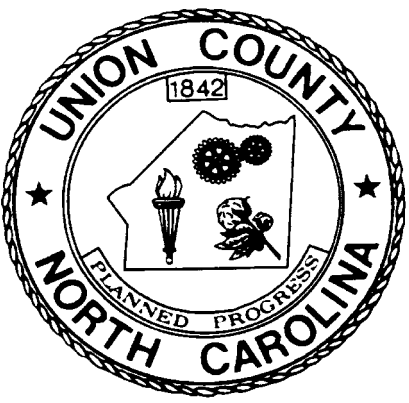




**UNION COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009**

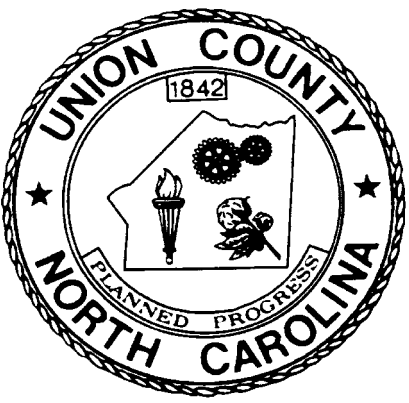


Union County, North Carolina

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2009

Prepared by
Finance Department



Union County, North Carolina
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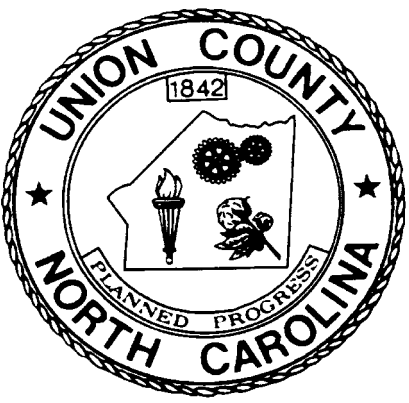
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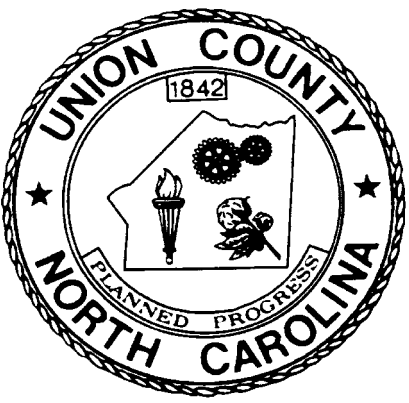
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Introductory Section





UNION COUNTY FINANCE DEPARTMENT

500 NORTH MAIN STREET, SUITE 901, MONROE, NORTH CAROLINA 28112
PHONE: (704) 283-3813 FAX: (704) 225-0664

November 25, 2009

The Board of County Commissioners
Al Greene, County Manager
Citizens of Union County, North Carolina

Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the State publish a complete set of financial statements annually. The financial statements must be presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, I hereby issue the annual financial report of Union County for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Union County (the "County"). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management, to provide a reasonable basis for making these representations, 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 County's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the County's internal control structure 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 County's financial statements have been audited by Potter and Company, P.A., a firm of licensed certified public accountants. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor rendered an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. This opinion can be found at the beginning of the financial section of this document. In addition to the independent audit of the financial statements, the County is required to undergo an annual "Single Audit" designed to meet the special needs of federal and state grantor agencies. Information regarding this audit is submitted as a separate report, which includes the schedules of financial assistance and findings and questioned costs and the independent auditors' report on internal control and compliance.

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 MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

COUNTY PROFILE

Union County, containing approximately 643 square miles, was established in 1842 and is located in the south-central portion of North Carolina adjacent to Charlotte/Mecklenburg County and bordering South Carolina.

The County operates under a Commission-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes a tax rate for the support of the County's programs. The Board consists of five commissioners, elected on a staggered basis for terms of four years. The County Manager is appointed by, and serves at the pleasure of the Board as the County's Chief Executive Officer. The Manager has appointive and removal authority over department heads and other employees of the County. The County Manager is responsible for the daily operations of the County Government. In addition, the Manager's responsibilities include implementation of policies established by the Board of Commissioners, as well as the administration of the annual budget adopted by the Board.

The County provides a wide range of services including public safety, human services (Social Services, Health, Aging and Transportation), funds for education, cultural and recreational activities, and general administration functions. Additionally, the County owns and operates water, sewer and solid waste systems and a stormwater program. This annual financial report includes all funds of the County including all activities considered to be part of (controlled by or dependent on) the County.

The budget serves as the foundation for Union County's financial planning and control. As required by the North Carolina Budget and Fiscal Control Act, the County adopts an annual budget for all governmental and proprietary operating funds except those authorized by project ordinance that are multi-year in nature. Appropriations to the various funds are formally budgeted on a departmental basis for the general and at the fund level for the special revenue, debt service, enterprise (proprietary operating) and capital project (multi-year) funds. The County Manager is authorized to approve appropriation transfers within and between all departments within a fund. In most cases, the Board must approve budget adjustments that alter the total appropriation of any fund. However, for expenditure control purposes the budget is monitored and controlled on a departmental and line-item level.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy. Union County forms a part of the seven county Charlotte-Gastonia-Rock Hill, NC-SC MSA – a region with a reputation as a business leader. The region's economic performance has been characterized by a shift to the finance/insurance/real estate and professional services sectors. Light manufacturing centers in the region are moving to the Route 74 (a U.S. highway that traverses the region in an east/west direction) corridor.

Contributing to the County's growth during the past decade is its proximity to the City of Charlotte and Mecklenburg County, which contain the largest population in the State and comprise the major urban center of North Carolina's piedmont crescent. The substantial completion of Interstate 485, which, when completed, will surround Charlotte, has also contributed to the County's position as the State's fastest growing county as measured by percentage of population increase. The County's diverse economic base and the interdependence of the Charlotte-Gastonia-Concord Metropolitan Statistical Area or MSA are major factors that have contributed to the County's rapid growth during the current decade.

In the fiscal year ending 2009, the national economic slowdown contributed to the mixed performance results of the County's economy as measured by unemployment rates, labor force growth, median family income, real estate development and retail sales. The County maintains lower unemployment rates (10.8% in July 2009) than the State (11.1% in July 2009) and higher rates of unemployment than the United States (9.7% in July 2009). According to the US Department of Agriculture, the County's 2007 median household income of \$60,612 places it second among North Carolina's 100 counties, with only Wake County at \$61,706 having a higher median household income. Neighboring Mecklenburg County ranks third at \$56,114. The County's economy during fiscal year 2009 also reflects a significant decline

in the construction housing industry as measured by permit issuance and real estate sector revenues (inspection fees, real estate deed transactions) and retail sales.

Long-term financial planning. Union County's population grew by 47% from 1990-2000, reaching 123,772 in 2000. From 2000 to 2008, the population increased by 54% to 191,108. The North Carolina State Demographics Unit expects the County's population to grow, over the next five years, by another 25% or 47,142 between 2008 and 2013, reaching 238,250 by the year 2013. Public school enrollment, currently at approximately 38,539 is projected to increase to approximately 42,316, or 9.8% by 2014. The County's utility system added an average of approximately 3,700 new water connections in fiscal years 2006 and 2007. In 2008, new water connections declined to 1,900 with 2009 reflecting a further reduction to 720 new water connections. Residential building permits and new construction values reached record high levels in fiscal year 2006, declined in fiscal years 2007 and 2008, and reflect further reductions in 2009. New housing construction in fiscal year 2009 recorded the lowest levels, in terms of permit issuance and values, experienced in the past ten years.

This population growth has, and will continue, to have significant impact on the County's infrastructure.

The County maintains a capital improvement plan ("CIP") and financial feasibility forecast for tax-supported and enterprise fund activities.

The tax-supported CIP contains projected capital expenditures for the Union County Public Schools ("UCPS"), South Piedmont Community College ("SPCC") and County programs and functions such as law enforcement, parks and recreation and general government. The CIP is funded through current revenues, capital contributions and long-term debt. The CIP and financial forecast is periodically updated to reflect changing priorities and circumstances.

The County Commission is currently reviewing the annual update to its tax-supported CIP for the fiscal period 2010-2014. The County tax-supported CIP totals \$359.2 million for the 2010-2014 forecast period with \$193.4 million for its public schools and \$165.8 for County programs including SPCC. Three major projects comprised of a middle and high school, detention facility and health and human service facility represent \$194.4 million of the total \$359.2 million.

The tax supported CIP is anticipated to be funded with approximately \$21.5 million from current revenues, contributed capital and reserves with the balance of \$337.7 million funded through the issuance of general obligation debt or installment financings.

The enterprise fund activity, consisting primarily of the Water and Sewer CIP, totals \$113.8 million for the 2010-2013 forecast period. Approximately \$55.8 million of the capital plan is anticipated to be funded from current revenues, contributed capital and reserves with the balance of \$58.0 million funded through the issuance of revenue debt. The County issued Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 in an aggregate amount of \$20 million in August 2009 to finance a portion of the utility capital improvement program. The Series 2009 Bonds, in the amount of \$20 million, is included in the \$58 million of proposed debt for the 2010-2013 forecast period.

Major water projects contained in the capital plan include the expansion of the Catawba River Water Treatment Plant from 18 MGD to 27 MGD and the expansion of the raw water reservoir from 40 MGD to 850 MGD (both projects total \$34.8 million), improvements to the water transmission and pumping system that delivers water from Anson County (2 MGD to 4 MGD and a cost of \$9.3 million), two elevated water storage tanks (\$10.3 million), preliminary planning and permitting costs (\$1.7 million) associated with a new regional water plant and \$13.2 million for system wide transmission and distribution improvements.

Major sewer projects include planning and permitting costs associated with the expansion of the 12-Mile Creek Wastewater Treatment Plant from 6 MGD to 9 MGD (\$3.2 million), purchase of additional 2 MGD capacity and the construction of a force main to Charlotte Mecklenburg Utility's McAlpine Creek WWTP (\$13.1 million), preliminary planning, permitting and land acquisition costs (\$9.4 million) associated with

a new wastewater treatment plant in the northern area of the County, preliminary planning and permitting costs (\$0.5 million) associated with the expansion of the City of Monroe's wastewater treatment and \$18.2 million for system wide wastewater collection improvements.

The utility capital plan has been approved by the County Commission.

These capital improvements, along with increased operating costs, will have a significant impact on the County's budget and will require prudent planning and the development of long-term financing plans to moderate the impact of these improvements on our citizens and ratepayers.

Cash and investment management policies and practices. The investment policy of the County is guided in a large part by State statute. The County believes strongly in making the best possible use of idle cash resources and as a result, investments have been made in securities that insure that ample funds are available as needed to meet disbursement requirements as well as to take advantage of market fluctuations. The approach allows the County to maximize financial return with the parameters of acceptable risk. For the fiscal year ended June 30, 2009, the County earned an equivalent of 2.4 cents on its ad valorem tax rate in investment earnings from unrestricted funds. While the earnings rate is approximately half of what the County reported for the year ending 2008, given the low interest rate environment of the past year, the County fully expects the investment returns to exceed those rates reported by its North Carolina peer counties.

Debt administration. The County's general obligation bond rating of Aa2/AA/AA was affirmed by the three national rating agencies of Moody's Investors Service, Standard & Poors and Fitch respectively during fiscal year 2009. The County's key financial ratios relating to tax-supported debt are summarized in the following table.

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assessed Value	\$ 22,516,019,353	\$ 17,475,253,325	\$ 16,065,515,920	\$ 14,495,811,643	\$ 13,472,966,225
Net Tax Supported Debt	\$ 592,322,950	\$ 539,952,268	\$ 337,319,676	\$ 270,398,650	\$ 284,072,400
Net Tax Supported Debt as a Percentage of Assessed Value	2.63%	3.09%	2.10%	1.87%	2.11%
Debt Service as a Percent of Expenditures	22.7%	19.8%	15.0%	14.1%	11.3%
Population	191,108	181,652	170,167	159,726	150,637
Debt per Capita	\$ 3,099.41	\$ 2,972.45	\$ 1,982.29	\$ 1,692.89	\$ 1,885.81
Available Fund Balance as a Percent of General Fund Expenditures	20.3%	16.5%	18.8%	21.6%	35.5%

Adherence to the County's debt management policy is critical in light of the County's projected infrastructure requirements and its current debt ratios.

Risk management. The County is exposed to various risks of loss related to assets, liabilities claimed by third parties and employee injury. The County is fully insured through a commercial insurance company for these exposures, with the exception of injuries to employees. The County self-insures workers' compensation claims with non-law enforcement claims exceeding \$300,000 and law enforcement claims exceeding \$350,000 covered by stop-loss insurance.

There has been no significant reduction in insurance coverage from the previous year and settled claims have not exceeded insurance policy limits in the last three years.

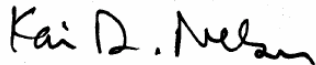
Pension plans. County employees are required to participate in one of several multiple-employer, defined benefit pension plans administered by the State of North Carolina. In addition to the pension plans administered by the State, the County administers a single-employer defined benefit plan, a supplemental retirement income plan and a single-employer defined benefit retiree healthcare benefits

plan for certain qualified employees. All of these plans are discussed in the notes to the financial statements.

Each County department's strong commitment to the goals, vision and mission statements of the County are reflected in their provision of services to the residents of Union County. We appreciate the cooperation of all County departments in conducting financial activities, including the preparation of this report.

We also wish to express appreciation to the Board of County Commissioners and County Manager Al Greene for their leadership in making Union County a fiscally sound, well-governed organization.

Respectfully submitted,



Kai D. Nelson
Finance Director



Andrea Robinson
Assistant Finance Director

UNION COUNTY, NORTH CAROLINA
List of Principal Officials
June 30, 2009

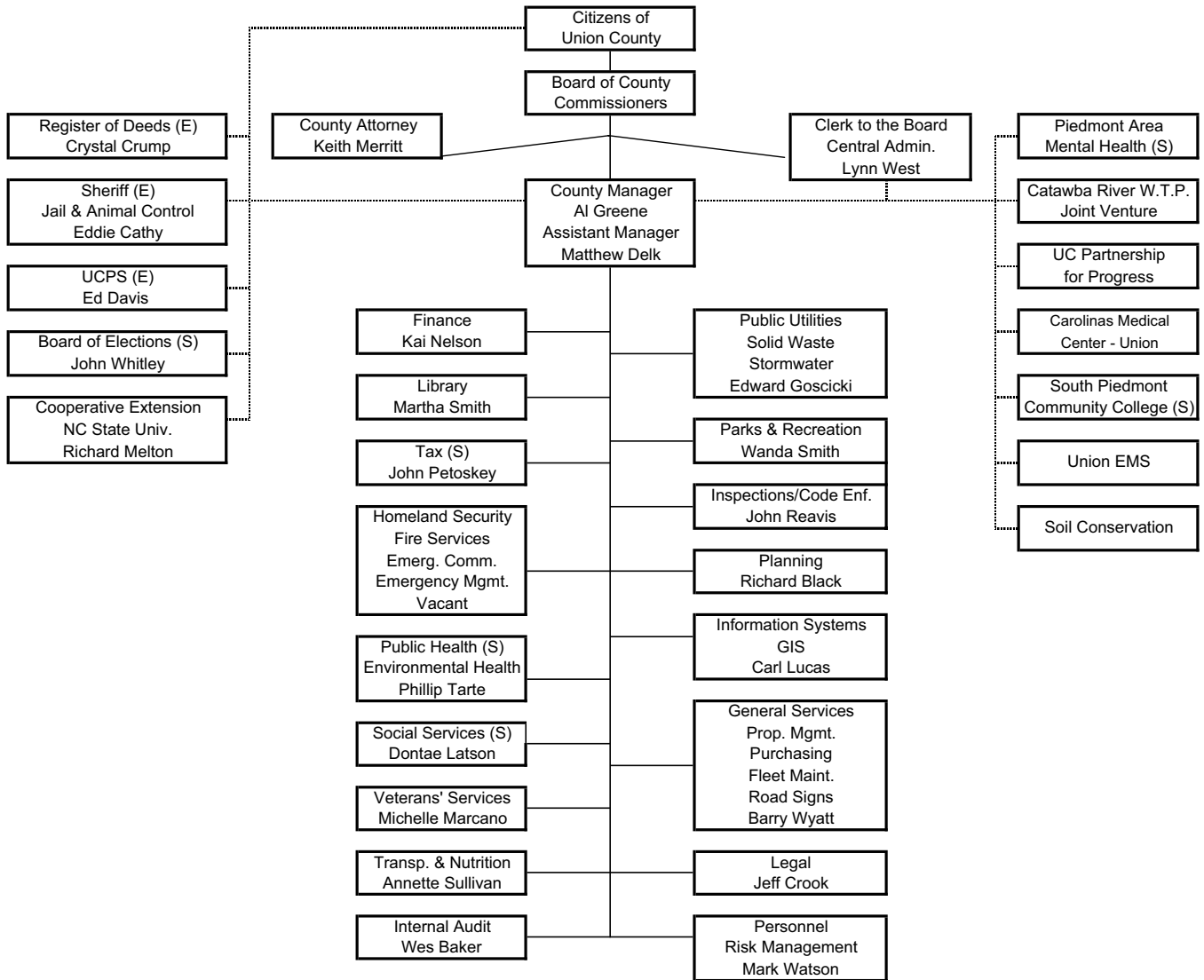
Board of County Commissioners

Lanny Openshaw - Chairman
Kim Rogers, Vice-Chairman
Allan Baucom
Tracy Kuehler
Parker Mills

County Officials

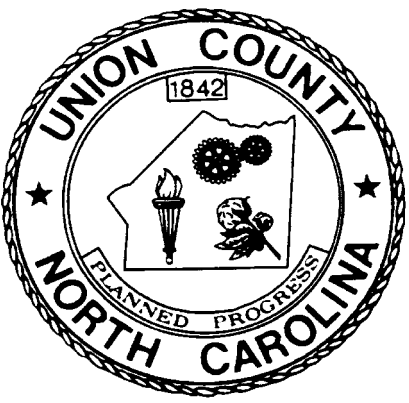
Al Green	County Manager
Matthew Delk	Assistant County Manager
Kai Nelson	Finance Director
Lynn G. West	Clerk to the Board
Gary Thomas	Communications Director
Richard Melton	Cooperative Extension Service Director
Keith Merritt	County Attorney
John Whitley	Elections Director
Jeff Knight	Environmental Health Director
Barry Wyatt	General Services Director
Vacant	Homeland Security/Fire Services Director
Carl Lucas	Information Services Director
John Reavis	Inspections Director
Wesley Baker	Internal Auditor
Martha Smith	Library Director
Wanda Smith	Parks and Recreation Director
Mark Watson	Personnel Director
Richard Black	Planning Director
Phillip Tarte	Public Health Director
Edward Goscicki	Public Works Director
Crystal Crump	Register of Deeds
Eddie Cathey	Sheriff
Dontae Latson	Social Services Director
Jeff Crook	Staff Attorney
John Petoskey	Tax Administrator
Annette Sullivan	Transportation/Nutrition Director
Michelle Marcano	Veterans' Service Director

Union County, North Carolina Organizational Chart

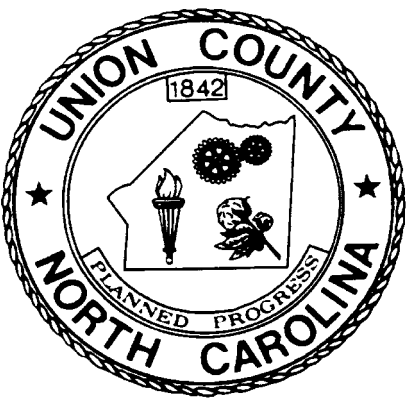


(S) Statutory Appt. Board
(E) Elected Agency

Updated: Nov. 30, 2009



Financial Section





POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

The Board of Commissioners
Union County, North Carolina
Monroe, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Union County, North Carolina**, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic 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.

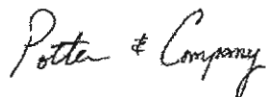
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Union County, North Carolina** as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, on our consideration of **Union County's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the Law Enforcement Special Separation Allowance and Other Postemployment Benefits (OPEB) - Health Care and Dental Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of **Union County, North Carolina**. The combining and individual nonmajor fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, 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 and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Potter & Company".

November 25, 2009
Monroe, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Union County, we offer readers of Union County's financial statements this narrative overview and analysis of the financial activities of Union County for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report, and the County's financial statements, which follow this narrative.

Financial Highlights

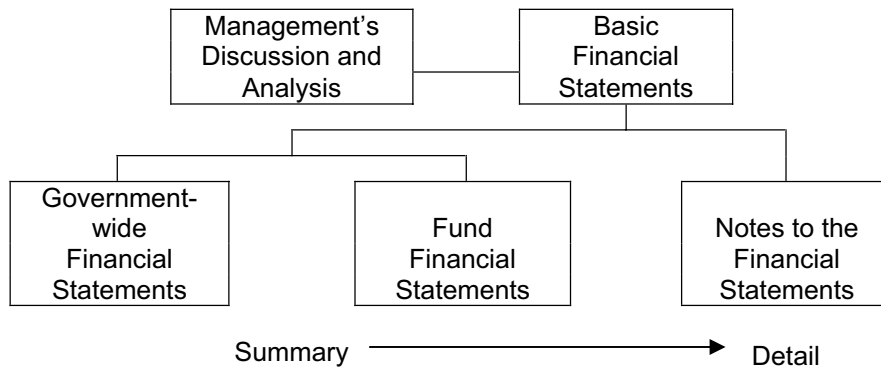
- The liabilities of Union County exceeded its assets at the close of the fiscal year by \$167,072,384 (net assets), a decline of \$49,408,023 from the prior fiscal year.
- The total net assets of governmental activities reflects a deficit \$405,646,023 an increase of \$53,132,370 from the prior year's deficit amount of \$352,513,653, primarily due to school capital spending and the issuance of general obligation bonds for school facilities and improvements. In accordance with North Carolina law, the County is financially responsible for funding school facilities and the issuance of any debt in connection with school facilities; however, since school assets are not reflected in the County's financial statements, school capital improvements are expensed.
- As of the close of the current fiscal year, Union County's governmental funds reported combined ending fund balances of \$118,058,572, a decrease of \$4,067,931 in comparison with the prior year. The primary reason for this decline is the decrease in the unspent general obligation bond proceeds in the amount of \$18.6 million relating to school construction. Approximately \$43.2 million is available for spending at the government's discretion (unreserved and undesignated fund balance) in the General Fund.
- At the end of the current fiscal year, the unreserved and undesignated portion of fund balance for the General Fund was \$43,174,713, or 19.6 percent of total general fund expenditures and other financing uses for the fiscal year.
- Union County's total debt increased by \$49,130,323 (8.1%) during the current fiscal year with the net increase attributable to the issuance of general obligation school bonds and installment financing net of the current year's debt principal payments and general obligation debt refunding.
- Union County's general obligation bond rating of Aa2/AA/AA was affirmed by Moody's, Standard & Poor's and Fitch during fiscal year 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Union County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Union County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through L) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans and postemployment healthcare and dental benefits plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The *statement of net assets* presents information on all of Union County'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 way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, cultural and recreational, general government, and economic and physical development. Property taxes, local option sales taxes and state and

federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer, solid waste and stormwater services offered by Union County.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Union County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as North Carolina General Statutes or the County's budget ordinance. All of the funds of Union County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Most of the County's basic services are accounted for in governmental funds. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Union County adopts an annual budget for its General Fund, as required by North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of County Commissioners (Board) about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The General Fund budgetary comparison statement uses the budgetary basis of accounting, modified accrual, and is presented with modifications to the format, language, and classifications from the legal budget document. Any stewardship issues in connection with compliance with the legal budget document are reflected in the notes to the financial statements. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements are Exhibits C through G of this report.

Proprietary Funds – Union County maintains two types of proprietary funds, Enterprise and Internal Service. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Union County uses enterprise funds to account for its Water and Sewer, Solid Waste and Stormwater operations. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among Union County's

various functions. Union County uses internal service funds to account for the financing of goods and services provided by the Health Benefit, Workers' Compensation and Property and Casualty Funds on a cost reimbursement basis. As each of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Solid Waste and Stormwater operations. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Union County has ten fiduciary funds, two of which are pension trust funds and eight of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 41 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Union County's progress in funding its obligation to provide pension benefits to its employees and postemployment healthcare and dental benefits to its retired employees. Required supplementary information can be found beginning on page 81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 87-147 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The following figure depicts the County's net assets for fiscal year 2009 and provides comparative data, including the percentage change, from fiscal year 2008.

**Union County's Net Assets
Figure 2**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 143,995,286	\$ 154,799,563	\$ 94,591,812	\$ 93,528,554	\$ 238,587,098	\$ 248,328,117	-3.92%
Capital assets	70,351,134	67,263,413	216,177,911	214,861,390	286,529,045	282,124,803	1.56%
Total assets	214,346,420	222,062,976	310,769,723	308,389,944	525,116,143	530,452,920	-1.01%
Long-term debt outstanding	592,322,950	539,952,268	63,147,214	66,387,573	655,470,164	606,339,841	8.10%
Other liabilities	27,669,493	34,624,361	9,048,870	7,153,079	36,718,363	41,777,440	-12.11%
Total liabilities	619,992,443	574,576,629	72,196,084	73,540,652	692,188,527	648,117,281	6.80%
Net assets							
Invested in capital assets, net of related debt	44,867,406	43,813,345	160,757,708	156,680,551	205,625,114	200,493,896	2.56%
Restricted	33,511,919	49,900,699	2,770,308	2,885,491	36,282,227	52,786,190	-31.27%
Unrestricted	(484,025,348)	(446,227,697)	75,045,623	75,283,250	(408,979,725)	(370,944,447)	10.25%
Total net assets	\$ (405,646,023)	\$ (352,513,653)	\$ 238,573,639	\$ 234,849,292	\$ (167,072,384)	\$ (117,664,361)	41.99%

The liabilities of Union County exceeded assets by \$167,072,384 as of June 30, 2009. The County's net assets decreased by \$49,408,023 for the fiscal year ended June 30, 2009. One of the largest portions of net assets reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Union County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Union County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion in the amount of \$36,282,227 of Union County's net assets represents resources principally consisting of public safety, education and debt service that are subject to external restrictions on how they may be used. The remaining deficit balance of \$408,979,725 is unrestricted.

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net assets in the amount of \$484,025,348 is due primarily to the portion of the County's outstanding debt incurred for the Union County Board of Education (the "school") and the South Piedmont Community College (the "community college"). Under North Carolina law, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems capital funding by using a mixture of County funds, general obligation debt and installment financings. The assets funded by the County, however, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. As of June 30, 2009, \$562,970,532 of the outstanding debt, including accrued interest and unamortized bond issuance costs, on the County's financial statements was related to assets included in the school and community college systems' financial statements. There were also \$23,193,798 of unspent bond proceeds, \$1,851,448 of accounts receivable and \$4,807,262 of liabilities payable from bond proceeds at June 30, 2009 for school and community college systems' capital projects. The outstanding amount of this debt of \$563.0 million and the liabilities payable of \$4.8 million have been reported as a reduction of unrestricted net assets for governmental activities, resulting in a deficit balance of \$484,025,348 for this category of net assets. The outstanding amount of this debt of \$563.0 million and liabilities payable of \$4.8 million net of unspent bond proceeds of \$23.2 million and the receivable of \$1.9 million represent a portion of the amount reported as a net reduction of net assets for governmental activities, resulting in a deficit balance of \$405,646,023 for this category of net assets. Had capital financing activities in connection with education not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be a positive \$60,558,648 and total net assets would be a positive \$137,086,525.

The vast majority of this school and community college system related debt is general obligation debt; therefore, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Union County Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2009
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program revenues:							
Charges for services	\$ 10,414,943	\$14,269,187	\$ 27,707,788	\$ 28,634,402	\$38,122,731	\$42,903,589	-11.14%
Operating grants and contributions	28,953,436	26,588,424	227,158	230,170	29,180,594	26,818,594	8.81%
Capital grants and contributions	95,704	660,626	6,504,645	19,989,669	6,600,349	20,650,295	-68.04%
General revenues:							
Property taxes	154,149,099	127,405,534	-	-	154,149,099	127,405,534	20.99%
Other taxes	33,340,270	41,054,538	-	-	33,340,270	41,054,538	-18.79%
Grants and contributions not restricted to specific programs	104,914	108,755	-	-	104,914	108,755	-3.53%
Other	3,337,338	10,071,279	2,226,372	3,577,404	5,563,710	13,648,683	-59.24%
Total revenues	230,395,704	220,158,343	36,665,963	60,423,760	267,061,667	280,582,103	-4.82%
Expenses:							
General government	13,829,229	15,436,928	-	-	13,829,229	15,436,928	-10.41%
Public safety	35,632,695	34,470,213	-	-	35,632,695	34,470,213	3.37%
Economic and physical development	2,208,441	2,287,932	-	-	2,208,441	2,287,932	-3.47%
Human services	38,650,109	40,185,620	-	-	38,650,109	40,185,620	-3.82%
Cultural and recreational	6,785,574	7,217,315	-	-	6,785,574	7,217,315	-5.98%
Education	161,342,945	189,941,022	-	-	161,342,945	189,941,022	-15.06%
Interest and fees on long term debt	25,079,081	22,947,274	-	-	25,079,081	22,947,274	9.29%
Water and sewer	-	-	27,952,851	26,223,999	27,952,851	26,223,999	6.59%
Solid waste	-	-	4,777,264	4,271,774	4,777,264	4,271,774	11.83%
Stormwater	-	-	211,501	213,187	211,501	213,187	n/a
Total expenses	283,528,074	312,486,304	32,941,616	30,708,960	316,469,690	343,195,264	-7.79%
Increase (decrease) in net assets before transfers and extraordinary item	(53,132,370)	(92,327,961)	3,724,347	21,722,685	(49,408,023)	(70,605,276)	-30.02%
Extraordinary item (see Note 11)	-	-	-	(1,499,544)	-	(1,499,544)	-
Increase (decrease) in net assets	(53,132,370)	(92,327,961)	3,724,347	20,223,141	(49,408,023)	(72,104,820)	-31.48%
Net assets, July 1	(352,513,653)	(260,185,692)	234,849,292	214,626,151	(117,664,361)	(45,559,541)	158.27%
Net assets, June 30	<u>\$ (405,646,023)</u>	<u>\$ (352,513,653)</u>	<u>\$238,573,639</u>	<u>\$ 234,849,292</u>	<u>\$ (167,072,384)</u>	<u>\$ (117,664,361)</u>	41.99%

Governmental activities: Governmental activities decreased the County's net assets by \$53,132,370 compared with the prior year's decrease of \$92,327,961. Key elements of the reduction in net asset decline in the amount of \$39,195,591 when compared to the prior year are as follows:

- Increased Debt Service (\$2.1 million – interest and debt related expenses primarily attributable to schools) and Public Safety (\$1.2 million – remittances to volunteer fire departments and personnel). A reduction in Education expenses of \$28.6 million (school facilities and current expense), General Government (\$1.6 million – facility renovations and economic spending reductions) and Human Services (\$2.1 million – public assistance) over the prior period mitigated the other increased expenses representing a net reduction of \$29.0 million for governmental activities.
- These decreased expenses were partially offset by an increase in revenue collected from property taxes of \$26.7 million due to increases in the County's tax base attributable to property revaluation accompanied by a tax rate decrease from 71.11 to 66.5 cents. The revenue neutral tax rate, a rate that would generate revenue equal to the prior year's property tax receipts plus growth attributable to new construction, is estimated at 60.36 cents. Also, operating grants and contributions increased by approximately \$2.4 million with a majority of the increase occurring in Human Services (\$0.9 million), Education (\$0.8 million) and Public Safety (\$0.6 million). These increased revenues were offset by a decline in local option sales taxes of \$6.7 million and investment earnings decline of \$6.3 million due to an overall lower rate of return on

investments. There were also declines in charges for services of \$3.9 million with a majority of the decline occurring in Public Safety (\$2.2 million) and Human Services (\$1.3 million). An additional reduction in other taxes and licenses of \$1.0 million was primarily due to reduced real property transfer tax revenue (\$0.7 million). The major revenue declines were primarily attributable to the economic downturn affecting retail sales, a State legislative initiative whereby the State assumed responsibility for a portion of the County's Medicaid expenses with the County relinquishing a portion of its local option sales tax and historic low returns on the County's investment portfolio.

Business-type activities: Net assets in the Business-type activities totaled \$238,573,639 at year end representing an increase of \$3,724,347 or 1.6 percent over fiscal year 2008's \$234,849,292. Solid Waste services had an increase in net assets of \$42,924, Stormwater had a decline of \$35,984 and Water and Sewer services had an increase in net asset of \$3,717,407. The increase in net assets of the Water and Sewer Fund is attributable mainly to the recording of capital contributions principally in the form of developers' equity and capacity payments.

Financial Analysis of the County's Funds

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$43,174,713, while total fund balance was \$56,246,691. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 19.6 percent of total General Fund expenditures and other financing uses, while total fund balance represents 25.6 percent of that same amount.

At June 30, 2009, the governmental funds of the County reported a combined fund balance of \$118,058,572, a 3.33 percent decrease or \$4.1 million from last year. The primary reason for this decline is the decrease in the unspent general obligation bond proceeds in the amount of \$18.6 million relating to school construction. Approximately \$43.2 million is available for spending at the government's discretion (*unreserved and undesignated fund balance*) in the General Fund with a positive \$1.5 million in the remaining Governmental Funds.

General Fund Budgetary Highlights: County ad valorem revenues continue to reflect growth, however declining growth, due to the local housing construction market attributable to the County's proximity to the Charlotte MSA. Fiscal year 2009 revenues and other financing sources reflect a small improvement over fiscal year 2008 while fiscal year 2009 expenditures and other financing uses reflect small increases when compared to fiscal year 2008.

The County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize

new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased revenues and other financing sources and expenditures and other financing uses by \$632,067 or 0.3%.

The actual operating revenues for the General Fund were less than the budgeted amount by \$11,173,582 consisting of unfavorable local option sales tax revenue (\$6.0 million – due to lower retail sales and the State Medicaid swap referenced previously), permits and fees (\$1.6 million – due to the economic downturn), miscellaneous (\$1.4 million – due to lower than anticipated lease payments from the hospital with the payments based on a percent of operating net income and investment income), intergovernmental grants and contributions (\$1.3 million), and investment earnings (\$0.7 million). Actual expenditures were under the final budget by \$16,700,286 with the majority of the positive variances occurring in Public Safety, Human Services, General Government, Debt service interest and fees, and Cultural and Recreational. Actual fund balance increased by \$2.1 million compared to the final budgeted use of \$3.4 million.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year totaled \$5,014,554, the Stormwater Fund totaled \$3,983 and those for the Water and Sewer Fund totaled \$70,387,939. The total change in net assets for these funds was an increase of \$52,708, a decrease of \$33,412 and an increase of \$3,765,170, respectively. The increase in net assets of the Water and Sewer Fund is attributable mainly to the recording of capital contributions principally in the form of developers' equity and capacity payments.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, totaled \$286,529,045 (net of accumulated depreciation), an increase of \$4,404,242 over the prior year's amount of \$282,124,803. These assets include land, buildings, equipment, plants and utility infrastructure.

Major capital asset transactions during the year include the:

- Purchase and replacement of public safety vehicles and related mobile data equipment
- Continuation and completion of the CAD/RMS communications system
- Commencement of the acquisition and installation of a public safety radio communications system
- Continuation of construction related to various Government Facility renovations
- Completion of construction of 33,000 linear feet of water mains in connection with Forest Lawn Drive and Potters Road transmission main extension project
- Completion of construction of a sixteen inch water main to enhance the system hydraulics in connection with the Cureton Parkway area project

- Completion of construction of a sixteen inch water main to enhance the system hydraulics in connection with the Waxhaw Marvin Road area project
- Continuation of construction of Twelve Mile Creek Waste Water Treatment Plant phosphorous removal and reliability improvements projects
- Continuation of construction of Twelve Mile Creek Waste Water Treatment Plant odor control improvements project
- Continuation of engineering and design services in connection with the pump stations and additional water main capacity to supply the eastern side of the County with up to 4.0 MGD of water from Anson County
- Receipt of contributed capital consisting of approximately \$2.9 million for water and sewer distribution and collection systems

**Union County's Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
	Land	\$ 4,176,822	\$ 4,131,922	\$ 1,474,615	\$ 1,474,616	\$ 5,651,437	\$ 5,606,538
Construction in progress	6,086,570	4,956,162	9,147,365	5,109,164	15,233,935	10,065,326	51.35%
Other improvements	4,465,250	4,630,351	716,422	756,406	5,181,672	5,386,757	-3.81%
Buildings	45,372,876	44,634,028	1,047,379	1,092,916	46,420,255	45,726,944	1.52%
Furniture and equipment	8,091,821	6,247,165	1,166,567	1,245,631	9,258,388	7,492,796	23.56%
Vehicles	2,157,795	2,663,785	540,932	762,764	2,698,727	3,426,549	-21.24%
Plant and collection systems	-	-	116,631,263	120,464,395	116,631,263	120,464,395	-3.18%
Plant and distribution systems	-	-	85,453,368	83,955,498	85,453,368	83,955,498	1.78%
	<u>\$ 70,351,134</u>	<u>\$ 67,263,413</u>	<u>\$ 216,177,911</u>	<u>\$ 214,861,390</u>	<u>\$ 286,529,045</u>	<u>\$ 282,124,803</u>	1.56%

Additional information on the County's capital assets can be found in Note 6 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2009, the County had total debt outstanding of \$655,470,164. General obligation debt, both long and short term, secured by the full faith and credit of the County, totaled \$481,674,796, an increase of \$46,564,986 million from the previous year. Revenue bonds, certificates of participation, installment financings and other debt totaled \$173,795,368, an increase of \$2,565,337. A summary of total long-term debt is shown in Figure 5.

**General Obligation Bond, Revenue Bonds, Installment Financing and Notes Payable
Figure 5**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
	General obligation bonds	\$477,024,092	\$428,597,211	\$ 4,650,704	\$6,512,599	\$ 481,674,796	\$435,109,810
Certificates of participation	105,908,858	111,297,974	-	-	105,908,858	111,297,974	-4.84%
Installment financing	9,390,000	57,083	-	-	9,390,000	57,083	16349.73%
Revenue bonds	-	-	42,376,937	44,271,704	42,376,937	44,271,704	-4.28%
Other	-	-	16,119,573	15,603,270	16,119,573	15,603,270	3.31%
	<u>\$592,322,950</u>	<u>\$539,952,268</u>	<u>\$63,147,214</u>	<u>\$ 66,387,573</u>	<u>\$655,470,164</u>	<u>\$606,339,841</u>	8.10%

The County's total net debt increased by \$49,130,323 or 8.1 percent during the past fiscal year.

The County's most recent long term general obligation bond ratings at June 30, 2009, affirmed in connection with the County's General Obligation Refunding Bonds, Series 2009B, are shown below:

Moody's Investor Services	Aa2
Standard & Poor's	AA
Fitch IBCA	AA

The County's most recent utility revenue bond ratings at June 30, 2009, are shown below:

Moody's Investor Services	A2
Standard & Poor's	AA-
Fitch IBCA	A+

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Union County is \$1,203,930,178. The County has no bonds authorized but unissued at June 30, 2009.

Additional information regarding the County's long-term debt can be found in Note 16.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

Indicator	Union County	North Carolina
Population Increase 1990-2000	46.9%	21.4%
Population Increase 2000-2008	54.4%	14.7%
Projected Population Increase 2008-2013	24.7%	9.3%
Unemployment Rate (2008)	5.7%	6.3%
Unemployment Rate (07/2009)	10.8%	11.1%
Per Capita Income (2008)	\$28,525	\$26,823
Median Household Income (2008)	\$66,792	\$51,411

Data source: U.S. Census Bureau, Bureau of Economic Analysis, North Carolina State Demographics Unit, NC Employment Security Commission

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental Activities: The General Fund budget for the fiscal year ending June 30, 2010, totals \$222.3 million, which is a decrease of \$90.0 million or 28.8% over the final amended budget for the fiscal year ended June 30, 2009 in the amount of \$312.4 million. The \$312.4 million included a \$76.1 million appropriation of general obligation refunding debt proceeds that were used to refund \$76.5 million of outstanding general obligation bonds. Excluding the 2009 budget in connection with the refunding bonds, the final amended budget for 2009 would have been \$236.8 million. The General Fund budget for the fiscal year ending June 30, 2010, in the amount of \$222.3 million, represents a decrease of \$14.4 million or 6.1% over the final amended budget for the fiscal year ended June 30, 2009 in the amount of \$236.8 million as adjusted for the general obligation debt refunding appropriation.

The largest single reduction is attributable to public safety expenditures which total \$27.3 million in 2010 compared to 2009's \$32.8 million; a decrease of \$5.5 million. This decrease in FY2010 is mainly due to capital expenditures being appropriated in the General Capital Project Ordinance Fund in lieu of the General Fund and reductions in other public safety operating expenditures.

