

CITY OF UNION CITY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2010



Prepared by:
Union City Finance Department

CITY OF UNION CITY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YER ENDED AUGUST 31, 2010

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INTRODUCTORY SECTION



CITY OF UNION CITY
"The Progressive City"

5047 UNION STREET
UNION CITY, GEORGIA 30291-1497
PHONE 770/964-2288
FAX 770/306-6861

February 28, 2011

Honorable Ralph Moore, Mayor,
Members of the City Council,
and Citizens of Union City, Georgia

Ladies and Gentlemen:

State law requires that all general-purpose local governments publish for the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Union City, Georgia for the fiscal year ended August 31, 2010.

This report consists of management's representations concerning the finances of the City of Union City, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Union City, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Union City, Georgia's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Union City, Georgia's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Union City, Georgia's financial statements have been audited by Mauldin & Jenkins, CPA, LLC, a license certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Union City, Georgia for the fiscal year ended August 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Union City, Georgia's financial statements for the fiscal year ended August 31, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Union City, Georgia's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Union City was incorporated August 17, 1908, and was named for the Farmer's Union whose national headquarters was located in the area. Since that time the City's population has grown to its current population of approximately 16,961. The City is located in North Central Georgia on Interstate 85 in South Fulton County, the largest county in the State of Georgia. Approximately 15 miles south of downtown Atlanta, Union City is only 10 miles from Hartsfield-Jackson International Airport and is part of the metropolitan statistical area as designated by the Bureau of Census; a small town America within the sphere of downtown Atlanta, home of the 1996 Olympic Games.

The City of Union City, Georgia, operates under a Mayor and Council- City Manager form of government. The City Manager is appointed by and serves at the pleasure of the City Council. The City Council annually adopts a balanced budget and establishes a tax rate for the support of the City programs. The City Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the City Council.

Services provided by the City under general governmental functions include finance, human resources, information technology, police and fire protection, economic development, public services, recreation services and administrative services to the citizens. In addition, water and sewer services, solid waste collection and disposal services, and criminal justice management are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

Management of the City has reviewed all potential component units to determine if any should be included in these financial statements and has concluded that the South Fulton Municipal Regional Jail Authority is a component unit that should be included in the financial statements.

The annual budget is the financial plan for the operation of the City for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. The City adopts an annual budget no later than the beginning of each fiscal year. The City Manager and the Comptroller are required to prepare and submit a budget to the Council for review and adoption. The budget is accompanied by a message from the City Manager containing a statement of general fiscal policies of the City, the important features of the budgets, explanations of the major changes recommended for the next fiscal year, a general summary of the budgets, and such other comments and information as may be deemed pertinent. The Council may approve, reject, or modify the proposed budget and shall adopt the final budget by ordinance no later than August 31. The City Manager has been delegated the authority to make interfund or interdepartmental transfers in the current operating or capital improvements budgets, provided funds are available. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.

Annual budgets are adopted for the General Fund, Debt Service Funds, and Special Revenue Funds. Capital Projects Funds have legal budgets adopted on a total project basis rather than an annual basis. Annual operating budgets are prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes.

The City Manager may transfer resources within a department (within a fund) as deemed necessary. Transfers between departments or funds, however, need special approval from the City Council. Appropriations lapse at year-end except those for capital projects which are accounted for in future periods as "fund balance reserved for construction" until the appropriation is expended or the project completed.

Final budget amounts included on all budget comparisons in this report are as amended as of August 31, 2010, by the Mayor and Council.

National Economy

Despite the extraordinary steps taken by the Federal Reserve, through the American Recovery and Reinvestment Act, the national economy continues to slowly recover from the recession. Additionally, the economic behavior most important to the real estate markets, namely, jobs and borrowing, have remained stuck in the ditch. The U.S. economy is predicted to recover slowly into next year, held back by shoppers reluctant to spend and employers hesitant to hire, according to an Associated Press survey of leading economists. Yet despite this expectation of slower growth, a majority of the 42 economists surveyed believe the recovery remains on track, raising hopes that the economy can avoid falling back into a "double-dip" recession.

The unemployment rate is projected to remain in the double digits for the rest of this year and is not expected to return to its historically normal 5 percent until the year 2015. State budget shortfalls pose a "significant" or "severe" risk to the national economy and have forced state and local governments to cut services and lay off workers due to revenue shortfalls.

The economy will need years to recover from the anxiety, lack of consumer confidence and financial fear that transpired these past two year. Most economists and financial professionals remain somewhat optimistic that a recovery will occur but at a slower pace for the next few years. The recession has changed the way governments operate at the local level. Short-term solutions of leaving vacant positions unfilled, deferring capital projects, and implementing targeted cuts in expenditures will not resolve the issue entirely. These steps implemented during the recession, now represent a new way of doing business that will continue beyond this fiscal crisis.

Financial Position and Future Prospects

The financial position of the City has continued to be sound over the past year, with actual operating results better than projected. This is due in part to careful budget management and expenditure of funds, the investment of all available surplus cash in interest bearing certificates, and the careful management of our utility billing rates. The implementation of local option sales tax has enabled the City to reduce the dependence on ad valorem taxes to support the General Fund.

Moody's Investors issued the City of Union City an Aa3 Credit Rating that translates into the company affirming the rating in previously issued general obligation debt. The prior rating was A2 with a new standing being assigned after a careful review of the City's solid financial position, conservative fiscal policies, moderately-sized tax base and manageable debt position.

The new rating is clear testament that the City continues to demonstrate sound financial performance despite a tough economic climate. Landing such a high rating from a major agency is exceptional given the extraordinary steps the Federal Reserve has taken to maintain credit markets. The State of Georgia's significant budget reductions coupled with the financial pressures facing many local governments makes the new rating an enormous accomplishment for the City.

Services and retail trade dominate Union City's economy. This is in part due to the existence of numerous services and retail establishments located along Georgia Highway 138. Over 89% of businesses located in Union City are in the services or retail trade sector. Union City has a distinctive blend of new and established business clusters that are strategically designed to succeed. Its success is due, in part, to local and regional resources, a highly educated workforce, competitive incentives, and state-of-the-art industrial parks.

The City continues to attract major businesses providing solid economic growth that contradicts the state of the national economy. Union City gained over a thousand new jobs this past year primarily with the opening of Dendreon (350 jobs), Kraft Food (200 jobs) and Newell Rubbermaid (200 jobs). Development projects such as the planned Parkway South Town Center Mixed-Use development located along South Fulton Parkway allow for smart, mixed-use development in density ratios that promote progressive growth, an increased tax base and protection of vital green-space and conservation areas.

Incentives such as the Tax Allocation District (TAD) proposed a 600-acre mixed-use development that helps focus redevelopment and local infrastructure improvements on a former Mall location. The City also obtained the Opportunity Zone designation to attract businesses by promoting job tax credits up to \$3,500 per job created. As a part of the Opportunity Zone Tax Credits, businesses which are able to utilize the credit against their Georgia Income Taxes may claim excess credit against their withholding taxes. Recently, Union City received a federally designation as a Georgia Foreign Trade Zone (GFTZ) which helps businesses remain competitive, reducing processing fees and enhancing the movement of goods in a global marketplace. Participation in the FTZ opportunity allows companies to decrease customs costs, by lowering averting or deferring duties on products assembled, distributed, or exported from the United States.

Union City provides various shopping opportunities to residents of the City as well as those from surrounding cities and counties. Several smaller shopping centers are located in our commercial district along with a substantial number of automobile dealerships. All combined, Union City has a solid retail district that continues to improve and expand. Currently there are ten manufacturing establishments, seven trade outlets and five construction establishments, many of which are independent contractors operating out of their homes.

Location advantages, such as the interstate and close proximity to Hartsfield-Jackson International Airport, present Union City with an opportunity distinct to South Fulton County. These resources have enabled the City to capture development, both commercial and residential.

Cash Management Policies and Practices

Cash temporarily idle during the year is invested in commercial bank certificates of deposit, U. S. Treasury bills and the State of Georgia Local Government Investment Pool. These instruments generally have terms of twelve months or less. Investments of this type are found in the General, Debt Service, and Water and Sewer funds.

Risk Management

The City of Union City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). The Agency's purpose is to serve as a self-insurance fund for the management of liability and property damage risks of the member municipalities. GIRMA is administered by the Georgia Municipal Association through a 15 member Board of Trustees. The Board of Trustees is appointed from member municipalities meeting criteria set forth in GIRMA Bylaws.

The City pays an annual contribution to GIRMA as prescribed in the By-laws. As a member of GIRMA, the City agrees to participate in all loss reduction and prevention procedures by GIRMA. The City reports all claims to GIRMA. The claims are reviewed by GIRMA to determine what representation, if any, is required.

Pension Benefits

The City participates in the Georgia Municipal Employees Benefit System (GMEBS), with day-to-day administration by the Georgia Municipal Association (GMA). Full time employees employed for at least one year are eligible to participate in the plan and will provide monthly benefits for eligible, retired employees. The retirement plan is designed to supplement the employee's Social Security benefits and their personal savings (including the City's defined contribution plans) by providing additional income at retirement. Union City pays the entire cost for this employee retirement plan. The City has no fiduciary responsibility for the plan. Annual actuarial reviews are performed and funding requirements are adjusted as needed based upon directions received from the Georgia Municipal Employees Benefit System. All contributions required to meet the actuarial study have been made.

In addition to the Defined Contribution Plan mentioned above, Union City offers a Defined Contribution Plan. Eligible employees can elect to contribute to a defined benefit 457(b) plan up to the federally authorized legal contribution limit per calendar year. The City will match the employee's 457(b) plan contribution on a percent by percent basis as follows:

- 100% match on all contributions up to 2.0%
- 75% match on all contributions from 2.1% to 4.0%
- 50% match on all contributions from 4.1% to 10.0%

The City's match will be made into a 401(a) plan. The employee shall have the ability to direct his/her contribution and the City's match into the investment choices offered by the external defined contribution plan administrator.

Contributions made by the employee into the 457(b) shall be vested immediately upon the employee's eligibility date for benefits and shall be portable based upon regulations defined in the City's plan document and guidelines defined by the IRS.

Awards & Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Union City for its Comprehensive Annual Financial Report (CAFR) for the fiscal period ended August 31, 2009. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We are pleased to present the City's twelfth Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our current CAFR continues to meet the program's requirements.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Union City, Georgia's finances.

Respectfully submitted,

Steven R. Rapson, CPA
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Union City
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2009

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



A stylized, handwritten signature in black ink.

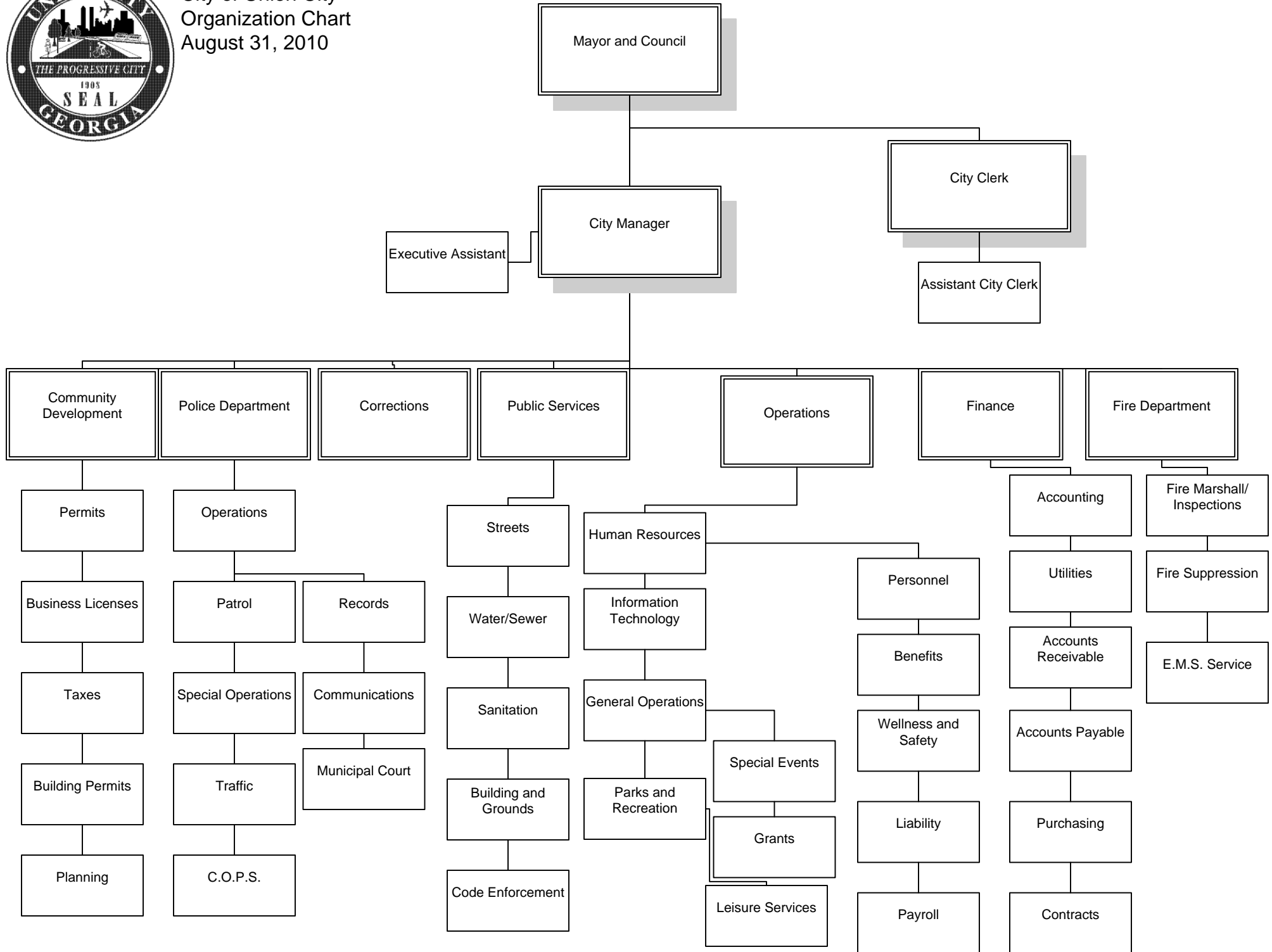
President

A stylized, handwritten signature in black ink.

Executive Director



City of Union City
Organization Chart
August 31, 2010



CITY OF UNION CITY, GEORGIA

PRINCIPAL OFFICIALS AUGUST 31, 2010

Elected Officials

Ralph Moore, Mayor

City Council

Shirley Jackson

Brian K. Jones

Angelette Mealing

Vince R. Williams

Appointed Officials

City Manager

Steve Rapson

City Clerk

Jacqueline Cossey

Directors

Chief of Police

Charles Odom

Chief of Fire Bureau

Don Leasher

Chief of Corrections

John M. Mansch

Director of Public Services

Sylvester Alexander

Director of Community Development

Ann Lippmann

Comptroller

Tarsha Patterson

Director of Operations

LaSonja Fillingame

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Union City, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Union City, Georgia** (the "City"), as of and for the year ended August 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Union City, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof 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 March 1, 2011, on our consideration of the City of Union City, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 12) and the Schedule of Funding Progress (on page 53) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Union City, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
March 1, 2011

CITY OF UNION CITY, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Union City, we offer readers of the City of Union City's financial statements this narrative overview and analysis of the financial activities of the City of Union City for the fiscal year ended August 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2010 are as follows:

- The assets of the City of Union City exceeded its liabilities at the close of the fiscal year by \$24,242,290 (net assets). Of this amount, \$2,948,276 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by (\$5,028,905).
- As of the close of the current fiscal year, the City of Union City's governmental funds reported combined ending fund balances of \$11,469,042 a decrease of (\$4,985,967) from the prior year. Approximately 47 percent of the combined ending fund balance, or \$5,415,060 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,050,270 or 28% percent of total general fund expenditures for the fiscal year. This represents a decrease of (\$3,095,893) or 44% from the prior years' unreserved balance.
- The City of Union City's bond debt decreased by \$6,075,000 (27%) from \$22,285,000 to \$16,210,000 during the current fiscal year due to the repayment of bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It is important to note that this statement consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government, judicial, public safety, public works, community services, recreation, and economic development.

The business-type activities of the City include water and sewer, sanitation, and criminal justice management.

The government-wide financial statements include not only the City itself (known as the primary government), but also the South Fulton Municipal Regional Jail Authority. This is a legally separate entity that is a component unit of the City due to the significance of its operational or financial relationship with the City. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The City's government-wide financial statements are presented on pages 13 and 14.

Reporting the City's Most Significant Funds

Unlike government-wide financial statements, the focus of fund financial statements is directed specific activities of the City rather than the city as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The City's fund financial statements are divided into three broad categories, namely, (1) governmental funds, (2) proprietary funds, and (3) debt service funds.

