPLOST III	1,174,116
Nonmajor enterprise	General	702,570
		$ 1,913,995

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. FUND BALANCES

For the year ended December 31, 2011, the County adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Accordingly, fund balances are classified as follows:

Nonspendable: Amounts that are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts that can be spent only for specific purposes as imposed by state or federal laws, or constraints imposed by grantors or creditors.

NOTE 10. FUND BALANCES (continued)

Unassigned: All amounts not included in other spendable classifications for the General Fund and negative residual fund balances of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The details of fund balances included in the accompanying Governmental Funds Balance Sheet at December 31, 2011, are as follows:

General Fund - The General Fund has Unassigned Fund Balance of $6,342,036 at December 31, 2011. Prepaid items in the amount of $47,083 are considered Nonspendable Fund Balance. Inventories in the amount of $68,899 are also considered Nonspendable Fund Balance.

Other Major Funds - The SPLOST III Fund has Restricted Fund Balance of $2,123,180 to be used for various capital projects including a percentage that is paid to the City of Blairsville for funding capital projects within the City.

Other Funds – The following nonmajor funds have Restricted Fund Balances designated for the following specific purposes:

Nonmajor Funds	Purpose	Restricted Fund Balance
Special Revenue Funds:		
Law Library	acquire and maintain law library materials	$ 51,129
Seizure Fund	public safety purposes (except salaries of law enforcement personnel)	1,525
Jail Operations	jail operations	162,645
Drug Abuse	drug abuse treatment and education	100,013
Juvenile Court	operations, staffing and juvenile related programs	12,697
Local Victims Assistance	benefit victims of crime and their families	4,630
Hotel/Motel	tourism promotion within the County	13,861
Debt Service Funds:		
Debt Service - SPLOST Projects	debt service	514,381
Debt Service - Obligation Bond	debt service	287,387
Capital Projects Funds:		
SPLOST II	construction of capital projects	1,310
Capital Projects	construction of capital projects	242,602
		$ 1,392,180

NOTE 10. FUND BALANCES (concluded)

The following funds had the following deficit fund balances, which are considered unassigned fund balances, at December 31, 2011:

Nonmajor Funds	Purpose	Restricted Fund Balance
Special Revenue Funds:		
Nonmajor E911 Fund	operating and personnel costs of providing emergency services	$ 916,882
Nonmajor Multiple Grant Fund	purposes specified by grantors of monies received from various Federal and State agencies	1,251,651
Capital Projects Fund:		
Nonmajor TEA Grant Fund	construction of capital projects	101,800
		$ 2,270,333

The County expects to generate future revenues to offset these deficits. The County's General Fund has adequate surplus to provide for the deficit fund balances in the event that sufficient revenues cannot be generated.

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, 2011, the County has recorded a liability of $257,473, 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 2011. 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 $103,103 for 2011. 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 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.

NOTE 14. JOINT VENTURES (concluded)

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 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, 2011. No provisions have been made in the financial statements for the year ended December 31, 2011 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

NOTE 15. RISK MANAGEMENT (concluded)

at December 31, 2011. No provisions have been made in the financial statements for the year ended December 31, 2011 or any estimate of potential unpaid claims.

NOTE 16. HOTEL/MOTEL LODGING TAX

The County has levied a 5% lodging tax. During the year ended December 31, 2011, $106,076 was collected. Per state law, 40% was required to be spent to promote tourism, conventions and trade shows. The County spent $97,476, representing 91.9%, 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.

NOTE 17. OPERATING LEASE COMMITMENTS

Governmental Activities:

The County is committed under various noncancelable operating leases, primarily for office equipment (principally in the General Fund). Lease expense in the current year totaled $15,634. Future minimum operating lease commitments are as follows:

2012	$ 18,108
2013	16,674
2014	7,687
2015	950
Total	$ 43,419

Business-type Activities:

During 2010, the County entered into 48-month renewable operating leases for golf carts and other golf course equipment in the Golf Course fund. Lease expense in the current year totaled $113,790. Future minimum operating lease commitments are as follows:

2012	$ 36,000
2013	36,000
2014	30,000
Total	$ 102,000

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

NOTE 18. OTHER COMMITMENTS (concluded)

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. PRIOR PERIOD RESTATEMENT

PRIMARY GOVERNMENT

The County has determined that a restatement is required to increase amounts of long-term debt outstanding on a capital lease for patrol cars that had been under-reported at the previous year-end. The result was an overstatement of net assets reported on the government-wide financial statements in the prior period. The following adjustment was needed to correct the net assets as of December 31, 2010:

Governmental Activities	
Net assets, December 31, 2010, as originally reported	$ 43,242,844
Adjustment to increase long-term debt on capital lease	(145,907)
Net assets, December 31, 2010, as restated	$ 43,096,937