Additional budget reductions also occurred in human service expenditures which total \$37.5 million in 2010 compared to 2009's \$41.5 million; a decrease of \$4.0 million. This decrease is primarily due to the State's assumption of Medicaid public assistance payments with the County relinquishing a portion of its local option sales tax. Reductions also occurred in General Government expenditures which total \$11.5 million in 2010 compared to 2009's \$15.3 million; a decrease of \$3.8 million; and in cultural and recreational expenditures which total \$5.7 million in 2010 compared to 2009's \$7.5 million; a decrease of \$1.8 million; both due to overall budget reductions in personnel, operating, capital expenditures in response to the economic downturn.

Debt service expenditures total \$53.8 million for fiscal year 2010, representing an increase of \$1.2 million or 2.4% over fiscal year's 2009 final budget amount of \$52.6 million. The increase in debt service for fiscal year 2010 is mainly attributable to a full year of interest and principal expense associated with the \$64,500,000 Variable Rate General Obligation Bonds, Series 2009A, as well as a full year of interest and principal expense associated with the \$9,390,000 installment financing for the public safety communications radio system project. The debt associated with both of these transactions was incurred in the latter half of 2009 with the full annual debt service impact realized in 2010.

The four significant areas of budget reductions (public safety, human services, general government, cultural and recreational) totaling \$15.1 million net of the increases for debt service in the amount of \$1.2 million, are the major factors contributing to the overall decrease in the County's 2010 budget as compared to the 2009 budget.

Operating revenues contained in the budget for fiscal year 2010 are \$221.0 million as compared to 2009's final budget amount of \$232.9 million; a decrease of \$11.9 million. About \$8.8 million of the decrease occurs in the local option sales tax category. The decrease in local option sales tax is attributable to declining retail sales and the full year impact of a portion of Article 44 ½ cents being ceded to the State during fiscal year 2009 as a part of the State's Medicaid relief program. Additionally, declines are anticipated in permits and fees of \$2.4 million due to slowing construction growth, investment earnings of \$1.7 million due to lower overall rates of return on investments, and miscellaneous revenue of \$1.4 million due to lower anticipated property rental income. The property rental income decrease is mainly due to projected lower operating margins and investment income in connection with the County hospital lease.

The fiscal year 2010 budget appropriates \$1.3 million from fund balance as compared to the 2009's original fund balance appropriation of \$5.8 million.

The County maintains a five-year Capital Improvement Plan ("CIP") and financial feasibility forecast for tax-supported and enterprise fund activities. The tax-supported CIP contains projected capital expenditures for the Union County Public Schools ("UCPS"), South Piedmont Community College ("SPCC") and County programs and functions such as law enforcement, parks and recreation and general government. The CIP is funded through current revenues, capital contributions and long-term debt. The CIP and financial forecast is periodically updated to reflect changing priorities and circumstances.

The County tax-supported CIP totals \$359.2 million for the 2010-2014 forecast period with \$193.4 million for its public schools and \$165.8 for County programs including SPCC. Three major projects comprised of a middle and high school, detention facility and health and human service facility represent \$194.4 million of the total \$359.2 million.

The tax supported CIP is anticipated to be funded with approximately \$21.5 million from current revenues, contributed capital and reserves with the balance of \$337.7 million funded through the issuance of general obligation debt or installment financings. The tax supported CIP is presently under consideration by the County Commission.

Business – type Activities: The County has also adopted a \$26.4 million Water and Sewer budget for fiscal year 2010 which represents a \$8.4 million decrease from fiscal year 2009's final budget of \$34.8 million. The majority of the decrease is attributable to lower water sales (\$1.7 million) resulting from water restrictions on irrigation use and a reduction of \$6.0 million in contributed capital relating to infrastructure contributions and capacity fees. The decline in revenues resulted in a lower anticipated transfer to the enterprise capital fund (\$5.5 million year over year) and a reduction in personnel, operating and capital (totaling \$2.9 million).

The County issued Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 in an aggregate amount of \$20 million in August 2009 to finance a portion of the utility capital improvement program. The County previously executed a forward swap agreement (subsequently amended and restated on May 3, 2007 and June 26, 2008) to effectively change the County's interest rate on the Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 to a synthetic fixed rate of 3.82%, excluding liquidity, remarketing, and other fees.

The Water and Sewer capital improvement plan totals \$113.8 million for the 2010-2013 forecast period. Approximately \$55.8 million of the capital plan is anticipated to be funded from current revenues, contributed capital and reserves with the balance of \$58.0 million funded through the issuance of revenue debt. The Series 2009 Bonds in the amount of \$20 million is included in the \$58 million of proposed debt for the 2010-2013 forecast period.

Major water projects contained in the capital plan include the expansion of the Catawba River Water Treatment Plant from 18 MGD to 27 MGD and the expansion of the raw water reservoir from 40 MGD to 850 MGD (both projects total \$34.8 million), improvements to the water transmission and pumping system that delivers water from Anson County (2 MGD to 4 MGD and a cost of \$9.3 million), two elevated water storage tanks (\$10.3 million), preliminary planning and permitting costs (\$1.7 million) associated with a new regional water plant and \$13.2 million for system wide transmission and distribution improvements.

Major sewer projects include planning and permitting costs associated with the expansion of the 12-Mile Creek Wastewater Treatment Plant from 6 MGD to 9 MGD (\$3.2 million), purchase of additional 2 MGD capacity and the construction of a force main to Charlotte Mecklenburg Utility's McAlpine Creek WWTP (\$13.1 million), preliminary planning, permitting and land acquisition costs (\$9.4 million) associated with a new wastewater treatment plant in the northern area of the County, preliminary planning and permitting costs (\$0.5 million) associated with the expansion of the City of Monroe's wastewater treatment and \$18.2 million for system wide wastewater collection improvements.

The utility capital plan has been approved by the County Commission.

The County has also approved a \$4.85 million Solid Waste budget for fiscal year 2010 which represents a decrease of \$45 thousand from fiscal year 2009's final budget of \$4.90 million.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Union County, 500 N. Main Street, Suite 901, Monroe, NC 28112.

Basic Financial Statements

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total Primary Government
ASSETS			
Current assets:			
Cash and investments	\$ 65,269,123	\$ 59,147,770	\$ 124,416,893
Property taxes receivable (net)	6,000,133	-	6,000,133
Accounts receivable (net)	13,270,421	4,251,762	17,522,183
Inventories	29,734	1,061,558	1,091,292
Internal balances	360,853	(360,853)	-
Cash and investments, restricted	31,914,786	2,770,308	34,685,094
Total current assets	<u>116,845,050</u>	<u>66,870,545</u>	<u>183,715,595</u>
Noncurrent assets:			
Cash and investments	21,480,553	13,685,749	35,166,302
Net pension obligation	1,477,459	198,154	1,675,613
Unamortized bond issuance cost	4,192,224	1,080,766	5,272,990
Investment in joint venture	-	12,756,598	12,756,598
Capital assets:			
Land and other assets not being depreciated	10,263,392	10,621,980	20,885,372
Buildings, equipment and infrastructure, net of depreciation	60,087,742	205,555,931	265,643,673
Total noncurrent assets	<u>97,501,370</u>	<u>243,899,178</u>	<u>341,400,548</u>
Total assets	<u>214,346,420</u>	<u>310,769,723</u>	<u>525,116,143</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	11,295,928	2,998,346	14,294,274
Unearned revenue	397,598	-	397,598
Deposits	517,969	321,716	839,685
Current portion of long-term obligations	27,186,765	4,746,281	31,933,046
Liabilities payable from restricted assets	5,067,723	-	5,067,723
Workers' compensation claims	422,588	-	422,588
Health care benefits	939,269	-	939,269
Total current liabilities	<u>45,827,840</u>	<u>8,066,343</u>	<u>53,894,183</u>
Noncurrent liabilities:			
Accrued landfill postclosure care costs	-	3,961,247	3,961,247
Compensated absences	3,057,300	498,615	3,555,915
Net OPEB obligation	5,971,118	672,184	6,643,302
Unearned revenue	-	596,762	596,762
Noncurrent portion of long-term obligations	565,136,185	58,400,933	623,537,118
Total noncurrent liabilities	<u>574,164,603</u>	<u>64,129,741</u>	<u>638,294,344</u>
Total liabilities	<u>619,992,443</u>	<u>72,196,084</u>	<u>692,188,527</u>
NET ASSETS			
Invested in capital assets, net of related debt	44,867,406	160,757,708	205,625,114
Restricted for:			
Public safety	7,196,605	-	7,196,605
Cultural and recreational	119,674	-	119,674
Education	24,718,181	-	24,718,181
Debt service	-	2,770,308	2,770,308
Pension benefits	1,477,459	-	1,477,459
Unrestricted	(484,025,348)	75,045,623	(408,979,725)
Total net assets	<u>\$ (405,646,023)</u>	<u>\$ 238,573,639</u>	<u>\$ (167,072,384)</u>

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

Statement of Activities

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		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	\$ 13,829,229	\$ 1,160,419	\$ 580,763	\$ -	\$ (12,088,047)	\$ -	\$ (12,088,047)
Public safety	35,632,695	3,659,533	3,436,275	-	(28,536,887)	-	(28,536,887)
Economic and physical development	2,208,441	134,906	51,180	-	(2,022,355)	-	(2,022,355)
Human services	38,650,109	4,723,863	18,995,386	95,704	(14,835,156)	-	(14,835,156)
Cultural and recreational	6,785,574	736,222	299,177	-	(5,750,175)	-	(5,750,175)
Education	161,342,945	-	5,590,655	-	(155,752,290)	-	(155,752,290)
Interest and fees on long term debt	25,079,081	-	-	-	(25,079,081)	-	(25,079,081)
Total governmental activities	283,528,074	10,414,943	28,953,436	95,704	(244,063,991)	-	(244,063,991)
Business-type activities:							
Water and sewer	27,952,851	23,360,413	-	6,504,645	-	1,912,207	1,912,207
Solid waste	4,777,264	4,347,375	227,158	-	-	(202,731)	(202,731)
Stormwater	211,501	-	-	-	-	(211,501)	(211,501)
Total business-type activities	32,941,616	27,707,788	227,158	6,504,645	-	1,497,975	1,497,975
Total primary government	\$ 316,469,690	\$ 38,122,731	\$ 29,180,594	\$ 6,600,349	(244,063,991)	1,497,975	(242,566,016)
General revenues:							
Property taxes levied for general purposes					154,149,099	-	154,149,099
Local option sales tax					31,509,387	-	31,509,387
Other taxes and licenses					1,830,883	-	1,830,883
Grants and contributions not restricted to specific programs					104,914	-	104,914
Investment earnings, unrestricted					3,316,759	2,226,431	5,543,190
Miscellaneous, unrestricted					14,559	-	14,559
Gains (losses) on sales of capital assets					6,020	(59)	5,961
Total general revenues and gains/(losses)					190,931,621	2,226,372	193,157,993
Change in net assets					(53,132,370)	3,724,347	(49,408,023)
Net assets - beginning					(352,513,653)	234,849,292	(117,664,361)
Net assets - ending					<u>\$(405,646,023)</u>	<u>\$ 238,573,639</u>	<u>\$(167,072,384)</u>

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

Balance Sheet**Governmental Funds**

June 30, 2009

	Major			Nonmajor	Total Governmental Funds
	General Fund	General Capital Project Fund	School Bond Fund 55	Other Governmental Funds	
ASSETS					
Cash and investments	\$ 50,145,671	\$ 14,927,524	\$ -	\$ 18,630,687	\$ 83,703,882
Property taxes receivable (net)	6,090,422	-	-	126,397	6,216,819
Accounts receivable (net)	11,014,088	-	1,851,448	146,756	13,012,292
Inventories	29,734	-	-	-	29,734
Cash and investments, restricted	78,910	8,021,569	23,114,888	699,419	31,914,786
Total assets	<u>\$ 67,358,825</u>	<u>\$ 22,949,093</u>	<u>\$ 24,966,336</u>	<u>\$ 19,603,259</u>	<u>\$ 134,877,513</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,140,287	\$ 281,096	\$ -	\$ 77,776	\$ 4,499,159
Deferred revenue	6,090,422	-	-	126,397	6,216,819
Unearned revenue	363,456	147,240	-	6,575	517,271
Deposits	517,969	-	-	-	517,969
Liabilities payable from restricted assets	-	260,136	4,807,262	325	5,067,723
Total liabilities	<u>11,112,134</u>	<u>688,472</u>	<u>4,807,262</u>	<u>211,073</u>	<u>16,818,941</u>
FUND BALANCES					
Reserved for encumbrances	505,153	6,276,952	-	22,825	6,804,930
Reserved by State statute	11,043,822	-	1,851,448	146,756	13,042,026
Reserved for drug enforcement	-	-	-	618,561	618,561
Reserved for grant programs	-	-	-	61,005	61,005
Unreserved					
Designated for subsequent years' expenditures	1,283,506	15,983,669	18,307,626	-	35,574,801
Designated for subsequent years' expenditures, reported in nonmajor:					
Special revenue	-	-	-	124,767	124,767
Debt service	-	-	-	13,357,788	13,357,788
Capital projects	-	-	-	3,557,259	3,557,259
Designated for special purpose	239,497	-	-	-	239,497
Undesignated	43,174,713	-	-	-	43,174,713
Undesignated, reported in nonmajor:					
Special revenue	-	-	-	1,503,225	1,503,225
Total fund balances	<u>56,246,691</u>	<u>22,260,621</u>	<u>20,159,074</u>	<u>19,392,186</u>	<u>118,058,572</u>
Total liabilities and fund balances	<u>\$ 67,358,825</u>	<u>\$ 22,949,093</u>	<u>\$ 24,966,336</u>	<u>\$ 19,603,259</u>	<u>\$ 134,877,513</u>

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2009

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

Ending fund balance - governmental funds	\$ 118,058,572
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	70,351,134
Other long-term assets, related to the net pension obligation, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,477,459
Other long-term assets, related to unearned taxes, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	6,000,132
Other long-term assets, related to unearned revenues, are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	119,674
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities of this internal service fund are included in governmental activities in the statement of net assets.	532,392
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities of this internal service fund are included in governmental activities in the statement of net assets.	681,543
Internal service funds are used by management to charge the costs of property and casualty insurance to individual funds. The current assets and liabilities of this internal service fund are included in governmental activities in the statement of net assets.	516,669
Internal balance due from Business Type Activities to Governmental Activities.	360,853
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(3,057,300)
Long-term liabilities for net other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(5,971,118)
Long-term liabilities, including bonds and installment financing payable, are not due and payable in the current period and, therefore, are not reported in the funds (principal and unamortized balances for governmental activities, per Note 16. A. 2, in the amount of \$592,322,950, as well as accrued interest payable of \$6,585,307 net of unamortized bond issuance costs of \$4,192,224)	<u>(594,716,033)</u>
Net assets of governmental activities	<u>\$ (405,646,023)</u>

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

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2009

	Major			Nonmajor	Total Governmental Funds
	General	General	School	Other	
	Fund	Capital Project Fund	Bond Fund 55	Governmental Funds	
REVENUES					
Ad valorem taxes	\$ 148,422,001	\$ -	\$ -	\$ 3,618,518	\$ 152,040,519
Local option sales tax	31,273,069	-	-	236,318	31,509,387
Other taxes and licenses	1,830,883	-	-	1,244,465	3,075,348
Intergovernmental	27,492,919	-	-	26,281	27,519,200
Permits and fees	2,862,299	-	-	1,204,255	4,066,554
Sales and services	4,658,297	-	-	10,000	4,668,297
Investment earnings	3,240,531	480	-	(7,679)	3,233,332
Miscellaneous	1,944,471	-	-	184,362	2,128,833
Total revenues	221,724,470	480	-	6,516,520	228,241,470
EXPENDITURES					
Current:					
General government	12,533,439	16,084	-	-	12,549,523
Public safety	28,168,898	-	-	6,108,390	34,277,288
Economic and physical development	2,042,598	-	-	-	2,042,598
Human services	37,561,560	-	-	-	37,561,560
Cultural and recreational	6,177,574	-	-	-	6,177,574
Intergovernmental:					
Education	78,670,638	-	-	-	78,670,638
Capital outlay:					
General government	-	1,808,008	-	-	1,808,008
Public safety	-	3,668,616	-	-	3,668,616
Cultural and recreational	-	71,662	-	6,540	78,202
Education	-	6,887,000	75,785,157	-	82,672,157
Debt service:					
Principal retirement	24,855,116	-	-	-	24,855,116
Interest and fees	25,072,745	-	614,927	-	25,687,672
Total expenditures	215,082,568	12,451,370	76,400,084	6,114,930	310,048,952
Excess (deficiency) of revenues over (under) expenditures	6,641,902	(12,450,890)	(76,400,084)	401,590	(81,807,482)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	4,976,822	-	-	4,976,822
Transfers to other funds	(4,976,822)	-	-	-	(4,976,822)
Proceeds from general obligation bonds	-	-	64,500,000	-	64,500,000
Proceeds from general obligation bonds issuance premium	-	-	3,375,407	-	3,375,407
Proceeds from installment financing debt	-	9,390,000	-	-	9,390,000
Proceeds from refunding general obligation bonds	72,000,000	-	-	-	72,000,000
Proceeds from refunding general obligation bonds issuance premium, etc	4,074,144	-	-	-	4,074,144
Payments to refunded bonds escrow agents	(75,600,000)	-	-	-	(75,600,000)
Total other financing sources (uses)	(4,502,678)	14,366,822	67,875,407	-	77,739,551
Net change in fund balances	2,139,224	1,915,932	(8,524,677)	401,590	(4,067,931)
FUND BALANCES					
Beginning	54,107,467	20,344,689	28,683,751	18,990,596	122,126,503
Ending	\$ 56,246,691	\$ 22,260,621	\$ 20,159,074	\$ 19,392,186	\$ 118,058,572

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities**

For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds	\$ (4,067,931)
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.	3,110,535
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net assets.	(22,814)
Governmental funds report certain transactions as revenues and reductions in deferred revenue. However, in the Statement of Activities these transactions are eliminated and reflected as reductions in receivables until their maturity.	(14,959)
Revenues in the Statement of Activities from deferred property taxes that do not provide current financial resources are not reported as revenues in the funds.	2,108,580
Revenues in the Statement of Activities from internal service funds' investment earnings that do not provide current financial resources are not reported as revenues in the funds.	83,427
The issuance of long-term debt (e.g. bonds, leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.	(51,733,369)
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.	(2,174,720)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of health and dental insurance program.	216,063
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of workers' compensation program.	(620,693)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of property and casualty insurance program.	(16,489)
The net revenue of certain activities of the internal service fund is reported with governmental activities.	
Change in net assets of governmental activities	<u>\$ (53,132,370)</u>

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 148,655,693	\$ 148,655,693	\$ 148,422,001	\$ (233,692)
Local option sales tax	37,273,557	37,273,557	31,273,069	(6,000,488)
Other taxes and licenses	2,082,900	2,082,900	1,830,883	(252,017)
Intergovernmental	27,621,853	28,809,184	27,492,919	(1,316,265)
Permits and fees	4,417,128	4,417,128	2,862,299	(1,554,829)
Sales and services	4,387,717	4,387,717	4,658,297	270,580
Investment earnings	3,905,606	3,905,606	3,240,531	(665,075)
Miscellaneous	3,267,612	3,366,267	1,944,471	(1,421,796)
Total revenues	<u>231,612,066</u>	<u>232,898,052</u>	<u>221,724,470</u>	<u>(11,173,582)</u>
EXPENDITURES				
Current:				
General government	13,767,908	15,291,469	12,533,439	2,758,030
Public safety	29,273,767	32,843,726	28,168,898	4,674,828
Economic and physical development	2,696,197	3,022,846	2,042,598	980,248
Human services	39,635,508	41,494,986	37,561,560	3,933,426
Cultural and recreational	6,798,113	7,523,834	6,177,574	1,346,260
Intergovernmental:				
Education	80,653,386	78,713,693	78,670,638	43,055
Debt service:				
Principal retirement	24,855,120	24,855,118	24,855,116	2
Interest and fees	27,156,606	27,710,592	25,072,745	2,637,847
Contingency	825,402	163,072	-	163,072
Nondepartmental	1,578,615	163,518	-	163,518
Total expenditures	<u>227,240,622</u>	<u>231,782,854</u>	<u>215,082,568</u>	<u>16,700,286</u>
Revenues over expenditures	<u>4,371,444</u>	<u>1,115,198</u>	<u>6,641,902</u>	<u>5,526,704</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(10,151,122)	(4,976,823)	(4,976,822)	1
Proceeds from refunding general obligation bonds	-	72,000,000	72,000,000	-
Proceeds from refunding general obligation bonds issuance premium, etc	-	4,080,000	4,074,144	(5,856)
Payments to refunded bonds escrow agents	-	(75,600,000)	(75,600,000)	-
Appropriated fund balance	5,779,678	3,381,625	-	(3,381,625)
Total other financing sources (uses)	<u>(4,371,444)</u>	<u>(1,115,198)</u>	<u>(4,502,678)</u>	<u>(3,387,480)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>2,139,224</u>	<u>\$ 2,139,224</u>
FUND BALANCES				
Beginning			54,107,467	
Ending			<u>\$ 56,246,691</u>	

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

Statement of Net Assets

Proprietary Funds

June 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 51,824,385	\$ 7,300,266	\$ 23,119	\$ 59,147,770	\$ 3,045,794
Accounts receivable (net)	3,719,433	532,329	-	4,251,762	258,129
Inventories	1,056,104	5,454	-	1,061,558	-
Cash and investments, restricted	2,770,308	-	-	2,770,308	-
Total current assets	<u>59,370,230</u>	<u>7,838,049</u>	<u>23,119</u>	<u>67,231,398</u>	<u>3,303,923</u>
Noncurrent assets:					
Cash and investments	12,067,062	1,613,577	5,110	13,685,749	-
Net pension obligation	166,944	27,369	3,841	198,154	-
Unamortized bond issuance costs	1,080,766	-	-	1,080,766	-
Investment in joint venture	12,756,598	-	-	12,756,598	-
Land and other assets not being depreciated	10,311,925	310,055	-	10,621,980	-
Buildings, equipment and infrastructure, net of depreciation	203,873,971	1,669,637	12,323	205,555,931	-
Total noncurrent assets	<u>240,257,266</u>	<u>3,620,638</u>	<u>21,274</u>	<u>243,899,178</u>	<u>-</u>
Total assets	<u>299,627,496</u>	<u>11,458,687</u>	<u>44,393</u>	<u>311,130,576</u>	<u>3,303,923</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,687,425	303,576	7,345	2,998,346	211,462
Deposits	317,836	3,880	-	321,716	-
Long-term liabilities, due within one year:					
General obligation bonds payable	1,844,248	-	-	1,844,248	-
Revenue bonds payable	1,918,336	-	-	1,918,336	-
State sanitary sewer loan payable	983,697	-	-	983,697	-
Workers' compensation claims payable	-	-	-	-	422,588
Health care benefits payable	-	-	-	-	939,269
Total current liabilities	<u>7,751,542</u>	<u>307,456</u>	<u>7,345</u>	<u>8,066,343</u>	<u>1,573,319</u>
Noncurrent liabilities:					
Accrued landfill postclosure care costs	-	3,961,247	-	3,961,247	-
Compensated absences	418,646	59,227	20,742	498,615	-
Net OPEB obligation	535,673	136,511	-	672,184	-
Unearned revenue	596,762	-	-	596,762	-
Long-term liabilities, due in more than one year:					
General obligation bonds	2,806,456	-	-	2,806,456	-
Revenue bonds	40,458,601	-	-	40,458,601	-
State sanitary sewer loan	15,135,876	-	-	15,135,876	-
Total noncurrent liabilities	<u>59,952,014</u>	<u>4,156,985</u>	<u>20,742</u>	<u>64,129,741</u>	<u>-</u>
Total liabilities	<u>67,703,556</u>	<u>4,464,441</u>	<u>28,087</u>	<u>72,196,084</u>	<u>1,573,319</u>
NET ASSETS					
Invested in capital assets, net of related debt	158,765,693	1,979,692	12,323	160,757,708	-
Restricted for debt service	2,770,308	-	-	2,770,308	-
Unrestricted	70,387,939	5,014,554	3,983	75,406,476	1,730,604
Total net assets	<u>\$ 231,923,940</u>	<u>\$ 6,994,246</u>	<u>\$ 16,306</u>	<u>238,934,492</u>	<u>\$ 1,730,604</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(360,853)	
Net assets of business-type activities				<u>\$ 238,573,639</u>	

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

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund		
OPERATING REVENUES					
Charges for services	\$ 22,592,769	\$ 4,342,532	\$ -	\$ 26,935,301	\$ 9,848,878
Disposal fees	-	227,158	-	227,158	-
Other operating revenue	767,660	4,827	-	772,487	965
Total operating revenues	<u>23,360,429</u>	<u>4,574,517</u>	<u>-</u>	<u>27,934,946</u>	<u>9,849,843</u>
OPERATING EXPENSES					
Personnel	5,751,491	1,038,368	199,355	6,989,214	-
Operating expenses	9,544,423	3,477,123	5,092	13,026,638	884,511
Depreciation	9,630,779	166,719	4,481	9,801,979	-
Operating leases	164,153	-	-	164,153	-
Landfill closure	-	85,271	-	85,271	-
Workers' compensation claims	-	-	-	-	575,202
Health benefit claims and premiums	-	-	-	-	8,166,619
Property and casualty claims and premiums	-	-	-	-	704,749
Total operating expenses	<u>25,090,846</u>	<u>4,767,481</u>	<u>208,928</u>	<u>30,067,255</u>	<u>10,331,081</u>
Operating loss	<u>(1,730,417)</u>	<u>(192,964)</u>	<u>(208,928)</u>	<u>(2,132,309)</u>	<u>(481,238)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	1,980,759	245,672	-	2,226,431	83,427
Gain (loss) on sale of capital assets	(59)	-	-	(59)	-
Interest and fees on long term debt	(2,505,916)	-	-	(2,505,916)	-
Loss on investment in joint venture	(308,326)	-	-	(308,326)	-
Total nonoperating revenue (expenses)	<u>(833,542)</u>	<u>245,672</u>	<u>-</u>	<u>(587,870)</u>	<u>83,427</u>
Income (loss) before contributions and transfers	<u>(2,563,959)</u>	<u>52,708</u>	<u>(208,928)</u>	<u>(2,720,179)</u>	<u>(397,811)</u>
TRANSFERS AND CONTRIBUTIONS					
Transfers from other enterprise funds	-	-	175,516	175,516	-
Transfers to other enterprise funds	(175,516)	-	-	(175,516)	-
Capital contributions - cash	3,628,727	-	-	3,628,727	-
Capital contributions - non-cash	2,875,918	-	-	2,875,918	-
Total transfers and contributions	<u>6,329,129</u>	<u>-</u>	<u>175,516</u>	<u>6,504,645</u>	<u>-</u>
Change in net assets	3,765,170	52,708	(33,412)	3,784,466	(397,811)
NET ASSETS					
Beginning	228,158,770	6,941,538	49,718	235,150,026	2,128,415
Ending	<u>\$ 231,923,940</u>	<u>\$ 6,994,246</u>	<u>\$ 16,306</u>	<u>238,934,492</u>	<u>\$ 1,730,604</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(360,853)	
Change in net assets of business-type activities				<u>\$ 238,573,639</u>	

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

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Stormwater Fund	Total	
OPERATING ACTIVITIES					
Cash received from customers for services	\$ 22,733,273	\$ 4,361,021	\$ -	\$ 27,094,294	\$ 9,938,207
Other operating revenue	767,660	231,985	-	999,645	965
Cash paid to employees	(5,456,604)	(957,814)	(192,448)	(6,606,866)	-
Cash paid for goods and services	(8,531,631)	(3,408,438)	(7,871)	(11,947,940)	(9,786,696)
Net cash provided (used) by operating activities	9,512,698	226,754	(200,319)	9,539,133	152,476
NONCAPITAL FINANCING ACTIVITIES					
Transfers from other enterprise funds	-	-	175,516	175,516	-
Transfers to other enterprise funds	(175,516)	-	-	(175,516)	-
Net cash provided (used) by noncapital financing activities	(175,516)	-	175,516	-	-
CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from State sanitary sewer loan	1,500,000	-	-	1,500,000	-
Proceeds from sale of capital assets	3,194	-	-	3,194	-
Proceeds from capacity fees	3,628,727	-	-	3,628,727	-
Proceeds from capacity fees deferred	198,073	-	-	198,073	-
Payments on general obligation bond debt	(1,886,967)	-	-	(1,886,967)	-
Payments on revenue bond debt	(2,080,000)	-	-	(2,080,000)	-
Payments on state sanitary loan	(983,697)	-	-	(983,697)	-
Issuance costs paid for refunding G.O. bonds	(574)	-	-	(574)	-
Interest paid on bonds and other debt	(2,496,087)	-	-	(2,496,087)	-
Acquisition and construction of capital assets	(7,937,564)	(32,647)	-	(7,970,211)	-
Net cash used by capital and related financing activities	(10,054,895)	(32,647)	-	(10,087,542)	-
INVESTING ACTIVITIES					
Investment earnings	1,980,759	245,672	-	2,226,431	83,427
Net increase (decrease) in cash and investments	1,263,046	439,779	(24,803)	1,678,022	235,903
CASH AND INVESTMENTS					
Beginning of year	65,398,709	8,474,064	53,032	73,925,805	2,809,891
End of year	\$ 66,661,755	\$ 8,913,843	\$ 28,229	\$ 75,603,827	\$ 3,045,794
Reconciliation of cash and investments to the Statement of Net Assets:					
Cash and investments	\$ 51,824,385	\$ 7,300,266	\$ 23,119	\$ 59,147,770	\$ 3,045,794
Cash and investments, noncurrent	12,067,062	1,613,577	5,110	13,685,749	-
Cash and investments, restricted assets	2,770,308	-	-	2,770,308	-
Total Statement of Net Assets cash and cash equivalents	\$ 66,661,755	\$ 8,913,843	\$ 28,229	\$ 75,603,827	\$ 3,045,794
Reconciliation of operating loss to net cash provided (used) by operating activities:					
Operating loss	\$ (1,730,417)	\$ (192,964)	\$ (208,928)	\$ (2,132,309)	\$ (481,238)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	9,630,779	166,719	4,481	9,801,979	-
Provision for uncollectible accounts	240,047	206	-	240,253	-
Landfill closure and post closure care costs	-	85,271	-	85,271	-
Changes in assets and liabilities					
(Increase) decrease in accounts receivable (net)	(139,434)	18,283	-	(121,151)	89,329
Decrease in inventories	96,252	1,724	-	97,976	-
Increase in net pension obligation (asset)	(38,323)	(5,468)	(1,542)	(45,333)	-
Increase in accounts payable and accrued liabilities	1,170,208	80,901	337	1,251,446	544,385
Increase in deposits	39,891	-	-	39,891	-
Increase (decrease) in compensated absences payable	(7,231)	8,136	5,333	6,238	-
Increase in net other post employment benefit obligations	250,926	63,946	-	314,872	-
Total adjustments	11,243,115	419,718	8,609	11,671,442	633,714
Net cash provided (used) by operating activities	\$ 9,512,698	\$ 226,754	\$ (200,319)	\$ 9,539,133	\$ 152,476
Noncash investing, capital, and financing activities:					
Loss on investment in joint venture	\$ (308,326)	\$ -	\$ -	\$ (308,326)	\$ -
Contribution of capital infrastructure	\$ 2,875,918	\$ -	\$ -	\$ 2,875,918	\$ -
Capitalized interest	\$ 275,623	\$ -	\$ -	\$ 275,623	\$ -

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

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	Special Separation Allowance Pension Trust Fund	Retiree Healthcare Benefits Plan Pension Trust Fund	Agency Funds
ASSETS			
Cash and investments	\$ 1,602,215	\$ 360,768	\$ 249,849
Property taxes receivable (net)	-	-	22,036
Accounts receivable (net)	31,543	-	51,546
Total assets	<u>1,633,758</u>	<u>360,768</u>	<u>\$ 323,431</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued liabilities	-	-	\$ 256,208
Due to program participants	-	-	67,223
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 323,431</u>
NET ASSETS			
Held in Trust for:			
Employees' pension benefits	<u>1,633,758</u>	<u>360,768</u>	
Total net assets	<u>\$ 1,633,758</u>	<u>\$ 360,768</u>	

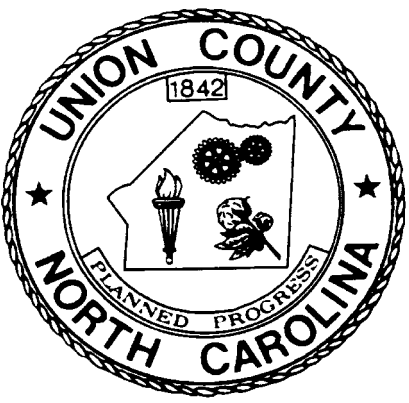
The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets**Fiduciary Funds - Pension Trust Funds**

For the Year Ended June 30, 2009

	Special Separation Allowance Pension Trust Fund	Retiree Healthcare Benefits Plan Pension Trust Fund	Totals
ADDITIONS			
Employer contributions	\$ 891,907	\$ 360,000	\$ 1,251,907
Net investment income	44,483	768	45,251
Total additions	<u>936,390</u>	<u>360,768</u>	<u>1,297,158</u>
DEDUCTIONS			
Benefits	<u>883,184</u>	<u>-</u>	<u>883,184</u>
Change in net assets	53,206	360,768	413,974
NET ASSETS			
Beginning	<u>1,580,552</u>	<u>-</u>	<u>1,580,552</u>
Ending	<u>\$ 1,633,758</u>	<u>\$ 360,768</u>	<u>\$ 1,994,526</u>

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



Union County, North Carolina

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union County, North Carolina and its component units conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10 (hereinafter references to the North Carolina General Statutes will be cited as G.S.). As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has determined that it has two blended component units, although legally separate entities, which are, in substance, a part of the County's operations.

Union County Industrial Facilities and Pollution Control Financing Authority

Union County Industrial Facilities and Pollution Control Financing Authority (Authority) is a component unit of the County and exists to issue and service revenue bond debt of private business for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Board of Commissioners (Board). The Board can remove any Authority member with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

Union County Public Facilities Corporation

Union County Public Facilities Corporation (Corporation) is a blended component unit of the County and exists to encourage the modernization of public facilities, through the financing, acquisition, construction, operation and lease of real estate, improvements, facilities, and equipment for the use of Union County. The Corporation is governed by a three-member board, all of whom are appointed by the County Board of Commissioners. The Board can remove any Corporation member with or without cause. The Corporation's transactions are reported within the General and Capital Projects Funds. The Corporation does not issue separate financial statements.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (Union County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been

made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund – This is the County's primary operating fund. The General Fund accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, human services, education and debt service.

General Capital Project Fund – The sources of this fund are primarily transfers from the General Fund, proceeds from installment financing and general obligation bonds which are expended for capital asset acquisition, improvement and construction of various governmental projects and funds for recurring capital contributions for educational purposes and facilities.

School Bond Fund 55 - The sources of this fund are primarily proceeds from general obligation bonds and installment financing which are expended for capital asset acquisition, improvement and construction for various school facility capital projects.

The County reports the following major enterprise funds:

Water and Sewer Fund – This fund accounts for the County's water and sewer operations. The Water and Sewer Capital Project Fund is consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Solid Waste Fund – The Solid Waste Fund accounts for the County's solid waste operations. The Solid Waste Capital Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the post closure care costs that will be incurred by the landfill in the future. The Solid Waste Capital Reserve Fund is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

Stormwater Fund – The Stormwater Fund accounts for the County's stormwater planning program.

The General Capital Project, Solid Waste and Stormwater Funds are presented as major funds for consistency purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains eight Special Revenue Funds: the Springs Fire District Fund, the

Waxhaw Fire District Fund, the Hemby Bridge Fire District Fund, the Stallings Fire District Fund, the Wesley Chapel Fire District Fund, the Fee Supported Fire Districts Fund, the Emergency Telephone System Fund and the General Special Revenue Fund.

Debt Service Fund - The Debt Service Fund accounts for the accumulation of governmental resources for debt service and capital outlay related to education. The County maintains one Debt Service Fund.

Capital Project Funds - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County has one nonmajor capital project fund: the Library Capital Project Fund.

Proprietary Funds are used to account for the County's business-type activities. The County reports the Water and Sewer Fund, the Solid Waste Fund and the Stormwater Fund as major enterprise funds. Proprietary funds also include the following fund types:

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis. The County has three Internal Service Funds, the Health Benefits Fund (which includes dental benefits), Workers' Compensation Fund and the Property and Casualty Fund. The Health Benefits Fund accounts for the accumulation and allocation of costs associated with insurance for employee and family medical and dental claims. The Workers' Compensation Fund accounts for the costs associated with workers' compensation claims. The Property and Casualty Fund accounts for the accumulation and allocation of costs associated with property and casualty insurance and claims for the County.

Fiduciary Funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Fiduciary Funds include the following funds:

Pension Trust Fund - The County maintains two Pension Trust Funds - the Special Separation Allowance Fund and the Other Postemployment Benefit (OPEB) Fund. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund is a single-employer, public employee retirement system. The Other Postemployment Benefit Fund accounts for a portion of the County's contribution to the net OPEB obligation for healthcare coverage provided to qualified retirees.

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains eight Agency Funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Union County Public Schools Board of Education; the Jail Inmate Fund, which accounts for monies deposited and held for individual inmates in the Union County Jail; the Monroe and Union County School District Funds, which account for the ad valorem school tax assessed; the Municipal Tax Collection Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Gross Rental Receipts Tax Fund, which accounts for municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which serves as a substitute to the ad valorem tax previously levied on such property; and the Department of State Treasurer Motor Vehicle Tax Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit monthly to the North Carolina Department of Motor Vehicles, pursuant to G.S. 105-330.4, for technology improvements within the Division of Motor Vehicles.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 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 Water and Sewer Fund, Solid Waste Fund and the government's internal service funds are charges to customers for sales and services. The principal operating revenue of the Stormwater Fund is Water and Sewer Fund interfund transfers. It is anticipated that fees for stormwater planning services will be charged, eventually. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund – N.C. Department of State Treasurer Motor Vehicle Tax Fund. During fiscal year ending June 30, 2006, the North Carolina General Assembly enacted House Bill 1779 which provides for the creation of a combined motor vehicle registration renewal and property tax collection system. The Bill called for an increase in the first month's interest on uncollected property taxes on registered motor vehicles. This applied to all property taxes levied on registered motor vehicles. The additional interest collected on behalf of the County was required to be remitted to the Department of State Treasurer and be used by the Division of Motor Vehicles to create a combined registration and collection system. Amounts collected by the County and disbursed to the Department of State Treasurer during the year ended June 30, 2009 were \$100,383 and \$100,527.

Governmental Fund Financial Statements. Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Therefore, the net receivable amount is offset by a deferred revenue. Also, as of January 1, 1993, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the County is responsible for billing and

collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Those revenues susceptible to accrual are sales taxes and certain intergovernmental revenues, both collected and held by the state at year-end on behalf of the County, and investment earnings. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the County applies all FASB Statements and Interpretations, upon issuance, in all of its governmental and business-type activities and enterprise funds, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, Springs Fire District, Waxhaw Fire District, Hemby Bridge Fire District, Stallings Fire District, Wesley Chapel Fire District, Fee Supported Fire Districts, and Emergency Telephone System Special Revenue Funds and Proprietary Funds (operating funds). All annual appropriations lapse at fiscal year end. Project ordinances (multi-year budgets) are adopted for the General Special Revenue Fund, General Capital Project Fund, Library Capital Project Fund, School Bond Fund-55, and the Water and Sewer Capital Projects Fund which is consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund and at the fund level for Special Revenue, Debt Service, Enterprise and Capital Project Funds. The County Manager is authorized by resolution to transfer appropriations within a department and between department appropriations, within the same fund, without limitation. The County Manager is also authorized to transfer personnel compensation pay plan adjustments, limited to the amount approved by the Board of County Commissioners in the original budget ordinance for the fiscal year, and insurance appropriations both contained in non-departmental to the benefiting departments without limitation. The County Manager is authorized to transfer amounts from contingency, subject to a limitation of \$5,000 per item. The County Manager is authorized to appropriate funds identified as reservations or designations of fund balance as reflected in the prior year's financial statements. The County Manager is also authorized to appropriate funds for grant applications authorized by or grant agreements accepted by the governing body thereby increasing the total appropriation for the fund. The County Manager reports to the governing body all budget ordinance transfers, appropriations and adjustments on a monthly basis. During the year, several budget amendments to the original budget became necessary. Budget data presented in the financial statements represent the final authorized amounts as of June 30, 2009. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The State Treasurer, in their discretion, may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds: the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and Barclay's Global International Equity Fund authorized under G.S. 147-69.2(8).

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF and Barclay's Global International Equity Fund are valued at fair value.

2. Cash and Investments

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended debt proceeds of the General Fund, General Capital Project Fund, School Bond Fund-55, and the Water and Sewer Fund's are due to bonds issued by the County which are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. The restricted assets of the General Special Revenue Fund are unexpended funds, which are restricted for the purpose of drug enforcement programs and other multi-year grant programs.

