



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

**UNION COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
AND SPECIAL REPORTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**UNION COUNTY
TABLE OF CONTENTS
SEPTEMBER 30, 2015**

	<u>Page</u>
FINANCIAL SECTION	4
INDEPENDENT AUDITOR’S REPORT	5
MANAGEMENT’S DISCUSSION & ANALYSIS	7
BASIC FINANCIAL STATEMENTS	16
Statement of Net Position	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Assets and Liabilities	26
Notes to Financial Statements	27

**UNION COUNTY
TABLE OF CONTENTS
SEPTEMBER 30, 2015**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION	58
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	59
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Emerald Cap Loan Fund	60
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Countywide Road Maintenance Fund	61
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Countywide Bridge Fund	62
Schedule of the County's Proportionate Share of the Net Pension Liability	63
Schedule of County Contributions	64
Notes to the Required Supplementary Information	65
OTHER INFORMATION	67
Schedule of Surety Bonds for County Officials	68
SPECIAL REPORTS	70
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	71
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	73
Limited Internal Control and Compliance Review Management Report	78
SCHEDULE OF FINDINGS AND RESPONSES	81

FINANCIAL SECTION

J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Union County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Union County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Union County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Supplementary and Other Information

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017, on our consideration of Union County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County, Mississippi's internal control over financial reporting and compliance.



J. E. Vance & Company, P.A.
February 1, 2017

Union County Board of Supervisors

Danny Jordan, Third District, President
Benny Rakestraw, Fifth District, Vice-President
Dwight Pickens, First District

POST OFFICE BOX 847
NEW ALBANY, MISSISSIPPI 38652
(662) 534-1902

Randy Owen, Fourth District
Jimmy Yarbrough, Second District
Thad J. Mueller, Attorney

Annette M. Hickey, Clerk
Terry Johnson, County Administrator

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

INTRODUCTION

The discussion and analysis of Union County's financial performance provides an overall narrative review of the County's financial activities for the year ended September 30, 2015. The intent of this discussion and analysis is to look at the County's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the County's financial performance.

This discussion and analysis is an element of required supplementary information specified in the "Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued June 1999. Certain comparative information between the current year and the prior year is required to be presented.

Union County is located in Northeastern Mississippi along Hwy. 78 (the Future Interstate I-22). The population, according to the 2010 census, is 27,134. The local economic base is driven mainly by manufacturing.

FINANCIAL HIGHLIGHTS

Union County is financially stable. The County has committed itself to financial excellence for many years by using sound financial planning, budgeting and strong internal controls. The County is committed to maintaining sound fiscal management to meet the challenges of the future.

Union County continues to grow both economically and in population. This has allowed the County to maintain a steady growth in tax revenues without a significant tax increase.

Total net position decreased \$9,089,397, including prior period adjustments of (\$7,614,903), which represents a 13% decrease from the prior fiscal year. The County's ending cash balance increased by \$1,028,389, which represents a 12% increase from the previous year.

The County had \$14,132,584 in total revenues. Property tax revenues account for \$7,052,369 or 50% of total revenues. Intergovernmental Revenues in the form of reimbursements, shared revenue or grants, account for \$3,180,722, or 22% of total revenues. Charges for services account for \$1,988,113 or 14% of total revenue. Ad valorem tax in lieu fees account for \$847,118 or 6% of total revenue. Other revenues such as road and bridge privilege taxes, fines, fees, interest income etc. account for the remaining 8% of total revenues.

The County had \$15,607,078 in total expenses, which represents a decrease of \$1,476,797 or 9% from the prior fiscal year. Expenses in the amount of \$4,488,560 were offset by charges for services, grants or outside contributions. General revenues of \$9,644,024 were not adequate to cover the remaining amount of expenses, \$1,474,494. However, the County had adequate cash reserves to cover these expenses.