Governmental Funds

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the most part, the balances and activities accounted for in governmental funds are also reported in the governmental activities columns of the government-wide financial statements; however, because different accounting bases are used to prepare fund financial statements, there are often significant differences between the totals presented in these financial statements. For this reason, there is an analysis at the bottom of the balance sheet that reconciles the total fund balances to the amount of net assets presented in the governmental activities column on the statement of net assets. Also, there is an analysis at the bottom of the statement of revenues, expenditures, and changes in fund balances that reconciles the total change in fund balances for all governmental funds to the change in net assets as reported in the governmental activities column in the statement of activities.

The City presents in separate columns funds that are most significant to the City (major funds) and all other governmental funds are aggregated and reported in a single column (non-major funds). The City's governmental fund financial statements are presented on pages 15 - 18.

Proprietary Funds

Proprietary fund financial statements consist of a statement of net assets, statement of revenues, expenses, and changes in fund net assets and statement of cash flows, and are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. For financial reporting purposes, proprietary funds are grouped into Enterprise Funds and Internal Service Funds.

The City uses Enterprise Funds to account for business-type activities that charge fees to customers for the use of specific goods or services. For the most part, the balances and activities accounted for in the City's Enterprise Funds are also reported in the business-type activities columns of the government-wide financial statements.

The City presents in separate columns Enterprise Funds that are most significant to the City and all other Enterprise Funds are aggregated and reported in a single column. A statement of cash flows is presented at the fund financial statement level for proprietary funds, but no equivalent statement is presented in the government-wide financial statements for either governmental activities or business-type activities.

The City's proprietary fund financial statements are presented on pages 19 - 22.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements (see pages 13 and 14):

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Net Assets August 31, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 13,854,036	\$ 19,039,616	\$ 1,478,013	\$ 9,343,415	\$ 15,332,049	\$ 28,383,031
Capital assets, net	17,195,348	16,420,918	12,298,174	12,496,866	29,493,522	28,917,784
Total assets	<u>31,049,384</u>	<u>35,460,534</u>	<u>13,776,187</u>	<u>21,840,281</u>	<u>44,825,571</u>	<u>57,300,815</u>
Other liabilities	1,767,428	2,352,561	1,097,442	1,529,984	2,864,870	3,882,545
Long-term liabilities outstanding	17,593,588	18,935,842	124,823	5,211,233	17,718,411	24,147,075
Total liabilities	<u>19,361,016</u>	<u>21,288,403</u>	<u>1,222,265</u>	<u>6,741,217</u>	<u>20,583,281</u>	<u>28,029,620</u>
Net assets:						
Invested in capital assets, net of related debt	4,350,167	5,125,892	12,298,174	7,463,759	16,648,341	12,589,651
Restricted						
Debt service	345,518	-	-	-	345,518	-
Capital outlay	4,300,155	6,867,079	-	2,455,231	4,300,155	9,322,310
Unrestricted	2,692,528	2,179,160	255,748	5,180,074	2,948,276	7,359,234
Total net assets	<u>\$ 11,688,368</u>	<u>\$ 14,172,131</u>	<u>\$ 12,553,922</u>	<u>\$ 15,099,064</u>	<u>\$ 24,242,290</u>	<u>\$ 29,271,195</u>

Financial Position

The total net assets of the City decreased by (\$5,028,905) (17%), from \$29,271,195 to \$24,242,290 as noted in the table below. The governmental activities decreased by (\$2,483,763), while the business-type activities net assets decreased by (\$2,545,142). Few of the net assets related to business-type activities are transferable to governmental activities because of restrictions imposed by statutes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Net Assets August 31, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 3,901,344	\$ 3,643,576	\$ 8,242,375	\$ 9,961,600	\$ 12,143,719	\$ 13,605,176
Operating grants and contributions	533,300	1,449,588	-	-	533,300	1,449,588
Capital grants and contributions	50,000	110,000	-	-	50,000	110,000
General revenues:						
Property taxes	5,891,035	5,667,102	-	-	5,891,035	5,667,102
Sales taxes	2,825,733	2,628,353	-	-	2,825,733	2,628,353
Franchise taxes	1,165,361	931,025	-	-	1,165,361	931,025
Other taxes	924,859	978,040	-	-	924,859	978,040
Unrestricted investment earnings	84,538	230,035	33,291	149,378	117,829	379,413
Total revenues	15,376,170	15,637,719	8,275,666	10,110,978	23,651,836	25,748,697
Expenses:						
General government	2,490,131	2,009,015	-	-	2,490,131	2,009,015
Judicial	426,544	421,864	-	-	426,544	421,864
Public safety	9,806,401	9,373,021	-	-	9,806,401	9,373,021
Public works	3,034,056	5,679,502	-	-	3,034,056	5,679,502
Community services	-	107,786	-	-	-	107,786
Parks and recreation	330,248	207,907	-	-	330,248	207,907
Economic development	932,850	551,982	-	-	932,850	551,982
Interest on long-term debt	839,703	875,728	-	-	839,703	875,728
Water & Sewer	-	-	6,551,474	5,954,684	6,551,474	5,954,684
Sanitation	-	-	700,470	1,191,681	700,470	1,191,681
Criminal Justice Management	-	-	3,568,864	3,813,337	3,568,864	3,813,337
Total expenses	17,859,933	19,226,805	10,820,808	10,959,702	28,680,741	30,186,507
Change in net assets	(2,483,763)	(3,589,086)	(2,545,142)	(848,724)	(5,028,905)	(4,437,810)
Net assets, beginning of year	14,172,131	17,761,217	15,099,064	15,947,788	29,271,195	33,709,005
Net assets, end of year	\$ 11,688,368	\$ 14,172,131	\$ 12,553,922	\$ 15,099,064	\$ 24,242,290	\$ 29,271,195

Governmental Activities

Net assets for governmental activities decreased (\$2,483,763). Governmental revenues decreased (\$261,549) (1.67%). The more significant decreases were operating grants from federal and state sources which decreased (\$916,288) or (63.21%) as certain grant awards ended and the state has significantly reduced grant awards to local governments; and investment earnings decreased \$145,497 or (63%) as the federal reserve reduced interest rates. Other revenue categories increased modestly over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenditures for governmental activities decreased (\$1,366,872) or 7.1%. The largest decrease was in public works expenses which decreased (\$2,645,446) or 46.5% as the City reduced expenditures on street improvement projects related to the 2006 general obligation bond issue. General government expenditures increased \$481,116 or 24% due to technology investments and increases in health and pension costs. Public safety expenditures increased \$433,380 or 5% as a result of upgrades to the E911 system and increases in health and pension benefit costs. Economic development increased \$273,082 or 41% primarily as a result of two major business developments occurring in the past year and the related professional services required to manage these developments. Parks and recreation costs increased \$122,341 or 58% and are related to increased services to the public.

Business-Type Activities

Net assets for business type activities decreased (\$2,545,142). The Water and Sewer fund had a change in net assets of (\$1,565,804); the Criminal Justice Management Fund had a change in net assets of (\$1,004,970); and the Sanitation fund had change in net assets of \$25,632.

The Water and Sewer fund had operating income of \$226,720 and an operating loss of (\$466,296) for 2009 and 2010, respectively. The loss is attributable to increases in wholesale sewer rates from the City of Atlanta as well as increases in other operating costs. Also contributing significantly to the Water and Sewer system losses are obligations under an intergovernmental agreement to fund the repayment of construction bonds for alternative water and sewer resources which were \$1,011,995 and \$985,674 for 2009 and 2010, respectively. (See Note 14, page 50). These expenses will be covered as the City's population increases or water rates are increased to cover these expenses.

The Criminal Justice Management fund had a net loss of (\$1,004,970) compared to a loss of (\$142,964) in 2009. The jail facility's largest customer, the Fulton County Sherriff's Department, decided to relocate their inmates to other facilities.

The City manages the billing and collection of revenues for its Sanitation customers, and outsources the collection and disposal of garbage to a private vendor for both residential and commercial customers. The City's goal in the process is to at a minimum, break-even and attempt to maintain a level retained earnings balance in order to refrain from having to transfer funds into the Sanitation activities from other sources. This is a service that the City provides to its residents which aides residents further by controlling and maintaining the lowest cost for these services, as opposed to allowing a private vendor to take over the entire process and expose residents to garbage fees that could be inflated for profit reasons. The Sanitation Fund had operating income of \$64,584 and \$25,632 for 2009 and 2010 respectively.

Financial Analysis of the City's Funds

As noted earlier, the City of Union City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Fund Balance

The City's combined fund balances as of the end of the current year for governmental funds, presented on page 15, were \$11,469,042. This balance represents a decrease of (\$4,985,967) or (30%) from last year's ending balance. One of the major factors in the decrease, (\$2,566,924), relates to the spending of the 2006 General Obligation Bond proceeds for road construction. The combined fund balances include \$4.3 million of the reserved 2006 general obligation bonds that are designated for building and road improvement projects.

City of Union City's Governmental Fund Balance August 31, 2010

	2010	2009	\$ Change	% Change
General Fund	\$ 5,804,097	\$ 7,431,137	\$ (1,627,040)	-21.89%
2006 General Obligation Bonds Fund	4,300,155	6,867,079	(2,566,924)	-37.38%
Other Governmental Funds	1,364,790	2,156,793	(792,003)	-36.72%
Total Governmental Fund Balance	\$ 11,469,042	\$ 16,455,009	\$ (4,985,967)	\$ -30.30%

Excess of expenditures over revenues prior to other financing sources (uses) in the governmental funds was (\$5,087,019, net of bond issuances) as compared to (\$4,110,538) in the prior year. Overall governmental revenues decreased (\$504,787) or 3.25%. The most significant decrease was other revenues which decreased (\$965,586) or 63%. Prior year revenues for this category included a project contribution amount of approximately \$950,000 from a local business. Other taxes, licenses and permits, and franchise taxes increased modestly over the prior year as the local and national economies begin to improve.

General government expenses increased \$599,954 or 30% due to technology investments and increases in health and pension costs. Public safety expenses increased \$833,533 or 9.48% as a result of upgrades to the E911 system as well as increases in health and benefit costs. Economic development costs increased \$277,542 or 42.35% primarily as a result of two major business developments occurring in the past year and the related professional services required to manage these developments. Parks and recreation expenditures increased \$127,124 or 107% as a result of improvements to Ronald Bridges Park.

Capital outlay has decreased (\$1,831,681) or 41% as 2006 General Obligation Bond projects are completed.

The remaining 2006 General Obligation Bonds' Capital Projects Fund bond proceeds of \$4,300,155 were placed in temporary investments, and they will be used during the next fiscal year to construct a new fire station and continue various road improvement projects. The proceeds represent a liability of the City, and the bonds will have to be paid off over the next eighteen years

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Union City's Changes in Governmental Fund Balance August 31, 2010

	2010	2009	\$ Change	% Change
Revenues				
Property taxes	\$ 5,543,663	\$ 5,604,176	\$ (60,513)	(1.08) %
Other taxes	3,750,593	3,565,185	185,408	5.20
Charges for services	509,548	475,609	33,939	7.14
Licenses and permits	1,647,128	1,476,682	170,446	11.54
Intergovernmental	168,100	216,189	(48,089)	(22.24)
Franchise fees	1,165,361	931,025	234,336	25.17
Fines and forfeitures	1,589,500	1,497,840	91,660	6.12
Interest revenue	84,538	230,035	(145,497)	(63.25)
Rental income	12,609	13,500	(891)	(6.60)
Other revenue	557,758	1,523,344	(965,586)	(63.39)
Total revenues	15,028,798	15,533,585	(504,787)	(3.25)
Expenditures				
Current:				
General government	2,573,528	1,973,574	599,954	30.40
Judicial	342,954	330,968	11,986	3.62
Public safety	9,625,312	8,791,779	833,533	9.48
Public works	1,713,341	1,723,615	(10,274)	(0.60)
Parks and recreation	245,778	118,604	127,174	107.23
Planning and economic development	932,850	655,308	277,542	42.35
Capital outlay	2,533,517	4,365,198	(1,831,681)	(41.96)
Debt service				
Principal (net of refunding)	1,115,687	815,000	300,687	36.89
Interest	856,817	870,077	(13,260)	(1.52)
Bond issuance costs	176,033	-	176,033	
Total expenditures	20,115,817	19,644,123	471,694	2.40
Deficiency of revenues under expenditures	(5,087,019)	(4,110,538)	(976,481)	23.76
Other financing sources (uses)				
Proceeds from capital lease	-	854,000	(854,000)	
Premium on bonds	101,052	-	101,052	
Total other financing sources (uses)	101,052	854,000	(752,948)	
Net change in fund balance	\$ (4,985,967)	\$ (3,256,538)	\$ (1,729,429)	53.11 %

MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary Funds

The City of Union City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Management decided to pay off early, bond liabilities totaling \$5,040,000. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Union City's business-type activities.

General Fund Budgetary Highlights

The final budgets passed by the City Council anticipated using (\$1,327,150) of general fund reserves to meet expenses.

A comparison of the final budgetary figures and the actual budgetary figures for revenues are located on page 17.

- For the General Fund, the actual revenues were slightly lower than budgeted. Revenues were budgeted at \$13,703,200 and actual revenues were \$13,679,798, a variance of (\$23,402) or .3% of budget. Favorable budget variances were realized across most revenue categories. Management used very conservative revenue estimates in light of the current economic conditions.
- The actual expenditures of \$14,206,623 were (\$928,075) less than the budgeted amount of \$15,134,698. Expenditures were less than budgeted across all expenditure categories as management reduced expenditures in all departments to coincide with reduced revenue expectations as discussed above.

Capital Asset and Debt Administration

Capital Assets

The City has invested \$29,493,522 in capital assets (net of depreciation). Capital assets held by the City at the end of the current and previous year are summarized as follows:

**City of Union City's Capital Assets, net of Accumulated Depreciation
August 31, 2009**

	Governmental Activities		Business -type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 506,506	\$ 569,010	\$ 493,194	\$ 493,194	\$ 999,700	\$ 1,062,204
Construction in progress	1,625,311	-	199,958	-	1,825,269	-
Buildings, grounds and improvements	5,801,986	6,021,617	11,541,479	11,912,763	17,343,465	17,934,380
Machinery and equipment	215,505	172,107	9,405	9,291	224,910	181,398
Infrastructure	7,047,730	7,402,821	-	-	7,047,730	7,402,821
Vehicles	1,998,310	2,255,363	54,138	81,618	2,052,448	2,336,981
Total	<u>\$ 17,195,348</u>	<u>\$ 16,420,918</u>	<u>\$ 12,298,174</u>	<u>\$ 12,496,866</u>	<u>\$ 29,493,522</u>	<u>\$ 28,917,784</u>

The detailed schedule capital assets are reported in Note 5, on page 38 and 39 of the financial statements.

Total capital asset additions for 2010 were \$1,966,953 compared to \$854,000 in 2009. The increase primarily represents spending of 2006 bond funds for construction of a new fire station.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Debt

At the end of the current year, the City had long-term debt related to governmental activities of \$16,210,000 and none for business type activities. The City paid off early, \$5,040,000 of Water and Sewer bonds. Of the amount of debt outstanding as of the end of 2010, 100% was backed by the full faith and credit of the government. Governmental debt is secured by property tax revenue sources.

The Citizens of Union City approved the 2006 Bond Referendum in March of 2006 for \$12,575,000 which required an increase in the property tax millage rate from 7.5 mills to 9.5 mills. The additional property tax revenue collected from the increase in the millage rate will be used to repay the 2006 Series Bonds. Standard and Poor's Ratings Services continues to maintain its underlying rating of "Aaa" on the City's various purpose general obligation bonds series 1997 and 2006 based on the maintenance of the City's strong financial position and reserve levels and low overall debt burden.

The debt position of the City is summarized below and is more fully analyzed in Note 6 beginning on page 40 of the financial statements.