4. Ad Valorem Taxes Receivable and Deferred Revenues

In accordance with G.S. 105-347 and G.S. 159-13(a), the County levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1; however, interest and penalties do not accrue until the following January 6, when property taxes attach as enforceable liens. The taxes are based on the assessed values as of January 1, 2008.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventories

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventory of the County's Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

7. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The County holds title to certain Union County Board of Education properties that have not been included in the County's capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Union County Board of Education.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	<u>Years</u>
Furniture and equipment	5-10
Vehicles	4-5
Land Improvements	20-30
Buildings	25-40
Building Improvements	7-30
Plant Distribution, Collection	25

8. Long-term Obligations (Debt)

In the government-wide financial statements and in the 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. The Water and Sewer Fund's revenue bond and general obligation bond debt service requirements are being met by water and sewer revenues, but the County's taxing power is pledged to make the general obligation debt service payments if water and sewer revenues should ever be insufficient.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

9. Interest Rate Swaps

The County enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave. The compensatory time policy for overtime hours worked provides for time off in lieu of immediate overtime pay for covered nonexempt employees at the option of the County Manager. Time off may be accrued at the rate of one and one-half hours for each hour of overtime worked. The maximum compensatory time that may be accrued by an affected employee shall be 480 hours (320 actual overtime hours) for nonexempt law enforcement and detention employees and 240 hours (160 actual overtime hours) for all other nonexempt employees. Once the maximums have been met, overtime compensation will be paid for any additional overtime hours worked.

County employees accrue holiday leave within the 12-month period of November 1st through October 31st. Employees must use their accrued holiday leave within the designated 12-month period. Each year, at the end of the pay period that includes October 31st, all unused holiday leave is forfeited.

Vacation leave, holiday leave and compensatory time are fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for these compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

11. Sick Leave

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Assets / Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as these amounts stand at the close of the fiscal year preceding the budget year.

The Governmental Fund types classify fund balances as follows:

Reserved

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year-end.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under state law [G.S. 159-8(a) and 159-13(b) (16)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Reserved for drug enforcement - portion of fund balance representing monies returned from drug enforcement seizures and the Controlled Substance Tax which must be used to enhance the programs of the Sheriff's Department.

Reserved for grant programs - portion of fund balance representing revenues received in connection with grant programs which must be used for the stated purposes contained in the grant agreements.

Unreserved

Designated for subsequent years' expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2009-2010 budget ordinance.

Designated for special purpose - portion of total fund balance available for appropriation which has been designated for particular programs and projects in the revised 2009-2010 budget ordinance.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE 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 long-term liabilities, including bonds and installment financing payables are not due and payable in the current period, and therefore are not recorded in the funds. The details of this \$594,716,033 difference are as follows:

Description	Amount
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing principal payments	\$ (592,322,950)
Accrued interest payable, net of unamortized bond issuance costs	(2,393,083)
Net adjustment attributable to liabilities not recorded in the fund statements	<u>\$ (594,716,033)</u>

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. There are several elements of that total adjustment of \$53,132,370 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 7,767,250
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements.	(4,656,715)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences are as follows:	
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide statements	24,855,116
Proceeds of debt instruments are reported as a source of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide statements	(153,339,551)
Debt issuance premium amortization	534,943
Debt issuance costs are recorded as a use of funds on the fund statements but again do not affect the Statement of Net Assets in the government-wide statements until amortized	932,634
Remittance of funds to escrow agent to defease debt instruments	75,600,000
Defeasance amortization over remaining life of debt	(316,511)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(542,475)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	183,797
Net pension obligation	331,020
Net other postemployment obligation	(2,797,062)
Settlement expense	650,000
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/08	(3,891,552)
Recording of tax receipts deferred in the fund statements as of 6/30/09	6,216,819
Decrease in accrued taxes receivable for year ended 6/30/09	(216,687)
Internal service funds' investment earnings	83,427
Adjustment for deferral of loan to outside agency	(14,959)
Gain on disposal of capital asset	(22,814)
Health and dental insurance costs, net of investment earnings	216,063
Workers' compensation costs, net of investment earnings	(620,693)
Property and casualty costs, net of investment earnings	(16,489)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets-governmental activities	<u>\$ (49,064,439)</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance or Retained Earnings of Individual Funds

There were no deficits in fund balances or net assets of individual funds. Within certain funds, as noted in the following paragraph, there were deficit categories within total fund balances.

The Special Revenue Funds consisting of Waxhaw Fire District Fund, Stallings Fire District Fund and Wesley Chapel Fire District Fund had undesignated deficit fund balance positions of \$49,905, \$9,396 and \$12,699, respectively at June 30, 2009. For the Waxhaw Fire District Fund, the undesignated deficit fund balance position is due to the subsequent year's fund balance appropriation of \$110,000, based on anticipated June 30, 2009 fund balance that was appropriated in order to minimize tax rate impacts for this district's constituents. For the Stallings Fire District Fund and Wesley Chapel Fire District Fund, the

undesigned deficit fund balances positions are due to the recording of sales tax payable to the Fire District Funds at June 30, 2009, representing a portion of the sales tax receivable at June 30, 2009. When the receivables are converted to cash after June 30, 2009, the deficit undesigned fund balance positions will be eliminated.

NOTE 4 - DEPOSITS AND INVESTMENTS

The County pools cash resources into a centralized cash account (Central Depository) to facilitate the management of cash and maximize investment income. The Central Depository is used by all funds except the Social Services Fund and the Jail Inmate Fund. Each fund owns a pro rata share of the cash and investments, and the amount applicable to a particular fund is readily identifiable. Allocation of investment income is made to each fund based on its pro rata share.

The Social Services Fund and the Jail Inmate Fund monies are each held in official depositories of the County in separate accounts for the benefit of certain individuals.

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the County's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2009, the County's deposits had a carrying amount of \$68,832,325 and a bank balance of \$69,212,726. Of the bank balance, \$814,726 was covered by federal depository insurance and \$68,398,000 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2009, the County had \$7,700 cash on hand.

As of June 30, 2009, the County had the following investments and maturities.

Investment Type	Fair Value	Less Than 6 Months	6-12 Months	1 - 3 Years	3 - 5 Years
Commercial Paper	\$ 2,765,000	\$ 2,765,000	\$ -	\$ -	\$ -
NC Cash Management Trust - Cash Portfolio	65,780,833	-	-	-	-
US Government Agencies	58,734,495	7,300,000	16,268,192	22,281,154	12,885,149
Total:	<u>\$ 127,280,328</u>	<u>\$ 10,065,000</u>	<u>\$ 16,268,192</u>	<u>\$ 22,281,154</u>	<u>\$ 12,885,149</u>

The cash and investments described above include those recorded in the County's Statement of Net Assets and Statement of Fiduciary Net Assets.

Interest Rate Risk. As a means of limiting its exposure to fair market value losses arising from rising interest rates, the County's investment policy limits investments to maturities of no more than five years. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. As of June 30, 2009, the County's investments in commercial paper were rated, by the following; P1 by Standard & Poor's and A1+ by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The County's investments in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Federal Farm Credit Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investments with custodial credit risk. The County has no policy on custodial credit risk.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and North Carolina Capital Management Trust securities. These investments are 11.86%, 12.85%, 9.75%, and 38.59% respectively of the County's total investments.

At June 30, 2009, the County Retiree Healthcare Benefits (RHCB) Plan had \$360,768 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust Fund pursuant to G.S. 147-69.4. The amount, valued at market fair value, represents a portion of the County's contribution to the net OPEB obligation. The State Treasurer's OPEB Trust Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 29.35%; State Treasurer's Long Term Investment Fund (LTIF) 12.45% and Barclay's Global International Equity Fund 58.19% (the equities were split with 75% in domestic securities and 25% in international securities).

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.8 years at June 30, 2009. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.6 years at June 30, 2009.

Credit Risk: The County does not have a formal investment policy regarding credit risk for funds invested in the OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

NOTE 5 - RECEIVABLES

A. Receivables and Allowances for Doubtful Accounts

Receivables and their associated allowance for doubtful accounts at the government-wide level at June 30, 2009, were as follows:

	Taxes and Related		Total
	Accounts	Accrued Interest	
Governmental Activities:			
General	\$ 11,014,088	\$ 7,195,037	\$ 18,209,125
Special Revenue	146,756	122,985	269,741
Capital Projects	1,851,448	-	1,851,448
Internal Service	258,129	-	258,129
Total Receivables	13,270,421	7,318,022	20,588,443
Allowance for doubtful accounts	-	(1,317,889)	(1,317,889)
Total-governmental activities	<u>\$ 13,270,421</u>	<u>\$ 6,000,133</u>	<u>\$ 19,270,554</u>
Business-type Activities:			
Water and Sewer	\$ 5,287,108	\$ -	\$ 5,287,108
Solid Waste	554,244	-	554,244
Total Receivables	5,841,352	-	5,841,352
Allowance for doubtful accounts	(1,589,590)	-	(1,589,590)
Total-business-type activities	<u>\$ 4,251,762</u>	<u>\$ -</u>	<u>\$ 4,251,762</u>

B. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, the County may tax agriculture, horticulture, and forestland at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Fiscal Year	Tax Year	Tax	Interest	Total
2006	2005	\$ 4,661,934	\$ 1,526,783	\$ 6,188,717
2007	2006	5,338,106	1,267,800	6,605,906
2008	2007	5,733,064	845,627	6,578,691
2009	2008	10,245,348	589,108	10,834,456
		<u>\$ 25,978,452</u>	<u>\$ 4,229,318</u>	<u>\$ 30,207,770</u>

NOTE 6 - CAPITAL ASSETS

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

	Beginning Balances	Additions	Retirements And Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,131,922	\$ 44,900	\$ -	\$ -	\$ 4,176,822
Construction in progress	4,956,162	6,334,898	-	(5,204,490)	6,086,570
Total capital assets not being depreciated	<u>9,088,084</u>	<u>6,379,798</u>	<u>-</u>	<u>(5,204,490)</u>	<u>10,263,392</u>
Capital assets being depreciated:					
Other improvements	6,850,671	76,744	-	-	6,927,415
Buildings	62,739,108	195,557	48,896	2,718,603	65,604,372
Furniture and equipment	14,618,275	798,568	27,060	2,485,887	17,875,670
Vehicles	7,349,216	316,583	68,184	-	7,597,615
Total capital assets being depreciated	<u>91,557,270</u>	<u>1,387,452</u>	<u>144,140</u>	<u>5,204,490</u>	<u>98,005,072</u>
Less accumulated depreciation for:					
Other improvements	2,220,320	241,845	-	-	2,462,165
Buildings	18,105,080	2,149,246	22,830	-	20,231,496
Furniture and equipment	8,371,110	1,443,051	30,312	-	9,783,849
Vehicles	4,685,431	822,573	68,184	-	5,439,820
Total accumulated depreciation	<u>33,381,941</u>	<u>4,656,715</u>	<u>121,326</u>	<u>-</u>	<u>37,917,330</u>
Total capital assets being depreciated, net	<u>58,175,329</u>	<u>(3,269,263)</u>	<u>22,814</u>	<u>5,204,490</u>	<u>60,087,742</u>
Governmental activities capital assets, net	<u>\$ 67,263,413</u>	<u>\$ 3,110,535</u>	<u>\$ 22,814</u>	<u>\$ -</u>	<u>\$ 70,351,134</u>

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

General government	\$ 1,897,239
Public safety	1,752,993
Economic and physical development	176,558
Human services	191,100
Cultural and recreational	638,825
Total depreciation expense	<u>\$ 4,656,715</u>

Capital asset activity for the business-type activities for the year ended June 30, 2009, was as follows:

Business-type activities:	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Water and Sewer					
Capital assets not being depreciated:					
Land	\$ 1,164,561	\$ (1)	\$ -	\$ -	\$ 1,164,560
Construction in progress	5,109,164	8,046,052	-	(4,007,851)	9,147,365
Total capital assets not being depreciated	<u>6,273,725</u>	<u>8,046,051</u>	<u>-</u>	<u>(4,007,851)</u>	<u>10,311,925</u>
Capital assets being depreciated:					
Plant and collection systems	150,123,401	1,396,868	-	61,985	151,582,254
Plant and distribution systems	109,336,265	1,479,050	-	3,945,866	114,761,181
Administration Building	1,138,454	1	-	-	1,138,455
Equipment	3,057,707	136,325	6,364	-	3,187,668
Vehicles	3,081,363	30,811	43,917	-	3,068,257
Total capital assets being depreciated	<u>266,737,190</u>	<u>3,043,055</u>	<u>50,281</u>	<u>4,007,851</u>	<u>273,737,815</u>
Less accumulated depreciation for:					
Plant and collection systems	30,451,507	5,216,518	-	-	35,668,025
Plant and distribution systems	25,380,767	3,927,046	-	-	29,307,813
Administration Building	45,538	45,538	-	-	91,076
Equipment	2,021,023	196,203	3,111	-	2,214,115
Vehicles	2,381,258	245,474	43,917	-	2,582,815
Total accumulated depreciation	<u>60,280,093</u>	<u>9,630,779</u>	<u>47,028</u>	<u>-</u>	<u>69,863,844</u>
Total capital assets being depreciated, net	<u>206,457,097</u>	<u>(6,587,724)</u>	<u>3,253</u>	<u>4,007,851</u>	<u>203,873,971</u>
Water and Sewer capital assets, net	<u>212,730,822</u>	<u>1,458,327</u>	<u>3,253</u>	<u>-</u>	<u>214,185,896</u>
Solid Waste					
Capital assets not being depreciated:					
Land	310,055	-	-	-	310,055
Capital assets being depreciated:					
Other improvements	834,141	-	-	-	834,141
Plant and collection systems	1,931,983	-	-	-	1,931,983
Equipment	1,590,055	8,619	-	-	1,598,674
Vehicles	939,243	24,029	-	-	963,272
Total capital assets being depreciated	<u>5,295,422</u>	<u>32,648</u>	<u>-</u>	<u>-</u>	<u>5,328,070</u>
Less accumulated depreciation for:					
Other improvements	77,735	39,984	-	-	117,719
Plant and collection systems	1,139,482	75,467	-	-	1,214,949
Equipment	1,381,108	24,552	-	-	1,405,660
Vehicles	893,388	26,717	-	-	920,105
Total accumulated depreciation	<u>3,491,713</u>	<u>166,720</u>	<u>-</u>	<u>-</u>	<u>3,658,433</u>
Total capital assets being depreciated, net	<u>1,803,709</u>	<u>(134,072)</u>	<u>-</u>	<u>-</u>	<u>1,669,637</u>
Solid Waste capital assets, net	<u>2,113,764</u>	<u>(134,072)</u>	<u>-</u>	<u>-</u>	<u>1,979,692</u>
Storm Water					
Capital assets being depreciated:					
Vehicles	33,197	-	-	-	33,197
Total capital assets being depreciated	<u>33,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,197</u>
Less accumulated depreciation for:					
Vehicles	16,393	4,481	-	-	20,874
Total accumulated depreciation	<u>16,393</u>	<u>4,481</u>	<u>-</u>	<u>-</u>	<u>20,874</u>
Total capital assets being depreciated, net	<u>16,804</u>	<u>(4,481)</u>	<u>-</u>	<u>-</u>	<u>12,323</u>
Storm Water capital assets, net	<u>16,804</u>	<u>(4,481)</u>	<u>-</u>	<u>-</u>	<u>12,323</u>
Business-type activities capital assets, net	<u>\$ 214,861,390</u>	<u>\$ 1,319,774</u>	<u>\$ 3,253</u>	<u>\$ -</u>	<u>\$ 216,177,911</u>

Interest and fees incurred for the Water and Sewer Fund for the year ended June 30, 2009 consisted of the following:

Capitalized interest	\$ 275,623
Other interest and fees	2,505,916
Total interest and fees costs	<u>\$ 2,781,539</u>

NOTE 7 - LIABILITIES

Payables at the government-wide level at June 30, 2009, including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	\$ 8,196,072	\$ 2,546,769	\$ 10,742,841
Salaries and benefits	1,582,272	217,481	1,799,753
Accrued Interest	6,585,307	234,096	6,819,403
Total	<u>\$ 16,363,651</u>	<u>\$ 2,998,346</u>	<u>\$ 19,361,997</u>

NOTE 8 - PENSION PLAN OBLIGATIONS

A. Local Governmental Employees' Retirement System

Description

The County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 5.27% respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$1,854,049, \$1,839,778, and \$1,698,868, respectively. The contributions made by the County equaled the required contributions for each year.

B. Special Separation Allowance

Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified employees. The Separation Allowance was enacted by the General Assembly on January 1, 1987 for law enforcement officers. The Union County Board of Commissioners extended this benefit to all County employees effective July 1, 1990. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. The Separation Allowance does not issue separate financial statements.

All permanent full-time and permanent part-time County employees are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	61
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	986
Total	<u>1,047</u>

Summary of Significant Accounting Policies

Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term debt instruments, deposits, repurchase agreements, and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$891,907 or 2.34% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the fiscal year ended June 30, 2009 was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year for law enforcement officers and ranging from 4.5% to 14.3% per year for general employees. The inflation component was 3.75%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 527,637
Interest on net pension obligation	(94,196)
Adjustment to annual required contribution	82,113
Annual pension cost	515,554
Contributions made	891,907
Increase (decrease) in net pension obligation	(376,353)
Net pension obligation (credit) - beginning of year	(1,299,260)
Net pension obligation (credit) - end of year	<u>\$ (1,675,613)</u>

Three year trend information:

Fiscal Year Ending	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation/(Credit) End of Year
June 30, 2007	\$ 443,511	184%	\$ (885,445)
June 30, 2008	467,541	189%	(1,299,260)
June 30, 2009	515,554	173%	(1,675,613)

As of December 31 2007, the most recent actuarial valuation date, the plan was 23.02 percent funded. The actuarial accrued liability for benefits was \$6,329,081, and the actuarial value of assets was \$1,457,076, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,872,005. The covered payroll (annual payroll of active employees covered by the plan) was \$37,572,967, and the ratio of the UAAL to the covered payroll was 13 percent.

C. Supplemental Retirement Income Plan

Description

All regular full-time and regular part-time Union County employees participate in the Supplemental Retirement Income Plan (401-K), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the County, and the Union County Board of County Commissioners has agreed to extend this benefit to all non-law enforcement employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary and the Union County Board of County Commissioners has agreed to contribute an equal amount for all regular full-time and regular part-time non-law enforcement employee salaries. All amounts contributed are vested immediately. County employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$2,911,073, which consisted of \$1,897,654 from the County and \$1,013,419 from employees.

D. Register of Deeds' Supplemental Pension Fund

Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The fund provides supplemental pension benefits to any eligible County register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

On a monthly basis, the County remits to the Department of the State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of the State Treasurer divides 93% of the amount in the fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the fund's assets may be used by the State Treasurer in administering the fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$17,507.

NOTE 9 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation distribution is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

A. Retiree Health and Dental Benefits

Plan Description - Eligibility. Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the RHCB Plan). As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County, provided they retire from service under the provisions of the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officer's Benefit and Retirement Fund (together the "Systems") and immediately prior to such retirement has earned ten (10) consecutive years of credible, continuous service with the County. Employees hired on or after July 1, 2008 require twenty (20) years of credible, continuous service with the County and must retire from service under the Systems to receive the postemployment healthcare benefit.

Plan Description – Benefits Covered. Retirees and spouses under age 65 are eligible to receive the same medical benefits (including prescription drug and vision benefits) as active, full-time employees through the County group health and dental plan. As of July 1, 2008, retirees paid \$0 per month for their coverage and \$242.00 per month for spousal coverage, if elected. In addition, these retirees are eligible for dental coverage and pay \$0 per month. Spouses are required to pay the full cost; therefore, dental coverage for spouses is not included in the valuation.

Coverage for eligible retirees and covered spouses in the County group health and dental plan ends on the day the retiree attains age 65. In addition, all coverage (except COBRA) in the County group health and dental plan ends for covered spouses upon the death of an eligible retiree who had not attained age 65.

Retirees age 65 or older are eligible for coverage in a Medicare Supplemental plan as well as a prescription drug plan. Retirees do not contribute towards the cost of this plan. Spouses are not eligible for post-65 coverage.

Membership of the RHCB Plan (County group health and dental plan and the Medicare Supplement plans) consisted of the following at July 1, 2008, the date of the latest actuarial valuation:

	Number of Participants ¹
Active Participants	898
Retired Participants	196
Covered Spouses of Retirees	30
Total	<u>1,124</u>

¹ Valuation at July 1, 2008 used the RHCB Plan membership composition at July 1, 2007.

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended, subject to certain limitations, by the County. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 13.3% of annual covered payroll. For the current year, the County contributed \$1,939,090 or 5.1% of annual covered payroll. The County healthcare benefits for the County group health and dental plans are self-insured with specific and aggregate stop-loss coverage provided

through re-insurers. Claims are administered under a contract with a third party administrator. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to RHCBC Plan is established and may be amended, subject to certain limitations, by the County.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General and Enterprise Funds, which are maintained on the modified and full accrual basis of accounting, respectively. Effective July 1, 2008, the County increased its contributions to the RHCBC Plan with the objective of funding the Annual Required Contribution by fiscal year 2014. A portion of the contributions above the modified accrual expenditures are being set aside to pay for the future benefits and administration costs.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 5,067,038
Interest on net OPEB obligation	256,024
Adjustment to annual required contribution	<u>(272,038)</u>
Annual OPEB cost (expense)	5,051,024
Contributions made	<u>(1,939,090)</u>
Increase (decrease) in net OPEB obligation	3,111,934
Net OPEB obligation, beginning of year	<u>3,531,368</u>
Net OPEB obligation, end of year	<u>\$ 6,643,302</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2009 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 4,689,039	24.7%	\$ 3,531,368
2009	5,051,024	38.3%	6,643,302

Funded Status and Funding Progress. As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$38,487,574. The covered payroll (annual payroll of active employees covered by the plan) was \$37,669,545 the ratio of the UAAL to the covered payroll was 102.17 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.25 percent investment rate of return, which is the expected long-term investment returns on the plan's assets and an annual medical cost trend increase of 10.00 to 5.00 percent annually and an inflation component of 3.00 percent. The UAAL is being amortized on a level dollar and open basis. The remaining amortization period at July 1, 2008, was 30 years.

B. Other Employment Benefits - Death Benefits

Under the terms of the Board of Commissioner's resolution, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$37,684. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .09% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

NOTE 11 - CLOSURE AND POST CLOSURE CARE COSTS - LANDFILL FACILITY

State and federal laws and regulations required the County to place a final cover on its landfill facility when it stopped accepting municipal solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure of the municipal solid waste collection cell. The County has continued to collect construction and demolition waste in different cells which are opened based on demand and closed when each cell reaches its capacity. Closure and post closure care costs have been accumulated up to the dates of closure for each of the cells; therefore, the County has reported these closure and post closure care costs as an operating expense in each prior period based on landfill capacity used as of each balance sheet date. The County stopped accepting municipal solid waste into its Austin-Chaney Road facility, permit number 90-01, on December 31, 1997. The site still serves as a transfer station for the collection of local municipal solid waste, which is transported to other sites outside of the County. The \$3,961,247 reported as landfill closure and post closure care liability at June 30, 2009 represents a cumulative liability amount reported to date, based on the use of 100% of the total estimated post closure maintenance and monitoring costs associated with the closed municipal solid waste collection and construction and demolition cells and closure costs associated with 38% of the construction and demolition capacity. At June 30, 2009 there was an increase of \$85,271 from the prior year. The liability represents the estimated present value of the amount needed to fund the post closure care costs that will be incurred during the 30 year period after closure. Actual post closure costs may be higher due to inflation, changes in technology or changes in regulations.

The County has met and continues to meet the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. The County elected to establish a reserve fund several years ago to accumulate resources for the payment of closure and post closure care costs. The actual

landfill closure and post closure costs have been less than engineering estimates due to use of County personnel for closure activities and proper planning for closure. The Solid Waste Capital Reserve Fund has remaining funds being held in investments with a fair value of \$7,812,356. The County expects that future inflation costs will be paid from the interest earnings on these remaining funds. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future transfer station users or by future tax revenues.

NOTE 12 - COMMITMENTS

A. Contractual Commitments

The County had several outstanding projects as of June 30, 2009. At year end the significant contractual commitments include the following:

Project	Spent to Date	Remaining Commitment
<u>General Capital Projects Fund:</u>		
Jail Expansion	\$ 1,783,085	\$ 251,872
Government Facility Renovations	8,173,027	316,863
Communications Radio Project	3,704,784	5,630,978
<u>Water Capital Projects:</u>		
Love Mill Road Water Line	28,926	121,703
Comprehensive Water Map	267,645	124,855
Oakbrook Water Line	28,445	165,142
Polk Mountain Water Line	31,847	156,089
Wellington Woods Phase I Water Line	20,903	110,493
Catawba River WTP Reservoir Expansion	254,345	451,599
Ridge Road Pump Station & Elevated Tank	271,436	100,677
Cuthbertson Road Water Line	311,878	180,033
Weddington Elevated Storage Tank	69,336	247,064
Forest Lawn Dr/Potter Rd Water Line	2,984,679	172,359
<u>Sewer Capital Projects:</u>		
Sewer System Mapping	643,209	111,814
North Union County Waste Water Treatment Plant	457,419	200,062
12 Mile Creek Phosphorus Removal	1,197,686	2,338,794
12 Mile Creek Odor Control	1,203,748	4,037,065
Total	<u>\$ 21,432,398</u>	<u>\$ 14,717,462</u>

The General capital projects are commitments of the General Capital Projects Fund and are funded by a combination of certificates of participation, installment financing, general obligation bonds, grants and General Fund monies. The Water and Sewer capital projects are commitments of the County's Water and Sewer Capital Projects Fund and are funded by a combination of revenue bonds and other enterprise fund monies.

B. Other Commitments

The County has an economic development and incentive grants program that is offered to companies meeting certain agreed upon criteria. Amounts to be paid in the future under these agreements are not readily determinable; however, management and internal audit estimates an amount of up to \$3,409,000 and expects the payments to be made over the next ten years.

NOTE 13 - RISK MANAGEMENT

The County is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for these risks of loss, with the exception of injuries to employees. The County self-insures workers' compensation, medical and dental claims and purchases stop-loss insurance for workers' compensation and medical claims that exceed certain amounts.

There has been no significant reduction in insurance coverage from the previous year and settled claims have not exceeded insurance policy limits in the last three years.

The County has established three Internal Service Funds to account for self-insured risk financing. Funding of the Health Benefit Fund is based upon an analysis of historical and projected medical and dental claims paid by the third party administrator and the availability of unrestricted net assets to fund projected claims. Funding of the Workers' Compensation Fund is based upon payroll rates established by the State of North Carolina and the availability of unrestricted net assets to fund projected claims. Funding of the Property and Casualty Fund is based upon experience and exposure risks associated with County operations and the availability of unrestricted net assets to fund projected claims.

The County's medical benefits are self-insured for specific claims below a \$150,000 specific stop-loss coverage limit with the exception of two potential high-risk member claims that are underwritten at a higher specific stop loss limit of \$200,000 and \$250,000, respectively. Claims are covered above the specific limit through the purchase of Specific Stop-Loss Insurance. The annual maximum claims cost cap of \$8,267,966 is 125% of the annual expected claims cost of \$6,614,373. Aggregate claims exceeding the annual maximum claims cost are covered through the purchase of aggregate stop-loss insurance. Claims paid through the HRA (health reimbursement accounts) are excluded from specific and aggregate stop-loss coverage. Claims are administered under a contract with a third party administrator. Claim reserves at the end of the plan year (currently June 30) are established based on a combination of insurance industry standards, the County and third party administrator's analysis of claims submission, processing and payment.

The County's workers' compensation is self-insured; non-law enforcement claims exceeding \$300,000 and law enforcement claims exceeding \$350,000 are covered by stop-loss insurance which provides statutory benefits. Claims are administered under contract with a third party administrator. Claim reserves are established when an injury occurs and the ultimate expected liability of each claim can be reasonably estimated by the third party claims administrator.

Unpaid liabilities at year end are as follows:

	Health Benefit Fund		Workers' Compensation Fund		Property & Casualty Fund	
	Year Ended June 30, 2009	Year Ended June 30, 2008	Year Ended June 30, 2009	Year Ended June 30, 2008	Year Ended June 30, 2009	Year Ended June 30, 2008
Unpaid Claims beginning of fiscal year	\$ 700,830	\$ 522,700	\$ 178,843	\$ 195,956	\$ -	\$ -
Incurred claims and premiums	6,526,520	6,209,597	(26,229)	(133,138)	704,749	792,924
Claims and premiums paid	(8,166,619)	(7,433,127)	(575,202)	(241,661)	(704,749)	(792,924)
Unpaid Claims end of fiscal year	\$ 939,269	\$ 700,830	\$ 422,588	\$ 178,843	\$ -	\$ -

The County carries commercial insurance for its exposure to various risks related to torts, theft, damage to and destruction of assets and errors and omissions. In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer is bonded at \$100,000, the tax administrator is bonded at \$60,000, the sheriff is bonded at \$5,000, and the register of deeds is bonded at \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000,000. The County, in conjunction with its insurance broker, has researched its existing real property locations. No buildings owned by the County of material value were found to be located in either the 100 or 500 year old flood plains. Therefore, it is believed that the County has limited exposure to a flood loss and flood insurance has not been purchased.

NOTE 14 - CLAIMS AND JUDGEMENTS

The County was a defendant in various matters of litigation as of June 30, 2009. While any litigation contains an element of uncertainty, County officials believe that the outcome of any lawsuit or claim which is pending, or all of them combined, will not have a materially adverse effect on the County's financial condition or operations. In addition, there are known incidents that may result in the assertion of claims, as well as claims from unknown incidents that may be asserted for which the County could be liable for a material amount. However, since such claims have not been asserted and are not determinable or measurable, no provision for loss has been included in the financial statements. Also, County officials believe the County's insurance is adequate for the actual or pending lawsuits or claims mentioned above.

NOTE 15 - OPERATING LEASES

The County has entered into a 20 year agreement with Anson County for the use of a 20-inch water line to the County. The County has agreed to pay 70% of the actual principal and interest due on the installment financing arranged by Anson County. The County has also entered into an agreement with the City of Charlotte (CMUD) for the treatment of wastewater in the Six Mile Creek drainage basin located within both Union and Mecklenburg Counties. Under the agreement, the County is responsible for one sixteenth of the debt service on debt issued by the City of Charlotte to construct the new outfall lines and plant expansion and any capital maintenance thereto. In consideration for the debt service payments made by the County, the County receives the exclusive right to convey up to 1 million gallons per day of wastewater into the McAlpine Creek Waste Water Treatment Plant at cost. The County can increase its allocation up to a maximum of three million gallons per day by the assumption of additional debt service used to construct the McAlpine Creek WWTP, outfall lines and pump stations. Rents paid under all operating leases totaled \$937,614 for the year ended June 30, 2009.

Minimum future lease payments are as follows:

Year Ending June 30	Anson County	CMUD	Other
2010	\$ 164,153	\$ 325,217	\$ 545,965
2011	164,153	325,217	523,731
2012	164,153	325,217	525,788
2013	164,154	325,217	527,269
2014	-	325,217	522,395
2015-2019	-	1,626,084	526,395
2020-2024	-	1,547,767	-
2025-2029	-	980,221	-
2030-2034	-	598,805	-
2035-2040	-	598,805	-
	<u>\$ 656,613</u>	<u>\$ 6,977,767</u>	<u>\$ 3,171,543</u>

On July 17, 1997, Union County entered into a lease agreement for the premises known as Union Village. This facility houses most of the offices of the Department of Social Services and the Health Department. Payments made under this lease are included in the schedule of minimum lease payments. This lease agreement expires on June 30, 2015, but can be extended for two successive five-year periods. The premises include additional space, which is subleased to Piedmont Area Mental Health under a sublease agreement entered into on October 5, 1998. This agreement is coterminous with the July 17, 1997 lease agreement. The sublessee is required to extend the sublease agreement if Union County elects to exercise the option to extend the term of the original lease agreement. Amounts received under this agreement totaled \$83,903 during the fiscal year ended June 30, 2009. During the remaining term of the sublease agreement, rent paid by sublessee shall be increased or decreased based on the rent paid as of the expiration of the preceding one-year period in the same percentage as the percentage change in the cost of living index for the month of June just prior to the preceding one-year term until the month of June just prior to the current term. The cost of living index shall be measured by the Personal Consumption Expenditure (PCE) index as published in The Wall Street Journal.

NOTE 16 - LONG - TERM OBLIGATIONS

A. General Obligation Bonds, Certificates of Participation, Revenue Bonds' Indebtedness, and Derivatives

The general obligation bonds, installment financing and certificates of participation (COPs) for school facilities and various general government capital projects and items are serviced by the General Fund. The general obligation bonds and revenue bonds issued to finance the construction of facilities or purchase equipment utilized in the operations of the water and sewer systems are being retired by their resources. Principal and interest requirements are appropriated when due for all debt. The general obligation bonds are collateralized by the full faith, credit and taxing power of the County. The revenue bonds are secured by the pledge of net revenues derived from the acquired or constructed assets of the water and sewer system. The derivatives are interest swap agreements with the objective of protecting Union County against the risk of interest rate changes in connection with variable rate debt and to effect lower debt service costs on the County's fixed rate debt. Any derivative that the County enters into must first have the approval of the Local Government Commission (LGC) and the County Commissioners. The COPs and Installment Financing are collateralized by the assets financed and are not secured by the taxing power of the County. The COPs require the County to follow customary covenants including providing insurance certificates, budget data and financial information on an annual basis. The other long-term obligations, the North Carolina Clean Water Revolving Loans, are described further in Note 16. E.

1. Long-term obligations at June 30, 2009 are comprised of the following individual issues:

	Issue Date	Due Serially To	Interest Rate	Original Issue	Principal Balance June 30, 2009	Principal and Unamortized Balances (See Note 16.A.3.) June 30, 2009
1. General Obligation Bonds						
1996 Refunding Bonds (School Facility)	Nov. 01, 1996	May 01, 2011	5.10% - 5.20%	\$ 11,340,560	\$ 789,096	\$ 789,096
1996 Refunding Bonds (Water)	Nov. 01, 1996	May 01, 2011	5.10% - 5.20%	11,424,720	794,952	801,652
1996 Refunding Bonds (Sanitary Sewer)	Nov. 01, 1996	May 01, 2011	5.10% - 5.20%	3,534,720	245,952	247,590
1999 Refunding Bonds (School Facility)	Sept. 01, 1999	March 01, 2011	5.00%	14,673,548	3,352,836	3,352,836
1999 Refunding Bonds (Water)	Sept. 01, 1999	March 01, 2011	5.00%	5,961,452	1,362,164	1,362,515
2001 School Facility Bonds (d)	March 01, 2001	March 01, 2020	4.75%	56,700,000	42,300,000	42,300,000
2004 Refunding Bonds (School Facilities)	June 01, 2004	June 01, 2016	3.75% - 4.125%	14,976,804	10,171,610	10,157,466
2004 Refunding Bonds (Sanitary Sewer)	June 01, 2004	June 01, 2016	3.75% - 4.125%	3,303,196	2,243,390	2,238,947
2004 School Facility - Series A (b, g)	Dec. 14, 2004	March 01, 2029	Variable	48,265,000	43,728,090	43,728,090
2004 Law Enf. Facility - Series A (b, g)	Dec. 14, 2004	March 01, 2029	Variable	1,735,000	1,571,910	1,571,910
2004 Refunding Bonds (School Facility) (b, g)	Dec. 14, 2004	March 01, 2020	Variable	21,630,000	20,865,000	19,886,122
2007 School Facility - Series A (f, g)	Sept. 06, 2007	March 01, 2031	Variable	55,365,000	50,745,000	50,745,000
2007 School Facility - Series A (g)	Sept. 06, 2007	March 01, 2033	Variable	10,000,000	10,000,000	10,000,000
2007 School Facility - Series B (f, g)	Sept. 06, 2007	March 01, 2031	Variable	33,220,000	30,450,000	30,450,000
2007 School Facility - Series B (g)	Sept. 06, 2007	March 01, 2033	Variable	6,000,000	6,000,000	6,000,000
2007 School Facility - Series C (f, g)	Sept. 06, 2007	March 01, 2031	Variable	22,145,000	20,305,000	20,305,000
2007 School Facility - Series C (g)	Sept. 06, 2007	March 01, 2033	Variable	4,000,000	4,000,000	4,000,000
2007 School Facility - Series D	Sept. 06, 2007	March 01, 2029	4.25% - 5.00%	90,000,000	87,000,000	90,189,929
2009 School Facility - Series A	March 10, 2009	March 01, 2029	3.00% - 5.00%	64,500,000	64,500,000	67,824,300
2009 Refunding Bonds (School Facility) - Series B	March 10, 2009	March 01, 2030	2.50% - 5.00%	72,000,000	72,000,000	75,724,343
					<u>472,425,000</u>	<u>481,674,796</u>
2. Installment Financing						
2003 Multi-purpose COP's (c)	June 15, 2003	June 01, 2025	2.625% - 5.0%	43,760,000	30,860,000	31,545,318
2006 School COP's	Nov. 09, 2006	June 01, 2032	4.0% - 5.0%	77,640,000	71,420,000	74,363,540
2009 Installment Financing (Communications)	June 17, 2009	June 01, 2019		9,390,000	9,390,000	9,390,000
					<u>111,670,000</u>	<u>115,298,858</u>
3. Revenue Bonds						
2003 Enterprise System - Series A (d)	June 12, 2003	June 01, 2029	2.4% - 5.0%	33,130,000	28,300,000	28,874,115
2003 Refunding Enterprise System - Series B (a, g)	June 12, 2003	June 01, 2021	Variable	20,935,000	14,865,000	13,502,822
					<u>43,165,000</u>	<u>42,376,937</u>
4. Other Long-term Obligations (Note 16. E.)						
1998 North Carolina Clean Water Revolving Loan	June 01, 1998	June 30, 2017	3.43%	4,673,933	1,869,573	1,869,573
2007 North Carolina Clean Water Revolving Loan	June 19, 2008	May 01, 2028	2.265%	15,000,000	14,250,000	14,250,000
					<u>16,119,573</u>	<u>16,119,573</u>
Total General Obligation Bonds, Certificates of Participation, Revenue Bonds and Other Long-term Obligation					<u>\$ 643,379,573</u>	<u>\$ 655,470,164</u>

(a) Derivative Disclosure - Pay-Fixed, Receive-Variable Interest Rate Swap Agreement dated May 14, 2003 and effective June 12, 2003 – Assumptions

Objective of the interest rate swap. As a means to lower the County's borrowing costs and increase its savings, when compared to fixed-rate refunding bonds at the time of issuance in June 2003, the County of Union entered into an interest rate swap in connection with its \$20,935,000 Variable Rate Enterprise Systems Revenue Refunding Bonds, Series 2003B (the "Bonds"). The intention of the swap agreement

was to effectively change the County's interest rate on the Bonds to a synthetic fixed rate of 2.995%, excluding liquidity, remarketing, and other fees associated with the Bonds.

Terms. Under the terms of a swap agreement dated May 14, 2003 and effective June 12, 2003, Citibank, N.A. New York ("Citibank") pays the County of Union 61.5% of USD-LIBOR-BBA plus a fixed spread of 0.36% semi-annually on the notional amount of \$20,935,000. On a semiannual basis, the County of Union pays Citibank interest at the fixed rate of 2.995%. The notional value of the swap and the principal amount of the associated debt decline in unison over the term of the swap agreement and Bonds. The notional amount of the swap reduces annually; the reductions begin on June 1, 2004, and end on June 1, 2021. The agreement matures June 1, 2021. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to Citibank	Fixed	2.995%
Variable payment from Citibank	61.5% LIBOR + 0.36%	<u>(0.550%)</u>
Net interest rate swap payments		2.445%
Variable rate bond coupon payments	Bond Rate	<u>0.600%</u>
Synthetic interest rate on Bonds		<u>3.045%</u>

Fair Value. As of June 30, 2009, the agreement had a negative fair value of \$530,887. This mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should Citibank fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. Citibank, rated "A1" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings as of June 30, 2009, will collateralize any market value positive to the County of Union over a predetermined threshold that varies depending on Citibank's ratings. At Citibank's current ratings, such threshold is \$20,000,000.