Figure 2 summarizes the major features of the County’s financial statements, including the portion of the County’s government they cover and the types of information they contain. The remainder of this section of Management’s Discussion and Analysis explains the structure and content of each of the statements

Figure 2 – Major Features of the County’s Government-Wide and Fund Financial Statements

	Government -Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and component units	All activities of the County that are not business-type or fiduciary in nature	Activities of the County that operate similar to private businesses	The County is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> ● Statement of net position ● Statement of activities 	<ul style="list-style-type: none"> ● Balance sheet ● Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> ● Statement of net position ● Statement of revenues, expenses and changes in net position ● Statement of cash flows 	<ul style="list-style-type: none"> ● Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short and long term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short and long term	All assets and liabilities, both short and long term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services are received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County finances, in a manner similar to private-sector businesses.

The **statement of net position** presents information on all County assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The **statement of activities** presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works (roads and bridges); health and welfare; culture and recreation; conservation of natural resources; economic development; interest on long-term debt, and pension expense. The business-type activities of the County include the County's Solid Waste Fund.

The Government-wide Financial Statements can be found on pages 17 and 18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 20 and 22, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined together and presented in these reports as other governmental funds.

The basic governmental funds financial statements can be found on pages 19 and 21 of this report.

Proprietary funds are maintained two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statement. The County uses an enterprise fund to account for the Solid Waste Fund.

Fund financial statements for the proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Solid Waste Fund is considered to be a major fund of the County. The proprietary funds financial statements can be found on pages 23-25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 26 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 27-57 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents **Required Supplementary Information** concerning the County's budget process and pension data.

The County adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund. This required supplementary information can be found on pages 59-62 of this report.

This report also presents a schedule of the County's proportionate share of the net pension liability of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. This schedule is presented to show trending data over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board. This required supplementary information can be found on page 63 of this report.

This report also presents a schedule of County contributions to PERS over the most recent ten fiscal year period as required by the Governmental Accounting Standards Board. This required supplementary information can be found on page 64 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – Net position may serve over time as a useful indicator of government's financial position. In the case of Union County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59,207,095 as of September 30, 2015.

By far, the largest portion of the County's net position (85%) reflects its investment in capital assets (e.g. roads, bridges, land, buildings, mobile equipment, furniture & equipment, leased property under capital lease and construction in progress) less related outstanding debt used to acquire such assets. The County uses these capital assets to provide services to its citizens.

The County's financial position is a product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the County's net position at September 30, 2015 and 2014.

	Governmental Activities		Change
	2015	2014	
Current assets	\$ 32,754,880	\$ 31,316,206	5%
Capital assets, net	50,082,580	50,512,205	-1%
Total assets	82,837,460	81,828,411	1%
Deferred outflows of resources	1,624,400	-0-	N/A
Current liabilities	1,641,955	1,179,767	39%
Long-term debt outstanding	8,820,260	7,610,312	16%
Net pension liability	9,251,521	-0-	N/A
Total liabilities	19,713,736	8,790,079	124%
Deferred inflows of resources	5,662,955	5,362,728	6%
Net position:			
Investment in capital assets	50,082,580	50,512,205	-1%
Restricted	14,243,033	13,433,603	6%
Unrestricted	(5,240,444)	3,729,796	-241%
Total net position	\$ 59,085,169	\$ 67,675,604	-13%
	Business-type Activities		Change
	2015	2014	
Current assets	\$ 537,871	\$ 374,408	44%
Capital assets	249,336	349,374	-29%
Total assets	787,207	723,782	9%
Deferred outflows of resources	112,387	-0-	N/A
Current liabilities	124,209	89,666	39%
Long-term debt outstanding	11,842	13,228	-10%
Net pension liability	641,617	-0-	N/A
Total liabilities	777,668	102,894	656%
Net position:			
Investment in capital assets	249,336	349,374	-29%
Restricted	401,820	271,514	48%
Unrestricted	(529,230)	-0-	N/A
Total net position	\$ 121,926	\$ 620,888	-80%

Note: The business-type activities consist of the collection and disposal of household garbage financed by a monthly fee charged on each home & various charges for commercial garbage service based on the service provided such as dumpster size and number of pickups per week.