City of Union City's Outstanding Long-Term Liabilities August 31, 2010

	Governmental Activities		Business -type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds backed by property taxes	\$ 16,210,000	\$ 17,245,000	\$ -	\$ -	\$ 16,210,000	\$ 17,245,000
Capital lease	773,313	854,000	-	-	773,313	854,000
Revenue bonds backed by water and sewer revenue	-	-	-	5,040,000	-	5,040,000
	\$ 16,983,313	\$ 18,099,000	\$ -	\$ 5,040,000	\$ 16,983,313	\$ 23,139,000

Economic Factors and Next Year's Budgets and Rates

Union City along with most other municipalities in the Clayton County and southern Fulton County area have been hit extremely hard by housing depression caused by sub-prime lending practices. As a result, expected services and revenues will be revised as economic conditions dictate. Water and sewer rates will increase approximately 12.5% as a result of the City of Atlanta increasing their wholesale rates. Sanitation rates are not scheduled to increase in fiscal 2010. Millage rates for property taxes are expected to remain at 9.5 mills.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department (770) 964-2288, City Hall, 5047 Union Street, Union City, Georgia 30291.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF NET ASSETS
AUGUST 31, 2010**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	South Fulton Municipal Regional Jail Authority
Cash and cash equivalents	\$ 8,188,858	\$ 310,525	\$ 8,499,383	\$ 315,498
Investments	2,307,557	283,426	2,590,983	-
Taxes receivable	629,457	-	629,457	-
Accounts receivable, net of allowances	15,088	1,156,700	1,171,788	379,170
Interest receivable	9,315	-	9,315	-
Internal balances	1,522,988	(1,522,988)	-	-
Due from component unit	217	505,096	505,313	-
Due from other governments	361,825	-	361,825	-
Due from others	86,223	-	86,223	-
Inventory	3,069	47,053	50,122	-
Prepaid expenses	267,072	107,696	374,768	36,876
Restricted assets:				
Cash and cash equivalents	-	480,867	480,867	-
Investments	-	109,638	109,638	-
Other noncurrent asset	462,367	-	462,367	643,456
Capital assets:				
Nondepreciable	2,131,817	693,152	2,824,969	286,986
Depreciable, net of accumulated depreciation	15,063,531	11,605,022	26,668,553	8,964,295
Total assets	<u>31,049,384</u>	<u>13,776,187</u>	<u>44,825,571</u>	<u>10,626,281</u>
LIABILITIES				
Accounts payable	1,030,746	421,756	1,452,502	4,317
Accrued liabilities	480,945	116,242	597,187	148,933
Unearned revenues	58,065	-	58,065	-
Due to other governments	44,807	-	44,807	-
Customer deposits payable	-	559,444	559,444	-
Due to primary government	-	-	-	505,313
Other noncurrent liability - pension	152,865	-	152,865	-
Capital leases due within one year	74,492	-	74,492	-
Capital leases due in more than one year	698,821	-	698,821	-
Bonds payable due within one year	1,005,000	-	1,005,000	625,000
Bonds payable due in more than one year	15,367,023	-	15,367,023	7,440,000
Claims payable due within one year	21,166	-	21,166	-
Compensated absences due within one year	427,086	124,823	551,909	-
Total liabilities	<u>19,361,016</u>	<u>1,222,265</u>	<u>20,583,281</u>	<u>8,723,563</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,350,167	12,298,174	16,648,341	1,186,281
Restricted				
Debt service	345,518	-	345,518	-
Capital outlay	4,300,155	-	4,300,155	-
Unrestricted	2,692,528	255,748	2,948,276	716,437
Total net assets	<u>\$ 11,688,368</u>	<u>\$ 12,553,922</u>	<u>\$ 24,242,290</u>	<u>\$ 1,902,718</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Unit South Fulton Municipal Regional Jail Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,490,131	\$ 1,714,518	\$ 415,200	\$ -	\$ (360,413)	\$ -	\$ (360,413)	\$ -
Judicial	426,544	158,576	-	-	(267,968)	-	(267,968)	-
Public safety	9,806,401	2,009,280	118,100	-	(7,679,021)	-	(7,679,021)	-
Public works	3,034,056	-	-	50,000	(2,984,056)	-	(2,984,056)	-
Parks and recreation	330,248	10,053	-	-	(320,195)	-	(320,195)	-
Planning and economic development	932,850	8,917	-	-	(923,933)	-	(923,933)	-
Interest on long-term debt	839,703	-	-	-	(839,703)	-	(839,703)	-
Total governmental activities	<u>17,859,933</u>	<u>3,901,344</u>	<u>533,300</u>	<u>50,000</u>	<u>(13,375,289)</u>	<u>-</u>	<u>(13,375,289)</u>	<u>-</u>
Business-type activities:								
Water and sewerage	6,551,474	4,952,379	-	-	-	(1,599,095)	(1,599,095)	-
Sanitation	700,470	726,102	-	-	-	25,632	25,632	-
Criminal justice management	3,568,864	2,563,894	-	-	-	(1,004,970)	(1,004,970)	-
Total business-type activities	<u>10,820,808</u>	<u>8,242,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,578,433)</u>	<u>(2,578,433)</u>	<u>-</u>
Total primary government	<u>\$ 28,680,741</u>	<u>\$ 12,143,719</u>	<u>\$ 533,300</u>	<u>\$ 50,000</u>	<u>(13,375,289)</u>	<u>(2,578,433)</u>	<u>(15,953,722)</u>	<u>-</u>
Component units:								
South Fulton Municipal Regional Jail Authority	\$ 3,845,453	\$ 3,497,762	\$ -	\$ -	-	-	-	(347,691)
Total component units	<u>\$ 3,845,453</u>	<u>\$ 3,497,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,691)</u>
General revenues:								
Property taxes					5,891,035	-	5,891,035	-
Sales taxes					2,825,733	-	2,825,733	-
Insurance premium tax					644,340	-	644,340	-
Alcoholic beverage taxes					4,860	-	4,860	-
Other taxes					275,659	-	275,659	-
Franchise taxes					1,165,361	-	1,165,361	-
Unrestricted investment earnings					84,538	33,291	117,829	5,371
Total general revenues					<u>10,891,526</u>	<u>33,291</u>	<u>10,924,817</u>	<u>5,371</u>
Change in net assets					(2,483,763)	(2,545,142)	(5,028,905)	(342,320)
Net assets, beginning of year					14,172,131	15,099,064	29,271,195	2,245,038
Net assets, end of year					<u>\$ 11,688,368</u>	<u>\$ 12,553,922</u>	<u>\$ 24,242,290</u>	<u>\$ 1,902,718</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2010**

ASSETS	General	2006 General Obligation Bonds Capital Projects Fund	2006 General Obligation Bonds Debt Service Fund	1997 Certificate of Participation Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	\$ 1,384,466	\$ 4,529,944	\$ 597,789	\$ -	\$ 1,676,659	\$ 8,188,858
Investments	2,307,557	-	-	-	-	2,307,557
Taxes receivable, net	599,987	-	-	-	29,470	629,457
Accounts receivable, net	-	-	-	-	15,088	15,088
Interest receivable	9,315	-	-	-	-	9,315
Due from component unit	217	-	-	-	-	217
Due from other governments	361,825	-	-	-	-	361,825
Due from others	86,223	-	-	-	-	86,223
Inventory	3,069	-	-	-	-	3,069
Due from other funds	926,019	-	17,829	-	41,581	985,429
Prepaid expenditures	264,520	-	-	-	2,552	267,072
Advances to other funds	1,486,238	-	-	-	-	1,486,238
Total assets	<u>\$ 7,429,436</u>	<u>\$ 4,529,944</u>	<u>\$ 615,618</u>	<u>\$ -</u>	<u>\$ 1,765,350</u>	<u>\$ 14,340,348</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 775,325	\$ 211,960	\$ -	\$ -	\$ 43,461	\$ 1,030,746
Accrued liabilities	206,007	-	-	-	11,988	217,995
Deferred revenues	602,426	-	-	-	26,653	629,079
Due to others	-	-	-	-	44,807	44,807
Due to other funds	41,581	17,829	604,120	-	285,149	948,679
Total liabilities	<u>1,625,339</u>	<u>229,789</u>	<u>604,120</u>	<u>-</u>	<u>412,058</u>	<u>2,871,306</u>
FUND BALANCES						
Fund balances:						
Reserved for:						
Inventory and						
prepaid expenditures	267,589	-	-	-	2,552	270,141
Long term receivables	1,486,238	-	-	-	-	1,486,238
Capital projects	-	4,300,155	-	-	-	4,300,155
Unreserved, reported in:						
General fund	4,050,270	-	-	-	-	4,050,270
Special revenue funds	-	-	-	-	996,461	996,461
Capital projects funds	-	-	-	-	20,259	20,259
Debt service funds	-	-	11,498	-	334,020	345,518
Total fund balances	<u>5,804,097</u>	<u>4,300,155</u>	<u>11,498</u>	<u>-</u>	<u>1,353,292</u>	<u>11,469,042</u>
Total liabilities and fund balances	<u>\$ 7,429,436</u>	<u>\$ 4,529,944</u>	<u>\$ 615,618</u>	<u>\$ -</u>	<u>\$ 1,765,350</u>	

Amounts reported for governmental activities in the statement of net assets are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	17,195,348
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	571,014
Net pension obligation is not due and payable in the current period and is therefore not reported in governmental funds	(152,865)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds	(17,394,171)
Net assets of governmental activities	<u>\$ 11,688,368</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	General	2006 General Obligation Bonds Capital Projects Fund	2006 General Obligation Bonds Debt Service Fund	1997 Certificate of Participation Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
Revenues						
Property taxes	\$ 5,451,002	\$ -	\$ -	\$ -	\$ 92,661	\$ 5,543,663
Other taxes	3,474,933	-	-	-	275,660	3,750,593
Charges for services	255,062	-	-	-	254,486	509,548
Licenses and permits	1,647,128	-	-	-	-	1,647,128
Intergovernmental	-	-	-	-	168,100	168,100
Franchise taxes	1,165,361	-	-	-	-	1,165,361
Fines and forfeitures	1,589,500	-	-	-	-	1,589,500
Interest revenue	71,565	8,356	372	52	4,193	84,538
Rental income	12,609	-	-	-	-	12,609
Other revenues	12,638	-	-	415,200	129,920	557,758
Total revenues	13,679,798	8,356	372	415,252	925,020	15,028,798
Expenditures						
Current:						
General government	2,573,304	224	-	-	-	2,573,528
Judicial	342,954	-	-	-	-	342,954
Public safety	8,737,748	-	-	-	887,564	9,625,312
Public works	1,713,341	-	-	-	-	1,713,341
Parks and recreation	245,778	-	-	-	-	245,778
Planning and economic development	593,498	-	-	-	339,352	932,850
Capital outlay	-	2,473,267	-	-	60,250	2,533,517
Debt service:						
Principal	-	80,687	390,000	3,580,000	2,130,000	6,180,687
Interest	-	21,102	527,575	221,017	87,123	856,817
Bond issuance costs	-	-	-	-	176,033	176,033
Total expenditures	14,206,623	2,575,280	917,575	3,801,017	3,680,322	25,180,817
Deficiency of revenues under expenditures	(526,825)	(2,566,924)	(917,203)	(3,385,765)	(2,755,302)	(10,152,019)
Other financing sources (uses)						
Premiums on bonds issued	-	-	-	-	101,052	101,052
Bonds issued	-	-	-	-	5,065,000	5,065,000
Transfers in	325,000	-	690,000	2,932,086	2,459,139	6,406,225
Transfers out	(1,425,215)	-	-	-	(4,981,010)	(6,406,225)
Total other financing sources (uses)	(1,100,215)	-	690,000	2,932,086	2,644,181	5,166,052
Net change in fund balances	(1,627,040)	(2,566,924)	(227,203)	(453,679)	(111,121)	(4,985,967)
Fund balances, beginning of year	7,431,137	6,867,079	238,701	453,679	1,464,413	16,455,009
Fund balances, end of year	\$ 5,804,097	\$ 4,300,155	\$ 11,498	\$ -	\$ 1,353,292	\$ 11,469,042

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (4,985,967)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	774,430
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	347,372
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,190,668
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>189,734</u>
	<u>\$ (2,483,763)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 5,687,300	\$ 5,687,300	\$ 5,451,002	\$ (236,298)
Other taxes	3,520,300	3,520,300	3,474,933	(45,367)
Charges for services	302,000	312,100	255,062	(57,038)
Licenses and permits	1,610,300	1,610,300	1,647,128	36,828
Franchise taxes	967,000	967,000	1,165,361	198,361
Fines and forfeitures	1,420,700	1,420,700	1,589,500	168,800
Interest revenue	160,500	160,500	71,565	(88,935)
Rental income	17,000	17,000	12,609	(4,391)
Other revenues	8,000	8,000	12,638	4,638
Total revenues	<u>13,693,100</u>	<u>13,703,200</u>	<u>13,679,798</u>	<u>(23,402)</u>
Expenditures:				
Current:				
General government:				
City Clerk	683,468	608,468	513,168	95,300
Finance	483,439	487,439	472,914	14,525
City Administrator	338,261	348,261	345,595	2,666
Mayor and council	173,839	173,839	134,195	39,644
Human resources	535,849	538,849	338,371	200,478
Information technology	1,039,690	894,690	769,061	125,629
Total general government	<u>3,254,546</u>	<u>3,051,546</u>	<u>2,573,304</u>	<u>478,242</u>
Judicial:				
Municipal court	<u>374,559</u>	<u>374,559</u>	<u>342,954</u>	<u>31,605</u>
Public safety:				
Police	4,551,429	4,651,429	4,667,955	(16,526)
Fire	4,157,281	4,192,281	4,069,793	122,488
Total public safety	<u>8,708,710</u>	<u>8,843,710</u>	<u>8,737,748</u>	<u>105,962</u>
Public works:				
Buildings and grounds	2,040,004	1,890,004	1,713,341	176,663
Total public works	<u>2,040,004</u>	<u>1,890,004</u>	<u>1,713,341</u>	<u>176,663</u>
Planning and economic development	<u>519,044</u>	<u>619,044</u>	<u>593,498</u>	<u>25,546</u>
Parks and recreation	<u>730,835</u>	<u>355,835</u>	<u>245,778</u>	<u>110,057</u>
Total expenditures	<u>15,627,698</u>	<u>15,134,698</u>	<u>14,206,623</u>	<u>928,075</u>
Excess (deficiency) of revenues over expenditures	<u>(1,934,598)</u>	<u>(1,431,498)</u>	<u>(526,825)</u>	<u>904,673</u>
Other financing sources (uses)				
Transfers in	866,548	1,366,548	325,000	(1,041,548)
Transfers out	-	(1,262,200)	(1,425,215)	(163,015)
Total other financing sources (uses)	<u>866,548</u>	<u>104,348</u>	<u>(1,100,215)</u>	<u>(1,204,563)</u>
Net change in fund balances	<u>\$ (1,068,050)</u>	<u>\$ (1,327,150)</u>	<u>(1,627,040)</u>	<u>\$ (299,890)</u>
Fund balances, beginning of year			<u>7,431,137</u>	
Fund balances, end of year			<u>\$ 5,804,097</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2010**