Basis Risk. The County of Union receives 61.5% of USD-LIBOR-BBA plus a fixed spread of 0.36% from Citibank and pays the Bond Rate to its bondholders set by the remarketing agent. The County of Union is exposed to basis risk when its Bonds begin to trade at a yield which exceeds 61.5% of LIBOR plus 0.36%. In the event of such an occurrence, the County will experience an increase in debt service above the fixed rate on the swap.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County of Union being required to make an unanticipated termination payment.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate Swaps, Net *	Total
	Principal	Interest		
2010	\$ 1,220,000	\$ 89,190	\$ 363,467	\$ 1,672,657
2011	1,210,000	81,870	333,636	1,625,506
2012	1,195,000	74,610	304,051	1,573,661
2013	1,185,000	67,440	274,831	1,527,271
2014	1,170,000	60,330	245,857	1,476,187
2015-2019	6,135,000	195,330	796,009	7,126,339
2020-2021	2,750,000	24,870	101,350	2,876,220
Total	<u>\$ 14,865,000</u>	<u>\$ 593,640</u>	<u>\$ 2,419,201</u>	<u>\$ 17,877,841</u>

* Computed using $(2.995\% - 0.550\%) \times (\$14,865,000 - \text{annual reduction})$

(b) Derivative Disclosure - Multiple Pay-Fixed, Receive-Variable Interest Rate Swap Agreements effective December 14, 2004 – Assumptions

Objective of the interest rate swap. As a means to lower the County's borrowing costs when compared to fixed-rate bonds at the time of issuance in December 2004 and as a means of achieving refunding savings, the County entered into multiple interest rate swaps in connection with its \$50,000,000 Variable Rate General Obligation Bonds, Series 2004A and \$21,630,000 Variable Rate General Obligation Refunding Bonds, Series 2004B (together, the "2004 Bonds"). The intention of the swap agreements was to effectively change the County's interest rate on the 2004 Bonds to a synthetic fixed rate of 3.425%, excluding liquidity, remarketing, and other fees associated with the Bonds.

Terms. Under the terms of the swap agreements effective December 14, 2004, the County pays Wachovia Bank, National Association (50% of the total notional amount), Citibank, N.A. (25% of the total notional amount) and Bank of America N.A. (25% of the total notional amount) (collectively, the "Counterparties") fixed payments of 3.425% and receives the following floating amounts:

From the agreements' effective dates and ending before July 1, 2009, the lesser of Index I or Index II.

From the agreements' effective dates and ending after July 1, 2009, Index II

Index I: The actual weekly remarketed 7 Day rates on the 2004 Bonds

Index II: The greater amount of 67% of USD-LIBOR-BBA or 63% of USD-LIBOR-BBA plus .20% (together the "Libor Index")

The notional value of the swap agreements and the principal amount of the associated debt decline in unison over the term of the swap agreements and 2004 Bonds. The swap agreements are subject to yield adjustments in certain circumstances described above. Such yield adjustments may increase the County's interest cost. On a semiannual basis, the County pays the Counterparties interest at the fixed rate of 3.425%. The notional amount of the swaps reduces annually; the reductions begin on March 1, 2006, and end on March 1, 2029. The agreements mature March 1, 2029. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to Counterparties	Fixed	3.425%
Variable payment from Counterparties	See above	<u>(0.394%)</u>
Net interest rate swap payments		3.031%
Variable rate bond coupon payments	Bond Rate	<u>0.220%</u>
Synthetic interest rate on Bonds		<u>3.251%</u>

Fair Value. As of June 30, 2009, the swap agreements had a negative fair value of \$5,594,480. This mark-to-market valuation was established by market quotations obtained by the Counterparties, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should the Counterparties fail to perform according to the terms of the swap agreements, the County would face a possible loss approximately equivalent to the swap agreements' positive fair value, if any, at the time of any failure to perform. The swap Counterparties as of June 30, 2009 are rated as follows:

<u>Counterparty</u>	<u>Moody's</u>	<u>Standard &</u>	
		<u>Poor's</u>	<u>Fitch</u>
Bank of America N.A.	Aa3	A+	A+
Citibank	A1	A+	A+
Wachovia Bank, N.A.	Aa2	AA	AA-

To mitigate the potential for credit risk, if the Counterparties' credit quality falls below Baa1/BBB+/BBB+, the Counterparties are obligated to post collateral consisting of U.S. government securities for the fair value of the swap agreements. Collateral would be posted with a third party custodian.

Basis Risk. The County receives variable payments from the Counterparties based on the floating rates identified under *Terms*. The County pays the Bond Rate to its bondholders set by the remarketing agent.

The County is exposed to basis risk when its 2004 Bonds begin to trade at a yield which exceeds the lesser of Index I or Index II identified under *Terms*. At June 30, 2009, the rate on the County's 2004 Bonds was lower than the floating rate received from the Counterparties resulting in a reduction in debt service below the fixed rate on the swap agreements. When the relationship of the 2004 Bonds trade higher than the floating rate received from the Counterparties, the County will experience an increase in debt service above the fixed rate on the swap agreements.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. The County or the Counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. An additional termination event occurs if the County's or the Counterparties' ratings fall below Baa3/BBB-/BBB-. If at the time of termination the swap agreements have a negative fair value, the County would be liable to the Counterparties for a payment equal to the swap agreements' fair value.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates as of June 30, 2009 remain the same for the term of the 2004 Bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net *	
2010	\$ 2,535,000	\$ 145,563	\$ 2,005,643	\$ 4,686,206
2011	2,525,000	139,986	1,928,800	4,593,786
2012	3,360,000	134,431	1,852,261	5,346,692
2013	3,335,000	127,039	1,750,410	5,212,449
2014	3,310,000	119,702	1,649,317	5,079,019
2015-2019	16,065,000	490,677	6,760,805	23,316,482
2020-2024	13,520,000	326,139	4,493,713	18,339,852
2025-2029	21,515,000	150,733	2,076,879	23,742,612
Total	<u>\$ 66,165,000</u>	<u>\$ 1,634,270</u>	<u>\$ 22,517,828</u>	<u>\$ 90,317,098</u>

* Computed using $(3.425\% - 0.394\%) \times (\$66,165,000 - \text{annual reduction})$

- (c) Derivative Disclosure – Pay-Floating, Receive-Floating Interest Rate Fixed Spread Basis Swap Agreement dated and effective June 13, 2005 – Assumptions

Objective of the interest rate swap. As a means to lower the County's borrowing costs and increase its savings, when compared to the issuance of traditional fixed-rate or synthetic fixed rate refunding bonds in June 2005, Union County entered into a fixed spread basis swap agreement for the purpose of generating savings on \$38,000,000 in callable maturities of its General Obligation Bonds, Series 2001 and \$22,740,000 in callable maturities of its Certificates of Participation, Series 2003 (collectively "the Bonds"). The intention of the fixed spread basis swap agreement was to effectively lower the County's interest rate on the Bonds.

Terms. Under the terms of a fixed spread basis swap agreement dated and effective June 13, 2005 Wachovia Bank, N.A. ("Wachovia") pays Union County 67% of USD-LIBOR-BBA plus a fixed spread of 0.532% semi-annually on the notional amount of \$60,740,000. Union County pays Wachovia the USD-BMA Municipal Swap Index semi-annually on the same notional amount. The notional value of the fixed spread basis swap and the principal amount of the associated debt decline in unison over the term of the fixed spread basis swap agreement and Bonds. The notional amount of the swap reduces annually; the reductions begin on March 1, 2012, and end on March 1, 2025. The agreement matures March 1, 2025. As of June 30, 2009, rates were as follows:

	Terms	Rates
Average coupon on the Bonds	Fixed	4.640%
Receive Floating Rate	67% LIBOR + 0.532%	(0.741%)
Pay Floating Rate	BMA Swap Index	<u>0.350%</u>
Net interest rate on Bonds		<u>4.249%</u>

Fair Value. As of June 30, 2009, the agreement had a negative fair value of \$412,190. This mark-to-market valuation was established by market quotations obtained by the Counterparty, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should Wachovia fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. As of June 30, 2009, Wachovia is rated "Aa2" by Moody's Investor's Service, "AA" by Standard and Poor's Ratings Services, and "AA-" by Fitch Ratings. To mitigate the potential for credit risk, if Wachovia's credit quality falls below A3/A-/A-, Wachovia is obligated to post collateral consisting of U.S. government securities for the fair value of the interest rate swap agreement. Collateral would be posted with a third party custodian.

Basis Risk. Union County receives from Wachovia 67% LIBOR plus a fixed spread of 0.532% and pays to Wachovia the BMA Municipal Swap Index. Union County is exposed to basis risk when BMA begins to trade at a yield which exceeds 67% LIBOR plus 0.532%. In the event of such an occurrence, the County will experience an increase in debt service above the fixed coupon rate on the Bonds.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the Bonds and net interest rate swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As net interest rate swap payments vary, the County's fixed bond interest payments and net interest rate swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net *	
2010	\$ -	\$ 2,825,931	\$ (237,212)	\$ 2,588,719
2011	-	2,825,931	(237,212)	2,588,719
2012	2,750,000	2,825,931	(237,212)	5,338,719
2013	2,750,000	2,695,306	(226,473)	5,218,833
2014	6,195,000	2,564,681	(215,733)	8,543,948
2015-2019	33,825,000	8,326,095	(701,112)	41,449,983
2020-2024	13,325,000	1,762,832	(163,049)	14,924,783
2025	1,895,000	78,169	(7,401)	1,965,768
Total	<u>\$ 60,740,000</u>	<u>\$ 23,904,876</u>	<u>\$ (2,025,404)</u>	<u>\$ 82,619,472</u>

* Computed using $(0.350\% - 0.741\%) \times (\$60,740,000 - \text{annual reduction})$

- (d) Derivative Disclosure – Pay-Floating, Receive-Floating Interest Rate Fixed Spread Basis Swap Agreement dated October 11, 2005 and effective October 13, 2005 – Assumptions

Objective of the interest rate swap. As a means to lower the County's borrowing costs and increase its savings, when compared to the issuance of traditional fixed-rate or synthetic fixed rate refunding bonds, Union County entered into a fixed spread basis swap agreement for the purpose of generating savings on a portion of its outstanding Water and Sewer Enterprise System Revenue Bonds, Series 2003A. The intention of the fixed spread basis swap agreement was to effectively lower the County's interest rate on the Bonds.

Terms. Under the terms of a fixed spread basis swap agreement effective October 13, 2005, Citibank, N.A. New York ("Citibank") pays Union County 70% of USD-LIBOR-BBA plus a fixed spread of 0.40% semi-annually on the notional amount of \$24,655,000. Union County pays Citibank the USD-BMA Municipal Swap Index semi-annually on the same notional amount. The notional value of the fixed spread basis swap and the principal amount of the associated debt decline in unison over the term of the fixed spread basis swap agreement and Bonds. The notional amount of the swap reduces annually; the reductions begin on June 1, 2014, and end on June 1, 2029. The agreement matures June 1, 2029. As of June 30, 2009, rates were as follows:

	Terms	Rates
Average coupon on the Bonds	Fixed	4.540%
Receive Floating Rate	70% LIBOR + 0.40%	(0.616%)
Pay Floating Rate	BMA Swap Index	<u>0.350%</u>
Net interest rate on Bonds		<u>4.274%</u>

Fair Value. As of June 30, 2009, the agreement had a negative fair value of \$664,208. This mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should Citibank fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. Citibank, rated "A1" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings as of June 30, 2009, will collateralize any market value positive to the County over a predetermined threshold that varies depending on Citibank's ratings. At Citibank's current ratings, such threshold is \$30,000,000. Collateral would be posted with a third party custodian.

Basis Risk. Union County receives from Citibank 70% of USD-LIBOR-BBA plus a fixed spread of 0.40% and pays to Citibank the BMA Municipal Swap Index. Union County is exposed to basis risk when BMA begins to trade at a yield which exceeds 70% of USD-LIBOR-BBA plus 0.40%. In the event of such an occurrence, the County will experience an increase in debt service above the fixed coupon rate on the Bonds.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the Bonds and net interest rate swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As net interest rate swap payments vary, the County's fixed bond interest payments and net interest rate swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate Swaps, Net *	Total
	Principal	Interest		
2010	\$ -	\$ 1,119,689	\$ (65,640)	\$ 1,054,049
2011	-	1,119,689	(65,640)	1,054,049
2012	-	1,119,689	(65,640)	1,054,049
2013	-	1,119,689	(65,640)	1,054,049
2014	980,000	1,119,689	(65,640)	2,034,049
2015-2019	5,520,000	4,974,885	(287,136)	10,207,749
2020-2024	6,885,000	3,598,487	(206,527)	10,276,960
2025-2029	11,280,000	1,973,115	(106,809)	13,146,306
Total	<u>\$ 24,665,000</u>	<u>\$ 16,144,932</u>	<u>\$ (928,672)</u>	<u>\$ 39,881,260</u>

* Computed using $(0.350\% - 0.616\%) \times (\$24,665,000 - \text{annual reduction})$

- (e) Derivative Disclosure – Pay-Fixed, Receive-Floating Interest Rate Forward Swap Agreement dated October 11, 2005 (subsequently amended and restated on May 3, 2007 and June 26, 2008) and effective June 15, 2009 – Assumptions

Objective of the interest rate swap. In order to protect against the potential of higher future interest rates in connection with its issuance of Water and Sewer Enterprise System Variable Rate Revenue Bonds, Series 2009 ("Series 2009 Bonds"), Union County entered into a pay-fixed, receive-variable interest rate swap. The forward swap agreement effectively changed the County's interest rate on the Series 2009 Bonds to a synthetic fixed rate of 3.82%, excluding liquidity, remarketing, and other fees associated with the Series 2009 Bonds. The Series 2009 Bonds were issued August 20, 2009. Under *Terms* below, the Bond Rate reflects the Securities Industry and Financial Markets Association Municipal Swap Index at June 30, 2009. The County reasonably expects the Series 2009 Bonds, issued August 20, 2009, to trade at similar levels

Terms. Under the terms of the amended and restated forward swap agreement effective June 15, 2009, Citibank, N.A. New York ("Citibank") will pay the County an amount semi-annually on the notional amount of \$20,000,000 based on 70% of USD-LIBOR-BBA. On a semi-annual basis, the County will pay Citibank an amount at a fixed rate of 3.82% on the same notional amount. The notional amount declines with the amortization of the corresponding Water and Sewer Enterprise System Variable Rate

Revenue Bonds, Series 2009 over a period beginning June 1, 2010 and ending June 1, 2034. The agreement matures June 1, 2034. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to Counterparties	Fixed	3.820%
Variable payment from Counterparties	See above	<u>(0.218%)</u>
Net interest rate swap payments		3.602%
Variable rate bond coupon payments	Bond Rate	<u>0.350%</u>
Synthetic interest rate on Bonds		<u>3.952%</u>

Fair Value. As of June 30, 2009, the agreement had a negative fair value of \$2,399,840. This mark-to-market valuation was established by market quotations obtained by the Counterparty, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap agreement become positive, the County would be exposed to credit risk in the amount of the derivative's fair value. Under those circumstances, should the Counterparty fail to perform according to the terms of the swap agreement, the County would face a possible loss approximately equivalent to the swap agreement's positive fair value, if any, at the time of any failure to perform. Citibank, rated "A1" by Moody's Investor's Service, "A+" by Standard and Poor's Ratings Services, and "A+" by Fitch Ratings as of June 30, 2009, will collateralize any market value positive to the County over a predetermined threshold that varies depending on Citibank's ratings. At Citibank's current ratings, such threshold is \$30,000,000. Collateral would be posted with a third party custodian.

Basis Risk. Union County will receive from Citibank 70% of USD-LIBOR-BBA and will pay the bond rate to its bondholders set by the remarketing agent. The County will be exposed to basis risk when its Series 2009 Bonds begin to trade at a yield which exceeds 70% of USD-LIBOR-BBA. Should the relationship of the 2009 Series Bonds trade higher than 70% of USD-LIBOR-BBA, the County will experience an increase in debt service above the fixed rate on the forward swap agreement.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate Swaps, Net *	Total
	Principal	Interest		
2010	\$ 435,000	\$ 70,000	\$ 720,425	\$ 1,225,425
2011	470,000	68,478	704,756	1,243,234
2012	495,000	66,833	687,826	1,249,659
2013	515,000	65,100	669,995	1,250,095
2014	540,000	63,298	651,444	1,254,742
2015-2019	3,070,000	286,510	2,948,700	6,305,210
2020-2024	3,815,000	227,745	2,343,903	6,386,648
2025-2029	4,755,000	154,700	1,592,140	6,501,840
2030-2034	5,905,000	63,788	656,487	6,625,275
Total	<u>\$ 20,000,000</u>	<u>\$ 1,066,450</u>	<u>\$ 10,975,676</u>	<u>\$ 32,042,126</u>

* Computed using $(3.820\% - 0.218\%) \times (\$20,000,000 - \text{annual reduction})$

- (f) Derivative Disclosure – Multiple Pay-Fixed, Receive-Floating Interest Rate Swap Agreements dated December 12, 2005 and effective September 6, 2007 – Assumptions

Objective of the interest rate swap. In order to protect against the potential of higher future interest rates in connection with its issuance of Variable Rate General Obligation Bonds, Series 2007 ("2007 Series Bonds"), Union County entered into multiple pay-fixed, receive-variable interest rate swaps on December 12, 2005, with an effective date of September 6, 2007. The forward swap agreements effectively

changed the County's interest rate on the 2007 Series Bonds to a synthetic fixed rate of 3.673%, excluding liquidity, remarketing, and other fees associated with the 2007 Series Bonds.

Terms. Under the terms of the swap agreements effective September 6, 2007, the County pays semi-annually Wachovia Bank, National Association ("Wachovia"), Citibank, N.A. New York ("Citibank") and UBS AG ("UBS") (collectively, the "Counterparties") fixed payments of 3.673% and receives semi-annually from the Counterparties 70% of USD-LIBOR-BBA. The aggregate notional amount of \$110,730,000 (with Wachovia receiving approximately 64% of the total notional amount and Citibank and UBS each receiving 18%) declines with the amortization of the corresponding Variable Rate General Obligation Bonds, Series 2007 over a period beginning March 1, 2008 and ending March 1, 2031. The agreement matures March 1, 2031. As of June 30, 2009, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to Counterparties	Fixed	3.673%
Variable payment from Counterparties	See above	<u>(0.218%)</u>
Net interest rate swap payments		3.455%
Variable rate bond coupon payments	Bond Rate	<u>0.260%</u>
Synthetic interest rate on Bonds		<u>3.715%</u>

Fair Value. As of June 30, 2009, the agreement had a negative fair value of \$10,583,268. This mark-to-market valuation was established by market quotations obtained by the Counterparties, representing estimates of the amounts that would be paid or received for replacement transactions.

Credit Risk. As of June 30, 2009, the County was not exposed to credit risk because the swap agreements had a negative fair value. However, should interest rates change and the fair value of the swap agreements become positive, the County would be exposed to credit risk in the amount of the derivatives' fair value. Under those circumstances, should the Counterparties fail to perform according to the terms of the swap agreements, the County would face a possible loss approximately equivalent to the swap agreements' positive fair value, if any, at the time of any failure to perform. The swap Counterparties as of June 30, 2009 are rated as follows:

<u>Counterparty</u>	<u>Moody's</u>	<u>Standard &</u>	
		<u>Poor's</u>	<u>Fitch</u>
Wachovia	Aa2	AA	AA-
Citibank	A1	A+	A+
UBS	Aa2	A+	A+

To mitigate the potential for credit risk, if the Counterparties' credit quality falls below A3/A-/A-, the Counterparties are obligated to post collateral consisting of U.S. government securities for the fair value of the swap agreements. Collateral would be posted with a third party custodian.

Basis Risk. Union County receives from the Counterparties 70% of USD-LIBOR-BBA and pays the bond rate to its bondholders set by the remarketing agent. The County is exposed to basis risk when its Series 2007 Bonds begin to trade at a yield which exceeds 70% of USD-LIBOR-BBA. Should the relationship of the 2007 Series Bonds trade higher than 70% of USD-LIBOR-BBA, the County will experience an increase in debt service above the fixed rate on the forward swap agreements.

Termination Risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, including but not limited to failure to pay, bankruptcy, and downgrade below the "BBB" credit rating category. Termination could result in the County being required to make an unanticipated termination payment. Any amount payable by the County to Wachovia (original notional amount of \$70,730,000) on termination of the transaction before the termination date may be made in four equal annual installments.

Swap payments and associated debt: Using rates as of June 30, 2009, debt service requirements of the variable rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Bonds		Interest Rate	Total
	Principal	Interest	Swaps, Net *	
2010	\$ 4,615,000	\$ 263,900	\$ 3,506,952	\$ 8,385,852
2011	4,615,000	251,901	3,347,498	8,214,399
2012	4,615,000	239,902	3,188,044	8,042,946
2013	4,615,000	227,903	3,028,590	7,871,493
2014	4,615,000	215,904	2,869,136	7,700,040
2015-2019	23,075,000	899,535	11,953,870	35,928,405
2020-2024	23,075,000	599,560	7,967,520	31,642,080
2025-2029	23,055,000	299,663	3,982,205	27,336,868
2030-2031	9,220,000	35,958	477,844	9,733,802
Total	<u>\$ 101,500,000</u>	<u>\$ 3,034,226</u>	<u>\$ 40,321,659</u>	<u>\$ 144,855,885</u>

* Computed using $(3.673\% - 0.218\%) \times (\$101,500,000 - \text{annual reduction})$

- (g) The County has issued variable rate bonds. The County has remarketing agreements and standby purchase agreements with banks related to these bonds. Under the remarketing agreements, the agents will remarket any bonds for which payment is demanded. If the bonds cannot be remarketed, the banks will purchase the bonds. The following schedule shows the expiration dates, which can be renewed, fees paid in fiscal year 2009 pursuant to these agreements, and the interest rate at year-end for these issues. Interest rates may change pursuant to the terms of the remarketing agreements based on market conditions. Commencing in the month of September 2008, the County experienced significant increases in its variable demand bond rates due to market disruptions in the short-term municipal bond market. For several weeks in September and October of 2008, the County's variable demand bonds reset at rates approaching 8%. Additionally, for several months through March 2009, the County experienced failed remarketing on portions of its variable rate bonds, with the bonds being tendered to the liquidity providers. By March 2009, the County completed the substitution of its liquidity providers with reset variable rates returning to market levels commensurate with higher quality liquidity providers. The County experienced higher liquidity fee levels in connection with the liquidity substitutions. The interest rates, per the remarketing agreements, cannot exceed 12%. The maximum interest required for these bonds through maturity would be \$295,056,000. The general obligation bonds Series 2004A, 2004B, 85% of the 2007A, 2007B and 2007C and the revenue bonds Series 2003B have been synthetically fixed as described in the previous paragraphs.

Issue	Balance June 30, 2009	Standby Purchase Agreement Expiration	Fees Paid for the Fiscal Year 2008	Interest Rate June 30, 2009
General Obligation Bonds				
2004A	\$ 45,300,000	December 17, 2011	\$ 440,658	0.22%
2004B	20,865,000	December 17, 2011	192,713	0.22%
2007A	60,745,000	March 25, 2011	221,877	0.27%
2007B	36,450,000	March 25, 2011	136,061	0.27%
2007C	24,305,000	December 17, 2011	226,634	0.22%
Revenue Bonds				
2003B	14,865,000	June 12, 2011	40,043	0.60%

2. The preceding long-term obligations are included in Exhibit A as follows:

	Governmental Activities	Business- type Activities	Total
General Obligation Bonds	\$ 477,024,092	\$ 4,650,704	\$ 481,674,796
Certificates of Participation	105,908,858	-	105,908,858
Installment Financing	9,390,000	-	9,390,000
Revenue Bonds	-	42,376,937	42,376,937
N.C. Clean Water Revolving Loans	-	16,119,573	16,119,573
Total	<u>\$ 592,322,950</u>	<u>\$ 63,147,214</u>	<u>\$ 655,470,164</u>

3. The table in Note 16 part A differs from the long-term obligations in Note 16 part B due to the following:

	Unamortized Deferred Loss on Defeasance	Unamortized Gain	Unamortized Premium / (Discount)	Total
General Obligation Bonds				
1996 Refunding Bonds (Water)	\$ 5,762	\$ (11,697)	\$ (765)	\$ (6,700)
1996 Refunding Bonds (Sanitary Sewer)	1,773	(3,187)	(224)	(1,638)
1999 Refunding Bonds (Water)	2,596	(2,947)	-	(351)
2004 Refunding Bonds (School Facilities) (b)	177,220	-	(163,076)	14,144
2004 Refunding Bonds (Sanitary Sewer) (b)	40,407	-	(35,964)	4,443
2004 Refunding Bonds (School Facilities) (c,e)	978,878	-	-	978,878
2007 School Facility - Series D	-	-	(3,189,929)	(3,189,929)
2009 School Facility - Series A	-	-	(3,324,300)	(3,324,300)
2009 Refunding Bonds (School Facility) - Series B	291,004	-	(4,015,347)	(3,724,343)
Installment Financing				
2003 Multi-purpose COP's	28,174	-	(713,492)	(685,318)
2006 Schools COP's	-	-	(2,943,540)	(2,943,540)
Revenue Bonds				
2003 Enterprise System - Series A	-	-	(574,115)	(574,115)
2003 Refunding Enterprise System - Series B (a,d)	1,227,543	-	134,635	1,362,178
Total	\$ 2,753,357	\$ (17,831)	\$ (14,826,117)	(12,090,591)
Long-term Obligations (per Note 16, A)				655,470,164
Future Maturities of Long-term Obligations (per Note 16, B)				<u>\$ 601,395,353</u>

B. Future Maturities of Long-Term Obligations

Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences):

	General Obligation		Certificates of Participation and Installment Financing		Total			
	Principal	Interest	Principal	Interest	Principal	Interest		
	Governmental Activities							
2010	\$ 20,732,014	\$ 19,260,978	\$ 5,968,898	\$ 5,154,288	\$ 26,700,912	\$ 24,415,266		
2011	20,841,830	18,598,208	5,993,775	4,896,824	26,835,605	23,495,032		
2012	23,976,575	17,765,599	6,040,843	4,619,993	30,017,418	22,385,592		
2013	23,917,900	16,865,097	5,879,175	4,351,511	29,797,075	21,216,608		
2014	24,601,765	15,882,024	5,913,820	4,102,397	30,515,585	19,984,421		
2015-2019	128,103,458	63,339,336	30,138,489	16,492,735	158,241,947	79,832,071		
2020-2024	106,515,000	36,969,873	25,000,000	9,897,994	131,515,000	46,867,867		
2025-2029	86,445,000	16,689,680	17,420,000	4,561,669	103,865,000	21,251,349		
2030-2033	32,645,000	2,662,101	9,315,000	844,500	41,960,000	3,506,601		
	<u>\$ 467,778,542</u>	<u>\$ 208,032,896</u>	<u>\$ 111,670,000</u>	<u>\$ 54,921,911</u>	<u>\$ 579,448,542</u>	<u>\$ 262,954,807</u>		
	General Obligation Bonds		Revenue Bonds		Other Long-term Obligations (E.)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type Activities								
2010	\$ 1,857,986	\$ 212,115	\$ 2,090,000	\$ 1,673,235	\$ 983,697	\$ 386,889	\$ 4,931,683	\$ 2,272,239
2011	1,368,170	121,975	2,105,000	1,613,206	983,697	361,886	4,456,867	2,097,067
2012	548,425	57,743	2,115,000	1,550,627	983,697	336,882	3,647,122	1,945,252
2013	542,100	35,806	2,135,000	1,486,266	983,697	311,879	3,660,797	1,833,951
2014	138,235	14,122	2,150,000	1,420,836	983,697	286,876	3,271,932	1,721,834
2015-2019	191,542	10,174	11,655,000	5,949,955	4,451,088	1,067,345	16,297,630	7,027,474
2020-2024	-	-	9,635,000	3,722,685	3,750,000	594,562	13,385,000	4,317,247
2025-2029	-	-	11,280,000	1,973,115	3,000,000	169,875	14,280,000	2,142,990
	<u>\$ 4,646,458</u>	<u>\$ 451,935</u>	<u>\$ 43,165,000</u>	<u>\$ 19,389,925</u>	<u>\$ 16,119,573</u>	<u>\$ 3,516,194</u>	<u>63,931,031</u>	<u>23,358,054</u>
Total Long-term Obligations for Governmental and Business-type Activities							<u>\$ 643,379,573</u>	<u>\$ 286,312,861</u>

As of June 30, 2009, Union County had no general obligation bonds authorized but unissued, and had a legal debt margin of \$1,203,930,178.

C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2009 (and agrees to table in Note 16 part B):

	Balance June 30, 2008	Increases	Decreases	Additions and Deductions to Amortizations	Balance June 30, 2009	Current Portion of Balances
Governmental Activities:						
By Type:						
General obligation bonds	\$ 428,597,211	\$ 136,500,000	\$ 95,238,033	\$ 7,164,914	\$ 477,024,092	\$ 20,988,751
Certificates of participation	111,297,974	-	5,160,000	(229,116)	105,908,858	5,399,116
Installment financing	57,083	9,390,000	57,083	-	9,390,000	798,898
	539,952,268	145,890,000	100,455,116	6,935,798	592,322,950	27,186,765
Compensated absences	3,241,097	1,375,418	1,559,215	-	3,057,300	-
Net OPEB obligation	3,174,056	2,797,062	-	-	5,971,118	-
Net pension obligation	(1,146,439)	-	331,020	-	(1,477,459)	-
	<u>\$ 545,220,982</u>	<u>\$ 150,062,480</u>	<u>\$ 102,345,351</u>	<u>\$ 6,935,798</u>	<u>\$ 599,873,909</u>	<u>\$ 27,186,765</u>
By Purpose:						
General government	\$ 13,334,290	\$ -	\$ 676,054	\$ (12,997)	\$ 12,645,239	\$ 689,051
Public safety	5,126,611	9,390,000	615,418	(70,428)	13,830,765	1,437,660
Economic/physical development	3,352,938	-	169,294	(4,068)	3,179,576	173,362
Human services	39,923	-	2,024	(39)	37,860	2,063
Education	515,686,385	136,500,000	98,870,030	7,025,681	560,342,036	24,759,982
Cultural and recreational	2,412,121	-	122,296	(2,351)	2,287,474	124,647
Compensated absences	3,241,097	1,375,418	1,559,215	-	3,057,300	-
Net OPEB obligation	3,174,056	2,797,062	-	-	5,971,118	-
Net pension obligation	(1,146,439)	-	331,020	-	(1,477,459)	-
	<u>\$ 545,220,982</u>	<u>\$ 150,062,480</u>	<u>\$ 102,345,351</u>	<u>\$ 6,935,798</u>	<u>\$ 599,873,909</u>	<u>\$ 27,186,765</u>
Business-type Activities:						
By Type:						
General obligation bonds	\$ 6,512,599	\$ -	\$ 1,886,967	\$ 25,072	\$ 4,650,704	\$ 1,844,248
Revenue bonds	44,271,704	-	2,080,000	185,233	42,376,937	1,918,336
NC Clean Water Revolving Loan	15,603,270	1,500,000	983,697	-	16,119,573	983,697
	66,387,573	1,500,000	4,950,664	210,305	63,147,214	4,746,281
Compensated absences	492,377	258,231	251,993	-	498,615	-
Net OPEB obligation	357,312	314,872	-	-	672,184	-
Net pension obligation	(152,821)	-	45,333	-	(198,154)	-
	<u>\$ 67,084,441</u>	<u>\$ 2,073,103</u>	<u>\$ 5,247,990</u>	<u>\$ 210,305</u>	<u>\$ 64,119,859</u>	<u>\$ 4,746,281</u>
By Purpose:						
Water and sewer systems	\$ 66,387,573	\$ 1,500,000	\$ 4,950,664	\$ 210,305	\$ 63,147,214	\$ 4,746,281
Compensated absences	492,377	258,231	251,993	-	498,615	-
Net OPEB obligation	357,312	314,872	-	-	672,184	-
Net pension obligation	(152,821)	-	45,333	-	(198,154)	-
	<u>\$ 67,084,441</u>	<u>\$ 2,073,103</u>	<u>\$ 5,247,990</u>	<u>\$ 210,305</u>	<u>\$ 64,119,859</u>	<u>\$ 4,746,281</u>

Compensated absences typically have been liquidated in the General Fund for governmental activities on a LIFO (last-in, first-out) basis, assuming that employees are taking leave time as earned.

D. Revenue Bonds

The County issued combined system enterprise revenue bonds for water and sewer system improvements pursuant to a General Trust Indenture dated as of May 1, 1996 and a Series Indenture, Number 2, dated as of May 15, 2003 (together the "Indentures") between the County and Wachovia Bank, National Association, as trustee. The Indentures authorize and secure all outstanding revenue bonds of the County's water and sewer system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. The County was in compliance with all such covenants during the fiscal year ended June 30, 2009.

The County has covenanted that it will maintain various debt service coverage ratios. The calculation for the various debt service coverage ratios for the year ended June 30, 2009 is as follows:

Revenues	\$ 28,969,915
Current Expenses	<u>15,460,067</u>
Net revenues available for debt service	13,509,848
Add: 20% of preceding year's Surplus Fund	<u>4,909,333</u>
Adjusted net revenues available for debt service per Rate Covenant	<u>\$ 18,419,181</u>
Senior debt service coverage:	
Debt service, principal and interest paid	\$ 3,838,514
Subordinate debt service:	
Debt service, principal and interest paid	<u>3,540,105</u>
Total debt service:	
Total debt service, principal and interest paid	7,378,619
Add: 20% of senior debt service	<u>767,703</u>
Adjusted debt service requirements	<u>\$ 8,146,322</u>
Coverage Test 1	
Adjusted net revenues / adjusted debt service	2.26
Coverage Test 2	
Net revenues / total debt service	1.83

E. Other Long-Term Debt

North Carolina Clean Water Revolving Loans - During fiscal year ended June 30, 1996, the County received approval on a loan from the North Carolina Clean Water Revolving Loan and Grant Fund with a maximum limit of \$4,673,933. This loan is payable over 20 years with interest at 5.3% and is secured by the net revenues of the water and sewer system. This loan contains certain financial and operating covenants. The County was in compliance with all such covenants as of June 30, 2009. The amount outstanding at June 30, 2009 is \$1,869,573. These funds were used for the Crooked Creek sewer project of the County's Water and Sewer Enterprise Fund.

During fiscal year ended June 30, 2007, the County received approval on a loan from the North Carolina Clean Water Revolving Loan and Grant Fund with a maximum limit of \$15,000,000. This loan is payable over 20 years with interest at 2.265% and is secured by the net revenues of the water and sewer system. This loan contains certain financial and operating covenants. The County was in compliance with all such covenants as of June 30, 2009. The amount outstanding at June 30, 2009 is \$14,250,000. These funds are being used for the 12 Mile Creek Sewer Plant 6 MGD Expansion project of the County's Water and Sewer Enterprise Fund.

The following table summarizes the annual requirements to amortize the long-term debt associated with these loans.

Year Ending June 30	1998 NC Clean Water Revolving Loan		2007 NC Clean Water Revolving Loan	
	Principal	Interest	Principal	Interest
2010	\$ 233,697	\$ 64,126	\$ 750,000	\$ 322,763
2011	233,697	56,111	750,000	305,775
2012	233,697	48,095	750,000	288,787
2013	233,697	40,079	750,000	271,800
2014	233,697	32,063	750,000	254,813
2015-2019	701,088	48,095	3,750,000	1,019,250
2020-2021	-	-	3,750,000	594,562
2025-2028	-	-	3,000,000	169,875
Total	<u>\$ 1,869,573</u>	<u>\$ 288,569</u>	<u>\$ 14,250,000</u>	<u>\$ 3,227,625</u>

F. Conduit Debt Obligations

Union County Industrial Facility and Pollution Control Financing Authority (the Authority) has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired

facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there is one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$15,400,000.

NOTE 17 - INTERFUND BALANCES AND ACTIVITY

A. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2009 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water & Sewer Fund	\$ 302,930	Note 1
General Fund	Solid Waste Fund	52,138	Note 1
General Fund	Stormwater Fund	5,785	Note 1
		<u>\$ 360,853</u>	

Note 1: Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (as shown on Exhibit A).

B. INTERFUND ACTIVITY

Transfer Out:	Transfers In:		Purpose
	Governmental Activities	Business Type Activities	
Governmental activities:			
General Fund	\$ 4,976,822	\$ -	Note 1
Business type activities:			
Water & Sewer Fund	-	175,516	Note 2
Total transfers out	<u>\$ 4,976,822</u>	<u>\$ 175,516</u>	

Note 1: The transfers from the General Fund to the General Capital Project Fund were for the following projects:
 General Capital Project Fund:
 UCPS FY2009 school capital outlay allocation 4,625,558
 Jesse Helms Park passive area phase II improvements 351,264

Note 2: The transfer from the Water & Sewer Fund to the Stormwater Fund was to provide for the stormwater planning program.

NOTE 18 - DEFERRED / UNEARNED REVENUES

The balance in deferred and unearned revenue on the fund statements and unearned revenue on the government-wide statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue	Total
Prepaid taxes not yet earned (General)	\$ -	\$ 243,782	\$ 243,782
Prepaid taxes not yet earned (Special Revenue)	-	6,575	6,575
Taxes receivable, net (General)	6,090,422	-	6,090,422
Taxes receivable, net (Special Revenue)	126,397	-	126,397
Prepaid fees not yet earned (General Capital Project)	-	147,241	147,241
	<u>\$ 6,216,819</u>	<u>\$ 397,598</u>	<u>\$ 6,614,417</u>

NOTE 19 - JOINT VENTURES

A. Catawba River Treatment Plant

Union County and Lancaster County Water and Sewer District (district) constructed a water impoundment and treatment facility on the Catawba River in Lancaster County. The joint venture is known as the Catawba River Water Treatment Plant (the "CRWTP"). The agreement between the two parties called for the payment of one-half the audited and agreed upon costs of acquiring, constructing and equipping the

project. The County has a 50% undivided interest in the facility. Management of the facility is the responsibility of a joint board. The joint board is composed of an equal number of members from the district and County. A minimum of three (3) members from the district and County each serve on the joint board. The district has responsibility for operating the facility under the joint board's direction.

The agreement further calls for an annual audit each June 30 to determine actual expenses and gallons used. A final settlement will be made each year based on audited amounts. Operating costs of the facility will be split between the parties based on metered gallons drawn by each. The joint venture serves only the County and district as customers. All purchases of water are considered to be related party transactions. During the year, the County purchased \$1,841,215 of water.

The County's net investment is recorded in the Water and Sewer Enterprise Fund and is accounted for on the equity method. The County's equity interest as of June 30, 2009 was \$12,756,598. This included the County's recognized loss of \$308,326 for the year. Complete separate financial statements for the joint venture may be obtained from Catawba River Water Treatment Plant, 5107 Riverside Road, P.O. Box 214, Van Wyck, SC 29744. Summary financial information as of, and for the fiscal year ended June 30, 2009, is as follows:

Cash and investments	\$ 1,428,652
Other assets	24,242,361
Total assets	<u>\$ 25,671,013</u>
Total liabilities	\$ 157,818
Total net assets	25,513,195
Total liabilities and net assets	<u>\$ 25,671,013</u>
Total revenues	\$ 3,186,577
Total expenses	(4,270,419)
Capital contributions	437,090
Net decrease in net assets	<u>\$ (646,752)</u>

Water supply and water transfer from the Catawba River are presently the subject of legislation activity and pending litigation. North Carolina has enacted new inter-basin transfer legislation and South Carolina has surface water legislation pending in its legislature. These legislative activities may affect the availability of raw water for treatment at the CRWTP and/or consumption of treated water by the joint venturers. Additionally, South Carolina has brought suit against North Carolina in the United States Supreme Court over the withdrawals, transfers and consumption of water that crosses over the boundary between the two states. Given that the County obtains the vast majority of its water from CRWTP, an adverse equitable allocation imposed either legislatively or by court action, could have a material impact on the Water and Sewer Fund's Statement of Revenues, Expenses and Changes in Fund Net Assets and Statement of Net Assets in that the County would be required to secure more expensive alternative water supply sources. Due to the uncertainty of the pending legislation and litigation, no provision has been included in the financial statements.

B. Union Memorial Regional Medical Center

Union Memorial Regional Medical Center, Inc. d/b/a Carolinas Medical Center-Union (CMC-Union) is a not-for-profit organization which provides health care service to the residents of Union and surrounding counties. The County has an agreement, originally entered into August 27, 1995, between the County, CMC-Union and a subsidiary of the Charlotte-Mecklenburg Hospital Authority, d/b/a Carolina HealthCare System (CHS) to operate and manage CMC-Union. An amendment to the agreement was entered into as of December 6, 1999, whereby the term was extended to August 26, 2020, with options to extend and renew the agreement for additional periods not to exceed nine years each, upon mutual agreement of the parties. The County appoints two of the five members on the governing body. The agreement with CMC-Union requires an annual payment of rent to the County equal to the greater of \$1,400,000 or the "network development fee" that CMC-Union must pay to CHS. CMC-Union is obligated to pay an annual "network development fee" equal to the greater of \$1,200,000 or the sum of 7.5% of CMC-Union's

earnings on investments (as determined by GAAP) and 10% of income from operations (as determined by GAAP) before interest, taxes, depreciation and amortization; provided, however, that the fee will not be paid to the extent that it would produce a deficit in CMC-Union's annual operating results. The amount of rent that Union County received in the current fiscal year was \$1,400,000. The County does not provide any financial assistance for operating expenses. On January 29, 2007, the County entered into a contract with CMC-Union whereby the County reimburses CMC-Union for 50% of the costs for qualifying physicians providing indigent care services to Union County residents through the emergency department. The County's participation is conditioned upon annual funding and limited to \$250,000 per fiscal year. The amount of funding for the current fiscal year was \$0. The County does not have an equity interest in the joint venture; therefore, no equity interest is reflected in the County's financial statements. Complete financial statements may be obtained at the Carolinas Medical Center-Union offices at P.O. Box 5003, Monroe, NC 28111.