COMPONENT UNIT – UNION COUNTY HEALTH DEPARTMENT

The Department has determined that a restatement is required to increase amounts of revenue earned in the prior period which had been under-reported during the previous year. The result was an understatement of fund balance in the prior period. The following adjustment was needed to correct the fund balance as of December 31, 2010:

Public Health Program	
Net assets, December 31, 2010, as originally reported	$ 137,255
Adjustment to increase revenues	9,612
Net assets, December 31, 2010, as restated	$ 146,867

OTHER SUPPLEMENTARY INFORMATION

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
ASSETS				
Cash	$ 333,132	$ -	$ 313,673	$ 646,805
Restricted cash	-	570,648	-	570,648
Taxes receivable	13,605	-	-	13,605
Due from other governments	252,056	-	171,963	424,019
Other receivables	83,149	-	-	83,149
Due from other funds	17,659	287,377	-	305,036
Total Assets	$ 699,601	$ 858,025	$ 485,636	$ 2,043,262
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 17,914	$ -	$ -	$ 17,914
Deferred revenues	50,102	-	13,511	63,613
Due to other funds	2,453,618	56,257	330,013	2,839,888
Total Liabilities	2,521,634	56,257	343,524	2,921,415
Fund Balances:				
Restricted	346,500	801,768	243,912	1,392,180
Unassigned	(2,168,533)	-	(101,800)	(2,270,333)
Total Fund Balances (Deficit)	(1,822,033)	801,768	142,112	(878,153)
Total Liabilities and Fund Balances	$ 699,601	$ 858,025	$ 485,636	$ 2,043,262

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total
Revenues:				
Sales and use tax	$ 106,076	$ -	$ -	$ 106,076
Intergovernmental	433,836	-	506,747	940,583
Fines and forfeitures	100,028	-	-	100,028
Charges for service	351,287	-	-	351,287
Interest income	3,141	533	3,893	7,567
Total Revenues	994,368	533	510,640	1,505,541
Expenditures:				
Current:				
Judicial	17,910	-	-	17,910
Public safety	759,144	-	-	759,144
Health and welfare	20,131	-	-	20,131
Housing and development	97,476	-	-	97,476
Debt service:				
Principal	-	800,000	-	800,000
Interest and other fees	-	272,171	-	272,171
Capital outlay:				
Public safety	343,580	-	-	343,580
Culture and recreation	-	-	452,606	452,606
Total Expenditures	1,238,241	1,072,171	452,606	2,763,018
Excess of Revenue Over (Under) Expenditures	(243,873)	(1,071,638)	58,034	(1,257,477)
Other Financing Sources (Uses):				
Transfers in	-	1,174,116	-	1,174,116
Transfers out	(22,434)	-	(14,875)	(37,309)
Total Other Financing Sources (Uses)	(22,434)	1,174,116	(14,875)	1,136,807
Net change in fund balances	(266,307)	102,478	43,159	(120,670)
Fund balances (deficit), beginning of year	(1,555,726)	699,290	98,953	(757,483)
Fund balances (deficit), end of year	$ (1,822,033)	$ 801,768	$ 142,112	$ (878,153)

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011

	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	$ 52,473	$ 1,525	$ -	$ 162,645	$ 103,542	$ 12,947	$ -	$ -	$ -	$ 333,132
Taxes receivable	-	-	-	-	-	-	-	-	13,605	13,605
Due from other governments	-	-	-	-	-	-	-	252,056	-	252,056
Other receivables	931	-	77,077	-	-	-	1,135	-	4,006	83,149
Due from other funds	-	-	-	-	-	-	5,559	-	12,100	17,659
Total Assets	$ 53,404	$ 1,525	$ 77,077	$ 162,645	$ 103,542	$ 12,947	$ 6,694	$ 252,056	$ 29,711	$ 699,601
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,064	$ -	$ 15,850	$ 17,914
Deferred revenues	-	-	-	-	-	-	-	50,102	-	50,102
Due to other funds	2,275	-	993,959	-	3,529	250	-	1,453,605	-	2,453,618
Total Liabilities	2,275	-	993,959	-	3,529	250	2,064	1,503,707	15,850	2,521,634
Fund Balances:										
Restricted	51,129	1,525	-	162,645	100,013	12,697	4,630	-	13,861	346,500
Unassigned	-	-	(916,882)	-	-	-	-	(1,251,651)	-	(2,168,533)
Total Fund Balances (Deficit)	51,129	1,525	(916,882)	162,645	100,013	12,697	4,630	(1,251,651)	13,861	(1,822,033)
Total Liabilities and Fund Balances	$ 53,404	$ 1,525	$ 77,077	$ 162,645	$ 103,542	$ 12,947	$ 6,694	$ 252,056	$ 29,711	$ 699,601