Effective January 2014, monthly fees for residential garbage pickup increased from \$8.00 to \$10.00, an increase of 25%. Commercial service fees also increased by 25% over the previous rates.

Additional information on net position:

In connection with the implantation of new standards on accounting and financial reporting for pensions, management presents the following additional information:

Governmental Activities:	<u>Amount</u>
Total unrestricted net position - governmental activities	\$ (5,240,444)
Unrestricted decrease in net position resulting from recognition of the net pension liability	<u>7,627,121</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 2,386,677</u>
Business-type Activities:	
Total unrestricted net position - business-type activities	\$ (529,230)
Restricted decrease in net position resulting from recognition of the net pension liability	<u>529,230</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ -0-</u>

Changes in Net Position – Union County’s total revenues for the fiscal year ended September 30, 2015 were \$14,132,584. The total cost for all services provided was \$15,607,078. The decrease in net position was \$9,089,397, including prior period adjustments of (\$7,614,903).

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2015 and 2014.

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 1,988,112	\$ 1,956,630	2%
Operating grants	1,245,537	2,465,220	-49%
Capital grants	1,254,911	264,622	374%
General revenues			
Property taxes	7,052,369	6,873,343	3%
Unrestricted grants and contributions	680,275	600,957	13%
Advalorem Tax in-lieu fee	847,118	817,465	4%
Other General Revenue	<u>1,064,262</u>	<u>530,546</u>	101%
Total Revenues	<u>14,132,584</u>	<u>13,508,783</u>	5%
Expenses:			
General government	2,243,973	3,511,564	-36%
Public safety	4,092,194	3,779,564	8%
Public works	5,538,529	6,855,128	-19%
Health and welfare	438,284	434,194	1%
Culture and recreation	240,887	252,988	-5%
Education	300,000	300,000	0%
Conservation of natural resources	133,105	131,749	1%
Economic development	170,874	481,258	-64%
Interest on long-term debt	408,554	427,136	-4%
Pension expense	1,090,554	-0-	N/A
Garbage disposal (Business type)	<u>950,124</u>	<u>910,294</u>	4%
Total Expense	<u>15,607,078</u>	<u>17,083,875</u>	-9%
Prior Period Adjustments	<u>(7,614,903)</u>	<u>(267,244)</u>	-2749%
Decrease in Net Position	<u>\$ (9,089,397)</u>	<u>\$ (3,842,336)</u>	-137%

Governmental Activities – The following table presents the cost of ten major functional activities of the County: General Government, Public Safety, Public Works, Health & Welfare, Economic Development, Culture & Recreation, Education, Conservation of Natural Resources, Interest on Debt, and Pension Expense.

The table also shows each function’s net cost (total cost less charges for services generated by the activity and intergovernmental aid provided for that activity.) The net cost shows the financial burden that was placed on Union County’s taxpayers by each of these functions.

	Total Costs	Net Costs
General Government	\$ 2,243,973	\$ 1,388,680
Public Safety	4,092,194	3,336,394
Public Works	5,538,529	3,676,445
Health & Welfare	438,284	344,973
Culture & Recreation	240,887	240,887
Education	300,000	300,000
Conservation of Natural Resources	133,105	133,105
Economic Development	170,874	150,408
Interest on Debt	408,554	408,554
Pension Expense	1,090,554	1,090,554

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

Governmental funds – At the close of the fiscal year, Union County’s governmental funds reported a combined fund balance of \$16,991,594, an increase of \$288,740, or 2% from the previous year.

Business-type fund – Operating Revenue from the County’s Garbage Collection Fund increased by 10% to \$923,766 and expenses increased approximately 4% to \$950,124. Nonoperating Revenues in the form of interest income and gain on sale of capital assets totaled \$21,494.