	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water and Sewerage Fund	Criminal Justice Management Fund	Sanitation Fund	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,798	\$ -	\$ 308,727	\$ 310,525
Investments	283,426	-	-	283,426
Accounts receivable, net of allowances	1,019,349	100	137,251	1,156,700
Inventory	47,053	-	-	47,053
Prepaid expenses	24,548	83,148	-	107,696
Due from component unit	-	505,096	-	505,096
Restricted assets				
Cash and cash equivalents	480,867	-	-	480,867
Investments	109,638	-	-	109,638
Total current assets	<u>1,966,679</u>	<u>588,344</u>	<u>445,978</u>	<u>3,001,001</u>
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	693,152	-	-	693,152
Depreciable, net of accumulated depreciation	11,586,167	18,855	-	11,605,022
Total noncurrent assets	<u>12,279,319</u>	<u>18,855</u>	<u>-</u>	<u>12,298,174</u>
Total assets	<u>14,245,998</u>	<u>607,199</u>	<u>445,978</u>	<u>15,299,175</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	310,559	51,517	59,680	421,756
Accrued liabilities	19,091	97,151	-	116,242
Compensated absences	51,377	73,446	-	124,823
Due to other funds	-	36,750	-	36,750
Payable from restricted assets				
Customer deposits payable	559,444	-	-	559,444
Total current liabilities	<u>940,471</u>	<u>258,864</u>	<u>59,680</u>	<u>1,259,015</u>
NONCURRENT LIABILITIES				
Advances from other funds	770,794	715,444	-	1,486,238
Total noncurrent liabilities	<u>770,794</u>	<u>715,444</u>	<u>-</u>	<u>1,486,238</u>
Total liabilities	<u>1,711,265</u>	<u>974,308</u>	<u>59,680</u>	<u>2,745,253</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	12,279,319	18,855	-	12,298,174
Unrestricted	255,414	(385,964)	386,298	255,748
Total net assets (deficit)	<u>\$ 12,534,733</u>	<u>\$ (367,109)</u>	<u>\$ 386,298</u>	<u>\$ 12,553,922</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water and Sewerage Fund	Criminal Justice Management Fund	Sanitation Fund	
OPERATING REVENUES				
Charges for services	\$ 4,619,063	\$ 2,563,894	\$ 683,996	\$ 7,866,953
Tap fees	57,327	-	-	57,327
Other charges	275,989	-	42,106	318,095
Total operating revenues	<u>4,952,379</u>	<u>2,563,894</u>	<u>726,102</u>	<u>8,242,375</u>
OPERATING EXPENSES				
Water purchases	2,249,649	-	-	2,249,649
Purchased or contracted services	2,776,755	3,562,485	700,470	7,039,710
Depreciation expense	392,271	6,379	-	398,650
Total operating expenses	<u>5,418,675</u>	<u>3,568,864</u>	<u>700,470</u>	<u>9,688,009</u>
Operating income (loss)	<u>(466,296)</u>	<u>(1,004,970)</u>	<u>25,632</u>	<u>(1,445,634)</u>
NONOPERATING INCOME (EXPENSES)				
Interest income	33,291	-	-	33,291
Interest expense	(147,125)	-	-	(147,125)
Intergovernmental agreement	(985,674)	-	-	(985,674)
Total nonoperating income (expenses)	<u>(1,099,508)</u>	<u>-</u>	<u>-</u>	<u>(1,099,508)</u>
Change in net assets	(1,565,804)	(1,004,970)	25,632	(2,545,142)
NET ASSETS, beginning of year	<u>14,100,537</u>	<u>637,861</u>	<u>360,666</u>	<u>15,099,064</u>
NET ASSETS (DEFICIT), end of year	<u>\$ 12,534,733</u>	<u>\$ (367,109)</u>	<u>\$ 386,298</u>	<u>\$ 12,553,922</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Major Enterprise Funds</u>		<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>
	<u>Water and Sewerage Fund</u>	<u>Criminal Justice Management Fund</u>	<u>Sanitation Fund</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,994,283	\$ 2,991,389	\$ 797,075	\$ 8,782,747
Payments to suppliers	(3,337,559)	(438,676)	(784,573)	(4,560,808)
Payments to employees	(1,012,984)	(2,552,713)	-	(3,565,697)
Net cash provided by operating activities	<u>643,740</u>	<u>-</u>	<u>12,502</u>	<u>656,242</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments on intergovernmental agreement	(985,674)	-	-	(985,674)
Net cash used in noncapital financing activities	<u>(985,674)</u>	<u>-</u>	<u>-</u>	<u>(985,674)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(199,958)	-	-	(199,958)
Principal paid on bonds	(5,040,000)	-	-	(5,040,000)
Interest paid	(168,114)	-	-	(168,114)
Net cash used in capital and related financing activities	<u>(5,408,072)</u>	<u>-</u>	<u>-</u>	<u>(5,408,072)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	4,529,530	-	-	4,529,530
Interest and dividends received	50,040	-	-	50,040
Net cash provided by investing activities	<u>4,579,570</u>	<u>-</u>	<u>-</u>	<u>4,579,570</u>
Change in cash and cash equivalents	(1,170,436)	-	12,502	(1,157,934)
Cash and cash equivalents:				
Beginning of year	<u>1,653,101</u>	<u>-</u>	<u>296,225</u>	<u>1,949,326</u>
End of year	<u>\$ 482,665</u>	<u>\$ -</u>	<u>\$ 308,727</u>	<u>\$ 791,392</u>
Classified as:				
Cash and cash equivalents	\$ 1,798	\$ -	\$ 308,727	\$ 310,525
Restricted assets, cash	480,867	-	-	480,867
	<u>\$ 482,665</u>	<u>\$ -</u>	<u>\$ 308,727</u>	<u>\$ 791,392</u>

(Continued)

CITY OF UNION CITY, GEORGIA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Major Enterprise Funds</u>		<u>Nonmajor Enterprise Fund</u>	<u>Totals</u>
	<u>Water and Sewerage Fund</u>	<u>Criminal Justice Management Fund</u>	<u>Sanitation Fund</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (466,296)	\$ (1,004,970)	\$ 25,632	\$ (1,445,634)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	392,271	6,379	-	398,650
Changes in assets and liabilities:				
Decrease in accounts receivable	41,904	-	116,954	158,858
Decrease in due from component unit	-	427,495	-	427,495
Decrease in inventory	11,565	-	-	11,565
(Increase) decrease in prepaids	25,194	(8,847)	-	16,347
Decrease in accounts payable	(139,810)	(11,912)	(84,103)	(235,825)
Decrease in accrued liabilities	(19,314)	(123,589)	-	(142,903)
Decrease in due to other funds	-	-	(45,981)	(45,981)
Increase in advances from other funds	770,794	715,444	-	1,486,238
Increase in customer deposits	27,432	-	-	27,432
Net cash provided by operating activities	<u>\$ 643,740</u>	<u>\$ -</u>	<u>\$ 12,502</u>	<u>\$ 656,242</u>

The accompanying notes are an integral part of these financial statements.

CITY OF UNION CITY, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AUGUST 31, 2010**

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 50,743
Total assets	<u>50,743</u>
LIABILITIES	
Due to others	50,743
Total liabilities	<u>\$ 50,743</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF UNION CITY, GEORGIA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

The City was incorporated on August 17, 1908 and operates under an elected Mayor and Council-City Manager form of government. The City Manager is appointed by and serves at the pleasure of the City Council. As such, he is responsible for the day-to-day operations of city government. The legislative branch of the City is vested in the Mayor and four (4) Council members. The City provides the following services and operations as authorized by its charter: public safety (police and fire); planning and engineering; code enforcement; street maintenance; traffic control; solid waste collection and disposal; water and sewerage; parks and recreation; community development; and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, a legally-separate entity for which the City is financially accountable.

Based upon criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14 and as amended by GASB Statement 39, the City was determined to have the following component unit as of August 31, 2010.

South Fulton Municipal Regional Jail Authority (the Authority). The Authority is responsible for the operations of the South Fulton Municipal Regional Justice Center, which provides services to the City as well as other municipalities and governmental agencies in the geographical area. The Board of Directors of the Authority consists of five members; three of which are appointed by the City. The City has the ability to impose its will on the Authority and the Authority is therefore reported in a separate column as a discretely presented component unit in the City's government-wide financial statements to emphasize that it is legally separate from the City. Separate financial statements are not available.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting and 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, although the agency funds have no measurement focus. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General fund** is the City'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 **2006 General Obligation Bonds Capital Projects fund** accounts for the issuance of the 2006 general obligation bonds and its related acquisition and construction of capital facilities.

The **2006 General Obligation Bonds Debt Service fund** accounts for the accumulation of resources for the payment of debt principal and interest for the 2006 General Obligation Bond Issue.

The **1997 Certificate of Participation Debt Service fund** accounts for accumulation of resources for the payment of debt principal and interest for the construction of the South Fulton Municipal Regional Jail Authority.

The City reports the following major proprietary funds:

The **Water and Sewerage fund** accounts for the operations of the City operated water distribution system, sewerage treatment plant, sewerage pumping stations and collection systems. All activities necessary to provide such services are accounted for in this fund.

The **Sanitation fund** accounts for the operations of commercial and residential waste removal within the City. All activities necessary to provide such services are accounted for in this fund.

The **Criminal Justice Management fund** accounts for the operations related to the City's management of the jail facility for the South Fulton Municipal Regional Jail Authority. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **capital projects funds** account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *agency fund* is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other governments and individuals.

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 City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sanitation functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are completed in April.
2. Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council at the annual retreat.
3. Public hearings on the proposed budget are held in May and June.
4. The budget is legally adopted by the Mayor and City Council prior to August 31.
5. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts in excess of \$250,000 between departments requires the approval of the City Council. This is consistent with the legal level of budgetary control as the budget is adopted at the department level. Revisions that alter the total expenditures of any fund must be approved by the City Council. The City Council made several immaterial supplemental budget appropriations during the year.
6. Formal budgetary integration is employed as a management control device during the year for all the governmental funds (except the Tax Allocation District Fund) and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). Georgia Fund 1 was created under OCGA 36-83-8 and operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The fair value of the City's position in the pool is the same as the value of pool shares (\$1 per share value). The pool is regulated by the Georgia Office of Treasury and Fiscal Services.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

G. Prepaid Items

Prepaid items are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure/expense is made for goods or services that were purchased for consumption, but not consumed as of August 31.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. For the most part, the effect of interfund activity has been removed from the government-wide statement of net assets. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide statement of net assets as “internal balances.” In the fund level balance sheets, these receivables and payables are classified as “due from other funds” and “due to other funds”. Items that are more long term in nature are reflected as advances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, or land easement or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

J. 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. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. 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 City has retroactively reported major general infrastructure assets. In this case, the City chose to include all items regardless of their acquisition date. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended August 31, 2010, there was no capitalized interest.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings, grounds and improvements	15-40 years
Machinery and equipment	3-10 years
Infrastructure	15-50 years
Vehicles	5-10 years
Distribution system	50 years

K. Long-Term Liabilities

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 and deferred charges, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Inventories

Inventories consist of expendable supplies and items acquired for infrastructure repair and maintenance or for possible future expansion. Inventories are stated at average cost. The consumption method is used to account for inventories.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused vacation pay benefits. Vacation accrues in hours based on years of service. Maximum accrual is 120 hours on a calendar year basis. The government-wide and proprietary fund financial statements reflect an accrual for the full earned, but unused vacation pay.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At August 31, 2010, there were no encumbrances outstanding.

O. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “certain liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$17,394,171 difference are as follows:

Bonds payable	\$ 16,210,000
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(462,367)
Plus: Premium on bond issuance (to be amortized over the life of the debt)	162,023
Capital leases	773,313
Claims payable	21,166
Compensated absences	427,086
Accrued interest	262,950
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 17,394,171</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$774,430 difference are as follows:

Capital outlay	\$ 1,766,995
Depreciation expense	<u>(992,565)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 774,430</u>

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$1,190,668 difference are as follows:

Issuance of general obligation bonds	\$ (5,065,000)
Premiums on the issuance of general obligation bonds	(101,052)
General obligation bond issuance costs	176,033
Principal retirement of long-term debt	<u>6,180,687</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,190,668</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$189,734 difference are as follows:

Change in accrued interest	\$ 25,000
Change in claims payable	(21,166)
Change in compensated absences	75,580
Decrease in net pension obligation	118,206
Amortization of bond issuance costs	2,134
Amortization of bond issuance premium	(10,020)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 189,734

NOTE 3. DEPOSITS AND INVESTMENTS

Total deposits and investments as of August 31, 2010, are summarized as follows:

As reported in the Statement of Net Assets	
Primary government	
Cash and cash equivalents	\$ 8,499,383
Investments	2,590,983
Restricted Assets:	
Cash and cash equivalents	480,867
Investments	109,638
Agency Fund - Municipal Court	50,743
Component Unit - Cash and cash equivalents	315,498
	\$ 12,047,112
Cash deposited with financial institutions	\$ 11,604,407
Cash deposited with Georgia Fund 1	109,638
Investment in Corporate Bonds	133,422
Investment in U.S. Government Securities	199,645
	\$ 12,047,112

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk. State statutes authorize the City 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 bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City's investment policy limits its investments to only such investments permitted by the State of Georgia including certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. As of August 31, 2010, the City's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's and the City's investment in corporate bonds and U.S. Government securities were rated AAA by Standard & Poor's. At August 31, 2010, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>5-10</u>
Georgia Fund 1	\$ 109,638	\$ 109,638	\$ -	\$ -
Certificates of Deposit	2,257,916	2,257,916	-	-
Corporate Bonds	133,422	133,422	-	-
U.S. Government Securities	199,645	199,645	-	-
Total	<u>\$ 2,700,621</u>	<u>\$ 2,700,621</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk. The City's investment policy limits investment maturities to a maximum of one year, except for special circumstances where an interest rate differential and certainty of ability to hold the investment to maturity would justify a longer maturity, as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's Administrator is authorized to approve any such exceptions and is required to disclose the exception to City Council.

Custodial Credit Risk – Deposits. 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. As of August 31, 2010, all of the City funds were insured and properly collateralized as defined by GASB pronouncements.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Total</u>
Receivables:					
Taxes	\$ 900,277	\$ 29,470	\$ -	\$ -	\$ 929,747
Accounts	-	15,088	1,306,072	212,748	1,533,908
Interest	9,315	-	-	-	9,315
Due from other governments	361,825	-	-	-	361,825
Gross receivables	<u>1,271,417</u>	<u>44,558</u>	<u>1,306,072</u>	<u>212,748</u>	<u>2,834,795</u>
Less allowance	<u>(300,290)</u>	<u>-</u>	<u>(286,723)</u>	<u>(75,497)</u>	<u>(662,510)</u>
Net receivables	<u>\$ 971,127</u>	<u>\$ 44,558</u>	<u>\$ 1,019,349</u>	<u>\$ 137,251</u>	<u>\$ 2,172,285</u>

A. Property Taxes

Property taxes were levied on October 28, 2009 based upon property values assessed as of January 1. The billings were mailed on October 28, 2009 and were payable on or before December 28, 2009 after which the applicable property is subject to lien and penalties and interest are assessed. The City bills and collects its own property taxes. Property taxes levied for 2010 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended August 31, 2010 and collected by October 31, 2010 are recognized as revenues in the year ended August 31, 2010. Net receivables estimated to be collected subsequent to October 31, 2010 are deferred as of August 31, 2010 and recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during fiscal year 2010 for the City's operations was 9.5 mills (mill equals \$1 per thousand dollars of assessed value).

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 506,506	\$ -	\$ -	\$ 506,506
Construction in progress	62,504	1,562,807	-	1,625,311
Total capital assets, not being depreciated	<u>569,010</u>	<u>1,562,807</u>	<u>-</u>	<u>2,131,817</u>
Capital assets, being depreciated:				
Buildings, grounds, and improvements	9,289,237	-	-	9,289,237
Machinery and equipment	601,120	105,414	-	706,534
Infrastructure	13,707,037	-	-	13,707,037
Vehicles	4,447,942	98,774	(456,484)	4,090,232
Total capital assets, being depreciated	<u>28,045,336</u>	<u>204,188</u>	<u>(456,484)</u>	<u>27,793,040</u>
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(3,267,620)	(219,631)	-	(3,487,251)
Machinery and equipment	(429,013)	(62,016)	-	(491,029)
Infrastructure	(6,304,216)	(355,091)	-	(6,659,307)
Vehicles	(2,192,579)	(355,827)	456,484	(2,091,922)
Total accumulated depreciation	<u>(12,193,428)</u>	<u>(992,565)</u>	<u>456,484</u>	<u>(12,729,509)</u>
Total capital assets, being depreciated, net	<u>15,851,908</u>	<u>(788,377)</u>	<u>-</u>	<u>15,063,531</u>
Governmental activities capital assets, net	<u>\$ 16,420,918</u>	<u>\$ 774,430</u>	<u>\$ -</u>	<u>\$ 17,195,348</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 493,194	\$ -	\$ -	\$ 493,194
Construction in progress	-	199,958	-	199,958
Total capital assets, not being depreciated	493,194	199,958	-	693,152
Capital assets, being depreciated:				
Distribution system	18,564,190	-	-	18,564,190
Machinery and equipment	154,477	-	-	154,477
Vehicles	333,987	-	-	333,987
Total capital assets, being depreciated	19,052,654	-	-	19,052,654
Less accumulated depreciation for:				
Distribution system	(6,651,427)	(371,284)	-	(7,022,711)
Machinery and equipment	(139,676)	(5,396)	-	(145,072)
Vehicles	(257,879)	(21,970)	-	(279,849)
Total accumulated depreciation	(7,048,982)	(398,650)	-	(7,447,632)
Total capital assets, being depreciated, net	12,003,672	(398,650)	-	11,605,022
Business-type activities capital assets, net	\$ 12,496,866	\$ (198,692)	\$ -	\$ 12,298,174

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

Governmental activities:	
General government	\$ 13,723
Judicial	85,152
Public safety	362,707
Public works	444,487
Parks and recreation	86,496
Total depreciation expense - governmental activities	\$ 992,565
Business-type activities:	
Water and Sewer	\$ 392,271
Criminal Justice Management	6,379
Total depreciation expense - business-type activities	\$ 398,650

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – South Fulton Municipal Regional Jail Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 286,986	\$ -	\$ -	\$ 286,986
Total capital assets, not being depreciated	<u>286,986</u>	<u>-</u>	<u>-</u>	<u>286,986</u>
Capital assets, being depreciated:				
Buildings, grounds, and improvements	11,282,640	-	-	11,282,640
Furniture	286,079	-	-	286,079
Machinery and equipment	81,360	45,542	-	126,902
Infrastructure	11,733	-	-	11,733
Total capital assets, being depreciated	<u>11,661,812</u>	<u>45,542</u>	<u>-</u>	<u>11,707,354</u>
Less accumulated depreciation for:				
Buildings, grounds, and improvements	(2,274,366)	(232,493)	-	(2,506,859)
Furniture	(130,183)	(14,305)	-	(144,488)
Machinery and equipment	(77,321)	(6,573)	-	(83,894)
Infrastructure	(7,036)	(782)	-	(7,818)
Total accumulated depreciation	<u>(2,488,906)</u>	<u>(254,153)</u>	<u>-</u>	<u>(2,743,059)</u>
Total capital assets, being depreciated, net	<u>9,172,906</u>	<u>(208,611)</u>	<u>-</u>	<u>8,964,295</u>
Capital assets, net	<u>\$ 9,459,892</u>	<u>\$ (208,611)</u>	<u>\$ -</u>	<u>\$ 9,251,281</u>

NOTE 6. GENERAL LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds and certificates of participation to provide funds for the acquisition and construction of major capital facilities. These bonds are direct general obligations of the City and are payable from an ad valorem tax upon all property of the City. General obligation bonds have been issued for general government activities and are reported in the governmental column of the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

General obligation bonds outstanding at August 31, 2010, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2010
2006 General Obligation Bonds	\$ 12,575,000	4.00% - 5.00%	\$ 11,145,000
2010 General Obligation Bonds	1,755,000	2.00% - 3.00%	1,755,000
2010 Certificates of Participation	3,310,000	2.83% - 3.25%	3,310,000
	\$ 17,640,000		\$ 16,210,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2011	\$ 1,005,000	\$ 613,350	\$ 1,618,350
2012	1,005,000	610,606	1,615,606
2013	1,075,000	575,294	1,650,294
2014	1,145,000	537,006	1,682,006
2015	1,225,000	495,441	1,720,441
2016 - 2020	5,230,000	1,797,956	7,027,956
2021 - 2025	4,450,000	873,569	5,323,569
2026 - 2030	1,075,000	49,719	1,124,719
	\$ 16,210,000	\$ 5,552,941	\$ 21,762,941

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

B. Capital Leases

During 2009, the City entered into a capital lease agreement with a local financial institution to finance the purchase of a new fire-truck. Annual lease payments are due including interest at 3.53% in the amount of \$101,790 through January 15, 2019. As of August 31, 2010, the City reflects total cost of leased vehicles of \$854,000 and accumulated depreciation of \$85,400.