The North Carolina Medical Care Commission (the "Commission") issued \$25,000,000 Health Care Facilities Revenue Bonds, Series 2002A (the "Series 2002A Bonds") dated June 15, 2002 and \$15,000,000 Health Care Facilities Revenue Bonds, Series 2002B (the "Series 2002B Bonds" and collectively, with the Series 2002A Bonds the "Bonds") dated July 11, 2002 for the Union Regional Medical Center Project (the "Project").

Concurrently with the issuance of the Bonds, the Commission entered into a loan agreement with Union Regional Memorial Medical Center, Inc. currently d/b/a Carolinas Medical Center-Union (the "Corporation"), a North Carolina nonprofit corporation. The Commission lent the proceeds of the Bonds to the Corporation for the purpose of providing funds, together with other available funds, for the purpose of paying costs of facility expansions and improvements, repayment of an interim financing incurred by the Corporation in connection with the Project, a debt service reserve fund and issuance expenses.

The Bonds are limited obligations of the Commission, payable solely from money received from the Corporation pursuant to the terms of the loan agreement issued by the Corporation to the Commission. Neither the faith and credit nor the taxing power of the State of North Carolina or Union County is pledged as security for the Bonds.

C. South Piedmont Community College

The County, in conjunction with the State of North Carolina and Anson County Community College, participates in a joint venture to operate the Union Campus of South Piedmont Community College. The County appoints three members of the 14 member board of trustees of each community college. The president of the community colleges' student government association serves as a non-voting, ex-officio member of the board of trustees. The community colleges are included as component units of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. Of the last installment financing for this purpose, \$3,574,406 in debt is still outstanding. The County contributed \$1,164,000 to South Piedmont Community College for operating and capital purposes during the fiscal year ended June 30, 2009. In addition, the County made debt service payments of \$354,328 during the fiscal year on installment financing debt issued for the community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2009. Complete financial statements for the community colleges may be obtained from the community colleges' administrative offices at South Piedmont Community College, East Campus, P.O. Box 126, Polkton, NC 28135.

D. Piedmont Area Mental Health Developmental Disabilities and Substance Abuse Authority

The County also participates in a joint venture to operate Piedmont Area Mental Health Developmental Disabilities and Substance Abuse Authority (PAMH) with three other local governments. Each

participating government appoints four board members to the 16 member board. The County has an ongoing financial responsibility for the joint venture because PAMH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PAMH, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$420,744 to PAMH to supplement its activities for the year ended June 30, 2009. Complete financial statements for PAMH can be obtained from PAMH's offices at 245 Le Phillip Court, NE, Concord, NC 28025.

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of nine County governments and seventy municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid membership dues of \$54,185 during the fiscal year ended June 30, 2009. The County was the sub-recipient of a grant for \$778,134 from the U.S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

NOTE 21 - BENEFIT PAYMENTS ISSUED BY THE STATE

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients which do not appear in the general purpose financial statements because they are not revenues and expenditures of the County.

	Federal	State
TANF Payments and Penalties	\$ 844,326	\$ -
AFDC Payments and Penalties	(291)	(80)
Energy Assistance Payment	461,234	-
Refugee Assistance Payment	4,241	-
CWS Adoption Subsidy and Vendor	-	333,511
IV-E Adoption Subsidy and Vendor	360,941	71,805
State/County Special Assistance for Adults	-	888,270
Women, Infants and Children	2,993,934	-
Medical Assistance Program	78,814,529	30,741,864
Food Stamp Program-Noncash	18,405,572	-
Food Distribution	139,990	-
Health Choice	3,473,669	1,149,876
	<u>\$ 105,498,145</u>	<u>\$ 33,185,246</u>

NOTE 22 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 23 - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On August 13, 2009, the County issued \$40,365,000 General Obligation Refunding Bonds, Series 2009C. The Series 2009C bonds refunded \$1,830,000 outstanding principal amount of the County's General Obligation Refunding Bonds, Series 1996 and \$38,000,000 outstanding principal amount of the County's General Obligation School Bonds, Series 2001.

On August 20, 2009, the County issued \$20,000,000 Variable Rate Enterprise Systems Revenue Bonds, Series 2009. The Series 2009 bonds are being used to finance the costs of extensions, additions and capital improvements to, and the renewal and replacement of capital assets of, and the purchase and installation of new equipment for the County's Water and Sewer System. The Series 2009 bonds have been synthetically fixed as described in preceding Derivatives Disclosure section of the Notes to the Financial Statements.

On September 30, 2009, the Board authorized the award of construction contracts for Anson County Water System Improvements in the aggregate amount of \$5,044,850 with funding available in the Water and Sewer Capital Projects Fund.

On October 5, 2009, the Board authorized the award of engineering contracts for Catawba Water Treatment Plant Reservoir Additions and Improvements in the aggregate amount of \$1,005,762 with funding available in the Water and Sewer Capital Projects Fund.

Required Supplementary Information

This section contains additional information required by generally accepted accounting principles.

Required Supplementary Information - Schedule of Funding Progress for Special Separation Allowance

Required Supplementary Information - Schedule of Employer Contributions for Special Separation Allowance

Notes to the Required Schedules for Special Separation Allowance

Required Supplementary Information - Schedule of Funding Progress for Other Postemployment Healthcare and Dental Benefits

Required Supplementary Information - Schedule of Employer Contributions for Other Postemployment Healthcare and Dental Benefits

Notes to the Required Schedules for Other Postemployment Healthcare and Dental Benefits

**Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date - Year Ended December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll for Year Ending on Valuation Date	UAAL as a Percentage of Covered Payroll (3) / (5)
1999	\$ 1,032,298	\$ 2,560,399	\$ 1,528,101	40.32%	\$ 19,421,640	7.87%
2000	1,113,733	3,492,035	2,378,302	31.89%	22,061,331	10.78%
2001	1,267,791	3,814,601	2,546,810	33.24%	23,829,235	10.69%
2002	1,352,025	4,425,576	3,073,551	30.55%	25,006,925	12.29%
2003	1,338,398	4,887,407	3,549,009	27.38%	28,135,434	12.61%
2004	1,293,203	5,344,110	4,050,907	24.20%	28,814,222	14.06%
2005	1,256,392	5,465,377	4,208,985	22.99%	32,224,179	13.06%
2006	1,336,222	5,859,710	4,523,488	22.80%	34,030,299	13.29%
2007	1,457,076	6,329,081	4,872,005	23.02%	37,572,967	12.97%
2008	1,552,817	6,928,636	5,375,819	22.41%	38,589,407	13.93%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees' Retirement System (PERS). Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS. Ten year historical trend information for a single employer PERS is required supplementary information.

**Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	\$ 359,209	117%
2005	409,880	106%
2006	457,930	156%
2007	450,003	184%
2008	477,327	189%
2009	527,637	173%

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period at December 31, 2008	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	7.25%
Projected salary increases *	4.5% to 14.7% per year
* Includes inflation at	3.75%
Cost-of-living adjustments	Not included

**Other Postemployment Healthcare and Dental Benefits
Required Supplementary Information
Schedule of Funding Progress**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date - Year Ended July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1) / (2)	Covered Payroll for Year Ending on Valuation Date	UAAL as a Percentage of Covered Payroll (3) / (5)
2007	\$ -	\$ 35,415,051	\$35,415,051	0.00%	\$ 34,875,562	101.55%
2008	-	38,487,574	38,487,574	0.00%	37,669,545	102.17%

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded actuarial accrued liability (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Retire Healthcare Benefits Plan (RHBP). Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the RHBP.

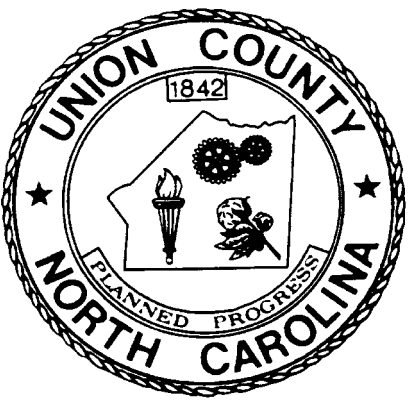
**Other Postemployment Healthcare and Dental Benefits
 Required Supplementary Information
 Schedule of Employer Contributions**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 4,689,039	24.7%
2009	5,067,038	38.3%

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	July 1, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period at July 1, 2008	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Health care cost trend rate	10% - 5%
Projected salary increases	N/A
Annual expense inflation rate	3.00%
Cost-of-living adjustments	N/A



Combining and Individual Fund Statements

Combining Balance Sheet
Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds	Debt Service Fund	Library Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 1,709,049	\$ 13,357,788	\$ 3,563,850	\$ 18,630,687
Property taxes receivable (net)	126,397	-	-	126,397
Accounts receivable (net)	146,756	-	-	146,756
Cash and investments, restricted	699,419	-	-	699,419
Total assets	<u>\$ 2,681,621</u>	<u>\$ 13,357,788</u>	<u>\$ 3,563,850</u>	<u>\$ 19,603,259</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 71,185	\$ -	\$ 6,591	\$ 77,776
Deferred revenue	126,397	-	-	126,397
Unearned revenue	6,575	-	-	6,575
Liabilities payable from restricted assets	325	-	-	325
Total liabilities	<u>204,482</u>	<u>-</u>	<u>6,591</u>	<u>211,073</u>
FUND BALANCES				
Reserved for encumbrances	22,825	-	-	22,825
Reserved by State statute	146,756	-	-	146,756
Reserved for drug enforcement	618,561	-	-	618,561
Reserved for grant programs	61,005	-	-	61,005
Unreserved				
Designated for subsequent years' expenditures	124,767	13,357,788	3,557,259	17,039,814
Undesignated	1,503,225	-	-	1,503,225
Total fund balances	<u>2,477,139</u>	<u>13,357,788</u>	<u>3,557,259</u>	<u>19,392,186</u>
Total liabilities and fund balances	<u>\$ 2,681,621</u>	<u>\$ 13,357,788</u>	<u>\$ 3,563,850</u>	<u>\$ 19,603,259</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances**Nonmajor Governmental Funds**

For the Year Ended June 30, 2009

	Special Revenue Funds	Debt Service Fund	Library Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES				
Ad valorem taxes	\$ 3,618,518	\$ -	\$ -	\$ 3,618,518
Local option sales tax	236,318	-	-	236,318
Other taxes and licenses	1,244,465	-	-	1,244,465
Intergovernmental	26,281	-	-	26,281
Permits and fees	1,204,255	-	-	1,204,255
Sales and services	10,000	-	-	10,000
Investment earnings	(7,679)	-	-	(7,679)
Miscellaneous	184,362	-	-	184,362
Total revenues	<u>6,516,520</u>	<u>-</u>	<u>-</u>	<u>6,516,520</u>
EXPENDITURES				
Current:				
Public safety	6,108,390	-	-	6,108,390
Capital outlay:				
Cultural and recreational	-	-	6,540	6,540
Total expenditures	<u>6,108,390</u>	<u>-</u>	<u>6,540</u>	<u>6,114,930</u>
Excess (deficiency) of revenues over (under) expenditures	408,130	-	(6,540)	401,590
FUND BALANCES				
Beginning	2,069,009	13,357,788	3,563,799	18,990,596
Ending	<u>\$ 2,477,139</u>	<u>\$ 13,357,788</u>	<u>\$ 3,557,259</u>	<u>\$ 19,392,186</u>

Union County, North Carolina

**Combining Balance Sheet
Nonmajor Special Revenue Funds**

June 30, 2009

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund
ASSETS			
Cash and investments	\$ 14,903	\$ 60,723	\$ 11,746
Property taxes receivable (net)	16,900	19,702	32,225
Accounts receivable (net)	4,016	815	12,609
Cash and investments, restricted	-	-	-
Total assets	<u>\$ 35,819</u>	<u>\$ 81,240</u>	<u>\$ 56,580</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 18	\$ 43	\$ 4,712
Deferred revenue	16,900	19,702	32,225
Unearned revenue	722	585	1,977
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>17,640</u>	<u>20,330</u>	<u>38,914</u>
FUND BALANCES			
Reserved for encumbrances	-	-	-
Reserved by State statute	4,016	815	12,609
Reserved for drug enforcement	-	-	-
Reserved for grant programs	-	-	-
Unreserved			
Designated for subsequent years' expenditures	11,667	110,000	-
Undesignated	2,496	(49,905)	5,057
Total fund balances	<u>18,179</u>	<u>60,910</u>	<u>17,666</u>
Total liabilities and fund balances	<u>\$ 35,819</u>	<u>\$ 81,240</u>	<u>\$ 56,580</u>

Schedule 3

Stallings Fire District Fund	Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Total Nonmajor Special Revenue Funds
\$ 11,264	\$ 17,738	\$ 14,802	\$ 1,577,873	\$ -	\$ 1,709,049
26,330	31,240	-	-	-	126,397
9,900	15,711	-	103,705	-	146,756
-	-	-	-	699,419	699,419
<u>\$ 47,494</u>	<u>\$ 64,689</u>	<u>\$ 14,802</u>	<u>\$ 1,681,578</u>	<u>\$ 699,419</u>	<u>\$ 2,681,621</u>
\$ 18,434	\$ 29,372	\$ 6,600	\$ 12,006	\$ -	\$ 71,185
26,330	31,240	-	-	-	126,397
2,226	1,065	-	-	-	6,575
-	-	-	-	325	325
<u>46,990</u>	<u>61,677</u>	<u>6,600</u>	<u>12,006</u>	<u>325</u>	<u>204,482</u>
-	-	-	3,297	19,528	22,825
9,900	15,711	-	103,705	-	146,756
-	-	-	-	618,561	618,561
-	-	-	-	61,005	61,005
-	-	3,100	-	-	124,767
(9,396)	(12,699)	5,102	1,562,570	-	1,503,225
<u>504</u>	<u>3,012</u>	<u>8,202</u>	<u>1,669,572</u>	<u>699,094</u>	<u>2,477,139</u>
<u>\$ 47,494</u>	<u>\$ 64,689</u>	<u>\$ 14,802</u>	<u>\$ 1,681,578</u>	<u>\$ 699,419</u>	<u>\$ 2,681,621</u>

Union County, North Carolina

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds**

For the Year Ended June 30, 2009

	Springs Fire District Fund	Waxhaw Fire District Fund	Hemby Bridge Fire District Fund
REVENUES			
Ad valorem taxes	\$ 318,509	\$ 421,086	\$ 1,029,527
Local option sales tax	22,043	43,854	62,160
Other taxes and licenses	-	-	-
Intergovernmental	-	-	-
Permits and fees	-	-	-
Sales and services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>340,552</u>	<u>464,940</u>	<u>1,091,687</u>
EXPENDITURES			
Current:			
Public safety	<u>350,555</u>	<u>614,200</u>	<u>1,151,500</u>
Excess (deficiency) of revenues over (under) expenditures	(10,003)	(149,260)	(59,813)
FUND BALANCES			
Beginning	28,182	210,170	77,479
Ending	<u>\$ 18,179</u>	<u>\$ 60,910</u>	<u>\$ 17,666</u>

Schedule 4

Stallings Fire District Fund	Wesley Chapel Fire District Fund	Fee Supported Fire Districts Fund	Emergency Telephone System Fund	General Special Revenue Fund	Total Nonmajor Special Revenue Funds
\$ 839,104	\$ 1,010,292	\$ -	\$ -	\$ -	\$ 3,618,518
43,932	64,329	-	-	-	236,318
-	-	-	1,244,465	-	1,244,465
-	-	-	-	26,281	26,281
-	-	1,204,255	-	-	1,204,255
-	-	-	-	10,000	10,000
-	-	-	8,556	(16,235)	(7,679)
-	-	-	-	184,362	184,362
<u>883,036</u>	<u>1,074,621</u>	<u>1,204,255</u>	<u>1,253,021</u>	<u>204,408</u>	<u>6,516,520</u>
 908,344	 1,117,831	 1,215,936	 564,436	 185,588	 6,108,390
 (25,308)	 (43,210)	 (11,681)	 688,585	 18,820	 408,130
 25,812	 46,222	 19,883	 980,987	 680,274	 2,069,009
<u>\$ 504</u>	<u>\$ 3,012</u>	<u>\$ 8,202</u>	<u>\$ 1,669,572</u>	<u>\$ 699,094</u>	<u>\$ 2,477,139</u>

Combining Statement of Net Assets**Internal Service Funds**

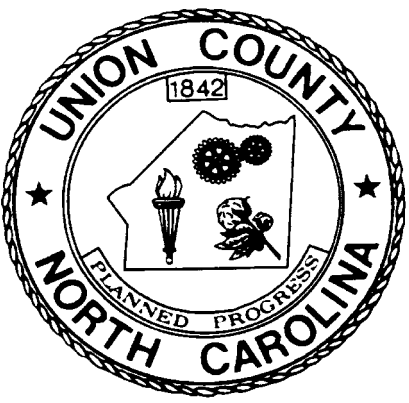
June 30, 2009

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,348,231	\$ 1,185,125	\$ 512,438	\$ 3,045,794
Accounts receivable (net)	247,574	6,324	4,231	258,129
Total current assets	<u>1,595,805</u>	<u>1,191,449</u>	<u>516,669</u>	<u>3,303,923</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	124,144	87,318	-	211,462
Workers' compensation claims payable	-	422,588	-	422,588
Health care benefits payable	939,269	-	-	939,269
Total current liabilities	<u>1,063,413</u>	<u>509,906</u>	<u>-</u>	<u>1,573,319</u>
NET ASSETS				
Unrestricted	<u>\$ 532,392</u>	<u>\$ 681,543</u>	<u>\$ 516,669</u>	<u>\$ 1,730,604</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**Internal Service Funds**

For the Year Ended June 30, 2009

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Total
OPERATING REVENUES				
Interfund charges and employee contributions	\$ 9,164,079	\$ -	\$ 684,799	\$ 9,848,878
Other operating revenue	-	965	-	965
Total operating revenues	<u>9,164,079</u>	<u>965</u>	<u>684,799</u>	<u>9,849,843</u>
OPERATING EXPENSES				
Operating expenses	752,893	131,618	-	884,511
Workers' compensation claims	-	575,202	-	575,202
Health benefit claims and premiums	8,166,619	-	-	8,166,619
Property and casualty claims and premiums	-	-	704,749	704,749
Total operating expenses	<u>8,919,512</u>	<u>706,820</u>	<u>704,749</u>	<u>10,331,081</u>
Operating income (loss)	244,567	(705,855)	(19,950)	(481,238)
NONOPERATING REVENUES				
Investment earnings	<u>48,629</u>	<u>27,171</u>	<u>7,627</u>	<u>83,427</u>
Change in net assets	293,196	(678,684)	(12,323)	(397,811)
NET ASSETS				
Beginning	239,196	1,360,227	528,992	2,128,415
Ending	<u>\$ 532,392</u>	<u>\$ 681,543</u>	<u>\$ 516,669</u>	<u>\$ 1,730,604</u>



Combining Statement of Cash Flows**Internal Service Funds**

For the Year Ended June 30, 2009

	Health Benefits Fund	Workers' Compensation Fund	Property and Casualty Fund	Total
OPERATING ACTIVITIES				
Cash received from customers for services	\$ 9,250,992	\$ 5,418	\$ 681,797	\$ 9,938,207
Other operating revenue	-	965	-	965
Cash paid for goods and services	(8,678,529)	(403,418)	(704,749)	(9,786,696)
Net cash provided (used) by operating activities	572,463	(397,035)	(22,952)	152,476
INVESTING ACTIVITIES				
Investment earnings	48,629	27,171	7,627	83,427
Net increase (decrease) in cash and investments	621,092	(369,864)	(15,325)	235,903
CASH AND INVESTMENTS				
Beginning of year	727,139	1,554,989	527,763	2,809,891
End of year	<u>\$ 1,348,231</u>	<u>\$ 1,185,125</u>	<u>\$ 512,438</u>	<u>\$ 3,045,794</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 244,567	\$ (705,855)	\$ (19,950)	\$ (481,238)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Change in assets and liabilities				
(Increase) decrease in accounts receivable	86,913	5,418	(3,002)	89,329
Increase in accounts payable and accrued liabilities	240,983	303,402	-	544,385
Total adjustments	<u>327,896</u>	<u>308,820</u>	<u>(3,002)</u>	<u>633,714</u>
Net cash provided (used) by operating activities	<u>\$ 572,463</u>	<u>\$ (397,035)</u>	<u>\$ (22,952)</u>	<u>\$ 152,476</u>

Union County, North Carolina

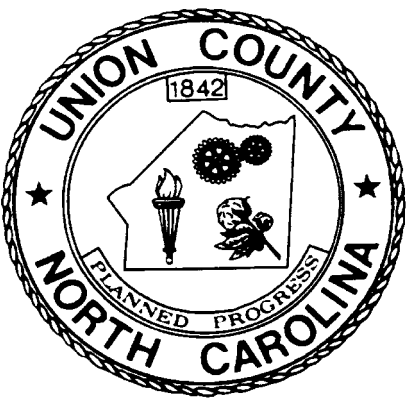
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2009

	Social Services Fund	Fines and Forfeitures Fund	Jail Inmate Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 59,726	\$ -	\$ 7,497
Property taxes receivable (net)	-	-	-
Accounts receivable (net)	-	51,546	-
Total assets	<u>\$ 59,726</u>	<u>\$ 51,546</u>	<u>\$ 7,497</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 51,546	\$ -
Due to program participants	59,726	-	7,497
Total liabilities	<u>\$ 59,726</u>	<u>\$ 51,546</u>	<u>\$ 7,497</u>

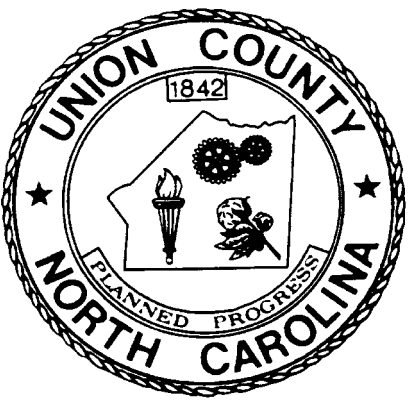
Schedule 8

Monroe School District Fund	Union County School District Fund	Municipal Tax Collection Fund	Gross Rental Receipts Tax Fund	Dept St. Treas Motor Vehicle Tax Fund	Totals
\$ 215	\$ 606	\$ 172,527	\$ 1,792	\$ 7,486	\$ 249,849
5,358	16,678	-	-	-	22,036
-	-	-	-	-	51,546
<u>\$ 5,573</u>	<u>\$ 17,284</u>	<u>\$ 172,527</u>	<u>\$ 1,792</u>	<u>\$ 7,486</u>	<u>\$ 323,431</u>
\$ 5,573	\$ 17,284	\$ 172,527	\$ 1,792	\$ 7,486	\$ 256,208
-	-	-	-	-	67,223
<u>\$ 5,573</u>	<u>\$ 17,284</u>	<u>\$ 172,527</u>	<u>\$ 1,792</u>	<u>\$ 7,486</u>	<u>\$ 323,431</u>



General Fund

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.



General Fund
Comparative Balance Sheets
 June 30, 2009 and 2008

	June 30, 2009	June 30, 2008
ASSETS		
Cash and investments	\$ 50,145,671	\$ 40,804,767
Property taxes receivable (net)	6,090,422	3,985,651
Accounts receivable (net)	11,014,088	16,948,137
Inventories	29,734	33,531
Cash and investments, restricted	78,910	3,004,176
Total assets	<u>\$ 67,358,825</u>	<u>\$ 64,776,262</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,140,287	\$ 4,165,812
Deferred revenue	6,090,422	3,985,651
Unearned revenue	363,456	469,630
Deposits	517,969	2,047,702
Total liabilities	<u>11,112,134</u>	<u>10,668,795</u>
FUND BALANCE		
Reserved for encumbrances	505,153	1,780,518
Reserved by State statute	11,043,822	16,981,668
Unreserved		
Designated for subsequent year's expenditures	1,283,506	5,779,678
Designated for School facilities	-	-
Designated for special purpose	239,497	605,563
Undesignated	43,174,713	28,960,040
Total fund balance	<u>56,246,691</u>	<u>54,107,467</u>
Total liabilities and fund balance	<u>\$ 67,358,825</u>	<u>\$ 64,776,262</u>

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 145,584,993	\$ 145,202,930	\$ (382,063)	\$ 121,074,196
Prior years' levy	2,411,000	2,482,963	71,963	2,256,679
Animal taxes, penalties and interest	659,700	736,108	76,408	622,522
Total	148,655,693	148,422,001	(233,692)	123,953,397
Local option sales tax	37,273,557	31,273,069	(6,000,488)	37,304,526
Other taxes and licenses	2,082,900	1,830,883	(252,017)	2,435,753
Intergovernmental	28,809,184	27,492,919	(1,316,265)	25,368,547
Permits and fees	4,417,128	2,862,299	(1,554,829)	5,457,925
Sales and services	4,387,717	4,658,297	270,580	4,587,861
Investment earnings	3,905,606	3,240,531	(665,075)	9,313,749
Miscellaneous	3,366,267	1,944,471	(1,421,796)	3,674,485
Total revenues	232,898,052	221,724,470	(11,173,582)	212,096,243
EXPENDITURES				
General Government				
Board of Commissioners	730,142	709,117	21,025	837,008
Central Administration	1,551,952	1,362,382	189,570	673,550
County Dues and Memberships	128,599	125,854	2,745	118,160
Internal Audit	98,126	94,169	3,957	91,362
Legal	335,714	319,889	15,825	323,113
Personnel	828,358	702,862	125,496	715,173
Finance	930,890	845,173	85,717	881,989
Tax Administration	4,242,376	3,759,220	483,156	3,828,901
Court Facilities	956,517	726,925	229,592	809,554
Elections	997,011	925,440	71,571	1,023,672
Register of Deeds	1,205,450	1,080,050	125,400	1,164,077
Information Systems	2,266,768	1,726,881	539,887	1,674,892
G.I.S. Department	375,194	252,057	123,137	293,934
General Services	644,372	(96,580)	740,952	255,575
Total General Government	15,291,469	12,533,439	2,758,030	12,690,960
Public Safety				
Law Enforcement	20,128,343	18,192,386	1,935,957	18,512,362
Communications	5,290,056	2,983,211	2,306,845	1,827,771
Homeland Security	317,020	251,382	65,638	302,348
Fire Services	1,300,883	1,173,663	127,220	960,188
Inspection	2,051,688	1,877,672	174,016	2,228,670
Animal Control	990	990	-	-
Medical Examiner	66,000	55,772	10,228	40,950
Emergency Medical Services	3,554,321	3,554,321	-	3,559,102
Juvenile Detention	129,425	74,501	54,924	115,917
American Red Cross	5,000	5,000	-	5,000
Total Public Safety	32,843,726	28,168,898	4,674,828	27,552,308

Continued on next page.

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
EXPENDITURES (Continued)				
Economic and Physical Development				
Planning	\$ 677,106	\$ 547,329	\$ 129,777	\$ 577,436
Economic Development Commission	1,259,866	577,415	682,451	524,455
Cooperative Extension Service	939,880	782,432	157,448	816,515
Soil Conservation	77,269	73,694	3,575	73,479
Forest Management	58,725	51,728	6,997	55,028
New Ventures Business Development	10,000	10,000	-	10,000
<i>Total Economic and Physical Development</i>	<u>3,022,846</u>	<u>2,042,598</u>	<u>980,248</u>	<u>2,056,913</u>
Human Services				
Health	9,079,816	7,999,773	1,080,043	7,883,634
Mental Health	874,841	602,737	272,104	707,649
Social Services	28,500,771	26,275,564	2,225,207	27,624,343
Other Human Services				
Health Quest	25,000	25,000	-	100,000
United Family Services	50,000	25,000	25,000	-
Charlotte Area Transportation	112,613	106,512	6,101	70,712
JJDP - Programs	310,004	228,340	81,664	278,670
Disproportionate Minority Counselor	6,551	6,514	37	60,457
Turning Point	25,000	25,000	-	25,000
Transportation and Nutrition	1,573,376	1,442,154	131,222	1,545,269
Veterans' Service	294,638	279,044	15,594	224,992
UDI (Sheltered Workshop)	28,500	28,500	-	28,500
Community Shelter	12,500	12,500	-	15,625
Community Action	76,338	66,205	10,133	76,338
Council on Aging	322,244	311,160	11,084	302,243
CMC-Union	75,000	-	75,000	22,913
Criminal Justice Partnership	125,407	125,407	-	119,302
Other Human Services	2,387	2,150	237	1,000
<i>Total Human Services</i>	<u>41,494,986</u>	<u>37,561,560</u>	<u>3,933,426</u>	<u>39,086,647</u>
Cultural and Recreational				
Library	4,824,804	4,221,591	603,213	4,606,462
Parks and Recreation	2,512,959	1,875,260	637,699	1,790,057
Arts Council	55,000	55,000	-	55,000
Historical Properties	126,071	20,723	105,348	24,497
A. J. Historical Foundation	5,000	5,000	-	55,000
<i>Total Cultural and Recreational</i>	<u>7,523,834</u>	<u>6,177,574</u>	<u>1,346,260</u>	<u>6,531,016</u>
Education				
Public Schools - current expense	77,296,271	77,296,271	-	70,864,000
Public Schools - current expense (occupancy cost)	213,507	207,867	5,640	212,649
Subtotal	<u>77,509,778</u>	<u>77,504,138</u>	<u>5,640</u>	<u>71,076,649</u>
Community College	1,415	-	1,415	-
Community College - operations	1,200,000	1,164,000	36,000	1,136,550
Literacy Efforts	2,500	2,500	-	2,500
<i>Total Education</i>	<u>78,713,693</u>	<u>78,670,638</u>	<u>43,055</u>	<u>72,215,699</u>

Continued on next page.

**General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual**

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
EXPENDITURES (Continued)				
Debt Service				
School Debt Service				
Principal retirement	\$ 23,075,736	\$ 23,075,736	\$ -	\$ 19,729,447
Interest and fees	26,559,793	23,925,906	2,633,887	19,789,514
Total	49,635,529	47,001,642	2,633,887	39,518,961
General Debt Service				
Principal retirement	1,779,382	1,779,380	2	1,774,568
Interest and fees	1,150,799	1,146,839	3,960	1,133,082
Total	2,930,181	2,926,219	3,962	2,907,650
<i>Total Debt Service</i>	<i>52,565,710</i>	<i>49,927,861</i>	<i>2,637,849</i>	<i>42,426,611</i>
Contingency	163,072	-	163,072	-
Nondepartmental	163,518	-	163,518	-
Total expenditures	231,782,854	215,082,568	16,700,286	202,560,154
Revenues over expenditures	1,115,198	6,641,902	5,526,704	9,536,089
OTHER FINANCING SOURCES (USES)				
Transfers from other funds:				
Debt Service Fund	-	-	-	3,278,862
Emergency Telephone System Fund	-	-	-	1,395,870
Transfers to other funds:				
Debt Service Fund	-	-	-	(375,125)
General Capital Project Fund	(4,976,823)	(4,976,822)	1	(11,020,500)
Proceeds from refunding general obligation bonds	72,000,000	72,000,000	-	-
Proceeds from refunding general obligation bond: issuance premium, etc	4,080,000	4,074,144	(5,856)	-
Payments to refunded bonds escrow agents	(75,600,000)	(75,600,000)	-	-
Total other financing sources (uses)	(4,496,823)	(4,502,678)	(5,855)	(6,720,893)
Revenues and other financing sources over (under) expenditures and other financing uses	(3,381,625)	2,139,224	5,520,849	2,815,196
APPROPRIATED FUND BALANCE	3,381,625	-	(3,381,625)	-
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	\$ -	2,139,224	\$ 2,139,224	2,815,196
FUND BALANCE				
Beginning		54,107,467		51,292,271
Ending		\$ 56,246,691		\$ 54,107,467

Special Revenue Funds

Special Revenue Funds account for specific revenues that are legally restricted to expenditure for particular purposes.

Springs Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Waxhaw Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Hemby Bridge Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

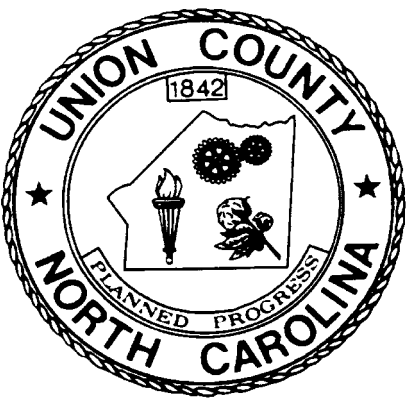
Stallings Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Wesley Chapel Fire District Fund - This fund accounts for the ad valorem tax levies of this fire district in Union County.

Fee Supported Fire Districts Fund - This fund accounts for the fees levied in these fire districts in Union County.

Emergency Telephone System Fund - This fund accounts for the user fees charged to support the emergency telephone system.

General Special Revenue Fund - This multi-year fund accounts for multi-year special revenues.



Springs Fire District Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 316,338	\$ 311,070	\$ (5,268)	\$ 233,611
Prior years' levy	-	5,833	5,833	6,395
Penalties and interest	-	1,606	1,606	1,102
Total	<u>316,338</u>	<u>318,509</u>	<u>2,171</u>	<u>241,108</u>
Local option sales tax	<u>34,217</u>	<u>22,043</u>	<u>(12,174)</u>	<u>73,459</u>
Total revenues	<u>350,555</u>	<u>340,552</u>	<u>(10,003)</u>	<u>314,567</u>
EXPENDITURES				
Current				
Public Safety	<u>350,555</u>	<u>350,555</u>	<u>-</u>	<u>299,235</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(10,003)</u>	<u>\$ (10,003)</u>	<u>15,332</u>
FUND BALANCE				
Beginning of year - July 1		<u>28,182</u>		<u>12,850</u>
End of year - June 30		<u>\$ 18,179</u>		<u>\$ 28,182</u>

Waxhaw Fire District Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 399,203	\$ 409,524	\$ 10,321	\$ 570,372
Prior years' levy	-	9,037	9,037	5,362
Penalties and interest	-	2,525	2,525	1,792
Total	<u>399,203</u>	<u>421,086</u>	<u>21,883</u>	<u>577,526</u>
Local option sales tax	<u>79,997</u>	<u>43,854</u>	<u>(36,143)</u>	<u>140,674</u>
Total revenues	<u>479,200</u>	<u>464,940</u>	<u>(14,260)</u>	<u>718,200</u>
EXPENDITURES				
Current				
Public Safety	<u>614,200</u>	<u>614,200</u>	<u>-</u>	<u>556,263</u>
Revenues over (under) expenditures	(135,000)	(149,260)	(14,260)	161,937
APPROPRIATED FUND BALANCE				
	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(149,260)</u>	<u>\$ (149,260)</u>	<u>161,937</u>
FUND BALANCE				
Beginning of year - July 1		<u>210,170</u>		<u>48,233</u>
End of year - June 30		<u>\$ 60,910</u>		<u>\$ 210,170</u>

Hemby Bridge Fire District Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 1,054,969	\$ 1,014,490	\$ (40,479)	\$ 641,716
Prior years' levy	-	12,048	12,048	12,187
Penalties and interest	-	2,989	2,989	2,377
Total	<u>1,054,969</u>	<u>1,029,527</u>	<u>(25,442)</u>	<u>656,280</u>
Local option sales tax	<u>96,531</u>	<u>62,160</u>	<u>(34,371)</u>	<u>252,674</u>
Total revenues	<u>1,151,500</u>	<u>1,091,687</u>	<u>(59,813)</u>	<u>908,954</u>
EXPENDITURES				
Current				
Public Safety	<u>1,151,500</u>	<u>1,151,500</u>	<u>-</u>	<u>995,000</u>
Revenues under expenditures	<u>\$ -</u>	<u>(59,813)</u>	<u>\$ (59,813)</u>	<u>(86,046)</u>
FUND BALANCE				
Beginning of year - July 1		<u>77,479</u>		<u>163,525</u>
End of year - June 30		<u>\$ 17,666</u>		<u>\$ 77,479</u>

Stallings Fire District Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance	2008
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 888,230	\$ 830,552	\$ (57,678)	\$ 435,434
Prior years' levy	-	6,283	6,283	10,637
Penalties and interest	-	2,269	2,269	1,866
Total	<u>888,230</u>	<u>839,104</u>	<u>(49,126)</u>	<u>447,937</u>
Local option sales tax	<u>68,880</u>	<u>43,932</u>	<u>(24,948)</u>	<u>226,389</u>
Total revenues	<u>957,110</u>	<u>883,036</u>	<u>(74,074)</u>	<u>674,326</u>
EXPENDITURES				
Current				
Public Safety	<u>957,110</u>	<u>908,344</u>	<u>48,766</u>	<u>847,160</u>
Revenues under expenditures	<u>\$ -</u>	<u>(25,308)</u>	<u>\$ (25,308)</u>	<u>(172,834)</u>
FUND BALANCE				
Beginning of year - July 1		<u>25,812</u>		<u>198,646</u>
End of year - June 30		<u>\$ 504</u>		<u>\$ 25,812</u>

Wesley Chapel Fire District Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Ad valorem taxes				
Current year levy	\$ 1,025,757	\$ 1,000,798	\$ (24,959)	\$ 646,063
Prior years' levy	-	6,241	6,241	3,526
Penalties and interest	-	3,253	3,253	1,868
Total	<u>1,025,757</u>	<u>1,010,292</u>	<u>(15,465)</u>	<u>651,457</u>
Local option sales tax	<u>92,074</u>	<u>64,329</u>	<u>(27,745)</u>	<u>193,913</u>
Total revenues	<u>1,117,831</u>	<u>1,074,621</u>	<u>(43,210)</u>	<u>845,370</u>
EXPENDITURES				
Current				
Public Safety	<u>1,117,831</u>	<u>1,117,831</u>	<u>-</u>	<u>900,031</u>
Revenues under expenditures	<u>\$ -</u>	<u>(43,210)</u>	<u>\$ (43,210)</u>	<u>(54,661)</u>
FUND BALANCE				
Beginning of year - July 1		<u>46,222</u>		<u>100,883</u>
End of year - June 30		<u>\$ 3,012</u>		<u>\$ 46,222</u>

Fee Supported Fire Districts Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Permits and fees	\$ 1,218,127	\$ 1,204,255	\$ (13,872)	\$ 1,134,983
EXPENDITURES				
Current				
Public Safety	<u>1,218,127</u>	<u>1,215,936</u>	<u>2,191</u>	<u>1,159,846</u>
Revenues under expenditures	<u>\$ -</u>	<u>(11,681)</u>	<u>\$ (11,681)</u>	<u>(24,863)</u>
FUND BALANCE				
Beginning of year - July 1		<u>19,883</u>		<u>44,746</u>
End of year - June 30		<u>\$ 8,202</u>		<u>\$ 19,883</u>

Emergency Telephone System Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance	2008
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES				
Other taxes and licenses				
911 system subscriber fees	\$ 1,244,465	\$ 1,244,465	\$ -	\$ 1,244,500
Intergovernmental	-	-	-	31,840
Investment earnings	110,599	8,556	(102,043)	121,436
Total revenues	<u>1,355,064</u>	<u>1,253,021</u>	<u>(102,043)</u>	<u>1,397,776</u>
EXPENDITURES				
Current				
Public Safety	<u>1,355,064</u>	<u>564,436</u>	<u>790,628</u>	<u>2,372,343</u>
Revenues over (under) expenditures	-	688,585	688,585	(974,567)
OTHER FINANCING USES				
Transfers out				
General Capital Project Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,395,870)</u>
Revenues over (under) expenditures and other financing uses	<u>\$ -</u>	688,585	<u>\$ 688,585</u>	(2,370,437)
FUND BALANCE				
Beginning of year - July 1		<u>980,987</u>		<u>3,351,424</u>
End of year - June 30		<u>\$ 1,669,572</u>		<u>\$ 980,987</u>

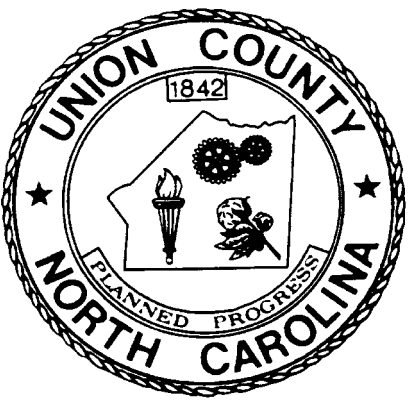
General Special Revenue Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Project Closure		
REVENUES						
Intergovernmental	\$ 610,147	\$ 1,037,890	\$ 26,281	\$ (425,604)	\$ 638,567	\$ 28,420
Sales and services	15,000	35,000	10,000	-	45,000	30,000
Investment earnings	1,066	62,805	(16,235)	(283)	46,287	45,221
Miscellaneous	384,513	388,385	184,362	-	572,747	188,234
Total revenues	<u>1,010,726</u>	<u>1,524,080</u>	<u>204,408</u>	<u>(425,887)</u>	<u>1,302,601</u>	<u>291,875</u>
EXPENDITURES						
Current						
Public Safety						
Law Enforcement-federal forfeited prop.	481,716	52,340	164,304	-	216,644	265,072
Law Enforcement-controlled sub. tax	257,145	130,199	16,109	-	146,308	110,837
Law Enforcement-domestic violence	-	168,651	-	(168,651)	-	-
Law Enforcement-2003 LLEBG	-	17,910	-	(17,910)	-	-
Homeland Security-Catawba Nuclear	30,575	16,702	4,712	-	21,414	9,161
Homeland Security-FY03 U.S. grant	380,683	380,220	463	-	380,683	-
Homeland Security-FY04 U.S. grant	-	247,326	-	(247,326)	-	-
Homeland Security-FY05 CERT grant	18,500	7,582	-	-	7,582	10,918
Total expenditures	<u>1,168,619</u>	<u>1,020,930</u>	<u>185,588</u>	<u>(433,887)</u>	<u>772,631</u>	<u>395,988</u>
Revenues over (under) expenditures	(157,893)	503,150	18,820	8,000	529,970	687,863
OTHER FINANCING SOURCES						
Transfers in						
General Fund	157,893	177,124	-	(8,000)	169,124	11,231
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 680,274</u>	18,820	<u>\$ -</u>	<u>\$ 699,094</u>	<u>\$ 699,094</u>
FUND BALANCE						
Beginning of year - July 1			680,274			
End of year - June 30			<u>\$ 699,094</u>			

Debt Service Fund

The Debt Service Fund accounts for the accumulation of governmental resources for debt service and capital outlay expenditures related to education.