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 106,076	$ 106,076
Intergovernmental	-	-	-	-	-	-	-	433,836	-	433,836
Fines and forfeitures	13,504	1,200	-	35,637	30,333	600	18,754	-	-	100,028
Charges for services	-	-	351,287	-	-	-	-	-	-	351,287
Interest income	168	1	-	1,746	1,067	159	-	-	-	3,141
Total Revenues	13,672	1,201	351,287	37,383	31,400	759	18,754	433,836	106,076	994,368
Expenditures:										
Current:										
Judicial	11,060	-	-	-	-	250	-	6,600	-	17,910
Public safety	-	88	562,610	-	4,811	-	-	191,635	-	759,144
Health and welfare	-	-	-	-	-	-	20,131	-	-	20,131
Housing and development	-	-	-	-	-	-	-	-	97,476	97,476
Capital outlay:										
Public safety	-	-	13,811	-	-	-	-	329,769	-	343,580
Total Expenditures	11,060	88	576,421	-	4,811	250	20,131	528,004	97,476	1,238,241
Excess of Revenues Over (Under) Expenditures	2,612	1,113	(225,134)	37,383	26,589	509	(1,377)	(94,168)	8,600	(243,873)
Other Financing Sources (Uses):										
Transfers out	-	-	-	-	(7,605)	-	-	(14,829)	-	(22,434)
Total Other Financing Sources (Uses)	-	-	-	-	(7,605)	-	-	(14,829)	-	(22,434)
Net change in fund balances	2,612	1,113	(225,134)	37,383	18,984	509	(1,377)	(108,997)	8,600	(266,307)
Fund balances (deficit), beginning of year	48,517	412	(691,748)	125,262	81,029	12,188	6,007	(1,142,654)	5,261	(1,555,726)
Fund balances (deficit), end of year	$ 51,129	$ 1,525	$ (916,882)	$ 162,645	$ 100,013	$ 12,697	$ 4,630	$ (1,251,651)	$ 13,861	$ (1,822,033)

UNION COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
December 31, 2011

	Nonmajor Debt Service Funds		
	Debt Service - SPLOST Projects	Debt Service - Obligation Bond	Total
ASSETS			
Restricted cash	$ 570,638	$ 10	$ 570,648
Due from other funds	-	287,377	287,377
Total Assets	$ 570,638	$ 287,387	$ 858,025
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	$ 56,257	$ -	$ 56,257
Total Liabilities	56,257	-	56,257
Fund Balances:			
Restricted	514,381	287,387	801,768
Total Fund Balances	514,381	287,387	801,768
Total Liabilities and Fund Balances	$ 570,638	$ 287,387	$ 858,025

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Year Ended December 31, 2011

	Nonmajor Debt Service Funds		
	Debt Service - SPLOST Projects	Debt Service - Obligation Bond	Total
Revenues:			
Interest income	$ 518	$ 15	$ 533
Total Revenues	518	15	533
Expenditures:			
Debt service:			
Principal	800,000	-	800,000
Interest and other fees	272,171	-	272,171
Total Expenditures	1,072,171	-	1,072,171
Excess of Revenue Over (Under) Expenditures	(1,071,653)	15	(1,071,638)
Other Financing Sources (Uses):			
Transfers in	1,174,116	-	1,174,116
Total Other Financing Sources (Uses)	1,174,116	-	1,174,116
Net change in fund balances	102,463	15	102,478
Fund balances, beginning of year	411,918	287,372	699,290
Fund balances, end of year	$ 514,381	$ 287,387	$ 801,768

UNION COUNTY
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2011

	Nonmajor Capital Projects Funds			
	TEA Grant	SPLOST II	Capital Projects	Total
ASSETS				
Cash	$ -	$ 2,560	$ 311,113	$ 313,673
Due from other governments	171,963	-	-	171,963
Total Assets	$ 171,963	$ 2,560	$ 311,113	$ 485,636
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred revenues	$ -	$ -	$ 13,511	$ 13,511
Due to other funds	273,763	1,250	55,000	330,013
Total Liabilities	273,763	1,250	68,511	343,524
Fund Balances:				
Restricted	-	1,310	242,602	243,912
Unassigned	(101,800)	-	-	(101,800)
Total Fund Balances (Deficit)	(101,800)	1,310	242,602	142,112
Total Liabilities and Fund Balances	$ 171,963	$ 2,560	$ 311,113	$ 485,636