Annual debt service requirements to maturity for the City's capital lease is as follows:

Fiscal Year Ending August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 74,492	\$ 27,298	\$ 101,790
2012	77,121	24,669	101,790
2013	79,843	21,947	101,790
2014	82,662	19,128	101,790
2015	85,580	16,210	101,790
2016 - 2019	373,615	33,543	407,158
	<u>\$ 773,313</u>	<u>\$ 142,795</u>	<u>\$ 916,108</u>

Long-term liability activity for the year ended August 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 17,245,000	\$ 5,065,000	\$ (6,100,000)	\$ 16,210,000	\$ 1,005,000
Plus: deferred premium	63,105	101,052	(2,134)	162,023	13,545
	<u>17,308,105</u>	<u>5,166,052</u>	<u>(6,102,134)</u>	<u>16,372,023</u>	<u>1,018,545</u>
Capital lease	854,000	-	(80,687)	773,313	74,492
Claims payable	-	21,166	-	21,166	21,166
Compensated absences	502,666	446,955	(522,535)	427,086	427,086
Governmental activity Long-term liabilities	<u>\$ 18,664,771</u>	<u>\$ 5,634,173</u>	<u>\$ (6,705,356)</u>	<u>\$ 17,593,588</u>	<u>\$ 1,541,289</u>
Business-type activities:					
Revenue bonds	\$ 5,040,000	\$ -	\$ (5,040,000)	\$ -	\$ -
Less: original issue discount	(6,893)	-	6,893	-	-
	<u>5,033,107</u>	<u>-</u>	<u>(5,033,107)</u>	<u>-</u>	<u>-</u>
Compensated absences	178,126	146,868	(200,171)	124,823	124,823
Business-type activity Long-term liabilities	<u>\$ 5,211,233</u>	<u>\$ 146,868</u>	<u>\$ (5,233,278)</u>	<u>\$ 124,823</u>	<u>\$ 124,823</u>

For governmental activities, compensated absences and claims payable are generally liquidated by the General Fund. For both governmental activities and business-type activities, compensated absences are all reported as current due to historical trends of City employee use of leave annually.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. GENERAL LONG-TERM DEBT (CONTINUED)

C. Component Unit

The Authority's revenue bonds outstanding at August 31, 2010, are as follows:

	Original Amount	Interest Rates	Balance August 31, 2010
2008 South Fulton Municipal Jail Authority Revenue Bonds	\$ 8,660,000	5.54%	\$ 8,065,000

Annual debt service requirements to maturity for the Authority's bonds are as listed below. The following maturity schedule was based on the rate as of year end.

Fiscal Year Ending August 31,	Principal	Interest	Total
2011	625,000	\$ 429,489	\$ 1,054,489
2012	660,000	393,894	1,053,894
2013	695,000	356,361	1,051,361
2014	735,000	316,750	1,051,750
2015	775,000	274,923	1,049,923
2016 - 2020	4,575,000	660,783	5,235,783
	\$ 8,065,000	\$ 2,432,200	\$ 10,497,200

Long-term liability activity for the Authority for the year ended August 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 8,660,000	\$ -	\$ (595,000)	\$ 8,065,000	\$ 625,000

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City of Union City Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The City's Plan is a part of the Georgia Municipal Employees Benefit System (the "System"), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigns the City to establish and amend the plan to the City of Union City. Therefore, the benefit provisions and all other requirements are established and may be amended by City ordinance. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

The City's employee participation is noncontributory. The City is required to contribute at an actuarially determined rate; the current rate is 15.11% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees.

At January 1, 2010, the date of the most recent actuarial valuation, there were 235 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	20
Vested terminated employees not yet receiving benefits	39
Active employees	<u>176</u>
Total	<u><u>235</u></u>

B. Summary of Significant Accounting Policies

Basis of Accounting. The financial statements of the Plan are prepared using the accrual basis of accounting. The City's contributions are recognized as revenue in the period in which the contributions are due. Investment income is recognized by the Plan when earned.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Summary of Significant Accounting Policies (Continued)

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 a national exchange are valued at the last reported sales price. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

C. Funding Policy

The City is required to contribute all amounts necessary to fund the plan, using the actuarial basis specified by the City Council. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. Administrative costs of the Plan are financed through investment income.

D. Annual Pension Cost

For the year ended August 31, 2010, the City's annual pension cost was \$1,103,505 for the City of Union City Retirement Plan. The recommended contribution of \$1,049,936 was determined as part of the January 1, 2010 and May 1, 2009 actuarial valuation using the project unit credit actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.75% per year, compounded annually and net of investment expenses, (b) projected salary increases of 3% for inflation and 0.5% for merit or seniority and (c) cost of living adjustments of 3%. The remaining amortization period varies for the bases, with a net effective amortization period of 11 years. The method used for amortizing the unfunded actuarially accrued liability is on a level dollar basis (closed amortization period).

The City's actuarially determined contribution, pension cost and increase in net pension obligation for the year ended August 31, 2010 is as follows:

Annual required contribution	\$ 1,049,936
Interest on net pension obligation	-
Adjustments to annual required contribution	53,569
Annual pension cost	<u>1,103,505</u>
Contributions made	<u>1,221,711</u>
Decrease in net pension obligation	(118,206)
Net pension obligation, beginning of year	271,071
Net pension obligation, end of year	<u>\$ 152,865</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Annual Pension Cost (Continued)

Fiscal Year Funding	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
07/01/05	\$ 428,253	100.0 %	-
07/01/06	424,964	100.0	-
05/01/07	739,483	100.0	-
05/01/08	933,066	100.0	-
05/01/09	1,143,956	76.3	271,071
01/01/10	1,103,505	110.7	152,865

As of the most recent valuation date, January 1, 2010, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/10	\$ 6,994,019	\$ 10,705,787	\$ 3,711,768	65.3 %	\$ 7,137,980	52.0 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

NOTE 8. DEFINED CONTRIBUTION PLAN

The City offers its employees a defined contribution plan administered by Citistreet Associates created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and requires the City to contribute an amount equal to 100% up to the first 2% an employee defers, 75% of the next 2%, and 50% of the next 6% deferred. Employers' contributions are fully vested after the participant completes five full years of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions are established and may be amended by the City Council. The City's contribution to the Plan approximated \$262,700 and the employees' contributions approximated \$351,100 for the year ended August 31, 2010.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED CONTRIBUTION PLAN (CONTINUED)

Pursuant to the Statement Number 32 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the City does not have a fiduciary relationship with the 457 plan. Accordingly, the balances and transactions of the City's 457 plan are not reported in the City's financial statements.

NOTE 9. BUDGET COMPLIANCE AND DEFICIT FUND EQUITY

A. Excess of Expenditures over Appropriations

The following general fund departments and special revenue funds had actual expenditures in excess of appropriations for the year ended August 31, 2010:

General Fund - Police	\$ 16,526
Special Revenue Fund - Multiple Operating Grant Fund	29,390
Debt Service Fund - 1997 General Obligation Bond Fund	1,853,123
Debt Service Fund - 1997 Certificate of Participation Fund	3,366,017

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

B. Deficit Fund Balance

The following funds had deficit fund balances/net assets at August 31, 2010:

Multiple Operating Grant Fund	\$ 26,711
Criminal Justice Management Fund	367,109

The deficit within the Multiple Operating Grant Fund will be reduced as deferred revenues are recognized as revenue. The deficit within the Criminal Justice Management Fund will be reduced through future increased charges for services and reduced operating costs.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances and advances as of August 31, 2010, are as follows:

	Due From		
	2006 GO Bonds Capital Projects Fund	2006 GO Bonds Debt Service Fund	
Due To			
General Fund	\$ -	\$ -	\$ 604,120
2006 GO Bonds Debt Service	-	17,829	-
Nonmajor Governmental	41,581	-	-
Total	\$ 41,581	\$ 17,829	\$ 604,120
	Nonmajor Governmental	Criminal Justice Mgmt Fund	Total
General Fund	\$ 285,149	\$ 36,750	\$ 926,019
2006 GO Bonds Debt Service	-	-	17,829
Nonmajor Governmental	-	-	41,581
Total	\$ 285,149	\$ 36,750	\$ 985,429
	Advances Due From		
	Water and Sewer Fund	Criminal Justice Mgmt Fund	Total
Advances Due To			
General Fund	\$ 770,794	\$ 715,444	\$ 1,486,238
Total	\$ 770,794	\$ 715,444	\$ 1,486,238

Interfund receivables and payables result from timing differences related to collection of taxes in Special Revenue Funds and payroll and other year end transactions in enterprise funds, which normally clear within one to two months.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended August 31, 2010, consisted of the following:

<u>Transfer from</u>	<u>Transfer to</u>				<u>Total</u>
	<u>General</u>	<u>2006 GO Bonds Debt Service</u>	<u>1997 COP Bonds Debt Service</u>	<u>Nonmajor Governmental</u>	
General Fund	\$ -	\$ 690,000	\$ 1,955	\$ 733,260	\$ 1,425,215
Nonmajor Governmental	325,000	-	2,930,131	1,725,879	4,981,010
Total	<u>\$ 325,000</u>	<u>\$ 690,000</u>	<u>\$ 2,932,086</u>	<u>\$ 2,459,139</u>	<u>\$ 6,406,225</u>

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) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the fiscal year ended August 31, 2010, \$171,400 of hotel/motel tax was collected. Of the total collected in the current and prior years, \$339,352 was used for the promotion of tourism within the City. The remainder of the funds collected in prior years remain unspent at year end.

NOTE 12. EXCISE TAX ON RENTAL MOTOR VEHICLES

The City has imposed and collected an excise tax on rental motor vehicles under the provisions of the Official Code of Georgia Annotated (OCGA) Section 48-13-93. The code section requires the City to spend the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc. and promoting the City and businesses therein. For the fiscal year ended August 31, 2010, \$104,260 of excise tax was collected. \$325,000 was transferred to the General Fund and was used to pay for tourism outlays within the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay dues thereto. During its year ending August 31, 2010, the City paid no annual dues to the ARC because currently all dues are paid on the City's behalf by Fulton County. Membership in an ARC is required by the OCGA, Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland St. NE, Atlanta, Georgia 30303.

NOTE 14. JOINTLY GOVERNED ORGANIZATION

On March 13, 2001, Union City, the City of Fairburn, and the City of Palmetto created by joint resolutions pursuant to the authority of the General Assembly of the State of Georgia, the South Fulton Municipal Regional Water and Sewer Authority (the Water and Sewer Authority). The Water and Sewer Authority was created to provide alternative water and sewer resources for the Cities of Union, Fairburn and Palmetto. The Water and Sewer Authority is governed by a board of seven directors, three of whom are the chief elected official of each member city, three of whom are appointed one each by each of the member cities, and one director being appointed by members of the local delegation of the Georgia General Assembly who represent all, or any part of, a member city.

The City does not provide financial support to the Water and Sewer Authority, but has contractually obligated itself to use its full taxing powers to guarantee the repayment of approximately 55.75% of the principal and interest on the Water and Sewer Authority's Series 2007 Variable Rate Revenue Bonds. During the year ended August 31, 2010, the City agreed to pay the Water and Sewer Authority \$985,674 for the City's proportionate share of the principle and interest on the Water and Sewer Authority's bonds from revenues of the City's Water and Sewer Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. JOINTLY GOVERNED ORGANIZATION (CONTINUED)

As of December 31, 2009, the Water and Sewer Authority's debt service requirements on the Series 2007 Variable Rate Revenue Bonds were as follows using the synthetic interest rate of 3.835%:

<u>Fiscal Year Ending December 31,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,913,986	\$ 375,000	\$ 1,538,986
2012	2,000,578	480,000	1,520,578
2013	2,083,143	585,000	1,498,143
2014	2,089,558	615,000	1,474,558
2015	2,282,344	840,000	1,442,344
2016 - 2020	12,693,588	6,125,000	6,568,588
2021 - 2025	14,233,865	9,215,000	5,018,865
2026 - 2030	15,327,122	12,420,000	2,907,122
2031 - 2033	10,252,292	9,850,000	402,292
	<u>\$ 62,876,476</u>	<u>\$ 40,505,000</u>	<u>\$ 22,371,476</u>

Separate financial statements for the Water and Sewer Authority can be obtained at the following address: South Fulton Municipal Regional Water and Sewer Authority, P.O. Box 855, Fairburn, Georgia 30213.

NOTE 15. RELATED ORGANIZATION

The City's governing body is responsible for appointing a majority of the board members of the City of Union City Housing Authority. However, the City has no further accountability for this organization.

NOTE 16. COMMITMENTS AND CONTINGENCIES

The City is involved in various claims and matters of litigation resulting from normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 17. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

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

Settled claims in the past three years have not exceeded the coverages.

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

The City does not provide postretirement health care, dental, and life insurance benefits for retirees. Employees who retire from the City become eligible to join a GMEBS health plan which is separate from the plan offered to active city employees. The only requirement is the employee must retire from the City. The benefits are offered until the retiree turns 65 and is eligible for Medicare. The City does not pay any of the employee's insurance premium. As of August 31, 2010, there were 8 retired employees who were eligible to be part of the GMEBS plan, with one choosing to participate.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF UNION CITY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2004	\$ 3,613,804	\$ 5,518,957	\$ 1,905,153	65.5 %	\$ 5,022,536	37.9 %
7/1/2005	4,125,013	6,166,286	2,041,273	66.9	5,293,469	38.6
7/1/2006	4,896,599	6,782,618	1,886,019	72.2	5,429,027	34.7
5/1/2007	5,593,109	7,719,700	2,126,591	72.5	6,103,166	34.8
5/1/2008	6,489,701	9,757,526	3,267,825	66.5	6,905,300	47.3
5/1/2009	5,222,920	10,188,701	4,965,781	51.3	7,051,938	70.4
1/1/2010	6,994,019	10,705,787	3,711,768	65.3	7,137,980	52.0

The assumptions used in the preparation of the above schedule are disclosed in Note 7 to the financial statements.

**COMBINING STATEMENTS
AND SCHEDULES**

**CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Federal Seized Funds Fund** accounts for the collection and use of funds confiscated from convicted offenders.

The **Vehicle Rental Excise Tax Fund** accounts for the collection of rental car fees that are required to be remitted to the Economic Development Department.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel tax receipts and distributions of funds used to promote tourism within the City.

The **Emergency 911 Fund** accounts for the fee collection and operations of the Emergency 911 system within the City.

The **Inmate Welfare Fund** accounts for certain funds collected at the commissary located at the City jail.