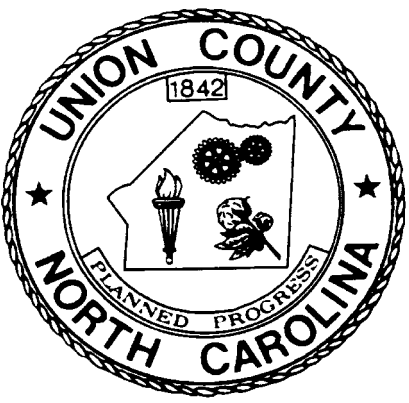


Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	<u>2009</u>	<u>2008</u>
OTHER FINANCING SOURCES (USES)		
Transfers in		
General Fund	\$ -	\$ 375,125
Transfers out		
General Fund	<u>-</u>	<u>(3,278,862)</u>
Total other financing sources (uses)	-	(2,903,737)
 FUND BALANCE		
Beginning of year - July 1	<u>13,357,788</u>	<u>16,261,525</u>
End of year - June 30	<u>\$ 13,357,788</u>	<u>\$ 13,357,788</u>



Capital Project Funds

Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

General Capital Project Fund - This fund accounts for various capital improvement projects that will be financed from General Fund resources and installment financing(s).

Library Capital Project Fund - This fund accounts for capital improvements to the main library and satellite libraries within the County. These improvements are funded by transfers from the General Fund, contributions and donations.

School Bond Fund-55 - This fund accounts for capital asset acquisition and construction, financed with general obligation bond proceeds, for the Union County Public Schools.

General Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
 From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual				Variance Positive (Negative)
		Prior Years	Current Year	Project Closure	Total To Date	
REVENUES						
Intergovernmental	\$ -	\$ 750,000	\$ -	\$ (750,000)	\$ -	\$ -
Investment earnings	807,500	945,356	480	(47,846)	897,990	90,490
Miscellaneous	-	120,000	-	(120,000)	-	-
Total revenues	807,500	1,815,356	480	(917,846)	897,990	90,490
EXPENDITURES						
Capital outlay						
General Government						
Judicial Center	-	15,123,099	-	(15,123,099)	-	-
Government Facility Renovations	14,839,179	6,348,936	1,824,092	-	8,173,028	6,666,151
Public Safety						
Law Enforcement-Animal Shelter	-	1,736,589	-	(1,736,589)	-	-
Law Enforcement-Jail Expansion	4,882,900	1,783,085	-	-	1,783,085	3,099,815
Law Enforcement-Firearms Range	1,855,665	19,500	-	-	19,500	1,836,165
Communications-EOC/E911/Fire Srv Reloc.	593,500	24,550	-	-	24,550	568,950
Communications-E911 CAD/RMS	369,771	93,299	29,912	-	123,211	246,560
Communications-Radio Project	10,352,010	66,080	3,638,704	-	3,704,784	6,647,226
Economic and Physical Development						
Agricultural Center	-	6,164,872	-	(6,164,872)	-	-
Cultural and Recreation						
Parks & Recreation-J. Helms Park Ph.1	-	656,733	-	(656,733)	-	-
Parks & Recreation-C.C. Park FY05	-	792,584	-	(792,584)	-	-
Parks & Recreation-J. Helms Park Ph.2	-	509,282	-	(509,282)	-	-
Parks & Recreation-J. Helms Park Ph.3	1,403,407	1,390,179	5,293	-	1,395,472	7,935
Parks & Recreation-North District Park	100,000	-	2,500	-	2,500	97,500
Parks & Recreation-West District/Comm	100,000	-	2,500	-	2,500	97,500
Parks & Recreation-C.C.Park-Store/Ck-In	332,000	12,233	17,556	-	29,789	302,211
Parks & Recreation-J. Helms Park-Bridge	449,200	42,600	43,813	-	86,413	362,787
Education						
School Capital Outlay-Fairview Elem	-	26,107	-	(26,107)	-	-
School Capital Outlay-W. Bickett Elem	-	26,107	-	(26,107)	-	-
School Capital Outlay-FY2005 Allocation	-	7,459,825	-	(7,459,825)	-	-
School Capital Outlay-FY2007 Allocation	-	11,043,050	-	(11,043,050)	-	-
School Capital Outlay-FY2008 Allocation	11,000,000	7,932,245	2,007,625	-	9,939,870	1,060,130
School Capital Outlay-FY2009 Allocation	4,625,558	-	4,625,415	-	4,625,415	143
School Capital Outlay-FY07-08 CIP	202,396	-	-	-	-	202,396
School Capital Outlay-Classroom Additions	-	49,970	-	(49,970)	-	-
SPCC-Old Charlotte Hwy	-	2,299,260	-	(2,299,260)	-	-
SPCC-Master Planning	-	55,145	-	(55,145)	-	-
SPCC-Machine Shop Renovation	-	176,685	-	(176,685)	-	-
SPCC-Mobile Units	-	420,242	-	(420,242)	-	-
SPCC-Multi-Purpose Building	-	-	253,960	-	253,960	(253,960)
Total expenditures	51,105,586	64,252,257	12,451,370	(46,539,550)	30,164,077	20,941,509
Revenues under expenditures	(50,298,086)	(62,436,901)	(12,450,890)	45,621,704	(29,266,087)	21,031,999

Continued on next page.

General Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
 From Inception and for the Year Ended June 30, 2009

	Project Authorization	Prior Years	Current Year	Actual		Variance Positive (Negative)
				Project Closure	Total To Date	
OTHER FINANCING SOURCES						
Transfers in						
General Fund	\$30,231,398	\$52,185,886	\$ 4,976,822	\$(20,357,778)	\$36,804,930	\$ 6,573,532
Debt Service Fund	4,136,882	4,136,882	-	-	4,136,882	-
Proceeds from general obligation bonds	992,500	4,728,483	-	(3,735,983)	992,500	-
Proceeds from installment financing debt	14,937,306	21,730,339	9,390,000	(21,527,943)	9,592,396	(5,344,910)
Total other financing sources	<u>50,298,086</u>	<u>82,781,590</u>	<u>14,366,822</u>	<u>(45,621,704)</u>	<u>51,526,708</u>	<u>1,228,622</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$20,344,689</u>	1,915,932	<u>\$ -</u>	<u>\$22,260,621</u>	<u>\$22,260,621</u>
FUND BALANCE						
Beginning of year - July 1			<u>20,344,689</u>			
End of year - June 30			<u>\$22,260,621</u>			

Library Capital Reserve Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ (743)
OTHER FINANCING USES				
Transfers out				
Library Capital Projects Fund	-	-	-	(94,765)
Revenues under other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(95,508)</u>
FUND BALANCE				
Beginning of year - July 1		-		<u>95,508</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

Library Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Miscellaneous	\$ 171,000	\$ -	\$ -	\$ -	\$ (171,000)
EXPENDITURES					
Capital outlay					
Cultural and Recreation					
South West Union Library Project	<u>3,685,500</u>	<u>35,388</u>	<u>6,540</u>	<u>41,928</u>	<u>3,643,572</u>
Revenues under expenditures	<u>(3,514,500)</u>	<u>(35,388)</u>	<u>(6,540)</u>	<u>(41,928)</u>	<u>3,472,572</u>
OTHER FINANCING SOURCES					
Transfers in					
General Fund	31,500	21,422	-	21,422	(10,078)
General Capital Project Fund	3,483,000	3,483,000	-	3,483,000	-
Library Capital Reserve Fund	-	94,765	-	94,765	94,765
Total other financing sources	<u>3,514,500</u>	<u>3,599,187</u>	<u>-</u>	<u>3,599,187</u>	<u>84,687</u>
Revenues and other financing sources over (under) expenditure:	<u>\$ -</u>	<u>\$ 3,563,799</u>	<u>(6,540)</u>	<u>\$ 3,557,259</u>	<u>\$ 3,557,259</u>
FUND BALANCE					
Beginning of year - July 1			<u>3,563,799</u>		
End of year - June 30			<u>\$ 3,557,259</u>		

School Bond Fund - 55
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

From Inception and for the Year Ended June 30, 2009

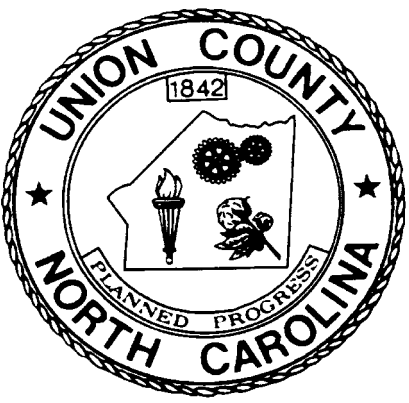
	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
REVENUES					
Investment earnings	\$ 1,363,308	\$ 2,718,405	\$ -	\$ 2,718,405	\$ 1,355,097
EXPENDITURES					
Capital outlay					
Education					
Parkwood Cluster	5,056,749	5,029,890	-	5,029,890	26,859
Piedmont Cluster	924,383	857,967	-	857,967	66,416
Porter Ridge ES	9,062,267	9,059,767	-	9,059,767	2,500
Rock Rest ES (F)	14,217,836	14,087,279	6,088	14,093,367	124,469
Rea View ES (G)	21,455,291	21,368,112	24,140	21,392,252	63,039
New Elementary School (H)	18,566,447	18,275,212	15,076	18,290,288	276,159
Rocky River ES (I)	17,423,128	16,934,654	-	16,934,654	488,474
New Elementary School (J)	17,425,441	14,183,684	2,562,881	16,746,565	678,876
New Elementary School (K)	15,905,505	13,095,972	2,466,934	15,562,906	342,599
New Elementary School (L)	17,570,032	2,338,359	13,168,581	15,506,940	2,063,092
New Elementary School (M)	848,000	22,673	-	22,673	825,327
New Elementary School (N)	3,969,763	3,969,763	-	3,969,763	-
New Salem ES Additions/Renovations	337,047	-	226,045	226,045	111,002
Wesley Chapel ES Additions/Renovations	4,642,716	4,083,312	448,807	4,532,119	110,597
Western Union ES Additions/Renovations	236,500	-	130,287	130,287	106,213
Porter Ridge MS (A)	17,332,948	16,919,913	240,750	17,160,663	172,285
Porter Ridge HS (A)	33,112,368	32,996,141	255,065	33,251,206	(138,838)
Marvin Ridge MS (B)	26,698,594	26,497,186	227,273	26,724,459	(25,865)
Marvin Ridge HS (B)	41,440,349	41,147,191	222,432	41,369,623	70,726
New Middle School (C)	46,500,016	26,841,676	9,190,488	36,032,164	10,467,852
New High School (C)	44,204,844	20,630,122	25,590,606	46,220,728	(2,015,884)
New Middle School (D)	4,575,160	3,033,795	963,028	3,996,823	578,337
New High School (D)	6,862,740	4,509,818	1,553,260	6,063,078	799,662
Piedmont HS Additions/Renovations	5,254,184	-	493,193	493,193	4,760,991
Sun Valley MS Additions/Renovations	2,465,000	-	283,167	283,167	2,181,833
Sun Valley HS Additions/Renovations	419,219	-	294,974	294,974	124,245
CATA	21,801,845	21,736,485	4,891	21,741,376	60,469
Gym Projects-Forest Hills/Piedmont	16,654,474	16,020,305	25,600	16,045,905	608,569
Gym Projects-Monroe/Parkwood/SunValley	23,842,300	23,270,371	37,788	23,308,159	534,141
Athletic Facility-Monroe HS	6,689,469	5,086,867	1,435,278	6,522,145	167,324
Athletic Facility-Weddington HS	1,764,339	1,575,036	139,827	1,714,863	49,476
UCPS Matching Grant Program	155,000	150,824	-	150,824	4,176
Classroom Additions	10,295,096	9,819,500	-	9,819,500	475,596
Classroom Additions-Marvin ES	1,722,190	1,328,083	276,895	1,604,978	117,212
Mobile Classrooms	2,316,048	2,316,048	-	2,316,048	-
Land costs	6,600,009	6,600,009	-	6,600,009	-
Land banking	804,237	301,357	-	301,357	502,880
Wolfe Development Center	7,335,226	6,674,961	230,883	6,905,844	429,382
Transportation/Maintenance Facility	2,266,105	1,638,495	154,129	1,792,624	473,481
Highway 200 Road Widening	900,000	884,984	8,584	893,568	6,432
School administrative costs	3,214,658	2,611,457	499,950	3,111,407	103,251

Continued on next page.

School Bond Fund - 55
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
EXPENDITURES (CONTINUED)					
Capital outlay (continued)					
Education (continued)					
Comprehensive facility study	\$ 555,000	\$ -	\$ 308,097	\$ 308,097	\$ 246,903
Category I - Mobile Units	1,664,775	-	1,664,774	1,664,774	1
Category I - Blitz projects	10,721,323	-	9,482,509	9,482,509	1,238,814
Category I - Blitz projects' chillers	470,682	-	226,282	226,282	244,400
Category III - Buses	4,492,885	-	2,926,595	2,926,595	1,566,290
Contingency / inflation	527,614	-	-	-	527,614
Debt Service					
Debt Issuance	190,000	1,678,028	614,927	2,292,955	(2,102,955)
Total expenditures	<u>501,489,802</u>	<u>397,575,296</u>	<u>76,400,084</u>	<u>473,975,380</u>	<u>27,514,422</u>
Revenues under expenditures	<u>(500,126,494)</u>	<u>(394,856,891)</u>	<u>(76,400,084)</u>	<u>(471,256,975)</u>	<u>28,869,519</u>
OTHER FINANCING SOURCES (USES)					
Transfers out					
General Fund	(1,363,308)	(1,357,002)	-	(1,357,002)	6,306
Proceeds from general obligation bonds	501,489,802	340,490,313	64,500,000	404,990,313	(96,499,489)
Proceeds from general obligation bonds issuance premium	-	3,484,820	3,375,407	6,860,227	6,860,227
Proceeds from installment financing debt	-	80,922,511	-	80,922,511	80,922,511
Total other financing sources (uses)	<u>500,126,494</u>	<u>423,540,642</u>	<u>67,875,407</u>	<u>491,416,049</u>	<u>(8,710,445)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 28,683,751</u>	<u>(8,524,677)</u>	<u>\$ 20,159,074</u>	<u>\$ 20,159,074</u>
FUND BALANCE					
Beginning of year - July 1			<u>28,683,751</u>		
End of year - June 30			<u>\$ 20,159,074</u>		



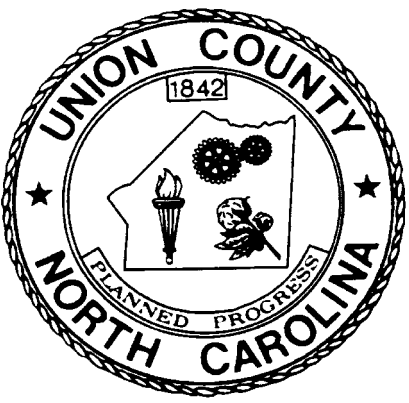
Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund - This fund accounts for the County's water and sewer operations.

Solid Waste Fund - This fund accounts for the County's solid waste operations.

Stormwater Fund - This fund accounts for the County's stormwater program.



**Water and Sewer Operating Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)**

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance	2008
	Final Budget	Actual	Positive (Negative)	Actual
REVENUES				
Operating revenues				
Water sales	\$ 13,187,500	\$ 12,047,706	\$ (1,139,794)	\$ 13,163,433
Sewer sales	11,100,600	10,545,063	(555,537)	10,484,771
Other operating revenues	660,841	767,660	106,819	908,073
Total	<u>24,948,941</u>	<u>23,360,429</u>	<u>(1,588,512)</u>	<u>24,556,277</u>
Nonoperating revenues				
Investment earnings	1,711,311	1,980,759	269,448	3,311,781
Proceeds from sale of fixed assets	21,750	3,194	(18,556)	28,942
Total	<u>1,733,061</u>	<u>1,983,953</u>	<u>250,892</u>	<u>3,340,723</u>
Total revenues	<u>26,682,002</u>	<u>25,344,382</u>	<u>(1,337,620)</u>	<u>27,897,000</u>
EXPENDITURES				
Administration	3,127,693	3,386,316	(258,623)	2,772,250
Water system operations	2,953,777	2,943,070	10,707	2,865,640
Water system maintenance and repairs	2,481,528	2,370,892	110,636	3,269,520
Sewer-county customers system operations	3,855,140	3,946,791	(91,651)	430,292
Sewer-county customers system maintenance and repairs	1,888,149	1,739,414	148,735	5,127,910
Sewer-Marshville/Monroe system operations	676,084	702,637	(26,553)	785,529
Sewer-Marshville/Monroe system maintenance and repairs	171,605	164,933	6,672	247,586
Nondepartmental	5,641,098	-	5,641,098	-
Debt Service				
General obligation bonds - principal	1,886,967	1,886,967	-	2,485,057
Revenue bonds - principal	2,080,000	2,080,000	-	2,070,000
State sanitary loan - principal	983,696	983,697	(1)	233,697
Interest and fees	2,486,649	2,471,590	15,059	2,217,703
Total expenditures	<u>28,232,386</u>	<u>22,676,307</u>	<u>5,556,079</u>	<u>22,505,184</u>
Revenues over (under) expenditures	<u>(1,550,384)</u>	<u>2,668,075</u>	<u>4,218,459</u>	<u>5,391,816</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds:				
Water and Sewer Capital Project Fund	(6,359,282)	(5,480,621)	878,661	(14,500,638)
Stormwater Operating Fund	(193,787)	(175,516)	18,271	(160,496)
Capital contributions - cash	7,834,300	3,628,727	(4,205,573)	9,720,319
Total other financing sources (uses)	<u>1,281,231</u>	<u>(2,027,410)</u>	<u>(3,308,641)</u>	<u>(4,940,815)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(269,153)</u>	<u>640,665</u>	<u>909,818</u>	<u>451,001</u>
APPROPRIATED FUND BALANCE				
	<u>269,153</u>	<u>-</u>	<u>(269,153)</u>	<u>-</u>
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ 640,665</u>	<u>\$ 640,665</u>	<u>\$ 451,001</u>

Water and Sewer Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP)
 From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Total To Date	Current Year	Total To Date	
REVENUES					
Nonoperating revenues					
Intergovernmental	\$ 1,961,300	\$ -	\$ -	\$ -	\$ (1,961,300)
Investment earnings	4	-	-	-	(4)
Total revenues	1,961,304	-	-	-	(1,961,304)
EXPENDITURES					
Administration capital outlay					
SCADA System Improvements	800,500	773,371	-	773,371	27,129
Contributed Capital	25,000	14,801	-	14,801	10,199
Government Facility Renovations	2,138,500	1,136,276	-	1,136,276	1,002,224
Expand Operations Center	94,000	24,389	-	24,389	69,611
Water and Sewer Capital Outlay					
Misc. Water Line Replacement	281,633	-	-	-	281,633
Misc. Water Millbridge Hydraulic Modeling	4,483	-	-	-	4,483
Misc. Water Love Mill Water Line Ext	150,630	26,126	2,800	28,926	121,704
Misc. Water Hwy 84 24" Line Relocation	150,000	29,162	-	29,162	120,838
Misc. Water WC/Goldmine Rd Line Reloc.	110,000	90,789	-	90,789	19,211
Misc. Water Resource Model On-Call Srv	65,000	19,938	28,262	48,200	16,800
Misc. Water Comprehensive Water Map	500,000	39,170	228,475	267,645	232,355
Misc. Water Hemby Bridge Main Replace.	59,000	4,373	49,529	53,902	5,098
Misc. Water Smith Farm Rd Water Line Ext	9,200	-	5,980	5,980	3,220
Misc. Sewer Rehab I & I	40,016	-	-	-	40,016
Misc. Self Help: Contingency	63,175	-	-	-	63,175
Misc. Self Help: Oak Brook	193,587	26,238	2,207	28,445	165,142
Misc. Self Help: Cyrus Lee Lane	53,480	150	60,350	60,500	(7,020)
Misc. Self Help: Polk Mountain	187,936	-	31,847	31,847	156,089
Misc. Self Help: Wellington Woods I	131,396	-	20,903	20,903	110,493
Misc. Contingency	105,693	-	-	-	105,693
Water capital outlay					
CRWTP Reservoir Expansion	2,702,500	35,800	218,545	254,345	2,448,155
CRWTP Expansion	2,640,000	-	-	-	2,640,000
Northern Union County Water	150,000	67,327	31,977	99,304	50,696
East Source Treatment-Anson	220,000	46,391	-	46,391	173,609
Water Main County Wide	12,408,297	12,408,297	-	12,408,297	-
North County Tank Farm	888,000	271,436	-	271,436	616,564
Anson Water Improvements	26,785	26,785	-	26,785	-
Altan South Lines	2,499,939	2,499,990	-	2,499,990	(51)
Northwest Tank	24,689	15,914	-	15,914	8,775
County Wide Phase II	338,810	257,108	-	257,108	81,702
County Wide Phase III	2,498,839	178,266	-	178,266	2,320,573
Roanoke Church Rd Self Help Program	5,760	4,920	-	4,920	840
Providence Woods Self Help Program	14,417	14,417	-	14,417	-
Mt Pleasant Church Rd Self Help Program	15,531	15,531	-	15,531	-
Bulk Water Stations	690,000	19,148	-	19,148	670,852
Madison Ridge Low Pressure Study	616,391	557,729	-	557,729	58,662
Secrest SC/IT Rd Water Main	2,650,077	2,542,188	-	2,542,188	107,889
Cuthbertson Road Water Line	529,375	19,094	292,784	311,878	217,497
Dodge City Water	251,160	-	150	150	251,010
Elevated Tank Maintenance	345,000	322,786	-	322,786	22,214
Hwy 74/75 Pump Station Generator	345,000	-	-	-	345,000
Weddington Elevated Storage Tank	3,190,000	18,233	51,103	69,336	3,120,664

Continued on next page.

Water and Sewer Capital Project Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Total To Date	Current Year	Total To Date	
EXPENDITURES (continued)					
Water capital outlay (continued)					
Waxhaw / Marvin Rd Connector	\$ 529,375	\$ 59,537	\$ 350,958	\$ 410,495	\$ 118,880
Cureton Parkway	504,649	22,703	454,907	477,610	27,039
Forest Lawn / Potters Transmission Main	3,259,050	189,232	2,795,447	2,984,679	274,371
Misc Water Line Infill Projects	385,000	-	-	-	385,000
Stage 2 DBPR Implementation	200,000	32,783	28,542	61,325	138,675
Waxhaw / Indian Trail Interconnector	22,750	22,750	-	22,750	-
Anson 4MGD Water Improvements	784,242	250,308	498,572	748,880	35,362
Sewer capital outlay					
East Side Improvements	4,430,959	483,361	8,674	492,035	3,938,924
Expand 12 Mile Creek 6MGD	22,674,697	22,006,410	(489)	22,005,921	668,776
Hunley Creek Off Line	1,443,102	1,443,102	-	1,443,102	-
Crooked Creek Lab Expansion and UV	926,741	898,285	-	898,285	28,456
IBT Permitting	131,221	27,578	-	27,578	103,643
Rocky River WWTP-Future	6,823,809	449,787	7,632	457,419	6,366,390
Clear Creek Trunk Sewer	3,417,350	10,800	-	10,800	3,406,550
12M Creek Beneficial Re-Use	1,777,650	90,700	25,280	115,980	1,661,670
Future 12M Creek WWTP Expansion	2,450,000	99,300	5,040	104,340	2,345,660
Crooked Creek WWTP Bulk Re-Use/Fill St.	70,380	-	-	-	70,380
12M WWTP Phosphorus Removal	3,527,512	157,560	1,040,126	1,197,686	2,329,826
12M WWTP Odor Control	5,249,780	178,652	1,025,096	1,203,748	4,046,032
Tallwood WWTP Replacement	600,000	35,035	715	35,750	564,250
West Union School	468,430	438,203	-	438,203	30,227
Sewer Mapping and Hydraulic Model	749,143	577,527	65,682	643,209	105,934
Meadows Mobile Home Park Improv.	325,650	201,378	-	201,378	124,272
Update Sewer Master Plan	206,572	202,293	-	202,293	4,279
Blythe Creek Branch 1 Sewer	506,550	-	-	-	506,550
Wysacky Sewer	51,970	-	-	-	51,970
CC WWTP Influent Pipe Improvements	45,930	-	-	-	45,930
12M Creek Sewer Diversion to CMUD	342,570	74,031	270,813	344,844	(2,274)
Total expenditures	<u>100,118,881</u>	<u>49,457,458</u>	<u>7,601,907</u>	<u>57,059,365</u>	<u>43,059,516</u>
Revenues under expenditures	<u>(98,157,577)</u>	<u>(49,457,458)</u>	<u>(7,601,907)</u>	<u>(57,059,365)</u>	<u>41,098,212</u>
OTHER FINANCING SOURCES					
Transfers from other funds:					
General Fund	415,062	500,000	-	500,000	84,938
Debt Service Fund	302,500	-	-	-	(302,500)
School Capital Bond Fund 55	165,336	-	-	-	(165,336)
Water and Sewer Operating Fund	57,204,871	69,272,763	5,480,621	74,753,384	17,548,513
Capital contributions - cash	2,688,965	2,234,175	-	2,234,175	(454,790)
Proceeds from revenue bonds	22,380,843	-	-	-	(22,380,843)
Proceeds from State sanitary sewer loan	15,000,000	13,205,882	1,500,000	14,705,882	(294,118)
Total other financing sources	<u>98,157,577</u>	<u>85,212,820</u>	<u>6,980,621</u>	<u>92,193,441</u>	<u>(5,964,136)</u>
Revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ 35,755,362</u>	<u>(621,286)</u>	<u>\$ 35,134,076</u>	<u>\$ 35,134,076</u>
FUND BALANCE					
Beginning of year - July 1			<u>35,755,362</u>		
End of year - June 30			<u>\$ 35,134,076</u>		

Water and Sewer Fund**Schedule of Reconciliation of Budgetary Basis (Non-GAAP)
to Full Accrual Basis**

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009	2008
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 640,665	\$ 451,001
Water and Sewer Capital Project Fund	(621,286)	9,172,903
Total	<u>19,379</u>	<u>9,623,904</u>
Reconciling items		
Amortization of G.O. bond and Revenue bond defeasance	(241,385)	(267,899)
Amortization of G.O. bond, Revenue bond and State sanitary sewer loan issuance costs	(75,147)	(63,064)
Amortization of G.O. and Revenue bond premium	34,310	34,310
Amortization of G.O. bond gain on refunding	7,990	7,990
Amortization of Revenue bond discount	(11,220)	(11,220)
State sanitary sewer loan proceeds	(1,500,000)	-
Refunding G.O. bond issuance costs	574	-
Capitalized interest	275,623	726,551
Payment of debt principal	4,950,664	4,788,754
(Increase) decrease in compensated absences payable	7,231	(59,603)
(Increase) decrease in interest expense accrual	(25,071)	29,276
Increase (decrease) in inventories	(96,252)	53,580
Increase in allowance for uncollectible accounts	(240,047)	(132,428)
Decrease in net pension obligation	38,323	44,151
Increase in net other post employment benefit obligation	(250,926)	(284,747)
Capital outlay	7,937,564	6,090,550
Loss on investment in joint venture	(308,326)	(422,595)
Net book value of fixed assets disposed of	(3,253)	(189,677)
Capital contributions	2,875,918	10,085,175
Depreciation	(9,630,779)	(8,758,099)
Total	<u>3,745,791</u>	<u>11,671,005</u>
Change in net assets	<u>\$ 3,765,170</u>	<u>\$ 21,294,909</u>

Solid Waste Operating Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Solid waste charges	\$ 4,538,808	\$ 4,342,532	\$ (196,276)	\$ 4,093,027
Disposal fees	184,040	227,158	43,118	228,977
Other operating revenues	7,500	4,827	(2,673)	(18,197)
Total	<u>4,730,348</u>	<u>4,574,517</u>	<u>(155,831)</u>	<u>4,303,807</u>
Nonoperating revenues				
Investment earnings	150,166	351,171	201,005	106,066
Federal grant	-	-	-	1,193
Total	<u>150,166</u>	<u>351,171</u>	<u>201,005</u>	<u>107,259</u>
Total revenues	<u>4,880,514</u>	<u>4,925,688</u>	<u>45,174</u>	<u>4,411,066</u>
EXPENDITURES				
Administration	384,060	391,715	(7,655)	208,757
Solid waste landfill	4,263,116	4,004,096	259,020	4,278,525
Law enforcement litter patrol	102,708	83,784	18,924	-
Nondepartmental	149,673	-	149,673	-
Total expenditures	<u>4,899,557</u>	<u>4,479,595</u>	<u>419,962</u>	<u>4,487,282</u>
Revenues over (under) expenditures	(19,043)	446,093	465,136	(76,216)
OTHER FINANCING USES				
Transfers out				
Solid Waste Capital Reserve Fund	-	(342,663)	(342,663)	(2,221,046)
Revenues over (under) expenditures and other financing uses	(19,043)	103,430	122,473	(2,297,262)
APPROPRIATED FUND BALANCE				
	19,043	-	(19,043)	-
Revenues and appropriated fund balance over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 103,430</u>	<u>\$ 103,430</u>	<u>\$ (2,297,262)</u>

Solid Waste Capital Fund
Schedule of Revenues -
Non-GAAP

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Investment earnings	\$ (105,499)	\$ 320,292
OTHER FINANCING SOURCES		
Transfers from other funds:		
Solid Waste Operating Fund	<u>342,663</u>	<u>2,221,046</u>
Revenues and other financing sources	<u>\$ 237,164</u>	<u>\$ 2,541,338</u>

Solid Waste Fund**Schedule of Reconciliation of Budgetary Basis (Non-GAAP)****to Full Accrual Basis**

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009	2008
Revenues and other financing sources over (under) expenditures and other financing uses		
Operating Fund	\$ 103,430	\$ (2,297,262)
Capital Reserve Fund	237,164	2,541,338
Total	<u>340,594</u>	<u>244,076</u>
Reconciling items		
(Increase) decrease in compensated absences payable	(8,135)	1,957
Decrease in inventories	(1,724)	(657)
Increase in accrued landfill postclosure care costs	(85,271)	(1,256,384)
Increase in allowance for uncollectible accounts	(206)	(1,880)
Decrease in net pension obligation	5,468	5,777
Increase in net other post employment benefit obligation	(63,946)	(72,565)
Capital outlay	32,647	194,808
Depreciation	(166,719)	(156,331)
Total	<u>(287,886)</u>	<u>(1,285,275)</u>
Change in net assets	<u>\$ 52,708</u>	<u>\$ (1,041,199)</u>

Stormwater Operating Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Other operating revenues	\$ -	\$ -	\$ -	\$ 3,295
EXPENDITURES				
Administration	307,976	200,655	107,321	204,163
Revenues under expenditures	(307,976)	(200,655)	107,321	(200,868)
OTHER FINANCING SOURCES				
Transfers in				
Water and Sewer Operating Fund	285,775	175,516	(110,259)	160,496
Revenues and other financing sources under expenditures	(22,201)	(25,139)	(2,938)	(40,372)
APPROPRIATED FUND BALANCE	22,201	-	(22,201)	-
Revenues, other financing sources and appropriated fund balance under expenditures	\$ -	\$ (25,139)	\$ (25,139)	\$ (40,372)
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues and other financing sources under expenditures		\$ (25,139)		\$ (40,372)
Reconciling items:				
Increase in compensated absences payable		(5,334)		(5,313)
Decrease in net pension obligation		1,542		1,508
Depreciation		(4,481)		(4,481)
Total		(8,273)		(8,286)
Change in net assets		\$ (33,412)		\$ (48,658)

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

Health Benefits Fund - This fund accounts for amounts from individual departments and employees to pay health benefit costs.

Workers' Compensation Fund - This fund accounts for amounts from individual departments to pay workers' compensation claims.

Property and Casualty Fund - This fund accounts for amounts from individual departments to pay property and casualty claims and premiums.

Health Benefits Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Interfund charges and employee contributions	\$ 9,153,995	\$ 9,164,079	\$ 10,084	\$ 8,516,338
Nonoperating revenues				
Investment earnings	16,150	48,629	32,479	41,090
Total revenues	<u>9,170,145</u>	<u>9,212,708</u>	<u>42,563</u>	<u>8,557,428</u>
EXPENDITURES				
Operating expenditures				
Health benefit claims and premiums	8,415,207	8,047,362	367,845	7,351,390
Other operating expenditures	754,938	752,893	2,045	758,528
Total expenditures	<u>9,170,145</u>	<u>8,800,255</u>	<u>369,890</u>	<u>8,109,918</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 412,453</u>	<u>\$ 412,453</u>	<u>\$ 447,510</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues over expenditures		\$ 412,453		\$ 447,510
Reconciling items:				
Increase in health benefit claims payable		(119,257)		(81,737)
Change in net assets		<u>\$ 293,196</u>		<u>\$ 365,773</u>

Workers' Compensation Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Insurance reimbursement	\$ 965	\$ 965	\$ -	\$ 29,140
Nonoperating revenues				
Investment earnings	30,000	27,171	(2,829)	76,358
Total revenues	<u>30,965</u>	<u>28,136</u>	<u>(2,829)</u>	<u>105,498</u>
EXPENDITURES				
Operating expenditures				
Workers' compensation claims	263,365	331,457	(68,092)	258,774
Other operating expenditures	140,630	131,618	9,012	137,944
Total expenditures	<u>403,995</u>	<u>463,075</u>	<u>(59,080)</u>	<u>396,718</u>
Revenues under expenditures	(373,030)	(434,939)	(61,909)	(291,220)
APPROPRIATED FUND BALANCE	<u>373,030</u>	<u>-</u>	<u>(373,030)</u>	<u>-</u>
Revenues and appropriated fund balance under expenditure:	<u>\$ -</u>	<u>\$ (434,939)</u>	<u>\$ (434,939)</u>	<u>\$ (291,220)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis				
Revenues under expenditures		\$ (434,939)		\$ (291,220)
Reconciling items:				
(Increase) decrease in workers' compensation claims payable		<u>(243,745)</u>		<u>17,113</u>
Change in net assets		<u>\$ (678,684)</u>		<u>\$ (274,107)</u>

Property and Casualty Fund
Schedule of Revenues and Expenditures
(Non-GAAP)

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	2009		Variance Positive (Negative)	2008
	Final Budget	Actual		Actual
REVENUES				
Operating revenues				
Interfund charges	\$ 668,728	\$ 684,799	\$ 16,071	\$ 922,507
Nonoperating revenues				
Investment earnings	3,350	7,627	4,277	6,938
Total revenues	672,078	692,426	20,348	929,445
EXPENDITURES				
Operating expenditures				
Property and casualty claims and premiums	688,678	704,749	(16,071)	792,924
Revenues over (under) expenditures	(16,600)	(12,323)	4,277	136,521
APPROPRIATED FUND BALANCE	16,600	-	(16,600)	-
Revenues and appropriated fund balance over (under) expenditure	\$ -	\$ (12,323)	\$ (12,323)	\$ 136,521

Fiduciary Funds

Trust Funds account for assets held by the County in a trustee capacity. Agency Funds account for assets held by the County as an agent for individuals or other governments.

Pension Trust Fund

Special Separation Allowance Fund - This fund accounts for the accumulation of resources for the payment of special separation benefits to qualified County employees.

Retiree Healthcare Benefits Plan Fund - This fund accounts for the accumulation of resources for the payment of retirees' healthcare benefits to qualified County employees.

Agency Funds

Social Services Fund - This fund accounts for monies held by the Department of Social Services for the benefit of certain individuals.

Fines and Forfeitures Fund - This fund accounts for fines and forfeitures collected by the County that are required to be remitted to the Union County Public Schools Board of Education.

Jail Inmate Fund - This fund accounts for monies held by the Union County Sheriff's Office (Jail) for the benefit of certain individuals.

Monroe and Union County School District Funds - These funds account for the proceeds of the special tax levies that are collected by the County on behalf of these school districts.

Municipal Tax Collection Fund - This fund accounts for the proceeds of taxes that are collected by the County on behalf of the municipalities within the County.

Gross Rental Receipts Tax Fund - This fund accounts for the proceeds of municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which are collected by the County on behalf of the municipalities within the County.

Department of State Treasury Motor Vehicle Tax Fund - This fund accounts for interest collected on unpaid registration fees pursuant to G.S. 105-330.4, transferred on a monthly basis to the North Carolina Highway Fund for technology improvements within the Division of Motor Vehicles.

Special Separation Allowance Fund
Schedule of Revenues, Expenses and Changes in
Fiduciary Net Assets - Pension Trust Fund

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Operating revenues		
Employer contributions	\$ 891,907	\$ 881,356
Investment earnings	<u>44,483</u>	<u>76,568</u>
Total revenues	<u>936,390</u>	<u>957,924</u>
EXPENSES		
Operating expenses		
Employee benefits	<u>883,184</u>	<u>815,317</u>
Revenues over (under) expenses	53,206	142,607
NET ASSETS		
Beginning of year-July 1	<u>1,580,552</u>	<u>1,437,945</u>
End of year-June 30	<u><u>\$ 1,633,758</u></u>	<u><u>\$ 1,580,552</u></u>

Retiree Healthcare Benefits Plan Fund
Schedule of Revenues and Changes in
Fiduciary Net Assets - Pension Trust Fund

For the Year Ended June 30, 2009

With Comparative Actual Amounts for the Year Ended June 30, 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Operating revenues		
Employer contributions	\$ 360,000	\$ -
Investment earnings	<u>768</u>	<u>-</u>
Total revenues	<u>360,768</u>	<u>-</u>
 NET ASSETS		
Beginning of year-July 1	-	-
End of year-June 30	<u><u>\$ 360,768</u></u>	<u><u>\$ -</u></u>

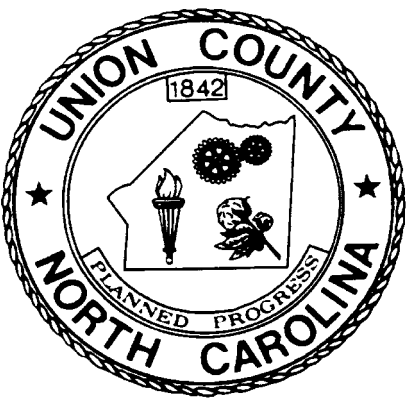
Agency Funds
Combining Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>SOCIAL SERVICES</u>				
ASSETS				
Cash and investments	\$ 49,143	\$ 265,121	\$ 254,538	\$ 59,726
LIABILITIES				
Due to program participants	\$ 49,143	\$ 265,121	\$ 254,538	\$ 59,726
<u>FINES AND FORFEITURES</u>				
ASSETS				
Cash and investments	\$ 16,272	\$ 923,799	\$ 940,071	\$ -
Accounts receivable (net)	60,944	51,546	60,944	51,546
Total assets	<u>\$ 77,216</u>	<u>\$ 975,345</u>	<u>\$ 1,001,015</u>	<u>\$ 51,546</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 77,216	\$ 1,027,980	\$ 1,053,650	\$ 51,546
<u>JAIL INMATE FUND</u>				
ASSETS				
Cash and investments	\$ 3,621	\$ 238,627	\$ 234,751	\$ 7,497
LIABILITIES				
Due to program participants	\$ 3,621	\$ 238,627	\$ 234,751	\$ 7,497
<u>MONROE SCHOOL DISTRICT</u>				
ASSETS				
Cash and investments	\$ 572	\$ 1,829	\$ 2,186	\$ 215
Property taxes receivable (net)	10,950	2,513	8,105	5,358
Total assets	<u>\$ 11,522</u>	<u>\$ 4,342</u>	<u>\$ 10,291</u>	<u>\$ 5,573</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 11,522	\$ 3,360	\$ 9,309	\$ 5,573
<u>UNION COUNTY SCHOOL DISTRICT</u>				
ASSETS				
Cash and investments	\$ 337	\$ 11,419	\$ 11,150	\$ 606
Property taxes receivable (net)	50,761	4,601	38,684	16,678
Total assets	<u>\$ 51,098</u>	<u>\$ 16,020</u>	<u>\$ 49,834</u>	<u>\$ 17,284</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 51,098	\$ 9,162	\$ 42,976	\$ 17,284
<u>MUNICIPAL TAX COLLECTION</u>				
ASSETS				
Cash and investments	\$ 175,811	\$ 2,908,704	\$ 2,911,988	\$ 172,527
LIABILITIES				
Accounts payable and accrued liabilities	\$ 175,811	\$ 2,908,704	\$ 2,911,988	\$ 172,527

Continued on next page.