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	Nonmajor Capital Projects Funds			
	TEA Grant	SPLOST II	Capital Projects	Total
Revenues:				
Intergovernmental	$ 506,747	$ -	$ -	$ 506,747
Interest income	-	-	3,893	3,893
Total Revenues	506,747	-	3,893	510,640
Expenditures:				
Capital outlay:				
Culture and recreation	452,606	-	-	452,606
Total Expenditures	452,606	-	-	452,606
Excess of Revenue Over (Under) Expenditures	54,141	-	3,893	58,034
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(14,875)	-	(14,875)
Total Other Financing Sources (Uses)	-	(14,875)	-	(14,875)
Net change in fund balances	54,141	(14,875)	3,893	43,159
Fund balances (deficit), beginning of year	(155,941)	16,185	238,709	98,953
Fund balances (deficit), end of year	$ (101,800)	$ 1,310	$ 242,602	$ 142,112

UNION COUNTY, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2011

	Tax Commissioner	Clerk of Superior Court	Judge of Probate Court	Magistrate Court	Sheriff	Total Agency Funds
ASSETS						
Cash and equivalents	$ 1,289,465	$ 246,796	$ 4,006	$ 14,083	$ -	$ 1,554,350
Restricted cash	50,351	73,515	29,816	-	31,361	185,043
Taxes receivable	5,806,836	-	-	-	-	5,806,836
Total Assets	$ 7,146,652	$ 320,311	$ 33,822	$ 14,083	$ 31,361	$ 7,546,229
LIABILITIES						
Liabilities:						
Due to others	$ 7,146,652	$ 320,311	$ 33,822	$ 14,083	$ 31,361	$ 7,546,229
Total Liabilities	$ 7,146,652	$ 320,311	$ 33,822	$ 14,083	$ 31,361	$ 7,546,229

UNION COUNTY, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Fiscal Year Ended December 31, 2011

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	$ 89,828		$ 68,578	158,406	32%
Roads and bridges	11,760,000	4,731,506	946,961		1,116,661	2,063,622	44%
Jail renovation and expansion	1,960,000	87,490	63,504		-	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	1,885,999		386,360	2,272,359	57%
Library renovation, expansion and books	882,000	900,000	182,935		703,948	886,883	99%
Public safety facilities, vehicles and equipment	2,009,000	2,050,000	1,266,907		73,498	1,340,405	65%
Solid waste transfer station/recycling center	833,000	-	-		-	-	0%
Farmers market/arena/cannery	784,000	800,000	665,420		8,341	673,761	84%
Civic center renovation and expansion	245,000	250,000	246,858		-	246,858	99%
Multi-use building for economic development offices, community center and pro-shop	3,430,000	3,500,000	213,695		257,479 (a)	471,174	13%
Renovations to old courthouse, gym and other historic facilities	1,323,000	594,755	155,900		14,586	170,486	29%
Animal control facilities	147,000	150,000	65,578		52,462	118,040	79%
Contractual payments:							
City of Blairsville	1,960,000	1,224,000	357,000	-	204,000	561,000	46%
Totals SPLOST 2009	*$ 31,500,000*	*$ 19,282,334*	*$ 6,140,585*	*$ -*	*$ 2,885,913*	*$ 9,026,498*	
SPLOST 2003							
Road and bridge improvements/repair	$ 8,500,000	$ 8,500,000	$ 9,613,056	$ -	$ 14,875	$ 9,627,931	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*	*$ 18,133,120*	*$ -*	*$ 14,875*	*$ 18,147,995*	
Total SPLOST Project Expenditures			*$ 24,273,705*	*$ -*	*$ 2,900,788*	*$ 27,174,493*	

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

Note B- Transfers in the amount of $14,875 from SPLOST II Fund into SPLOST III Fund were used to finance project costs for road and bridge improvements/repairs, but have been reflected above as a SPLOST II project expenditure.

Note C- Reimbursement received by the SPLOST III Fund from an outside source in the amount of $15,350 is reported as revenue in the governmental fund statements, but has been "netted" above against current year expenditures for road and bridge improvements/repairs.

Note D- Transfers from SPLOST III Fund to the Debt Service Fund -SPLOST Projects in the amount of $1,174,116 were used for SPLOST approved debt service for various past and present SPLOST projects.

INTERNAL CONTROL AND COMPLIANCE SECTION

RL Jennings & Associates, PC
Certified Public Accountants

R.. Lee Jennings, CFCA, CPA
Mona Evans, CPA
Thomas H. Evans, Jr., CPA
Sherry L. Estes, CPA
Lisa J. Hoyle, CPA
Katherine S. Washington, CPA

61 Maddox Circle, East Ellijay
P.O. Box 2683, Ellijay, GA 30540
706-273-1945
Fax 706-273-1946
www.ellijaycpa.com
www.facebook.com/RLJ.ellijay

Member of
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

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, 2011, which collectively comprise Union County, Georgia's basic financial statements and have issued our report thereon dated October 11, 2012. 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

Management of Union County, Georgia is responsible for establishing and maintaining effective 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.*

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.

Rod Jennings + Associates, PC

Ellijay, Georgia
October 11, 2012

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.