The **Tax Allocation District Fund** accounts for the increased property tax generated by new development to finance capital and other costs related to redevelopment.

The **Multiple Operating Grant Fund** accounts for federal and state grant revenues to be used for City expenditures.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **Various Purpose GO Bonds Fund** accounts for various capital projects of the City. Funding is provided by the issuance of various GO Bonds.

The **CDBG Fund** accounts for various community capital projects of the City. Funding is provided by state and federal agencies and transfers from the General Fund.

**CITY OF UNION CITY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS**

DEBT SERVICE FUNDS

The **1997 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the Bond Issue.

The **Fire Station Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the Union City Fire Department Bond Issue.

The **1993 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 1993 General Obligation Bond Issue.

The **2010 General Obligation Bond Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2010 General Obligation Bond Issue.

The **2010 Certificate of Participation Debt Service Fund** accounts for accumulation of resources for the payment of debt principal and interest for the 2010 Certificate of Participation Issue.

CITY OF UNION CITY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2010**

	Special Revenue Funds						
	Federal Seized Funds	Vehicle Rental Excise Tax Fund	Hotel / Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
ASSETS							
Cash and cash equivalents	\$ 50,429	\$ 44,330	\$ 364,502	\$ 196,239	\$ 288,712	\$ 91,453	\$ 56,892
Taxes receivable	-	10,242	15,744	-	-	3,484	-
Accounts receivable	-	-	-	15,088	-	-	-
Due from other funds	-	-	41,581	-	-	-	-
Prepaid expenditures	-	-	-	2,552	-	-	-
Total assets	<u>\$ 50,429</u>	<u>\$ 54,572</u>	<u>\$ 421,827</u>	<u>\$ 213,879</u>	<u>\$ 288,712</u>	<u>\$ 94,937</u>	<u>\$ 56,892</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 37,489	\$ 1,972	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	11,988	-	-	-
Deferred revenue	-	-	-	-	-	2,276	24,377
Due to others	-	-	-	-	44,807	-	-
Due to other funds	-	-	-	-	100	-	59,226
Total liabilities	<u>-</u>	<u>-</u>	<u>37,489</u>	<u>13,960</u>	<u>44,907</u>	<u>2,276</u>	<u>83,603</u>
FUND BALANCES (DEFICIT)							
Reserved for prepaids	-	-	-	2,552	-	-	-
Unreserved	50,429	54,572	384,338	197,367	243,805	92,661	(26,711)
Total fund balances	<u>50,429</u>	<u>54,572</u>	<u>384,338</u>	<u>199,919</u>	<u>243,805</u>	<u>92,661</u>	<u>(26,711)</u>
Total liabilities and fund balances	<u>\$ 50,429</u>	<u>\$ 54,572</u>	<u>\$ 421,827</u>	<u>\$ 213,879</u>	<u>\$ 288,712</u>	<u>\$ 94,937</u>	<u>\$ 56,892</u>

Capital Projects Funds		Debt Service Funds					Totals
Various Purpose General Obligation Bonds Fund	CDBG Fund	1997 General Obligation Bond	Fire Station	1993 General Obligation Bond	2010 General Obligation Bond	2010 Certificate of Participation	
\$ 20,259	\$ -	\$ 65	\$ -	\$ 225,769	\$ -	\$ 338,009	\$ 1,676,659
-	-	-	-	-	-	-	29,470
-	-	-	-	-	-	-	15,088
-	-	-	-	-	-	-	41,581
-	-	-	-	-	-	-	2,552
<u>\$ 20,259</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 225,769</u>	<u>\$ -</u>	<u>\$ 338,009</u>	<u>\$ 1,765,350</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 43,461
-	-	-	-	-	-	-	11,988
-	-	-	-	-	-	-	26,653
-	-	-	-	-	-	-	44,807
-	-	65	-	225,758	-	-	285,149
-	-	<u>65</u>	-	<u>225,758</u>	-	<u>4,000</u>	<u>412,058</u>
-	-	-	-	-	-	-	2,552
20,259	-	-	-	11	-	334,009	1,350,740
<u>20,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>334,009</u>	<u>1,353,292</u>
<u>\$ 20,259</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 225,769</u>	<u>\$ -</u>	<u>\$ 338,009</u>	<u>\$ 1,765,350</u>

(Concluded)

CITY OF UNION CITY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	Special Revenue Funds						
	Federal Seized Funds	Vehicle Rental Excise Tax Fund	Hotel Motel Tax Fund	Emergency 911 Fund	Inmate Welfare Fund	Tax Allocation District Fund	Multiple Operating Grant Fund
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,661	\$ -
Other taxes	-	104,260	171,400	-	-	-	-
Charges for services	-	-	-	254,486	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	118,100
Interest revenue	13	-	-	-	3,598	-	-
Other revenues	-	-	-	-	129,920	-	-
Total revenues	13	104,260	171,400	254,486	133,518	92,661	118,100
Expenditures:							
Current							
Public safety	-	-	-	633,831	135,399	-	118,334
Economic development	-	-	339,352	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-	-
Total expenditures	-	-	339,352	633,831	135,399	-	118,334
Excess (deficiency) of revenues over (under) expenditures	13	104,260	(167,952)	(379,345)	(1,881)	92,661	(234)
Other financing sources (uses)							
Premiums on bonds issued	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-
Transfers in	-	-	-	372,200	-	-	-
Transfers out	-	(325,000)	-	-	-	-	-
Total other financing sources (uses)	-	(325,000)	-	372,200	-	-	-
Net change in fund balances	13	(220,740)	(167,952)	(7,145)	(1,881)	92,661	(234)
Fund balances (deficit), beginning of year	50,416	275,312	552,290	207,064	245,686	-	(26,477)
Fund balances (deficit), end of year	\$ 50,429	\$ 54,572	\$ 384,338	\$ 199,919	\$ 243,805	\$ 92,661	\$ (26,711)

Capital Projects Funds		Debt Service Funds					Totals
Various Purpose General Obligation Bonds Fund	CDBG Fund	1997 General Obligation Bond	Fire Station	1993 General Obligation Bond	2010 General Obligation Bond	2010 Certificate of Participation	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,661
-	-	-	-	-	-	-	275,660
-	-	-	-	-	-	-	254,486
-	50,000	-	-	-	-	-	168,100
170	-	401	-	11	-	-	4,193
-	-	-	-	-	-	-	129,920
<u>170</u>	<u>50,000</u>	<u>401</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>925,020</u>
-	-	-	-	-	-	-	887,564
-	-	-	-	-	-	-	339,352
-	60,250	-	-	-	-	-	60,250
-	-	2,130,000	-	-	-	-	2,130,000
-	-	87,123	-	-	-	-	87,123
-	-	-	-	-	57,844	118,189	176,033
<u>-</u>	<u>60,250</u>	<u>2,217,123</u>	<u>-</u>	<u>-</u>	<u>57,844</u>	<u>118,189</u>	<u>3,680,322</u>
<u>170</u>	<u>(10,250)</u>	<u>(2,216,722)</u>	<u>-</u>	<u>11</u>	<u>(57,844)</u>	<u>(118,189)</u>	<u>(2,755,302)</u>
-	-	-	-	-	28,723	72,329	101,052
-	-	-	-	-	1,755,000	3,310,000	5,065,000
-	37,683	2,049,256	-	-	-	-	2,459,139
-	-	-	-	-	(1,725,879)	(2,930,131)	(4,981,010)
<u>-</u>	<u>37,683</u>	<u>2,049,256</u>	<u>-</u>	<u>-</u>	<u>57,844</u>	<u>452,198</u>	<u>2,644,181</u>
170	27,433	(167,466)	-	11	-	334,009	(111,121)
<u>20,089</u>	<u>(27,433)</u>	<u>167,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,464,413</u>
<u>\$ 20,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 334,009</u>	<u>\$ 1,353,292</u>

(Concluded)

**CITY OF UNION CITY, GEORGIA
FEDERAL SEIZED FUNDS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 100	13	(87)
Total revenues	<u>100</u>	<u>13</u>	<u>(87)</u>
EXPENDITURES			
Public safety	50,516	-	50,516
Total expenditures	<u>50,516</u>	<u>-</u>	<u>50,516</u>
Net change in fund balance	<u>(50,416)</u>	<u>13</u>	<u>50,429</u>
FUND BALANCES, beginning of year	<u>50,416</u>	<u>50,416</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 50,429</u>	<u>\$ 50,429</u>

**CITY OF UNION CITY, GEORGIA
VEHICLE RENTAL EXCISE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Other taxes	\$ 75,000	\$ 104,260	\$ 29,260
EXPENDITURES			
Economic development	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	75,000	104,260	29,260
Other financing sources (uses)			
Transfers in	250,000	-	(250,000)
Transfers out	(325,000)	(325,000)	-
Total other financing sources (uses)	(75,000)	(325,000)	(250,000)
Net change in fund balance	-	(220,740)	(220,740)
FUND BALANCES, beginning of year	275,312	275,312	-
FUND BALANCES, end of year	<u>\$ 275,312</u>	<u>\$ 54,572</u>	<u>\$ (220,740)</u>

**CITY OF UNION CITY, GEORGIA
HOTEL / MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	Original and Final Budget	Actual	Variance
REVENUES			
Other taxes	\$ 150,000	\$ 171,400	\$ 21,400
EXPENDITURES			
Economic development	400,000	339,352	60,648
Total expenditures	400,000	339,352	60,648
Net change in fund balance	(250,000)	(167,952)	82,048
FUND BALANCES, beginning of year	552,290	552,290	-
FUND BALANCES, end of year	\$ 302,290	\$ 384,338	\$ 82,048

**CITY OF UNION CITY, GEORGIA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 237,000	\$ 254,486	\$ 17,486
Total revenues	<u>237,000</u>	<u>254,486</u>	<u>17,486</u>
EXPENDITURES			
Public safety	681,110	633,831	47,279
Total expenditures	<u>681,110</u>	<u>633,831</u>	<u>47,279</u>
Deficiency of revenues under expenditures	<u>(444,110)</u>	<u>(379,345)</u>	<u>64,765</u>
Other financing sources			
Transfers in	372,200	372,200	-
Total other financing sources	<u>372,200</u>	<u>372,200</u>	<u>-</u>
Net change in fund balance	(71,910)	(7,145)	64,765
FUND BALANCES, beginning of year	<u>207,064</u>	<u>207,064</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 135,154</u>	<u>\$ 199,919</u>	<u>\$ 64,765</u>

**CITY OF UNION CITY, GEORGIA
INMATE WELFARE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,200	\$ 3,598	\$ 1,398
Other revenues	197,485	129,920	(67,565)
Total revenues	<u>199,685</u>	<u>133,518</u>	<u>(66,167)</u>
EXPENDITURES			
Public safety	245,010	135,399	109,611
Total expenditures	<u>245,010</u>	<u>135,399</u>	<u>109,611</u>
Net change in fund balance	<u>(45,325)</u>	<u>(1,881)</u>	<u>43,444</u>
FUND BALANCES, beginning of year	<u>245,686</u>	<u>245,686</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 200,361</u>	<u>\$ 243,805</u>	<u>\$ 43,444</u>

**CITY OF UNION CITY, GEORGIA
MULTIPLE OPERATING GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenue	\$ 158,170	\$ 118,100	\$ (40,070)
Total revenues	<u>158,170</u>	<u>118,100</u>	<u>(40,070)</u>
EXPENDITURES			
Public safety	88,944	118,334	(29,390)
Total expenditures	<u>88,944</u>	<u>118,334</u>	<u>(29,390)</u>
Excess (deficiency) of revenues over expenditures	<u>69,226</u>	<u>(234)</u>	<u>(69,460)</u>
Other financing uses:			
Transfers out	(65,347)	-	65,347
Total other financing uses	<u>(65,347)</u>	<u>-</u>	<u>65,347</u>
Net change in fund balance	<u>3,879</u>	<u>(234)</u>	<u>(4,113)</u>
FUND BALANCES (Deficit), beginning of year	<u>(26,477)</u>	<u>(26,477)</u>	<u>-</u>
FUND BALANCES (Deficit), end of year	<u>\$ (22,598)</u>	<u>\$ (26,711)</u>	<u>\$ (4,113)</u>

**CITY OF UNION CITY, GEORGIA
1997 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 2,500	\$ 401	\$ (2,099)
Total revenues	<u>2,500</u>	<u>401</u>	<u>(2,099)</u>
EXPENDITURES			
Debt service			
Principal	255,000	2,130,000	(1,875,000)
Interest	<u>109,000</u>	<u>87,123</u>	<u>21,877</u>
Total expenditures	<u>364,000</u>	<u>2,217,123</u>	<u>(1,853,123)</u>
Deficiency of revenues under expenditures	<u>(361,500)</u>	<u>(2,216,722)</u>	<u>(1,855,222)</u>
Other financing sources			
Transfers in	<u>200,000</u>	<u>2,049,256</u>	<u>1,849,256</u>
Total other financing sources	<u>200,000</u>	<u>2,049,256</u>	<u>1,849,256</u>
Net change in fund balance	(161,500)	(167,466)	(5,966)
FUND BALANCES, beginning of year	<u>167,466</u>	<u>167,466</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 5,966</u>	<u>\$ -</u>	<u>\$ (5,966)</u>

CITY OF UNION CITY, GEORGIA
1997 CERTIFICATE OF PARTICIPATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ 5,614	\$ 52	\$ (5,562)
Other revenues	429,386	415,200	(14,186)
Total revenues	<u>435,000</u>	<u>415,252</u>	<u>(19,748)</u>
EXPENDITURES			
Debt service			
Principal	235,000	3,580,000	(3,345,000)
Interest	200,000	221,017	(21,017)
Total expenditures	<u>435,000</u>	<u>3,801,017</u>	<u>(3,366,017)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(3,385,765)</u>	<u>(3,385,765)</u>
Other financing sources			
Transfers in	-	2,932,086	2,932,086
Total other financing sources	<u>-</u>	<u>2,932,086</u>	<u>2,932,086</u>
Net change in fund balance	-	(453,679)	(453,679)
FUND BALANCES, beginning of year	<u>453,679</u>	<u>453,679</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 453,679</u>	<u>\$ -</u>	<u>\$ (453,679)</u>

**CITY OF UNION CITY, GEORGIA
FIRE STATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses			
Transfers out	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF UNION CITY, GEORGIA
1993 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 11	\$ 11
Total revenues	<u>-</u>	<u>11</u>	<u>11</u>
 Excess of revenues over expenditures	<u>-</u>	<u>11</u>	<u>11</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	<u>-</u>	<u>11</u>	<u>11</u>
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>

**CITY OF UNION CITY, GEORGIA
2010 GENERAL OBLIGATION BOND FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt service			
Bond issuance costs	\$ 60,000	\$ 57,844	\$ 2,156
Total expenditures	<u>60,000</u>	<u>57,844</u>	<u>2,156</u>
Deficiency of revenues under expenditures	<u>(60,000)</u>	<u>(57,844)</u>	<u>2,156</u>
Other financing sources (uses)			
Premiums on bonds issued	364,000	28,723	(335,277)
Bonds issued	-	1,755,000	1,755,000
Transfers out	<u>(304,000)</u>	<u>(1,725,879)</u>	<u>(1,421,879)</u>
Total other financing sources (uses)	<u>60,000</u>	<u>57,844</u>	<u>(2,156)</u>
Net change in fund balance	-	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF UNION CITY, GEORGIA
2010 CERTIFICATE OF PARTICIPATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt service			
Bond issuance costs	\$ 120,000	\$ 118,189	\$ 1,811
Total expenditures	<u>120,000</u>	<u>118,189</u>	<u>1,811</u>
Deficiency of revenues under expenditures	<u>(120,000)</u>	<u>(118,189)</u>	<u>1,811</u>
Other financing sources			
Premiums received on bonds issued	435,000	72,329	(362,671)
Proceeds received on bonds issued	-	3,310,000	3,310,000
Transfers out	<u>(315,000)</u>	<u>(2,930,131)</u>	<u>(2,615,131)</u>
Total other financing sources	<u>120,000</u>	<u>452,198</u>	<u>332,198</u>
Net change in fund balance	-	334,009	334,009
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 334,009</u>	<u>\$ 334,009</u>

CITY OF UNION CITY, GEORGIA
2006 GENERAL OBLIGATION BOND FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Interest	\$ -	\$ 372	\$ 372
Total revenues	<u>-</u>	<u>372</u>	<u>372</u>
EXPENDITURES			
Debt service			
Principal	390,000	390,000	-
Interest	536,575	527,575	9,000
Total expenditures	<u>926,575</u>	<u>917,575</u>	<u>9,000</u>
Deficiency of revenues under expenditures	<u>(926,575)</u>	<u>(917,203)</u>	<u>9,372</u>
Other financing sources			
Transfers in	690,000	690,000	-
Total other financing sources	<u>690,000</u>	<u>690,000</u>	<u>-</u>
Net change in fund balance	(236,575)	(227,203)	9,372
FUND BALANCES, beginning of year	<u>238,701</u>	<u>238,701</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 2,126</u>	<u>\$ 11,498</u>	<u>\$ 9,372</u>