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2009

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<u>GROSS RENTAL RECEIPTS TAX FUND</u>				
ASSETS				
Cash and investments	\$ 979	\$ 80,183	\$ 79,370	\$ 1,792
LIABILITIES				
Accounts payable and accrued liabilities	\$ 979	\$ 96,726	\$ 95,913	\$ 1,792
<u>DEPT. OF STATE TREASURER MOTOR VEHICLE TAX</u>				
ASSETS				
Cash and investments	\$ 7,629	\$ 100,471	\$ 100,614	\$ 7,486
LIABILITIES				
Accounts payable and accrued liabilities	\$ 7,629	\$ 100,483	\$ 100,626	\$ 7,486
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 254,364	\$ 4,530,153	\$ 4,534,668	\$ 249,849
Property taxes receivable (net)	61,711	7,114	46,789	22,036
Accounts receivable (net)	60,944	51,546	60,944	51,546
Total assets	<u>\$ 377,019</u>	<u>\$ 4,588,813</u>	<u>\$ 4,642,401</u>	<u>\$ 323,431</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 324,255	\$ 4,146,415	\$ 4,214,462	\$ 256,208
Due to program participants	52,764	503,748	489,289	67,223
Total liabilities	<u>\$ 377,019</u>	<u>\$ 4,650,163</u>	<u>\$ 4,703,751</u>	<u>\$ 323,431</u>



Additional Financial Data

This section contains additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-wide Levy

**Schedule of Ad Valorem Taxes Receivable - General Fund
June 30, 2009**

Fiscal Year	Uncollected Balance June 30, 2008	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2009
2009-2010	\$ -	\$ 269,749	\$ 52,686	\$ 217,063
2008-2009	163,863	149,918,921	145,163,046	4,919,738
2007-2008	3,171,531	(76)	2,175,688	995,767
2006-2007	707,882	57,149	248,168	516,863
2005-2006	337,832	82,455	116,731	303,556
2004-2005	232,149	(460)	74,284	157,405
2003-2004	117,384	(745)	11,360	105,279
2002-2003	80,077	(86)	6,191	73,800
2001-2002	55,292	(81)	2,148	53,063
2000-2001	37,074	(129)	747	36,198
1999-2000	34,132	(41)	723	33,368
1998-1999	22,989	-	22,989	-
	<u>\$ 4,960,205</u>	<u>\$ 150,326,656</u>	<u>\$ 147,874,761</u>	<u>7,412,100</u>
Less: Releases on 2009-2010 registered motor vehicles				(3,789)
Less: Allowance for uncollectible ad valorem taxes receivable				(1,317,889)
Ad valorem taxes receivable (net)				<u>\$ 6,090,422</u>
Reconcilement with revenues				
Taxes - ad valorem				<u>\$ 148,422,001</u>
Reconciling items				
2009 tax prepayments				52,686
Write-offs per statute of limitations				22,405
Write-offs of uncollected 2004 motor vehicle tax				51,097
Waive Tax Bills less than \$5.00				6,222
Refunds				228,308
Recognition of previously collected 2008-2009 ad valorem taxes on annually registered vehicles				175,827
Collections in advance				(315,047)
Interest and advertising cost recovery				(757,574)
Foreclosure fees and overpayments				21,508
Collections on written off motor vehicle amounts				(32,619)
Adjustment				(53)
Total reconciling items				<u>(547,240)</u>
Total collections and credits				<u>\$ 147,874,761</u>

**Analysis of Current Tax Levy
County-wide Levy**

For the Year Ended June 30, 2009

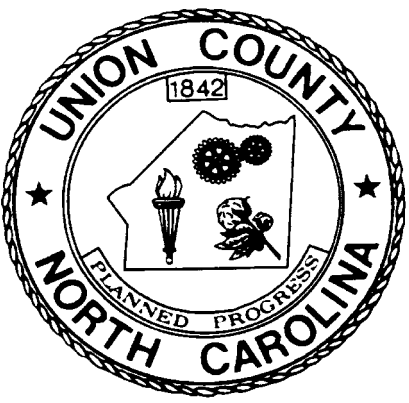
	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy					
Property taxed at current year's rate	21,720,169,742	.6650	\$ 144,438,964	\$ 137,352,934	\$ 7,086,030
Motor vehicles taxed at prior year's rate	637,233,275	.7111	4,512,720	-	4,512,720
Motor vehicles taxed at prior year's rate	4,284,070	.6367	28,670	-	28,670
Motor vehicles taxed at prior year's rate	497,579	.5600	2,787	-	2,787
Motor vehicles taxed at prior year's rate	459,027	.5250	2,410	-	2,410
Motor vehicles taxed at prior year's rate	2,981	.5300	16	-	16
Motor vehicles taxed at prior year's rate	564,975	.4705	2,658	-	2,658
Total	22,363,211,649		148,988,225	137,352,934	11,635,291
Discoveries					
Property taxed at current year's rate	365,994,530	.6650	2,428,661	2,428,661	-
Abatements					
Property taxed at current year's rate	419,383,703	.6650	1,498,571	1,394,084	104,487
Motor vehicles taxed at prior year's rate	17,379,383	.7111	91,395	-	91,395
Motor vehicles taxed at prior year's rate	170,154	.6367	1,196	-	1,196
Motor vehicles taxed at prior year's rate	33,534	.5600	188	-	188
Motor vehicles taxed at prior year's rate	2,710	.5250	14	-	14
Motor vehicles taxed at prior year's rate	2,981	.5300	16	-	16
Total	436,972,465		1,591,380	1,394,084	197,296
Total property valuation	22,292,233,714				
Net levy			149,825,506	138,387,511	11,437,995
Add: Refunds			93,192	93,192	-
Add: Write-off's of small amounts			223	-	223
Total additions and adjustments for 2008-2009			149,918,921	138,480,703	11,438,218
Add: Uncollected taxes at June 30, 2008			163,863	170,300	(6,437)
Less: Uncollected taxes at June 30, 2009			(4,919,738)	(3,818,502)	(1,101,236)
Total collections and credits for 2008-2009			\$ 145,163,046	\$ 134,832,501	\$ 10,330,545
Percent current year collected			96.83%	97.37%	90.32%

SECONDARY MARKET DISCLOSURES

	County-wide		
	Property Valuation	Rate	Amount of Levy
Assessed valuation			
Assessment ratio	100%		
Real property	19,269,039,680		
Personal property	1,206,627,768		
Public service companies	316,631,140		
	20,792,298,588	.6650	\$ 138,387,511
Personal property-motor vehicles	874,481,981	.6650	6,981,543
Personal property-motor vehicles	619,853,892	.7111	4,421,326
Personal property-motor vehicles	4,113,916	.6367	27,474
Personal property-motor vehicles	464,045	.5600	2,599
Personal property-motor vehicles	456,317	.5250	2,395
Personal property-motor vehicles	564,975	.4705	2,658
	1,499,935,126		11,437,995
Total	22,292,233,714		\$ 149,825,506

In addition to the county-wide rate, the following table lists the levies by the county on behalf of school districts and fire protection districts for the fiscal year ended June 30, 2009:

School districts	\$ 2,864
Fire protection districts	3,696,166
Total	\$ 3,699,030



Statistical Section

The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

Financial Trends - These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Net Assets by Component	Table 1
Changes in Net Assets	Table 2
Fund Balances of Governmental Funds	Table 3
Changes in Fund Balances of Governmental Funds	Table 4

Revenue Capacity - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value of Taxable Property	Table 5
Estimated Actual Value of Taxable Property	Table 6
Property Tax Rates - Direct and Overlapping Governments	Table 7
Construction Information	Table 8
Principal Property Taxpayers	Table 9
Property Tax Levies and Collections	Table 10

Debt Capacity - These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	Table 11
Legal Debt Margin Information	Table 12
Pledged Revenue Coverage per Revenue Bond Indenture - Water and Sewer Bonds	Table 13
Pledged Revenue Coverage - Water and Sewer Bonds	Table 14

Demographic and Economic Information - These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics	Table 15
Principal Employers	Table 16

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

Full-time Equivalent Governmental Employees by Function/Program	Table 17
Operating Indicators by Function/Program	Table 18
Capital Asset Statistics by Function/Program	Table 19

Union County, North Carolina
Net Assets by Component
 Last Eight Fiscal Years
 (accrual basis of accounting)

Table 1

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Invested in capital assets,								
net of related debt	\$ 32,457,899	\$ 31,763,862	\$ 34,098,609	\$ 31,209,271	\$ 31,857,056	\$ 38,919,642	\$ 43,813,345	\$ 44,867,406
Restricted	3,915,730	33,500,043	7,659,736	55,565,377	9,948,350	11,514,884	49,900,699	33,511,919
Unrestricted	(31,150,415)	(79,263,380)	(86,021,934)	(184,091,155)	(177,888,141)	(310,620,217)	(446,227,697)	(484,025,348)
Total governmental activities net assets	<u>\$ 5,223,214</u>	<u>\$ (13,999,475)</u>	<u>\$ (44,263,589)</u>	<u>\$ (97,316,507)</u>	<u>\$ (136,082,735)</u>	<u>\$ (260,185,691)</u>	<u>\$ (352,513,653)</u>	<u>\$ (405,646,023)</u>
Business-type activities:								
Invested in capital assets,								
net of related debt	\$ 43,593,411	\$ 51,981,910	\$ 68,120,172	\$ 82,495,496	\$ 128,539,817	\$ 144,908,774	\$ 156,680,551	\$ 160,757,708
Restricted	143,400	2,882,255	2,882,435	2,836,676	2,767,983	2,842,695	2,885,491	2,770,308
Unrestricted	38,201,362	47,069,467	50,157,942	58,410,989	52,098,871	66,874,682	75,283,250	75,045,623
Total business-type activities net assets	<u>\$ 81,938,173</u>	<u>\$ 101,933,632</u>	<u>\$ 121,160,549</u>	<u>\$ 143,743,161</u>	<u>\$ 183,406,671</u>	<u>\$ 214,626,151</u>	<u>\$ 234,849,292</u>	<u>\$ 238,573,639</u>
Primary government:								
Invested in capital assets,								
net of related debt	\$ 76,051,310	\$ 83,745,772	\$ 102,218,781	\$ 113,704,767	\$ 160,396,873	\$ 183,828,416	\$ 200,493,896	\$ 205,625,114
Restricted	4,059,130	36,382,298	10,542,171	58,402,053	12,716,333	14,357,579	52,786,190	36,282,227
Unrestricted	7,050,947	(32,193,913)	(35,863,992)	(125,680,166)	(125,789,270)	(243,745,535)	(370,944,447)	(408,979,725)
Total primary government net assets	<u>\$ 87,161,387</u>	<u>\$ 87,934,157</u>	<u>\$ 76,896,960</u>	<u>\$ 46,426,654</u>	<u>\$ 47,323,936</u>	<u>\$ (45,559,540)</u>	<u>\$ (117,664,361)</u>	<u>\$ (167,072,384)</u>

Union County, North Carolina
Changes in Net Assets
 Last Eight Fiscal Years
 (accrual basis of accounting)

Table 2

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 10,399,708	\$ 10,560,289	\$ 11,459,194	\$ 12,168,603	\$ 13,575,128	\$ 12,086,962	\$ 15,436,928	\$ 13,829,229
Public safety	19,458,701	21,273,554	24,044,141	26,502,956	28,007,624	31,462,968	34,470,213	35,632,695
Economic and physical development	1,084,390	1,168,550	1,230,445	1,077,860	1,329,057	1,872,376	2,287,932	2,208,441
Human services	27,244,747	27,692,374	29,193,590	31,101,517	33,834,557	37,498,643	40,185,620	38,650,109
Cultural and recreational	2,631,521	4,892,846	5,236,775	5,221,262	6,086,733	6,548,274	7,217,315	6,785,574
Education	44,726,510	46,645,607	68,849,627	103,593,493	101,687,523	216,024,115	189,941,022	161,342,945
Interest and fees on long term debt	7,563,464	6,509,457	7,068,573	9,673,057	9,566,434	14,991,616	22,947,274	25,079,081
Total governmental activities' expenses	113,109,041	118,742,677	147,082,345	189,338,748	194,087,056	320,484,954	312,486,304	283,528,074
Business-type activities:								
Water and sewer	14,828,450	14,765,162	16,964,489	19,402,159	23,455,824	25,381,231	26,223,999	27,952,851
Solid waste	3,073,860	3,150,037	2,669,162	3,060,595	3,239,497	4,084,887	4,271,774	4,777,264
Stormwater	-	-	65,485	101,610	115,546	38,162	213,187	211,501
Total business-type activities' expenses	17,902,310	17,915,199	19,699,136	22,564,364	26,810,867	29,504,280	30,708,960	32,941,616
Total primary government expenses	\$ 131,011,351	\$ 136,657,876	\$ 166,781,481	\$ 211,903,112	\$ 220,897,923	\$ 349,989,234	\$ 343,195,264	\$ 316,469,690
Program Revenues								
Governmental activities:								
Charges for services:								
Public safety	\$ 4,164,370	\$ 5,122,180	\$ 7,235,368	\$ 8,840,025	\$ 9,937,362	\$ 8,915,705	\$ 5,837,190	\$ 3,659,533
Human services	4,540,223	4,198,542	4,726,273	4,884,808	5,810,110	6,065,107	6,057,364	4,723,863
Other activities	1,822,688	2,351,997	2,189,719	2,139,956	2,500,518	2,620,659	2,374,633	2,031,547
Operating grants and contributions:								
Human services	12,734,040	12,643,288	13,166,262	14,484,307	14,919,404	16,882,631	18,094,056	18,995,386
Education	1,331,309	549,522	1,164,474	1,469,609	1,947,466	4,743,499	4,813,403	5,590,655
Other activities	1,580,512	1,554,924	2,050,000	2,579,212	3,056,676	3,043,405	3,680,965	4,367,395
Capital grants and contributions	514,540	898,117	513,875	156,953	246,468	336,940	660,626	95,704
Total governmental activities' program revenues	26,687,682	27,318,570	31,045,971	34,554,870	38,418,004	42,607,946	41,518,237	39,464,083
Business-type activities:								
Charges for services:								
Water and sewer	16,935,211	13,805,194	15,710,423	17,731,789	22,588,615	26,051,826	24,556,277	23,360,413
Solid waste	2,514,238	2,557,151	2,624,962	2,924,730	3,759,326	4,281,079	4,074,830	4,347,375
Stormwater	-	-	-	-	-	-	3,295	-
Operating grants and contributions	163,467	182,406	298,135	200,383	218,447	236,132	230,170	227,158
Capital grants and contributions:								
Water and sewer	42,000	13,547,273	19,350,880	22,965,192	37,738,174	26,878,466	19,989,669	6,504,645
Total business-type activities' program revenues	19,654,916	30,092,024	37,984,400	43,822,094	64,304,562	57,447,503	48,854,241	34,439,591
Total primary government program revenues	\$ 46,342,598	\$ 57,410,594	\$ 69,030,371	\$ 78,376,964	\$ 102,722,566	\$ 100,055,449	\$ 90,372,478	\$ 73,903,674
Net (expense) / revenue								
Governmental activities	\$ (86,421,359)	\$ (91,424,107)	\$ (116,036,374)	\$ (154,783,878)	\$ (155,669,052)	\$ (277,877,008)	\$ (270,968,067)	\$ (244,063,991)
Business-type activities	1,752,606	12,176,825	18,285,264	21,257,730	37,493,695	27,943,223	18,145,281	1,497,975
Total primary government net expense	\$ (84,668,753)	\$ (79,247,282)	\$ (97,751,110)	\$ (133,526,148)	\$ (118,175,357)	\$ (249,933,785)	\$ (252,822,786)	\$ (242,566,016)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes	\$ 46,522,266	\$ 49,606,797	\$ 59,050,897	\$ 73,145,208	\$ 84,444,843	\$ 105,339,399	\$ 127,405,534	\$ 154,149,099
Local option sales tax	16,547,946	18,384,358	22,112,952	25,331,315	29,128,130	37,542,683	38,191,635	31,509,387
Other taxes and licenses	2,144,281	2,248,330	2,742,045	3,249,325	3,848,241	4,090,373	2,862,903	1,830,883
Unrestricted grants and contributions	1,691,404	60,838	63,719	57,091	56,129	93,312	108,755	104,914
Unrestricted investment earnings	2,921,632	1,709,041	749,085	2,539,072	4,020,584	6,337,613	9,635,050	3,316,759
Unrestricted miscellaneous	202,274	37,492	42,687	31,929	17,661	647,091	102,972	14,559
Transfers	46,066	-	(108,406)	(131,307)	(323,304)	(300,000)	-	-
Gain / (loss) on sale of capital assets	(3,176)	154,562	(68,993)	(2,491,673)	(4,289,460)	23,581	333,257	6,020
Total governmental activities	70,072,693	72,201,418	84,583,986	101,730,960	116,902,824	153,774,052	178,640,106	190,931,621
Business-type activities:								
Unrestricted investment earnings	1,007,018	690,069	469,966	1,332,311	1,778,463	2,935,092	3,738,139	2,226,431
Transfers	(46,066)	-	108,406	131,307	323,304	300,000	-	-
Gain / (loss) on sale of capital assets	123,244	51,425	(24,393)	(138,738)	68,048	41,165	(160,735)	(59)
Special item	(860,220)	7,077,140	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	(1,499,544)	-
Total business-type activities	223,976	7,818,634	553,979	1,324,880	2,169,815	3,276,257	2,077,860	2,226,372
Total primary government	\$ 70,296,669	\$ 80,020,052	\$ 85,137,965	\$ 103,055,840	\$ 119,072,639	\$ 157,050,309	\$ 180,717,966	\$ 193,157,993
Change in Net Assets								
Governmental activities	\$ (16,348,666)	\$ (19,222,689)	\$ (31,452,388)	\$ (53,052,918)	\$ (38,766,228)	\$ (124,102,956)	\$ (92,327,961)	\$ (53,132,370)
Business-type activities	1,976,582	19,995,459	18,839,243	22,582,610	39,663,510	31,219,480	20,223,141	3,724,347
Total primary government	\$ (14,372,084)	\$ 772,770	\$ (12,613,145)	\$ (30,470,308)	\$ 897,282	\$ (92,883,476)	\$ (72,104,820)	\$ (49,408,023)

Union County, North Carolina
Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved	\$ 9,441,722	\$ 7,808,627	\$ 8,246,337	\$ 20,393,554	\$ 10,674,614
Unreserved	55,980,706	62,729,237	54,689,383	41,614,180	49,687,704
Total general fund	65,422,428	70,537,864	62,935,720	62,007,734	60,362,318
All Other Governmental Funds					
Reserved	1,214,830	2,226,895	1,133,182	913,885	6,018,831
Unreserved, reported in:					
Special revenue funds	2,345,217	2,626,441	1,866,861	2,091,086	1,494,329
Debt service funds	-	-	-	-	916,430
Capital project funds	20,019,150	51,799,377	30,873,437	42,034,198	(9,657,426)
Total all other governmental funds	\$ 23,579,197	\$ 56,652,713	\$ 33,873,480	\$ 45,039,169	\$ (1,227,836)

Union County, North Carolina
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Ad valorem taxes	\$ 42,848,647	\$ 43,651,066	\$ 46,033,769	\$ 49,734,498	\$ 58,785,139
Local option sales tax	16,393,522	16,800,460	16,547,946	19,572,632	22,112,952
Other taxes and licenses	1,073,380	1,927,506	2,291,166	2,418,782	2,929,526
Intergovernmental revenue	31,682,934	21,212,407	17,609,757	15,375,801	16,668,984
Permits and fees	3,717,036	4,260,379	4,893,937	6,340,538	8,453,285
Sales and services	3,248,002	3,037,064	3,439,979	3,348,469	3,434,662
Investment earnings	4,964,333	5,845,638	2,821,169	1,640,142	726,855
Miscellaneous	5,999,661	2,266,954	2,490,802	2,398,688	4,303,984
Total revenues	109,927,515	99,001,474	96,128,525	100,829,550	117,415,387
Expenditures					
General government	9,012,861	9,614,156	10,471,020	10,332,088	11,249,830
Public safety	16,631,015	17,600,958	20,625,497	20,219,360	23,850,472
Economic and physical development	861,398	984,075	1,066,406	1,136,928	1,183,641
Human services	22,819,880	25,355,378	27,139,488	27,374,397	28,845,735
Cultural and recreational	2,728,187	3,672,141	4,654,097	4,152,424	5,137,412
Education	35,226,789	27,126,251	23,288,195	21,196,766	24,963,887
Capital outlay	12,152,669	22,317,754	24,989,114	29,383,066	54,325,563
Debt service:					
Principal	5,000,462	6,271,311	7,430,864	7,390,004	8,497,421
Interest and fees	4,173,640	4,570,498	6,891,287	7,454,552	7,627,856
Total expenditures	108,606,901	117,512,522	126,555,968	128,639,585	165,681,817
Excess of revenues over (under) expenditures	1,320,614	(18,511,048)	(30,427,443)	(27,810,035)	(48,266,430)
Other financing sources (uses)					
Transfers from other funds	2,608,051	5,109,412	7,099,793	4,351,341	7,551,549
Transfers to other funds	(2,619,051)	(5,109,412)	(7,053,727)	(4,351,341)	(7,659,955)
Proceeds from borrowing	30,050,000	56,700,000	-	38,584,310	306,170
Proceeds from refunding	14,730,776	-	-	7,116,113	15,294,474
Payments to escrow agent	(14,680,905)	-	-	(7,652,685)	(15,138,229)
Total other financing sources (uses)	30,088,871	56,700,000	46,066	38,047,738	354,009
Net change in fund balances	\$ 31,409,485	\$ 38,188,952	\$ (30,381,377)	\$ 10,237,703	\$ (47,912,421)
Debt service as a percentage of non-capital expenditures	8.2%	8.8%	10.7%	11.2%	9.3%

Table 3

Fiscal Year				
2005	2006	2007	2008	2009
\$ 10,485,321	\$ 13,092,816	\$ 15,793,681	\$ 18,762,186	\$ 11,548,975
53,912,165	36,515,103	35,498,590	35,345,281	44,697,716
64,397,486	49,607,919	51,292,271	54,107,467	56,246,691
3,259,684	3,384,994	5,406,614	13,038,989	8,977,547
1,890,668	2,595,842	3,223,619	851,988	1,627,992
9,252,954	15,128,687	16,261,525	13,357,788	13,357,788
52,857,335	5,520,867	(65,362,904)	40,770,271	37,848,554
\$ 67,260,641	\$ 26,630,390	\$ (40,471,146)	\$ 68,019,036	\$ 61,811,881

Table 4

Fiscal Year				
2005	2006	2007	2008	2009
\$ 72,807,526	\$ 84,128,412	\$ 104,702,599	\$ 126,527,705	\$ 152,040,519
25,331,315	29,128,130	37,542,683	38,191,635	31,509,387
3,457,706	4,111,779	4,393,511	3,680,253	3,075,348
18,301,998	19,723,222	24,446,903	25,899,097	27,519,200
9,905,175	11,013,811	9,975,519	6,592,908	4,066,554
3,561,745	4,237,737	4,268,091	4,602,861	4,668,297
2,470,740	3,926,427	6,208,468	9,510,665	3,233,332
2,794,796	3,372,811	4,425,068	3,996,371	2,128,833
138,631,001	159,642,329	195,962,842	219,001,495	228,241,470
12,205,567	12,724,574	12,005,860	12,690,960	12,549,523
27,029,852	27,910,690	31,041,272	34,770,230	34,277,288
1,073,782	1,208,568	1,706,148	2,056,913	2,042,598
31,293,129	33,773,032	37,535,192	39,086,647	37,561,560
4,870,027	5,130,410	6,267,956	6,531,016	6,177,574
26,440,438	32,142,098	58,126,552	72,215,699	78,670,638
85,714,886	78,097,953	166,108,664	121,465,606	88,226,983
8,727,796	13,730,879	14,030,661	21,504,015	24,855,116
8,620,572	10,020,639	15,180,232	21,589,851	25,687,672
205,976,049	214,738,843	342,002,537	331,910,937	310,048,952
(67,345,048)	(55,096,514)	(146,039,695)	(112,909,442)	(81,807,482)
15,202,837	37,082,574	26,817,950	16,165,122	4,976,822
(15,334,144)	(37,405,878)	(27,117,950)	(16,165,122)	(4,976,822)
140,000,000	-	80,922,511	224,214,820	77,265,407
21,630,000	-	-	-	76,074,144
(21,630,000)	-	-	-	(75,600,000)
139,868,693	(323,304)	80,622,511	224,214,820	77,739,551
\$ 72,523,645	\$ (55,419,818)	\$ (65,417,184)	\$ 111,305,378	\$ (4,067,931)
7.8%	9.4%	7.9%	12.4%	16.0%

Union County, North Carolina
Assessed Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Table 5

Fiscal Year Ended June 30	Tax Year	Real Property		Personal Property		Public Service Company Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Commercial	Residential	Motor Vehicles	Other			
		2000	1999	\$ 821,965	\$ 3,713,032			
2001	2000	1,315,083	5,584,343	1,011,321	742,553	209,913	8,863,213	.4705
2002	2001	1,240,174	6,181,767	1,029,160	808,812	217,774	9,477,687	.4705
2003	2002	1,273,609	6,716,740	1,084,822	872,219	222,478	10,169,868	.4705
2004	2003	1,322,250	7,241,313	1,130,588	843,687	232,942	10,770,780	.53
2005	2004	1,625,571	9,467,521	1,210,622	855,271	244,639	13,403,624	.525
2006	2005	1,620,411	10,385,207	1,469,931	905,633	254,761	14,635,943	.56
2007	2006	1,717,083	11,495,054	1,584,861	1,028,755	276,145	16,101,898	.6367
2008	2007	1,773,675	12,619,083	1,716,434	1,116,150	313,762	17,539,105	.7111
2009	2008	2,538,940	16,730,100	1,499,935	1,206,628	316,631	22,292,234	.665

Note: Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The Board of County Commissioners may accelerate the frequency of revaluations. Prior revaluations were completed for tax years 2000, 2004 and 2008.

Union County, North Carolina
Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Table 6

Fiscal Year Ended June 30	Tax Year	Sales Assessment Ratio	Real Property	Personal Property		Public Service Company Property	Total Estimated Value
				Motor Vehicles	Other		
				2000	1999		
2001	2000	98.14%	7,030,187	1,011,321	742,553	209,913	8,993,974
2002	2001	93.92%	7,902,407	1,029,160	808,812	217,774	9,958,153
2003	2002	94.25%	8,477,824	1,084,822	872,219	222,478	10,657,343
2004	2003	88.73%	9,651,260	1,130,588	843,687	232,942	11,858,477
2005	2004	97.53%	11,374,031	1,210,622	855,271	244,639	13,684,563
2006	2005	93.12%	12,892,631	1,469,931	905,633	254,761	15,522,956
2007	2006	90.96%	14,525,217	1,584,861	1,028,755	276,145	17,414,978
2008	2007	84.03%	17,128,119	1,716,434	1,116,150	313,762	20,274,465
2009	2008	96.45%	19,978,269	1,499,935	1,206,628	316,631	23,001,463

Union County, North Carolina
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
 Last Ten Fiscal Years

Table 7

Fiscal Year Ended June 30	<u>2000</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>
Tax Year	<u>1999</u>	<u>2000</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>
Taxes Levied by Union County										
County-wide rate	.66	.4705	.4705	.4705	.53	.525	.56	.6367	.7111	.665
Supplemental School Districts (Approved by the Voters)										
Monroe Schools District	.07	.059	.07	.07	.07	.07	.07	-	-	-
County Schools District	.07	.059	.07	.07	.07	.07	.07	-	-	-
Supplemental Fire Districts										
Hemby VFD	.0346	.0211	.0276	.0376	.036	.0427	.0404	.0464	.377	.0493
Springs VFD	-	-	-	-	-	-	-	.0313	.0312	.0306
Stallings VFD	.024	.0063	.0277	.0342	.0392	.0492	.039	.0444	.0262	.0406
Waxhaw VFD	-	-	-	-	-	-	-	.0413	.0513	.248
Wesley VFD	-	-	-	-	.017	.014	.015	.0152	.0167	.0191
Total County Rates										
Maximum	.7646	.5506	.5682	.5781	.6392	.6442	.6704	.6831	1.0881	.913
Minimum	.73	.5295	.5405	.5405	.6	.595	.63	.6367	.7111	.665
Average	.7473	.5401	.5544	.5593	.6196	.6196	.6502	.6599	.8996	.789
Overlapping Taxes Levied by Municipalities										
City of Monroe	.55	.5	.5	.5	.5	.48	.49	.53	.55	.55
Downtown Monroe District	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
Town of Fairview	-	-	-	.02	.02	.02	.02	.02	.02	.02
Town of Hemby Bridge	.02	.02	.02	.05	.05	.03	.03	.03	.03	.03
Town of Indian Trail	.1	.08	.08	.08	.08	.08	.08	.1	.15	.15
Town of Marshville	.43	.38	.38	.38	.38	.38	.38	.38	.38	.38
Town of Mineral Springs	.04	.03	.03	.03	.03	.03	.027	.027	.027	.027
Town of Mint Hill	-	-	-	-	.275	.275	.275	.275	.275	.275
Town of Stallings	.12	.1	.1	.14	.16	.25	.25	.25	.25	.25
Town of Unionville	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02
Town of Waxhaw	.47	.37	.37	.37	.37	.34	.34	.34	.34	.34
Town of Weddington	.02	.02	.02	.05	.04	.04	.03	.03	.03	.03
Town of Wingate	.38	.32	.32	.4	.36	.36	.36	.38	.39	.39
Village of Lake Park	.12	.09	.18	.18	.22	.22	.22	.23	.23	.23
Village of Marvin	.025	.025	.025	.0517	.0517	.052	.0517	.05	.05	.05
Village of Wesley Chapel	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02

Union County, North Carolina
Construction Information
 Last Ten Fiscal Years
 (in thousands of dollars)

Table 8

Fiscal Year Ended June 30	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	Value
2000	641	\$ 68,244	2,686	\$ 280,762
2001	680	95,126	2,997	340,316
2002	480	53,717	2,923	304,456
2003	295	67,040	3,643	398,151
2004	312	130,596	4,060	517,127
2005	498	146,370	4,678	687,386
2006	573	184,705	5,247	837,557
2007	601	162,927	4,432	752,637
2008	472	268,061	2,638	356,472
2009	409	105,730	1,725	148,101

Union County, North Carolina
Principal Property Taxpayers
 Current Year and Nine Years Ago

Table 9

Taxpayer	Type of Business	June 30, 2009			June 30, 2000		
		2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	1999 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Allegheny Technologies (Allvac)	Metals	\$ 164,746,736	1	.74%	\$ 45,268,062	2	.72%
Charlotte Pipe & Foundry Co.	Plastics	119,091,026	2	.53%	69,311,913	1	1.10%
Union Electric Membership Corp.	Utility	119,652,223	3	.54%	29,114,860	7	.46%
Duke Power Company	Utility	78,153,496	4	.35%	36,471,586	3	.58%
Piedmont Natural Gas	Gas	73,452,499	5	.33%			.00%
Sandler at Kensington LLC	Home Builder	47,198,810	6	.21%			.00%
Parker & Orleans Homebuilders	Home Builder	45,785,200	7	.21%			.00%
The Mathisen Company	Home Builder	37,015,140	8	.17%			.00%
Windstream/Alltel Carolina	Utility	34,540,147	9	.15%	22,915,532	9	.36%
Shea Homes LLC	Home Builder	34,365,950	10	.15%			.00%
Verizon	Utility			.00%	31,403,870	4	.50%
Tyson Farms/Holly Farms	Poultry			.00%	21,566,156	10	.34%
Parkdale America	Manufacturer			.00%	29,260,059	5	.46%
Wampler-Longacre	Poultry			.00%	29,241,977	6	.46%
C-M Monroe/Yale Security	Manufacturer			.00%	24,898,417	8	.39%
Total assessed valuation of top 10 taxpayers		<u>\$ 754,001,227</u>		<u>3.38%</u>	<u>\$ 339,452,432</u>		<u>5.38%</u>
Total county-wide assessed valuation		<u>\$ 22,292,233,714</u>			<u>\$ 6,308,029,751</u>		

Union County, North Carolina
Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 10

Fiscal Year Ended June 30	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2000	1999	\$ 41,740,441	\$ 40,520,889	97.1%	\$ 1,250,791	\$ 41,771,680	100.1%
2001	2000	42,866,175	41,573,994	97.0%	1,328,093	42,902,087	100.1%
2002	2001	45,127,899	43,614,686	96.6%	1,514,531	45,129,217	100.0%
2003	2002	48,246,177	46,932,728	97.3%	1,295,111	48,227,839	100.0%
2004	2003	57,228,250	55,711,807	97.4%	1,465,370	57,177,177	99.9%
2005	2004	70,907,825	68,927,427	97.2%	1,864,379	70,791,806	99.8%
2006	2005	82,211,626	80,035,351	97.4%	1,931,491	81,966,842	99.7%
2007	2006	102,211,078	99,609,887	97.5%	2,079,822	101,689,709	99.5%
2008	2007	124,280,563	121,081,881	97.4%	2,191,939	123,273,820	99.2%
2009	2008	150,228,441	145,163,046	96.6%	-	145,163,046	96.6%

Union County, North Carolina
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Table 11

Fiscal Year Ended June 30	Governmental Activities				Debt to Assessed Value	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	C.O.P.'s and Installment Financing	G.O. C.P. B.A.N.'s	Total Governmental Activities			
2000	\$ 77,103,990	\$ 10,427,097	\$ -	\$ 87,531,087	1.39%	2.8%	726
2001	128,459,837	9,499,940	-	137,959,777	1.56%	4.0%	1,099
2002	122,001,614	8,527,300	-	130,528,914	1.38%	3.7%	991
2003	115,636,279	43,760,000	-	159,396,279	1.57%	4.3%	1,153
2004	109,950,837	41,906,170	21,230,000	173,087,007	1.61%	4.3%	1,204
2005	245,255,314	39,653,898	-	284,909,212	2.13%	6.3%	1,891
2006	233,801,707	37,376,626	13,495,000	284,673,333	1.95%	5.7%	1,782
2007	222,078,318	112,709,355	83,495,000	418,282,673	2.60%	7.7%	2,458
2008	426,516,575	107,497,083	-	534,013,658	3.04%	n/a	2,940
2009	467,778,542	111,670,000	-	579,448,542	2.58%	n/a	3,032

Fiscal Year Ended June 30	Business-Type Activities			Total Business-Type Activities	Total Primary Government		
	General Obligation Bonds	Revenue Bonds	Other Long-term Obligations		Total Primary Government	Percentage of Personal Income	Debt Per Capita
2000	\$ 28,078,510	\$ 19,720,000	\$ 4,668,651	\$ 52,467,161	\$ 139,998,248	4.4%	1,162
2001	25,880,364	19,275,000	4,343,165	49,498,529	187,458,306	5.4%	1,493
2002	22,992,386	18,805,000	3,982,892	45,780,278	176,309,192	5.0%	1,339
2003	20,011,722	54,065,000	3,627,714	77,704,436	237,100,715	6.4%	1,715
2004	17,185,963	52,550,000	3,257,689	72,993,652	246,080,659	6.1%	1,712
2005	14,213,986	50,980,000	2,879,159	68,073,145	352,982,357	7.8%	2,343
2006	11,522,693	49,370,000	2,570,663	63,463,356	348,136,689	6.9%	2,180
2007	9,018,482	47,315,000	15,836,967	72,170,449	490,453,122	9.0%	2,882
2008	6,533,425	45,245,000	15,603,270	67,381,695	601,395,353	n/a	3,311
2009	4,646,458	43,165,000	16,119,573	63,931,031	643,379,573	n/a	3,367

Union County, North Carolina
Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2000	2001	2002	2003
Assessed value of taxable property (in 000's)	\$ 6,308,030	\$ 8,863,213	\$ 9,477,687	\$ 10,169,868
	x .08	x .08	x .08	x .08
Debt limit - 8 percent of assessed value	<u>504,642,380</u>	<u>709,057,045</u>	<u>758,214,956</u>	<u>813,589,404</u>
Gross debt				
General obligation debt	105,182,500	154,340,201	144,994,000	135,648,001
Bond anticipation notes	-	-	-	-
Authorized and unissued	26,700,000	25,000,000	25,000,000	95,000,000
Certificates of Participation	5,515,000	5,190,000	4,850,000	43,760,000
Installment Financing	4,912,097	4,309,940	3,677,300	-
NC Clean Water Revolving Loan	3,972,842	3,739,146	3,505,451	3,271,753
	<u>146,282,439</u>	<u>192,579,287</u>	<u>182,026,751</u>	<u>277,679,754</u>
Less: Water bonds issued and outstanding	(18,888,920)	(17,470,081)	(15,497,634)	(13,435,013)
Sewer bonds issued and outstanding	(9,189,590)	(8,410,283)	(7,494,752)	(6,576,709)
NC Clean Water Revolving Loan	(3,972,842)	(3,739,146)	(3,505,451)	(3,271,753)
Amount held in sinking fund	<u>(707,907)</u>	<u>(681,999)</u>	<u>(676,269)</u>	<u>-</u>
	<u>(32,759,259)</u>	<u>(30,301,509)</u>	<u>(27,174,106)</u>	<u>(23,283,475)</u>
Total amount of debt applicable to debt limit	<u>113,523,180</u>	<u>162,277,778</u>	<u>154,852,645</u>	<u>254,396,279</u>
Legal debt margin	<u>\$ 391,119,200</u>	<u>\$ 546,779,267</u>	<u>\$ 603,362,311</u>	<u>\$ 559,193,125</u>
Legal debt margin as a percentage of the debt limit	77.50%	77.11%	79.58%	68.73%

Table 12

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 10,770,780	\$ 13,403,624	\$ 14,635,943	\$ 16,101,898	\$ 17,539,105	\$ 22,292,234
x .08	x .08	x .08	x .08	x .08	x .08
<u>861,662,385</u>	<u>1,072,289,950</u>	<u>1,170,875,447</u>	<u>1,288,151,840</u>	<u>1,403,128,400</u>	<u>1,783,378,720</u>
127,136,800	259,469,300	245,324,400	231,096,800	433,050,000	472,425,000
21,230,000	-	13,495,000	83,495,000	-	-
180,000,000	110,730,000	97,235,000	201,735,000	64,500,000	-
41,600,000	39,410,000	37,195,000	112,590,000	107,440,000	102,280,000
306,170	243,898	181,626	119,355	57,083	9,390,000
3,038,056	2,804,360	2,570,663	15,836,967	15,603,270	16,119,573
<u>373,311,026</u>	<u>412,657,558</u>	<u>396,001,689</u>	<u>644,873,122</u>	<u>620,650,353</u>	<u>600,214,573</u>
(11,378,036)	(9,308,774)	(7,332,405)	(5,455,173)	(3,585,416)	(2,157,116)
(5,807,927)	(4,905,212)	(4,190,288)	(3,563,309)	(2,948,009)	(2,489,342)
(3,038,056)	(2,804,360)	(2,570,663)	(15,836,967)	(15,603,270)	(16,119,573)
-	-	-	-	-	-
<u>(20,224,019)</u>	<u>(17,018,346)</u>	<u>(14,093,356)</u>	<u>(24,855,449)</u>	<u>(22,136,695)</u>	<u>(20,766,031)</u>
353,087,007	395,639,212	381,908,333	620,017,673	598,513,658	579,448,542
<u>\$ 508,575,378</u>	<u>\$ 676,650,738</u>	<u>\$ 788,967,114</u>	<u>\$ 668,134,167</u>	<u>\$ 804,614,742</u>	<u>\$ 1,203,930,178</u>
59.02%	63.10%	67.38%	51.87%	57.34%	67.51%

Union County, North Carolina
Pledged Revenue Coverage per Revenue Bond Indenture
Water and Sewer Bonds
Last Ten Fiscal Years

Fiscal Year Ended June 30	Revenues	Current Expenses	Net Revenues Available for Debt Service	Adjusted Net Revenues Available for Debt Service		
				Senior Debt Service	20% Preceding Year's Surplus	Senior Debt Service
2000	\$ 19,270,388	\$ 6,572,349	\$ 12,698,039			\$ 1,965,043
2001	19,838,079	7,501,632	12,336,447			1,948,307
2002	17,761,343	9,274,368	8,486,975			1,940,229
2003	26,044,846	9,414,336	16,630,510	\$ 5,738,188	22,368,698	1,506,033
2004	23,064,760	9,838,861	13,225,899	6,860,065	20,085,964	3,412,226
2005	28,143,709	10,426,862	17,716,847	5,261,847	22,978,694	3,487,927
2006	38,223,973	14,310,599	23,913,374	5,193,627	29,107,001	3,416,213
2007	41,922,974	15,502,443	26,420,531	4,809,250	31,229,781	3,745,682
2008	37,611,817	15,299,134	22,312,683	4,646,148	26,958,831	3,720,738
2009	28,969,856	15,460,067	13,509,789	4,909,333	18,419,122	3,838,514

Notes: FY2000 through FY2002

Revenues and Current Expenses are defined terms described in the General Trust Indenture dated May 1, 1996.
Senior Debt Service is comprised of Bonds (as defined in the Indenture) issued pursuant to the Indenture and a Loan Agreement with the State of North Carolina.
Beginning FY2000, Total Debt Service is comprised of Bonds, General Obligation Indebtedness (as defined in the Indenture) plus 1.20 times the Principal and Interest Requirements of the Bonds.
Revenues, Current Expenses, Total Debt Service, and Coverage of Total Debt Service Requirements are not calculated based on the definitions as contained in the General Trust Indenture dated May 1, 1996.
Beginning in FY2000, the County identified the Senior Debt Service component within Total Debt Service.