CITY OF UNION CITY, GEORGIA
STATEMENT OF CASH FLOWS
COMPONENT UNIT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 4,639,588
Payments to suppliers	<u>(3,505,724)</u>
Net cash provided by operating activities	<u>1,133,864</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(45,542)
Principal paid on bonds	(595,000)
Interest paid	<u>(463,282)</u>
Net cash used in capital and related financing activities	<u>(1,103,824)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>5,371</u>
Net cash provided by investing activities	<u>5,371</u>

Change in cash and cash equivalents 35,411

Cash and cash equivalents:

Beginning of year	<u>280,087</u>
End of year	<u>\$ 315,498</u>

Classified as:

Cash and cash equivalents	<u>\$ 315,498</u>
	<u>\$ 315,498</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 164,996
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	254,153
Changes in assets and liabilities:	
Decrease in accounts receivable	1,141,826
Decrease in prepaids	66
Increase in accounts payable	457
Decrease in due to primary government	<u>(427,634)</u>
Net cash provided by operating activities	<u>\$ 1,133,864</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	72 - 77
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	78 - 81
<i>These schedules contain information to help the reader assess the City's most significant local revenue sources.</i>	
Debt Capacity	82 and 83
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	84 and 85
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	86 - 88
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the City's financial reports for the relevant year. The City implemented GASB 34 in 2004; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

CITY OF UNION CITY, GEORGIA

**NET ASSETS BY ACTIVITY
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004 ⁽¹⁾	2005 ⁽¹⁾	2006 ⁽²⁾	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 4,487,168	\$ 5,721,972	\$ 9,183,450	\$ 8,494,912	\$ 7,689,065	\$ 5,125,892	\$ 4,350,167
Restricted	1,630,448	1,842,040	12,435,193	10,858,756	9,279,559	6,867,079	4,645,673
Unrestricted	5,679,732	5,854,008	(3,591,480)	(774,996)	792,593	2,179,160	2,692,528
Total governmental activities net assets	<u>\$ 11,797,348</u>	<u>\$ 13,418,020</u>	<u>\$ 18,027,163</u>	<u>\$ 18,578,672</u>	<u>\$ 17,761,217</u>	<u>\$ 14,172,131</u>	<u>\$ 11,688,368</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 5,807,997	\$ 5,100,696	\$ 7,554,749	\$ 7,532,452	\$ 7,440,803	\$ 7,463,759	\$ 12,298,174
Restricted	1,145,649	1,146,085	3,433,373	4,243,140	3,033,885	2,455,231	-
Unrestricted	2,892,122	4,799,482	7,389,390	6,251,143	5,473,100	5,180,074	255,748
Total business-type activities net assets	<u>\$ 9,845,768</u>	<u>\$ 11,046,263</u>	<u>\$ 18,377,512</u>	<u>\$ 18,026,735</u>	<u>\$ 15,947,788</u>	<u>\$ 15,099,064</u>	<u>\$ 12,553,922</u>
Primary government							
Invested in capital assets, net of related debt	\$ 10,295,165	\$ 10,822,668	\$ 16,738,199	\$ 16,027,364	\$ 15,129,868	\$ 12,589,651	\$ 16,648,341
Restricted	2,776,097	2,988,125	15,868,566	15,101,896	12,313,444	9,322,310	4,645,673
Unrestricted	8,571,854	10,653,490	3,797,910	5,476,147	6,265,693	7,359,234	2,948,276
Total primary government net assets	<u>\$ 21,643,116</u>	<u>\$ 24,464,283</u>	<u>\$ 36,404,675</u>	<u>\$ 36,605,407</u>	<u>\$ 33,709,005</u>	<u>\$ 29,271,195</u>	<u>\$ 24,242,290</u>

⁽¹⁾ As originally reported (not adjusted for the prior period adjustments made in 2006)

⁽²⁾ During the 2006 fiscal year, the City fully adopted GASB 34 and capitalized all of the City's infrastructure added in prior years.

CITY OF UNION CITY, GEORGIA

**CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004 ⁽¹⁾	2005 ⁽¹⁾	2006	2007	2008	2009	2010
Expenses:							
Primary government:							
Governmental activities:							
General government	\$ 1,454,383	\$ 1,486,998	\$ 1,586,286	\$ 1,896,652	\$ 2,165,072	\$ 2,009,015	\$ 2,490,131
Judicial	430,851	478,390	279,394	395,447	451,217	421,864	426,544
Public safety	5,091,520	5,325,722	6,573,796	8,113,227	9,213,893	9,373,021	9,806,401
Public works	1,089,360	1,228,562	2,149,122	2,631,811	3,691,120	5,679,502	3,034,056
Community services	74,427	47,716	299,189	353,510	282,661	107,786	-
Parks and recreation	-	-	-	-	164,471	207,907	330,248
Economic development	495,585	567,832	548,170	635,796	578,176	551,982	932,850
Interest on long-term debt	451,112	418,919	539,374	892,492	902,731	875,728	839,703
Total governmental activities expenses	<u>9,087,238</u>	<u>9,554,139</u>	<u>11,975,331</u>	<u>14,918,935</u>	<u>17,449,341</u>	<u>19,226,805</u>	<u>17,859,933</u>
Business-type activities:							
Water and sewerage	3,083,528	3,395,733	4,112,854	4,540,370	5,152,911	5,954,684	6,551,474
Sanitation	821,635	924,116	963,011	1,222,409	1,148,749	1,191,681	700,470
Criminal justice management	3,518,997	3,711,314	4,019,486	3,737,236	3,791,596	3,813,337	3,568,864
Total business-type activities expenses	<u>7,424,160</u>	<u>8,031,163</u>	<u>9,095,351</u>	<u>9,500,015</u>	<u>10,093,256</u>	<u>10,959,702</u>	<u>10,820,808</u>
Total primary government expenses	<u>16,511,398</u>	<u>17,585,302</u>	<u>21,070,682</u>	<u>24,418,950</u>	<u>27,542,597</u>	<u>30,186,507</u>	<u>28,680,741</u>
Program revenues:							
Primary government:							
Governmental activities:							
Charges for services							
General government	2,079,792	2,108,715	1,562,344	1,766,705	1,897,836	1,548,023	1,714,518
Judicial	-	-	-	115,294	87,276	155,137	158,576
Public safety	1,728,477	2,160,122	1,768,112	1,965,852	1,934,062	1,929,612	2,009,280
Public works	-	-	10,580	1,535	-	-	-
Community services	6,794	7,233	11,912	17,898	6,441	1,880	-
Parks and recreation	-	-	-	-	-	-	10,053
Economic development	-	-	25,101	21,090	19,980	8,924	8,917
Operating grants and contributions	568,118	381,376	489,296	677,817	658,445	1,449,588	533,300
Capital grants and contributions	167,112	282,940	-	-	-	110,000	50,000
Total governmental activities program revenues	<u>4,550,293</u>	<u>4,940,386</u>	<u>3,867,345</u>	<u>4,566,191</u>	<u>4,604,040</u>	<u>5,203,164</u>	<u>4,484,644</u>
Business-type activities:							
Charges for services	8,294,651	8,983,030	10,332,602	9,736,147	8,800,053	9,961,600	8,242,375
Total business-type activities program revenues	<u>\$ 8,294,651</u>	<u>\$ 8,983,030</u>	<u>\$ 10,332,602</u>	<u>\$ 9,736,147</u>	<u>\$ 8,800,053</u>	<u>\$ 18,203,975</u>	<u>\$ 8,242,375</u>

(Continued)

CITY OF UNION CITY, GEORGIA

**CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004 ⁽¹⁾	2005 ⁽¹⁾	2006	2007	2008	2009	2010
Total primary government program revenues	\$ 12,844,944	\$ 13,923,416	\$ 14,199,947	\$ 14,302,338	\$ 13,404,093	\$ 23,407,139	\$ 12,727,019
Net (expense)/ revenue							
Governmental activities	(4,536,945)	(4,613,753)	(8,107,986)	(10,352,744)	(12,845,301)	(14,023,641)	(13,375,289)
Business-type activities	870,491	951,867	1,237,251	236,132	(1,293,203)	7,244,273	(2,578,433)
Total primary government net expense	<u>(3,666,454)</u>	<u>(3,661,886)</u>	<u>(6,870,735)</u>	<u>(10,116,612)</u>	<u>(14,138,504)</u>	<u>(6,779,368)</u>	<u>(15,953,722)</u>
General revenues and other changes in net assets:							
Primary government:							
Governmental activities							
Property taxes	2,088,859	2,296,501	2,774,299	3,997,330	5,464,985	5,667,102	5,891,035
Sales taxes	2,502,676	2,635,527	3,003,672	3,096,471	3,065,531	2,628,353	2,825,733
Insurance premium tax	-	-	582,020	608,939	635,191	650,407	644,340
Alcoholic beverage taxes	150,480	168,449	9,141	33,807	10,595	4,117	4,860
Other taxes	395,575	608,192	751,546	283,902	305,218	323,516	275,659
Franchise taxes	598,926	431,830	341,985	835,288	852,477	931,025	1,165,361
Unrestricted investment earnings	130,253	194,878	358,492	1,190,977	693,849	230,035	84,538
Transfers	(426,706)	(100,952)	545,981	857,539	1,000,000	-	-
Total governmental activities general revenues and other changes in net assets	<u>5,440,063</u>	<u>6,234,425</u>	<u>8,367,136</u>	<u>10,904,253</u>	<u>12,027,846</u>	<u>10,434,555</u>	<u>10,891,526</u>
Business-type activities							
Unrestricted investment earnings	165,037	147,676	229,661	270,630	214,256	149,378	33,291
Transfers	426,706	100,952	(545,981)	(857,539)	(1,000,000)	-	-
Total business-type activities general revenues and other changes in net assets	<u>591,743</u>	<u>248,628</u>	<u>(316,320)</u>	<u>(586,909)</u>	<u>(785,744)</u>	<u>149,378</u>	<u>33,291</u>
Change in Net Assets							
Governmental activities	903,118	1,620,672	259,150	551,509	(817,455)	(3,589,086)	(2,483,763)
Business-type activities	1,462,234	1,200,495	920,931	(350,777)	(2,078,947)	7,393,651	(2,545,142)
Total primary government change in net assets	<u>\$ 2,365,352</u>	<u>\$ 2,821,167</u>	<u>\$ 1,180,081</u>	<u>\$ 200,732</u>	<u>\$ (2,896,402)</u>	<u>\$ 3,804,565</u>	<u>\$ (5,028,905)</u>

⁽¹⁾ As originally reported (not adjusted for the prior period adjustments made in 2006)

CITY OF UNION CITY, GEORGIA

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004	2005	2006 ⁽¹⁾	2007	2008	2009	2010
General Fund							
Reserved	\$ -	\$ -	\$ 208,443	\$ 536,391	\$ 400,724	\$ 284,974	\$ 1,753,827
Unreserved	6,097,037	6,623,261	6,895,673	7,389,748	8,151,735	7,146,163	4,050,270
Total general fund	<u>\$ 6,097,037</u>	<u>\$ 6,623,261</u>	<u>\$ 7,104,116</u>	<u>\$ 7,926,139</u>	<u>\$ 8,552,459</u>	<u>\$ 7,431,137</u>	<u>\$ 5,804,097</u>
All Other Governmental Funds							
Reserved	\$ 1,630,448	\$ 1,842,040	\$ 12,435,193	\$ 10,858,756	\$ 9,279,559	\$ 6,867,079	\$ 4,302,707
Unreserved, reported in:							
Special revenue funds	252,803	380,022	431,292	699,296	1,026,311	1,304,291	996,461
Capital projects funds	234,181	253,263	250,133	167,464	(7,697)	(7,344)	20,259
Debt service funds	-	-	1,556,705	1,604,255	860,914	859,846	345,518
Total all other governmental funds	<u>\$ 2,117,432</u>	<u>\$ 2,475,325</u>	<u>\$ 14,673,323</u>	<u>\$ 13,329,771</u>	<u>\$ 11,159,087</u>	<u>\$ 9,023,872</u>	<u>\$ 5,664,945</u>

⁽¹⁾ During 2006, the City issued the 2006 General Obligation Bonds in the approximate amount of \$12.6 million. Information prior to 2004 was not readily available.

CITY OF UNION CITY, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Revenues							
Property taxes	\$ 2,088,859	\$ 2,296,501	\$ 2,679,343	\$ 4,028,313	\$ 5,409,449	\$ 5,604,176	\$ 5,543,663
Other taxes	2,993,514	3,137,231	3,936,818	4,023,119	4,016,535	3,565,186	3,750,593
Charges for services	358,117	282,780	358,042	529,957	441,496	475,609	509,548
Licenses and permits	1,957,162	2,058,269	1,443,840	1,416,196	1,734,041	1,476,682	1,647,128
Intergovernmental	735,230	664,316	155,765	259,736	209,286	216,189	168,100
Franchise taxes	598,926	608,192	751,546	835,288	852,477	931,025	1,165,361
Fines and forfeitures	1,499,784	1,935,021	1,219,982	1,404,991	1,414,294	1,497,840	1,589,500
Interest revenue	130,253	194,878	358,492	1,190,977	693,849	230,035	84,538
Rental income	-	-	26,760	20,145	18,623	13,500	12,609
Other revenues	55,217	79,709	662,956	935,166	786,300	1,523,344	557,758
Total revenues	<u>\$ 10,417,062</u>	<u>\$ 11,256,897</u>	<u>\$ 11,593,544</u>	<u>\$ 14,643,888</u>	<u>\$ 15,576,350</u>	<u>\$ 15,533,586</u>	<u>\$ 15,028,798</u>
Expenditures							
Current:							
General government	\$ 1,324,726	\$ 1,403,847	\$ 1,485,504	\$ 1,870,450	\$ 2,144,343	\$ 1,973,574	\$ 2,573,528
Judicial	351,221	418,229	192,793	311,021	365,858	330,968	342,954
Public safety	4,618,028	4,988,871	6,461,748	8,077,135	9,090,607	8,791,779	9,625,312
Public works	963,576	931,934	1,396,753	1,732,434	2,202,933	1,723,615	1,713,341
Community services	46,761	30,011	203,505	268,184	282,233	107,712	-
Parks and recreation	-	-	-	-	93,949	118,604	245,778
Economic development	472,052	560,355	548,170	633,975	574,168	547,596	932,850
Capital outlay	2,191,464	1,154,661	403,192	1,646,088	1,711,421	4,365,198	2,533,517
Debt service:							
Principal	530,000	365,000	800,000	685,000	750,000	815,000	6,180,687
Interest	445,092	418,920	721,897	798,669	905,202	870,077	856,817
Bond issuance costs	-	-	-	-	-	-	176,033
Total expenditures	<u>10,942,920</u>	<u>10,271,828</u>	<u>12,213,562</u>	<u>16,022,956</u>	<u>18,120,714</u>	<u>19,644,123</u>	<u>25,180,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(525,858)</u>	<u>985,069</u>	<u>(620,018)</u>	<u>(1,379,068)</u>	<u>(2,544,364)</u>	<u>(4,110,537)</u>	<u>#####</u>

(Continued)

CITY OF UNION CITY, GEORGIA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS**

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)							
Bond issuance	\$ -	\$ -	\$ 12,575,000	\$ -	\$ -	\$ -	\$ 5,065,000
Premium on bonds	-	-	68,794	-	-	-	101,052
Capital lease	-	-	-	-	-	854,000	-
Transfers in	1,332,301	1,358,336	1,422,251	3,423,097	3,799,426	1,842,574	6,406,225
Transfers out	(1,759,007)	(1,459,288)	(876,270)	(2,565,558)	(2,799,426)	(1,842,574)	(6,406,225)
Total other financing sources (uses)	<u>(426,706)</u>	<u>(100,952)</u>	<u>13,189,775</u>	<u>857,539</u>	<u>1,000,000</u>	<u>854,000</u>	<u>5,166,052</u>
Net change in fund balances	<u>\$ (952,564)</u>	<u>\$ 884,117</u>	<u>\$ 12,569,757</u>	<u>\$ (521,529)</u>	<u>\$ (1,544,364)</u>	<u>\$ (3,256,537)</u>	<u>\$ (4,985,967)</u>
Debt service as a percentage of noncapital expenditures	<u>11.0%</u>	<u>8.5%</u>	<u>12.6%</u>	<u>10.2%</u>	<u>9.7%</u>	<u>9.0%</u>	<u>30.1%</u>

Information prior to 2004 was not readily available.