Union County, North Carolina
Pledged Revenue Coverage
Water and Sewer Bonds
Last Ten Fiscal Years

Table 14

Fiscal Year Ended June 30	Revenues	Current Expenses	Net Revenues Available for Debt Service	Revenue Bond Debt Service		Coverage
				Principal	Interest	
2000	\$ 19,270,388	\$ 6,572,349	\$ 12,698,039	\$ 430,000	\$ 1,078,400	8.42
2001	19,838,079	7,501,632	12,336,447	445,000	1,059,050	8.20
2002	17,761,343	9,274,368	8,486,975	470,000	1,038,358	5.63
2003	26,044,846	9,414,336	16,630,510	490,000	1,016,033	11.04
2004	23,087,628	9,838,861	13,248,767	1,515,000	1,897,226	3.88
2005	28,258,770	10,426,862	17,831,908	1,570,000	1,917,927	5.11
2006	38,155,925	14,310,599	23,845,326	1,610,000	1,806,213	6.98
2007	41,922,974	15,502,443	26,420,531	2,055,000	1,690,682	7.05
2008	37,611,817	15,299,134	22,312,683	2,070,000	1,650,738	6.00
2009	28,969,856	15,460,067	13,509,789	2,080,000	1,758,514	3.52

Table 13

Senior Debt Service Coverage	Total Debt Service	Coverage of Total Debt Service Requirements		
6.46	\$ 5,060,984	2.51		
6.33	4,967,972	2.48		
4.37	5,239,371	1.62		

Subordinate Debt Service		Adj. Total Debt Service + 20% Senior Debt	Coverage Tests	
			Adj. Net Rev / Adj. Dbt. Svc.	Net Rev / Total Dbt. Svc.
\$ 4,514,193	6,020,226	\$ 6,321,433	3.54	2.76
4,320,053	7,732,279	8,414,724	2.39	1.71
4,136,339	7,624,266	8,306,711	2.78	2.34
3,704,345	7,120,558	7,803,801	3.73	3.36
3,380,148	7,125,830	7,874,966	3.97	3.71
3,228,049	6,948,787	7,692,935	3.50	3.21
3,540,105	7,378,619	8,146,322	2.26	1.83

Notes: FY2003 through FY2009

In FY2003, the County issued its 2003 Revenue Bonds and authorized its Series Indenture, Number 2. The Indenture modified certain rate covenants contained in the General Indenture by providing for a two prong test - one test which permits the inclusion of 20% of the balance in the Surplus Fund from the prior fiscal year with other test omitting the Surplus Fund. In FY2003, the State Loan Agreement was subordinated to senior debt service.

Union County, North Carolina
Demographic and Economic Statistics
 Last Ten Fiscal Years

Table 15

Fiscal Year Ended June 30	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)	Retail Sales (5) (thousands of dollars)
2000	120,500	\$ 3,288,799	\$ 26,193	21,967	2.8%	\$ 1,304,253
2001	125,558	3,645,748	27,726	22,875	4.1%	1,370,180
2002	131,661	3,683,222	26,665	24,149	5.3%	1,409,840
2003	138,264	3,870,852	26,893	25,680	5.2%	1,425,656
2004	143,769	4,256,122	28,162	27,031	4.8%	1,458,866
2005	150,637	4,848,074	30,198	28,815	4.5%	1,537,435
2006	159,726	5,406,861	31,479	31,580	3.9%	1,099,352
2007	170,167	5,900,029	32,086	34,564	4.0%	1,217,491
2008	181,652	n/a	n/a	36,952	5.7%	1,200,307
2009	191,108	n/a	n/a	38,554	10.8%	1,162,891

Sources:

- (1) Source: North Carolina State Demographic Unit
- (2) United States Dept of Commerce, Bureau of Economic Analysis
- (3) Amounts for fiscal years 1998-2006 use final ADM estimates provided by the State Board of Education and DPI. The amount shown for the 2007, 2008, and 2009 year is estimated by the School System.
- (4) North Carolina Employment Security Commission
 The data for the Fiscal Years 2000-2008 in the table above is the annual average unemployment rate. The data for Fiscal Year 2009 in the table above is the July 2009 unemployment rate.
- (5) North Carolina Department of Revenue
 The data for the Fiscal Years 1998-2005 in the table above sets forth **gross** retail sales. Beginning July 1, 2005, the North Carolina Department of Revenue began to compile information only for **taxable** retail sales in compliance with the Streamlined Sales

Union County, North Carolina
Principal Employers
 Current Year

Table 16

Employer	Type of Business	June 30, 2009	
		Employees	Rank
Union County Schools	Education	1,000+	1
Tyson Farms Inc	Manufacturing	1,000+	2
CMC - Union	Health Services	1,000+	3
ATI Allvac	Manufacturing	1,000+	4
County of Union	Public Administration	1,000+	5
Wal-Mart Associates Inc	Trade	500-999	7
McGee Brothers Co Inc	Construction	500-999	6
Harris Teeter Inc	Trade	500-999	8
City of Monroe	Public Administration	500-999	9
Charlotte Pipe & Foundry Company	Manufacturing	500-999	10

Source: North Carolina Department of Commerce

Full-time Equivalent Governmental Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:										
General government										
Board of Commissioners	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Central Administration	7.0	6.0	7.0	7.7	7.2	8.2	8.2	8.2	8.5	6.1
Internal Audit	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Legal	2.0	2.0	2.0	2.8	2.8	2.8	2.8	2.8	3.1	3.0
Personnel	4.0	5.0	6.0	6.1	6.0	6.0	6.0	7.0	8.0	7.0
Finance	9.0	9.0	10.0	10.0	10.2	9.2	9.2	10.2	10.2	9.0
Tax Administration	43.0	44.0	45.0	45.9	46.2	47.8	51.8	51.8	56.3	44.5
Elections	4.0	4.0	4.0	10.4	10.8	10.9	11.6	11.6	12.2	10.3
Register of Deeds	9.0	9.0	10.0	10.3	11.3	11.3	12.5	12.5	13.5	12.0
Information Systems (and GIS)	11.0	12.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	10.0
General Services	9.0	11.0	12.0	14.4	13.7	12.7	12.0	10.0	10.5	9.0
Public safety										
Law Enforcement (and AC)	165.0	166.0	174.0	176.6	191.2	217.6	218.7	234.6	242.2	248.6
Communications	23.5	23.5	23.5	21.5	30.4	35.6	45.8	44.7	45.7	41.4
Homeland Security	2.0	2.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	3.0
Fire Services	4.5	4.5	5.5	5.5	6.0	6.0	6.0	5.0	5.0	5.0
Inspection	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	28.5	17.0
Economic and physical development										
Planning	6.0	6.0	5.0	5.0	4.0	4.0	4.0	5.0	6.0	4.0
Economic Development	2.0	2.0	2.0	2.0	2.0	-	-	-	-	0.0
Cooperative Extension			10.0	10.0	10.0	10.0	12.0	12.0	12.5	11.0
Soil Conservation	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	1.0	1.0
Human services										
Public Health	78.8	79.6	84.0	100.8	91.2	93.5	97.5	102.6	104.7	101.7
Social Services	189.0	190.0	177.0	185.3	191.4	191.1	194.1	199.6	199.7	200.4
Transportation and Nutrition	8.0	9.0	11.0	22.2	27.9	28.1	30.0	30.1	31.0	30.0
Veterans' Services	2.0	2.0	2.0	2.5	3.0	3.0	3.0	3.0	3.0	3.0
Cultural and recreational										
Library	32.0	38.0	40.5	55.0	64.2	65.1	64.5	65.9	66.0	55.7
Parks and Recreation	12.0	13.0	14.0	23.6	23.4	23.4	25.4	27.4	27.9	26.9
Sub-total	<u>659.8</u>	<u>674.6</u>	<u>697.5</u>	<u>770.6</u>	<u>805.9</u>	<u>839.3</u>	<u>866.1</u>	<u>896.0</u>	<u>916.3</u>	<u>865.5</u>
Business-type activities:										
Water and Sewer	74.3	77.4	88.4	88.6	89.1	89.1	94.2	99.3	109.1	92.8
Solid Waste	13.8	13.7	13.7	20.4	21.8	21.6	21.6	21.7	22.6	20.6
Stormwater	-	-	-	-	1.3	1.3	1.3	1.3	2.1	2.1
Sub-total	<u>88.0</u>	<u>91.0</u>	<u>102.0</u>	<u>109.0</u>	<u>112.2</u>	<u>112.0</u>	<u>117.1</u>	<u>122.3</u>	<u>133.7</u>	<u>115.4</u>
Total	<u><u>747.8</u></u>	<u><u>765.6</u></u>	<u><u>799.5</u></u>	<u><u>879.6</u></u>	<u><u>918.1</u></u>	<u><u>951.3</u></u>	<u><u>983.2</u></u>	<u><u>1,018.3</u></u>	<u><u>1,050.0</u></u>	<u><u>980.9</u></u>

Union County, North Carolina
Operating Indicators by Function/Program
 Last Eight Fiscal Years

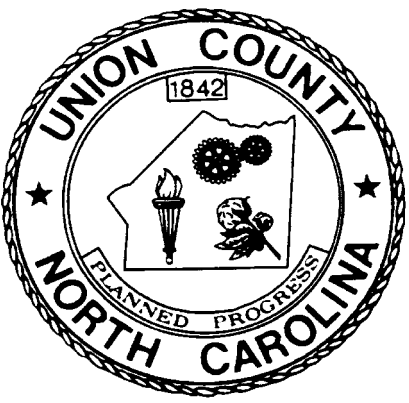
Table 18

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
General government								
Personnel								
Number of full-time employees	747	743	796	825	844	879	977	921
Number of part-time employees	165	142	145	151	174	223	67	55
Elections								
Number of registered voters	78,643	78,567	82,305	92,313	97,003	102,969	113,057	119,538
Information Systems (and GIS)								
Number of people in system	488	581	814	1,120	1,169	1,226	1,282	1,234
General Services								
Number of vehicle service requests	847	883	877	970	643	549	1,077	1,093
Public safety								
Fire Services								
Number of volunteer fire personnel	n/a	485	500	525	610	640	645	560
Inspection								
Number of inspections	3,403	3,529	4,025	4,585	5,100	4,347	713	1,341
Human services								
Public Health								
Number of patients	13,284	14,238	14,592	16,171	13,085	9,371	13,939	13,657
Number of visits	30,248	32,061	31,920	32,300	29,779	33,507	29,026	31,745
Social Services								
Number of client visits	n/a	n/a	34,194	34,452	n/a	37,824	44,446	52,953
Transportation and Nutrition								
Number of trips	47,408	54,475	63,996	68,023	73,345	73,725	85,199	87,929
Congregate, home delivered and supplemental meals	96,634	96,622	88,716	81,034	92,491	96,359	107,034	96,117
Veterans' Services								
Number of visitors	2,868	3,363	3,204	3,583	4,096	4,417	3,197	3,049
Number of phone calls	5,686	5,718	5,996	7,841	8,356	8,329	8,685	8,246
Cultural and recreational								
Library								
Number of volumes	181,310	194,105	180,193	214,212	200,740	229,812	219,255	210,457
Education								
Number of licensed employees	1,586	1,543	1,672	2,233	2,455	2,593	3,531	2,990
Number of students	24,149	25,680	27,031	28,815	31,580	34,564	36,952	38,554
Business-type activities:								
Water and Sewer								
Average daily consumption in gallons (in 000's)	696	6,621	7,272	7,062	8,870	11,840	9,617	8,659
Number of water service connections	20,844	24,823	26,564	28,922	32,629	36,276	38,192	38,913
Number of sewer service connections	12,173	15,546	17,028	19,246	22,732	26,113	27,040	27,432

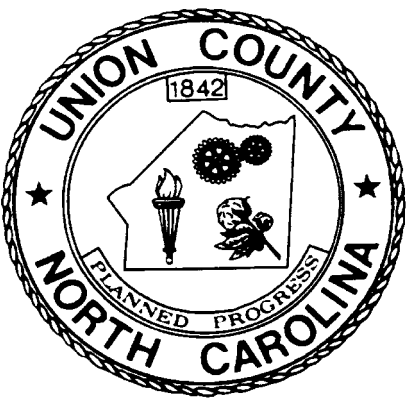
Union County, North Carolina
Capital Asset Statistics by Function/Program
 Last Eight Fiscal Years

Table 19

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities:								
Tax Administration								
Number of tax parcels	83,173	86,059	85,885	97,078	98,640	102,639	105,714	106,749
Elections								
Number of precincts	n/a	44	46	49	51	50	50	50
Public safety								
Law Enforcement (and AC)								
Number of stations	8	8	8	8	8	8	8	8
Number of patrol units	219	219	236	245	267	295	308	301
Fire Services								
Number of stations-main	18	18	18	18	18	18	18	18
Number of stations-sub	7	7	7	7	7	7	7	7
Cultural and recreational								
Library								
Number of libraries	4	5	5	5	5	5	5	4
Parks and Recreation								
Number of parks	3	3	3	3	3	3	3	3
Number of acres in parks	1,317	1,317	1,317	1,317	1,317	1,290	1,290	1,290
Number of acres in lakes	350	350	350	350	350	350	350	350
Education								
Number of schools	34	34	34	36	40	44	48	53
Number of classrooms	1,560	1,126	1,201	1,316	1,440	1,540	2,139	2,322
Business-type activities:								
Water and Sewer								
Number of fire hydrants	2,415	2,465	2,490	2,530	2,680	3,700	3,850	4,280
Miles of water mains	543	560	585	610	650	700	726	759
Miles of sewer mains	325	330	439	450	465	500	539	592



Compliance Section





POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Union County, North Carolina
Monroe, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of **Union County, North Carolina**, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

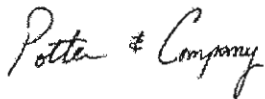
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 **Union County'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*.

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

A handwritten signature in cursive script that reads "Potter & Company".

November 25, 2009
Monroe, North Carolina



POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Commissioners
Union County, North Carolina
Monroe, North Carolina

Compliance

We have audited the compliance of **Union County, North Carolina**, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. **Union County's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Union County's** management. Our responsibility is to express an opinion on **Union County's** compliance based on our audit.

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

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

Internal Control Over Compliance

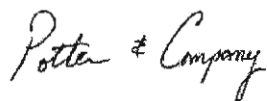
The management of **Union County** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Union County's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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



November 25, 2009
Monroe, North Carolina



POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE
AUDIT IMPLEMENTATION ACT**

To the Board of Commissioners
Union County, North Carolina
Monroe, North Carolina

Compliance

We have audited the compliance of **Union County, North Carolina**, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. **Union County's** major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of **Union County's** management. Our responsibility is to express an opinion on **Union County's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about **Union County's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Union County's** compliance with those requirements.

In our opinion, **Union County** complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

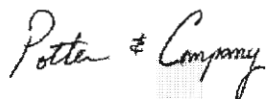
The management of **Union County** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered **Union County's** internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

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



November 25, 2009
Monroe, North Carolina

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____ x _____ no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes _____ x _____ none reported

Noncompliance material to financial statements noted? _____ yes _____ x _____ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes _____ x _____ no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes _____ x _____ none reported

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes _____ x _____ no

Identification of major federal programs:

CFDA#	Program Name
93.044, 93.045	Aging Cluster
93.778	Title XIX - Medicaid
93.568	Low Income Home Energy Assistance Block Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? _____ x _____ yes _____ no

Continued on next page.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section I - Summary of Auditors' Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ yes ___ x ___ no
- Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes ___ x ___ none reported

Type of auditors' report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____ yes ___ x ___ no

Identification of major State programs:

- Program Name
- State/County Special Assistance for Adults
- Public School Building Capital Fund
- Rural Operating Assistance Program (ROAP)

The only other major State programs for Union County are Title XIX – Medicaid and the Aging Cluster. Therefore, these programs have been included in the list of major federal programs above.

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

Summary Schedule for Prior Year's Audit Findings

For the Year Ended June 30, 2009

Summary of Prior Year's Audit Findings

Finding: 2008-1

Status: Corrected.

Finding: 2008-2

Status: Corrected.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS:	
U.S. DEPARTMENT OF AGRICULTURE	
Passed-through N.C. Department of Agriculture:	
Cooperative Forestry Assistance:	
Division of Forest Resources	10.664
Commodity Supplemental Food Program	10.565
Total Passed-through N.C. Department of Agriculture	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Administration:	
Food Stamp Cluster:	
Food Stamp Program-Direct Benefit Payments	10.551
Department of Revenue (DOR) Retention	10.551
Tax Offset Program (TOP) Retention	10.551
Food Stamp Cash Incentive Retention	10.561
State Administrative Matching Grants for the Food Stamp Program	10.561
Food Stamps Employment and Training and Dependent Care	10.561
Total Passed-through N.C. Department of Health and Human Services: Food Stamp Cluster	
Passed-through N.C. Department of Health and Human Services:	
Division of Public Health:	
Administration:	
Special Supplemental Nutrition Program for:	
Women, Infants and Children-Client Services	10.557
Women, Infants and Children-Client Services	10.557
Women, Infants and Children-Nutrition Education	10.557
Women, Infants and Children-Nutrition Education	10.557
Women, Infants and Children-Administration	10.557
Women, Infants and Children-Administration	10.557
Women, Infants and Children-Breast Feeding	10.557
Women, Infants and Children-Breast Feeding	10.557
Women, Infants and Children-Breast Feeding Peer Counseling	10.557
Women, Infants and Children-Breast Feeding Peer Counseling	10.557
Direct Benefit Payments:	
Special Supplemental Nutrition Program for:	
Women, Infants and Children	10.557
Total Passed-through N.C. Dept. of Health and Human Services: Division of Public Health	
Passed-through N.C. Department of Agriculture:	
Emergency Food Assistance Program:	
Administrative Costs	10.568
Total U.S. Department of Agriculture	

Schedule 41

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
	\$ 25,000	\$ -	\$ -	\$ 25,000
	139,990	-	-	139,990
	<u>164,990</u>	<u>-</u>	<u>-</u>	<u>164,990</u>
	18,405,572	-	-	18,405,572
	1,709	-	-	1,709
	5,659	-	-	5,659
	10,976	-	-	10,976
	823,637	-	817,948	1,641,585
	1,988	-	1,988	3,976
	<u>19,249,541</u>	<u>-</u>	<u>819,936</u>	<u>20,069,477</u>
1540-5403-GJ	91,282	-	-	91,282
1540-5403-GK	195,344	-	10,601	205,945
1540-5404-GJ	68,649	-	-	68,649
1540-5404-GK	123,860	-	(2,485)	121,375
1540-5405-GJ	21,419	-	-	21,419
1540-5405-GK	28,500	-	13,069	41,569
1540-5409-GJ	12,972	-	-	12,972
1540-5409-GK	14,527	-	3,041	17,568
1540-570B-JQ	2,512	-	-	2,512
1540-570C-JQ	5,023	-	81	5,104
	<u>2,993,934</u>	<u>-</u>	<u>-</u>	<u>2,993,934</u>
	<u>3,558,022</u>	<u>-</u>	<u>24,307</u>	<u>3,582,329</u>
	7,185	-	-	7,185
	<u>22,979,738</u>	<u>-</u>	<u>844,243</u>	<u>23,823,981</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS (CONTINUED):	
U.S. DEPARTMENT OF ENVIRONMENTAL MANAGEMENT	
Passed-through N. C. Department of Environmental and Natural Resources:	
Division of Water Quaility	
Clean Water Revolving Loan	66.458
U.S. DEPARTMENT OF JUSTICE	
Office of Justice Programs:	
Disproportionate Minority Contact Implementation	16.540
U.S. DEPARTMENT OF HOMELAND SECURITY	
Passed-through N. C. Department of Crime Control and Public Safety:	
Division of Emergency Management:	
Emergency Management Assistance	97.042
U.S. DEPARTMENT OF TRANSPORTATION	
Federal Transit Administration:	
Passed-through N. C. Department of Transportation:	
Department of Transportation:	
Formula Grants for Other than Urbanized Areas	20.509
Formula Grants for Other than Urbanized Areas	20.509
Total U.S. Department of Transportation	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
Administration of Aging:	
Division of Aging and Adult Services:	
Passed-through Centralina Council of Governments:	
Aging Cluster:	
Nutrition Services Incentive Program	93.053
Social Services Block Grant-In Home Aide	93.667
Special Programs for the Aging-Title III B	
Grants for Supportive Services and Senior Center	93.044
Special Programs for the Aging-Title III C	
Nutrition Services	93.045
Administration of Aging: Aging Cluster	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
CS370370-09	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
090-1-07-010-AJ-498	\$ 6,552	\$ -	\$ -	\$ 6,552
EMPG-2008-37179	46,766	-	-	46,766
08-CT-089 Admin	144,711	9,045	27,113	180,869
08-CT-089 Capital	85,070	10,634	10,634	106,338
	<u>229,781</u>	<u>19,679</u>	<u>37,747</u>	<u>287,207</u>
	44,763	-	-	44,763
	30,729	880	-	31,609
	195,150	11,514	-	206,664
	<u>150,488</u>	<u>8,800</u>	<u>-</u>	<u>159,288</u>
	<u>421,130</u>	<u>21,194</u>	<u>-</u>	<u>442,324</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS (CONTINUED):	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)	
Administration for Children and Families:	
Division of Social Services:	
Passed-through N.C. Department of Health and Human Services:	
Foster Care and Adoption Cluster: (Note 3)	
Adoption/Foster Care	93.558
Special Children Adoption	93.558
Family Preservation	93.556
Title IV-E Administration Foster Care	93.658
Title IV-E Foster Care Training	93.658
Title IV-E Foster Care Officer Training	93.658
Title IV-E Foster Care	93.658
Title IV-E Foster Care In Excess	93.658
IV-E Admin County Paid to CCI	93.658
IV-E Family Foster Care Max Level III	93.658
IV-E Child Protective Services	93.658
Title IV-E Adoption Training	93.659
Title IV-E Optional Adoption Training	93.659
IV-E Adoption Subsidy and Vendor-Direct Benefit Payments	93.659
Total Foster Care and Adoption Cluster (Note 3)	
AFDC Incentives	N/A
TANF Domestic Violence	93.558
Work First Administration	93.558
Work First Functional Assessment	93.558
Work First Service	93.558
Work First Demonstration Grant	93.558
Direct Benefit Payments:	
Temporary Assistance for Needy Families Payments & Penalties	93.558
AFDC Payments & Penalties	93.560
Refugee Assistance-Direct Benefit Payments	93.566
Low Income Home Energy Assistance Block Grant:	
Administration	93.568
Energy Assistance-Direct Benefit Payments	93.568
Crisis Intervention Program	93.568
Child Welfare Services:	
Permanency Planning-Regular	93.645
Permanency Planning-Special	93.645
LINKS	93.674
LINKS-Independent Living/Transitional Funds	93.674
Total Division of Social Services	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
	\$ 65,905	\$ -	\$ 4,545	\$ 70,450
	111,000	-	-	111,000
	1,284	-	-	1,284
	5,213	-	5,213	10,426
	19,674	-	6,558	26,232
	242,324	-	242,324	484,648
	77,553	12,780	19,488	109,821
	76,532	9,846	22,139	108,517
	767	383	383	1,533
	64	(6)	32	90
	261,372	108,569	152,802	522,743
	1,152	-	384	1,536
	81,956	-	81,956	163,912
	360,941	71,805	96,148	528,894
	<u>1,305,737</u>	<u>203,377</u>	<u>631,972</u>	<u>2,141,086</u>
	(805)	848	-	43
	31,591	-	-	31,591
	316,933	-	249,847	566,780
	3,954	-	-	3,954
	1,357,831	-	971,533	2,329,364
	72,259	-	-	72,259
	844,326	-	37,854	882,180
	(291)	(80)	(80)	(451)
	4,241	-	-	4,241
	56,586	-	-	56,586
	461,234	-	-	461,234
	553,424	-	-	553,424
	34,953	11,651	-	46,604
	13,104	-	4,368	17,472
	9,664	2,416	-	12,080
	6,681	-	-	6,681
	<u>5,071,422</u>	<u>218,212</u>	<u>1,895,494</u>	<u>7,185,128</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS (CONTINUED):	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)	
Administration for Children and Families (continued):	
Division of Aging and Adult Services:	
Passed-through N.C. Department of Health and Human Services:	
SSBG - In Home Services Fund	93.667
SSBG - In Home Services Over 60	93.667
SSBG - Adult Day Care	93.667
SSBG - Adult Day Care Over 60	93.667
SSBG Other Services and Training	93.667
Total Division of Aging and Adult Services	
Division of Child Development:	
Passed-through N.C. Department of Health and Human Services:	
Subsidized Child Care Cluster (Note 3):	
TANF Child Care	93.558
Child Care Development Fund -Discretionary	93.575
Child Care Development Fund -Discretionary	93.575
Child Care Development Fund -Discretionary	93.575
Child Care Development Fund -Discretionary	93.575
Child Care Development Fund-Mandatory	93.596
Child Care Development Fund-Mandatory	93.596
Child Care Development Fund-Match	93.596
Child Care Development Fund-Match	93.596
Child Care Development Fund-Match	93.596
Child Care Development Fund-Match	93.596
Child Care Development Fund-Administration	93.596
Social Services Block Grant	93.667
Child Care Development Fund-State Match	N/A
Child Care Development -Smart Start	N/A
Child Care Development -Smart Start TANF	N/A
Child Care Development -Smart Start State Match	N/A
Child Care Development -Smart Start State Match	N/A
Child Care Development -Smart Start State Match	N/A
Child Care Development -Smart Start State Match	N/A
Child Care Development -Smart Start State Match	N/A
Child Care State Maintenance of Effort	N/A
Total Division of Child Development: Subsidized Child Care Cluster (Note 3)	
Total Administration for Children and Families	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
	\$ 95,357	\$ -	\$ 13,622	\$ 108,979
	1,417	-	202	1,619
	39,697	23,320	9,002	72,019
	34,292	15,828	7,160	57,280
	255,566	49,138	101,568	406,272
	<u>426,329</u>	<u>88,286</u>	<u>131,554</u>	<u>646,169</u>
1811-1810-T2-90	1,395,954	-	-	1,395,954
1811-1810-DN-90	288,919	-	-	288,919
1811-1810-DQ-90	436,214	-	-	436,214
1811-1810-TB-90	1,388,066	-	-	1,388,066
1811-1810-TK-90	51,358	-	-	51,358
1811-1810-MK-90	166,102	-	-	166,102
1811-1810-ML-90	857,305	-	-	857,305
1811-1810-VW-90	41,981	23,563	-	65,544
1811-1810-VX-90	39,784	22,330	-	62,114
1811-1810-VY-90	158,578	86,899	-	245,477
1811-1810-VZ-90	726,806	398,281	-	1,125,087
	264,597	-	-	264,597
1811-1812-Q4-90	17,725	-	-	17,725
1811-1812-00-90	-	144,962	-	144,962
1711-1740-40-90	-	328,376	-	328,376
1711-1740-T6-90	-	196,305	-	196,305
1711-1740-VX-90	-	34,863	-	34,863
1711-1740-VZ-90	-	616,533	-	616,533
1711-1740-VU-90	-	(62,545)	-	(62,545)
1711-1740-VW-90	-	36,788	-	36,788
1811-1810-VY-90	-	134,518	-	134,518
1811-1810-T6-90	-	(9,482)	-	(9,482)
	<u>5,833,389</u>	<u>1,951,391</u>	<u>-</u>	<u>7,784,780</u>
	<u>11,331,140</u>	<u>2,257,889</u>	<u>2,027,048</u>	<u>15,616,077</u>

Continued on next page.

Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS (CONTINUED):	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)	
Centers for Medicare and Medicaid Services:	
Passed-through N.C. Department of Health and Human Services:	
Division of Social Services:	
Administration:	
Adult Care Home Case Management/Special	93.778
Medical Assistance Expansion	93.778
Medical Assistance Administration	93.778
State Children's Insurance Program-N.C. Health Choice	93.767
Direct Benefit Payments:	
State Children's Insurance Program-N.C. Health Choice	93.767
Total Division of Social Services	
Division of Medical Assistance:	
Medical Assistance Program	93.778
Medical Assistance Program	93.778
Direct Benefit Payments:	
Medical Assistance Program	93.778
Total Centers for Medicare and Medicaid Services	
Centers for Disease Control	
Passed-through N.C. Department of Health and Human Services:	
Division of Public Health:	
Preventive Health and Health Services Block Grant	93.991
Breast & Cervical Cancer	93.283
Breast & Cervical Cancer	93.283
Breast & Cervical Wise Woman Project	93.919
Child Service Coordination-MCH Services Block Grant	93.994
Bioterrorism Grant	93.283
Bioterrorism Grant	93.283
Immunization Action	93.268
Immunization Action	93.268
Total Centers for Disease Control	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
	\$ 57,832	\$ 27,074	\$ 30,757	\$ 115,663
	17,045	17,045	-	34,090
	1,544,925	-	1,544,924	3,089,849
	100,007	9,608	23,436	133,051
	<u>3,473,669</u>	<u>1,149,876</u>	<u>-</u>	<u>4,623,545</u>
	5,193,478	1,203,603	1,599,117	7,996,198
	161,417	79,243	-	240,660
	<u>78,814,529</u>	<u>30,741,864</u>	<u>-</u>	<u>109,556,393</u>
	<u>84,169,424</u>	<u>32,024,710</u>	<u>1,599,117</u>	<u>117,793,251</u>
1551-5503-PH	13,957	-	100,146	114,103
1552-310A-EK	1,925	-	-	1,925
1552-310B-EK	26,970	-	60,626	87,596
1551-360E-JV	1,838	-	-	1,838
1531-5318-AP	64,254	-	125,793	190,047
1561-2680-EX	13,000	-	1,566	14,566
1561-2680-EY	38,895	-	-	38,895
1570-631B-EJ	15,515	-	103,392	118,907
1570-631F-EJ	21,721	-	103,392	125,113
	<u>198,075</u>	<u>-</u>	<u>494,915</u>	<u>692,990</u>

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Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
FEDERAL AWARDS (CONTINUED):	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)	
Health Resources and Services Administration:	
Passed-through N.C. Department of Health and Human Services:	
Division of Public Health:	
Family Planning Services Title X	93.217
Family Planning Services Title X	93.217
TANF-Family Planning	93.558
Women's Preventive Health-MCH Services Block Grant	93.994
Maternal Health	93.994
Child Health-MCH Services Block Grant	93.994
Child Health-MCH Block Grant	93.994
Total Health Resources and Services Administration	
Total U. S. Department of Health and Human Services	
U.S. ELECTION ASSISTANCE COMMISSION	
Help America Vote Act	
Passed-through N.C. State Board of Elections:	
Help America Vote Act of 2002	90.401
Total federal awards	
STATE AWARDS:	
N.C. DEPARTMENT OF CULTURAL RESOURCES	
Division of State Library:	
State Aid to Public Libraries	N/A
N.C. DEPARTMENT OF CORRECTIONS	
Division of Community Corrections:	
Criminal Justice Partnership Program	N/A

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
1511-592B-FP	\$ 13,336	\$ -	\$ -	\$ 13,336
1511-592C-FP	52,310	-	-	52,310
1511-5151-TA	12,115	-	-	12,115
1505-5735-AP	65,537	-	626,019	691,556
1505-5740-AP	46,174	-	1,247,284	1,293,458
1505-5745-AP	37,237	-	1,013,631	1,050,868
1535-5351-AP	1,549	-	-	1,549
	<u>228,258</u>	<u>-</u>	<u>2,886,934</u>	<u>3,115,192</u>
	<u>96,348,027</u>	<u>34,303,793</u>	<u>7,008,014</u>	<u>137,659,834</u>
Title II	<u>231,142</u>	<u>-</u>	<u>-</u>	<u>231,142</u>
	<u>121,342,006</u>	<u>34,323,472</u>	<u>7,890,004</u>	<u>163,555,482</u>
	<u>-</u>	<u>195,235</u>	<u>-</u>	<u>195,235</u>
90-0705-I-A	<u>-</u>	<u>125,407</u>	<u>-</u>	<u>125,407</u>

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Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
STATE AWARDS (CONTINUED):	
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
Passed-through North Carolina Partnership for Children, Incorporated	
Department of Social Services	N/A
Health	N/A
Library	N/A
Total Passed-through North Carolina Partnership for Children, Incorporated	
Division of Aging and Adult Services:	
Aging Cluster:	
90% State Funds - Access	N/A
90% State Funds - In-Home Services	N/A
90% State Funds - Congregate Nutrition	N/A
90% State Funds - Home Delivered Meals	N/A
Total Division of Aging and Adult Services: Aging Cluster	
Division of Social Services Programs:	
DCD Smart Start	N/A
Share the Warmth	N/A
State Adult Protective Services	N/A
State Aid to Counties	N/A
SSBG - County Funded	N/A
Work First Non-Reimbursable	N/A
Foster Care At Risk Maximization	N/A
Foster Care Special Provisions	N/A
State Foster Home Fund Maximization	N/A
State Foster Home	N/A
AFDC Payments and Penalties	N/A
CWS Adoption Subsidy and Vendor Payments-Direct Benefit Payments	N/A
State/County Special Assistance For Adults	N/A
State/County Special Assistance For Adults-Direct Benefit Payments	N/A
Total Division of Social Services	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
	\$ -	\$ 35,501	\$ -	\$ 35,501
	-	206,400	27,521	233,921
	-	79,350	-	79,350
	<u>-</u>	<u>321,251</u>	<u>27,521</u>	<u>348,772</u>
	-	78,250	-	78,250
	-	184,150	-	184,150
	-	35,934	-	35,934
	-	37,476	-	37,476
	<u>-</u>	<u>335,810</u>	<u>-</u>	<u>335,810</u>
	-	255,629	-	255,629
	-	4,575	206	4,781
	-	32,281	-	32,281
	-	79,236	-	79,236
	-	-	2,147,025	2,147,025
	-	-	1,390,181	1,390,181
	-	5,641	3,091	8,732
	-	16,033	-	16,033
	-	36,149	36,149	72,298
	-	78,843	78,843	157,686
	-	-	-	-
	-	333,511	56,943	390,454
	-	-	91,630	91,630
	-	888,270	888,270	1,776,540
	<u>-</u>	<u>1,730,168</u>	<u>4,692,338</u>	<u>6,422,506</u>

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Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
STATE AWARDS (CONTINUED):	
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED):	
Division of Public Health:	
Aid to Counties-Health Administration	N/A
Breast and Cervical Cancer	N/A
Breast and Cervical Cancer - Wise Woman	N/A
Child Hood Lead Poisoning	N/A
Communicable Disease	N/A
Communicable Disease-Aids	N/A
Communicable Disease-Tuberculosis	N/A
Environmental Health	N/A
High Risk Maternity Clinics	N/A
Interpreter Services	N/A
Public Health Nurse Training	N/A
Random Moment Time Study	N/A
Risk Reduction/Health Promotion	N/A
Tuberculosis	N/A
Women's Preventive Health	N/A
Total Division of Public Health	
Division of Emergency Medical Services:	
Emergency Medical Services Enhancement Tools	N/A
Total N.C. Department of Health and Human Services	
N.C. DEPARTMENT OF PUBLIC INSTRUCTION	
Public School Building Capital Fund-ADM Fund	N/A
Public School Building Capital Fund-Lottery Fund	N/A
Total N.C. Department of Public Instruction	
N.C. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION	
Daymark Family Recovery	N/A
Juvenile Crime Prevention Council	N/A
Positive Impact	N/A
Project Challenge	N/A
Psychological Services	N/A
Shelter Care	N/A
United Family Services	N/A
Total Department of Juvenile Justice and Delinquency Prevention	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
1410-4110-00	\$ -	\$ 101,388	\$ 730,666	\$ 832,054
1552-5599-00	-	16,556	-	16,556
1551-360A-WA	-	9,396	15,334	24,730
4760-1496	-	-	3,029	3,029
1451-4510-00	-	7,416	443,581	450,997
1461-4536-BN	-	12,500	10,820	23,320
1451-4551-00	-	3,810	82,508	86,318
4752-166	-	16,994	-	16,994
1505-5746-00	-	60,293	-	60,293
1410-4181-00	-	20,000	-	20,000
1430-4301-00	-	400	-	400
2117-1530-04	-	70,872	-	70,872
1551-5503-00	-	6,453	-	6,453
1451-4554-00	-	1,033	14	1,047
1511-6019-FR	-	12,328	-	12,328
	-	<u>339,439</u>	<u>1,285,952</u>	<u>1,625,391</u>
	-	<u>71,922</u>	<u>1,298,239</u>	<u>1,370,161</u>
	-	<u>2,798,590</u>	<u>7,304,050</u>	<u>10,102,640</u>
	-	1,868,873	-	1,868,873
	-	<u>3,721,782</u>	-	<u>3,721,782</u>
	-	<u>5,590,655</u>	-	<u>5,590,655</u>
290016	-	37,602	-	37,602
290000	-	4,523	-	4,523
290001	-	97,432	-	97,432
290023	-	44,260	-	44,260
290025	-	750	-	750
290011	-	18,899	-	18,899
290018	-	28,159	-	28,159
	-	<u>231,625</u>	-	<u>231,625</u>

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Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>
STATE AWARDS (CONTINUED):	
N.C. DEPARTMENT OF TRANSPORTATION	
Rural Operating Assistance Program (ROAP)	
ROAP Elderly and Disabled Transportation Assistance	
ROAP Rural General Public Program	
ROAP Work First Transitional - Employment	
Total N.C. Department of Transportation	
N.C. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES	
Division of Soil and Water Conservation:	
Soil and Water Conservation	N/A
Division of Parks and Recreation:	
Adopt a Trail	N/A
Parks and Recreation Trust Fund (PARTF)	N/A
Total N.C. Department of Environment and Natural Resources	
N.C. DEPARTMENT OF ADMINISTRATION	
Veteran's Service	N/A
Total State awards	
Total federal, State and local awards	

Schedule 41
(Continued)

Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures	Total Expenditures
DOT-16CL	\$ -	\$ 123,239	\$ -	\$ 123,239
DOT-16CL	-	171,704	-	171,704
DOT-16CL	-	44,684	-	44,684
	<u>-</u>	<u>339,627</u>	<u>-</u>	<u>339,627</u>
	-	26,180	47,515	73,695
PO8057	-	-	-	-
PARTF-2004-382	-	-	-	-
	<u>-</u>	<u>26,180</u>	<u>47,515</u>	<u>73,695</u>
	-	2,000	277,044	279,044
	<u>-</u>	<u>9,309,319</u>	<u>7,628,609</u>	<u>16,937,928</u>
	<u>\$ 121,342,006</u>	<u>\$ 43,632,791</u>	<u>\$ 15,518,613</u>	<u>\$ 180,493,410</u>

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Union County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2009

Schedule 41
(Continued)

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Union County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal and State awards to the county and are included on the schedule.

2. Sub-recipients

Of the federal and State expenditures presented in the schedule, Union County provided State awards to sub-recipients as follows:

Grantor/Pass Through Grantor/Program Title	Pass-Through	State
	Grantor's Number	Expenditures
N.C. DEPARTMENT OF HUMAN RESOURCES		
Department of Juvenile Justice and Delinquency Prevention		
Daymark Family Recovery	290016	37,602
Juvenile Crime Prevention Council	290000	4,523
Positive Impact	290001	97,432
Project Challenge	290023	44,260
Psychological Services	290025	750
Shelter Care	290011	18,899
United Family Services	290018	28,159
		<u>\$ 231,625</u>

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for the State audit requirement:

Subsidized Child Care
Foster Care and Adoption

4. Inception to date information:

Grant	Project	Federal CFDA Number	Pass- Through Grantor's Number	Total Grant Commitment	Expenditures			
					Federal	State	Local	Total
SRF	12M Creek WWTP Expansion to 6MGD	66.458	CS370370-09	\$ 15,000,000	\$ 15,000,000	\$ -	\$ 7,300,039	\$ 22,300,039