CITY OF UNION CITY, GEORGIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property		Personal Property		Privately Owned Public Utilities	Total Property		Total Direct Tax Rate	Assessed Value as a % of Actual Value
	Residential Property	Commercial Property (1)	Property (2)	Motor Vehicles (3)	Assessed Value	Total Taxable Assessed Value	Estimated Actual Taxable Value		
2001	\$ 150,674,480	\$ N/A	\$ 30,961,752	\$ -	\$ 3,256,948	\$ 184,893,180	\$ 462,232,950	4.50	40%
2002	176,139,334	N/A	28,466,715	-	3,119,903	207,725,952	519,314,881	4.50	40%
2003	194,386,146	N/A	28,621,190	-	3,115,481	226,122,817	565,307,043	4.50	40%
2004	229,874,380	N/A	29,289,050	-	3,448,044	262,611,474	656,528,685	4.50	40%
2005	270,471,183	N/A	49,282,592	-	3,729,731	323,483,506	808,708,766	4.50	40%
2006	193,849,900	185,308,550	26,629,374	19,879,560	4,082,787	429,750,171	1,074,375,428	4.50	40%
2007	249,023,200	272,065,280	30,956,210	23,311,420	4,923,367	580,279,477	1,450,698,693	4.50	40%
2008	265,518,110	271,062,580	35,067,121	26,254,620	5,107,421	603,009,852	1,507,524,630	4.50	40%
2009	253,414,770	282,392,890	30,541,970	27,390,550	5,570,295	599,310,475	1,498,276,188	4.50	40%
2010	219,058,430	260,266,010	24,496,587	27,643,090	5,516,443	536,980,560	1,342,451,400	7.51	40%

Source: Fulton County Tax Assessor

- (1) The assessed values for commercial property for fiscal years 1998 to 2005 are included with the residential property
- (2) Fiscal years 1999-2005 include the motor vehicle personal property assessed values.
- (3) Information not available for fiscal years 1999 to 2005; these values are included in the Personal Property figures.

CITY OF UNION CITY, GEORGIA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN TAX DIGEST YEARS
(Rate per \$1,000 of assessed value)**

Tax Digest Year	Direct Rates		Overlapping Rates			Total Direct and Overlapping Millage Rates
	City of Union City		State of Georgia	Fulton County	County School System	
	Operating Millage	Debt Service				
2001	4.500	3.000	0.25	18.04	19.02	44.81
2002	4.500	3.000	0.25	17.28	18.77	43.80
2003	4.500	3.000	0.25	16.63	18.06	42.44
2004	4.500	3.000	0.25	16.38	17.61	41.74
2005	4.500	3.000	0.25	16.38	18.11	42.24
2006	4.500	5.000	0.25	21.81	18.11	49.67
2007	4.500	5.000	0.25	20.55	18.09	48.39
2008	4.500	5.000	0.25	10.28	17.50	37.53
2009	7.508	1.992	0.25	10.28	17.50	37.53
2010	7.650	1.850	0.25	10.28	18.50	38.53

CITY OF UNION CITY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Total Taxes Outstanding
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2001	\$ 1,577,898	\$ 1,405,234	89.06%	\$ 166,741	\$ 1,571,975	99.62%	\$ 5,923
2002	1,616,131	1,287,907	79.69%	324,050	1,611,957	99.74%	4,174
2003	1,922,670	1,708,306	88.85%	203,545	1,911,851	99.44%	10,819
2004	2,106,648	1,657,141	78.66%	436,410	2,093,551	99.38%	13,097
2005	2,393,844	1,968,188	82.22%	404,252	2,372,440	99.11%	21,404
2006	3,475,621	2,783,294	80.08%	670,164	3,453,458	99.36%	22,163
2007	5,081,813	4,065,772	80.01%	988,915	5,054,687	99.47%	27,126
2008	5,059,894	4,877,918	96.40%	113,517	4,991,435	98.65%	68,459
2009	5,369,912	5,048,824	94.02%	119,430	5,168,254	96.24%	201,658
2010	5,316,893	4,803,669	90.35%	-	4,803,669	90.35%	513,223

CITY OF UNION CITY, GEORGIA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Development Authority of Fulton County	\$ 18,404,360	1	3.43%			
Northwestern Mutual Life Insurance	9,201,680	2	1.71%			
AEW LT Hunter Road LLC	8,355,060	3	1.56%			
Thurman Investments LLC	7,990,000	4	1.49%			
Wyndsor Forest Apartments LLC	7,720,040	5	1.44%			
South Fulton Parkway LLC	7,069,400	6	1.32%			
CM Buffington Road LLC	6,545,340	7	1.22%			
Woodside Vista LLC	6,486,820	8	1.21%			
Royal Eighty Five LLC	6,293,290	9	1.17%			
Costco Wholesale Corp	6,120,000	10	1.14%			
C. F. Shannon Associates				\$ 7,621,560	1	4.28%
Shree Shaki Development, Inc.				4,642,360	2	2.61%
BRA Ltd. (Shannon Lake Apartments)				3,546,440	3	1.99%
Germania Property Investors				3,223,360	4	1.81%
Shannon Create Apartments				2,715,640	5	1.52%
Summner Glen Associates				2,617,320	6	1.47%
Glenborough Fund 1, Ltd.				2,603,800	7	1.46%
Hidden Lake Ltd.				2,478,360	8	1.39%
Mid America Capital Partners				2,417,320	9	1.36%
Apartment Opportunity Fund				2,027,400	10	1.14%
	<u>\$ 84,185,990</u>		<u>15.68%</u>	<u>\$ 33,893,560</u>		<u>19.03%</u>

CITY OF UNION CITY, GEORGIA

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Percentage of Estimated Actual Value of Taxable Property	Per Capita	Business-Type Activities		Percentage of Estimated Actual Value of Taxable Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Lease			Water Revenue Bonds	Total Primary Government			
2004	\$ 3,200,000	\$ 4,885,000	\$ -	1.23%	\$ 480.56	\$ 7,000,000	\$ 15,085,000	2.30%	40.23%	\$ 896.64
2005	3,015,000	4,705,000	-	0.95%	468.56	6,645,000	14,365,000	1.78%	36.65%	871.87
2006	15,385,000	4,110,000	-	1.81%	1,083.12	6,270,000	25,765,000	2.40%	65.73%	1,431.47
2007	14,845,000	3,965,000	-	1.30%	1,009.34	5,880,000	24,690,000	1.70%	62.98%	1,324.86
2008	14,275,000	3,785,000	-	1.20%	1,076.86	5,470,000	23,530,000	1.56%	60.03%	1,403.02
2009	13,665,000	3,580,000	854,000	1.21%	1,067.10	5,040,000	23,139,000	1.54%	59.03%	1,364.25
2010	12,900,000	3,310,000	773,313	1.27%	1,001.32	-	16,983,313	1.27%	43.32%	1,001.32

Information prior to 2004 was not readily available.

CITY OF UNION CITY, GEORGIA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 18,489,318	\$ 20,772,595	\$ 22,612,282	\$ 26,261,147	\$ 32,348,351	\$ 32,383,825	\$ 57,582,113	\$ 60,300,985	\$ 59,931,048	\$ 53,698,056
Total net debt applicable to limit	8,645,000	8,290,000	8,615,000	8,085,000	7,720,000	19,495,000	17,196,729	17,199,086	16,383,154	15,048,433
Legal Debt Margin	<u>\$ 9,844,318</u>	<u>\$ 12,482,595</u>	<u>\$ 13,997,282</u>	<u>\$ 18,176,147</u>	<u>\$ 24,628,351</u>	<u>\$ 12,888,825</u>	<u>\$ 40,385,384</u>	<u>\$ 43,101,899</u>	<u>\$ 43,547,894</u>	<u>\$ 38,649,623</u>
Total net debt applicable to the limit as a percentage of debt limit	46.76%	39.91%	38.10%	30.79%	23.87%	60.20%	29.86%	28.52%	27.34%	28.02%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ 536,980,560
Debt limit (10% of assessed value)	53,698,056
Debt applicable to limit:	
General obligation bonds and certificates of participation	16,210,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,161,567)</u>
Total net debt applicable to limit	15,048,433
Legal debt margin	<u>\$ 38,649,623</u>

NOTE: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

CITY OF UNION CITY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Unemployment Rate ⁽²⁾	School Enrollment ⁽³⁾
2001	14,500	512,169,000	35,322	32.2	4.40%	525
2002	15,000	550,500,000	36,700	32.2	5.40%	1,118
2003	15,500	581,250,000	37,500	32.2	4.70%	1,170
2004	16,824	630,900,000	37,500	32.2	4.80%	1,252
2005	16,476	645,859,200	39,200	32.2	5.40%	1,566
2006	17,999	705,560,800	39,200	32.2	4.70%	1,320
2007	18,636	730,531,200	39,200	32.2	5.10%	1,294
2008	16,771	657,423,200	39,200	32.2	7.60%	1,269
2009	16,961	664,871,200	39,200	32.2	10.30%	1,252
2010	16,961	664,871,200	39,200	32.2	10.30%	1,252

Sources:

(1) U.S. Census Bureau

(2) Georgia Department of Labor

(3) Clayton County Board of Education

CITY OF UNION CITY, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Business	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Christian City	355	1	6.45%			
Wal-Mart Stores East LP	330	2	6.00%	234	1	5.20%
Exel (Kraft)	247	3	4.49%			
Kroger	199	4	3.62%	134	5	2.98%
DSC Logistics	165	5	3.00%			
Nissan of Union City	120	6	2.18%			
Saddle Creek Corp	115	7	2.09%			
UFP Eastern Division Inc	110	8	2.00%			
Mortensen Woodworking	92	9	1.67%	130	6	2.89%
Newell Rubbermaid	91	10	1.65%			
Gene Evans Ford				183	3	4.07%
Sears				218	2	4.84%
Cracker Barrel				118	8	2.62%
Federated Department Stores (Rich's)				175	4	3.89%
Don Jackson Lincoln Mercury				125	7	2.78%
Steve Rayman Pontiac				104	9	2.31%
Bill Heard Chevrolet				80	10	1.78%

Source: Union City Business Permit Renewals

CITY OF UNION CITY, GEORGIA

FULL-TIME EQUIVALENT CITY OF UNION CITY EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Administration	12	13	3	3	3	3	3	3	3	2
City Clerk	6	6	6	6	6	6	6	7	7	2
Finance	0	0	2	3	3	6	9	8	10	9
Human Resources	0	0	2	2	2	2	2	2	2	2
Information Technology	0	0	1	1	1	1	0	0	0	0
Judicial										
Municipal Court	2	3	3	3	3	3	3	4	4	4
Health & Welfare										
Leisure Services	0	1	1	1	1	1	1	1	1	0
Housing & Development										
Planning Department	4	4	4	4	4	4	4	4	3	3
Public Safety										
Police	39	41	41	41	40	48	48	67	61	62
Fire	30	30	30	30	30	33	33	47	48	52
Jail	54	54	48	52	52	52	53	50	48	44
E-911 Communications	10	10	10	10	10	10	10	11	12	10
Public Works										
Building & Grounds	2	2	2	2	2	2	2	2	3	0
Code Enforcement	1	1	1	1	2	2	2	4	4	4
Roads & Bridges	7	7	7	11	11	11	11	17	17	0
Water & Sewer	6	7	10	13	13	14	14	12	12	15
General Public Works	0	0	0	0	0	0	0	0	0	20
Operations										
Operations	0	0	0	0	0	0	0	0	0	1
Parks and Recreation										
Parks and Recreation	6	6	0	0	0	0	0	3	3	3
Total	<u>179</u>	<u>185</u>	<u>171</u>	<u>183</u>	<u>183</u>	<u>198</u>	<u>201</u>	<u>242</u>	<u>238</u>	<u>233</u>

Source: Human Resources

Notes: All full-time employees, except fire employees, are scheduled to work 2,080 hours per year (including vacation and sick). Fire Department employees are scheduled to work 2,750 hours per year (including sick and vacation).

CITY OF UNION CITY, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN CALENDAR YEARS

Function	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Culture and Recreation										
Community Center Admissions	n/a	n/a	n/a	n/a	n/a	8,154	7,355	7,811	6,895	6,860
Fire										
Calls Answered	1,140	1,339	1,339	1,360	1,985	2,435	2,556	2,724	3,074	3,331
Inspections Conducted	866	877	877	787	6,591	541	547	770	817	720
Police										
Number of Law Violations										
Physical Arrests	2,516	1,549	1,549	1,320	1,985	843	940	1,801	2,742	2,256
Traffic and Parking Violations	8,840	8,954	8,954	9,870	6,591	10,572	12,802	16,089	16,550	12,597
Public Service - Sewerage System										
Daily Average Treatment in Gallons	n/a	n/a	n/a	n/a	n/a	1,741,405	1,731,000	1,740,000	1,500,000	1,500,000
Max. Daily Capacity of Plant in Gallons	n/a	n/a	n/a	n/a	n/a	24,000,000	24,000,000	24,000,000	24,000,000	24,000,000
Service Connections	n/a	n/a	n/a	n/a	n/a	3,893	4,415	4,074	4,500	4,500
Public Service - Streets										
Highway and Streets Resurfacing	n/a	n/a	n/a	n/a	n/a	1	17	18	21	15
Public Service - Water System										
Daily Average Consumption in Gallons	1,466,187	1,255,466	1,255,466	1.30	1.30	1,414,557	1,699,104	1,170,000	1,180,000	1,180,000
Max. Daily Capacity of Plant in Gallons	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	Purchased	1,800,000
Service Connections	2,624	3,161	3,161	3,161	3,900	4,209	4,427	4,460	4,500	4,500

NOTE: Indicators are not available for the general government function.

NOTE: Departments maintain statistical information on a calendar-year basis.

SOURCE: Various City Departments

CITY OF UNION CITY, GEORGIA

**CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Culture and Recreation</i>										
Park Acreage	22	22	22	22	22	22	22	22	22	22
Parks	2	2	2	2	2	2	2	2	2	2
Tennis Courts	0	0	0	0	0	0	0	0	0	0
Baseball Fields	1	1	1	1	1	1	2	2	2	2
Community Centers & Depot	2	2	2	2	2	2	2	2	2	2
<i>Fire</i>										
Fire Stations	2	2	2	2	2	2	2	2	2	3
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	29	29	29	26	26	31	30	30	48	48
Patrol Zones	3	4	4	4	5	5	5	5	4	5
<i>Public Service - Sewerage System</i>										
Sanitary Sewer (Miles)	54.2	62.1	62.1	62.1	62.1	76.0	76.0	76.0	76.0	79.9
Treatment Plants	0	0	0	0	0	0	0	0	0	0
<i>Public Service - Streets</i>										
Streets (Miles)	60.6	68.3	68.3	68.3	68.3	90.0	90.0	90.0	90.0	115.1
Streets (Lights)	529	691	691	691	691	901	912	912	912	912
<i>Public Service - Water System</i>										
Water Mains (Miles)	53	61	61	61	61	68	68	68	68	69
Number of Fire Hydrants	660	889	889	648	658	565	565	565	796	538

SOURCE: Various City Departments

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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 Mayor and Members
of the City Council
Union City, Georgia**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Union City, Georgia, as of and for the year ended August 31, 2010, and have issued our report thereon dated March 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Union City in a separate letter dated March 1, 2011.

This report is intended solely for the information and use of management, the City Council, others within the City, federal awarding agencies, and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
March 1, 2011

CITY OF UNION CITY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

Federal Awards

There was not an audit of major federal award programs as of August 31, 2010, due to the total amount expended being less than \$500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

CITY OF UNION CITY, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

2009 – 1. Maintenance of Records for Agency Fund Type Accounts (Repeat Finding)

Criteria: The Inmate Welfare Fund is used in part to account for resources held by the City in a purely custodial capacity, which means that these funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

Condition: During our audit of the Inmate Welfare Fund as of August 31, 2009, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances.

Auditee Response/Status – Resolved

2009 - 2. Management of Accounts Payable (Repeat Finding)

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of August 31, 2009 as it relates to accounts payable within the General Fund, 2006 GO Bond Capital Projects Fund, and Water and Sewer Fund.

Auditee Response/Status – Resolved.

2009 - 3. Management of Accounts Receivable

Criteria: Generally accepted accounting principles require revenue to be recognized in the accounting period in which it becomes both measurable and available to finance expenditures of the current period.

Condition: The City did not properly record year end amounts for unbilled receivables in the Water and Sewer Fund and the Sanitation Fund for the year ended August 31, 2009.

Auditee Response/Status – Resolved.