BUDGETARY HIGHLIGHTS OF MAJOR FUNDS

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund and other major special revenue funds is provided in this report as required supplementary information after the notes to the Financial Statements.

The Original Budget was amended to actual at year end. The only significant variances from the original Budget in regard to total Revenues and Expenditures occurred in the Countywide Road Maintenance & Countywide Bridge Funds. These variances resulted from the timing of County Road and Bridge projects as well as State Aid Road and Bridge projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2015, Union County's total capital assets was \$115,081,872. This includes roads, bridges, other infrastructure, land, buildings, mobile equipment, furniture and equipment, leased property under capital lease and construction in progress. This amount represents an increase from the previous year of \$2,740,322 or 3%.

Total accumulated depreciation as of September 30, 2015 was \$64,749,956, including \$3,407,544 of depreciation expense for the year. The balance in total net capital assets was \$50,331,916 at year-end.

Additional information on Union County's capital assets can be found in note 9 on page 42 of this report.

Debt Administration – At September 30, 2015, Union County had \$8,832,102 in long-term debt outstanding. This includes general obligation bonds, Mississippi Business Investment Act notes, a note payable, and compensated absences. Of this debt, \$594,966 is due within one year.

Additional information on Union County's long-term debt can be found in note 13 on page 46 of this report.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact the Union County Administrator or Chancery Clerk's office at P.O. Box 847, New Albany, MS 38652.

FINANCIAL STATEMENTS

Union County
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Union Co. Library System
ASSETS				
Cash	\$ 8,978,197	326,914	9,305,111	48,100
Investments	8,741,647		8,741,647	90,904
Accrued interest receivable	13,005		13,005	74
Property tax receivable	5,438,794		5,438,794	
Accounts receivable (net of allowance for uncollectibles of \$366,499)		158,129	158,129	
Fines receivable (net of allowance for uncollectibles of \$427,619)	89,197		89,197	
Capital leases receivable	1,495,484		1,495,484	
Intergovernmental receivables	719,631		719,631	4,476
Prepaid items	159,274		159,274	4,196
Other receivables	72,014	68,335	140,349	235,000
Internal balances	15,507	(15,507)		
Ad Valorem Tax Fee In-Lieu Recievable	7,032,130		7,032,130	
Restricted assets				72,056
Capital assets:				
Land and construction in progress	2,814,297		2,814,297	12,000
Other capital assets, net	47,268,283	249,336	47,517,619	87,118
Total Assets	82,837,460	787,207	83,624,667	553,924
DEFERRED OUTFLOWS OF RESOURCES				
Current:				
Deferred outflows related to pensions	624,439	43,002	667,441	33,417
Noncurrent:				
Deferred outflows related to pensions	999,961	69,385	1,069,346	21,252
Total Deferred Outflows of Resources	1,624,400	112,387	1,736,787	54,669
LIABILITIES				
Claims payable	557,725	67,344	625,069	7,955
Intergovernmental payables	648,027	84	648,111	
Accrued interest payable	90,565		90,565	
Unearned revenue	167,274	56,781	224,055	
Amounts held in custody for others	178,364		178,364	3,485
Long-term liabilities:				
Net Pension Liability	9,251,521	641,617	9,893,138	309,160
Due within one year:				
Non-capital debt	594,966		594,966	
Due in more than one year:				
Non-capital debt	8,225,294	11,842	8,237,136	5,918
Total Liabilities	19,713,736	777,668	20,491,404	326,518
DEFERRED INFLOWS OF RESOURCES				
Property tax for future reporting period	5,438,794		5,438,794	
Unavailable revenue - interest on capital leases	224,161		224,161	
Total Deferred Inflows of Resources	5,662,955	-0-	5,662,955	-0-
NET POSITION				
Net investment in capital assets	50,082,580	249,336	50,331,916	99,118
Restricted:				
Expendable:				
General government	88,176		88,176	
Public safety	377,472		377,472	
Public works	4,975,853	401,820	5,377,673	
Health and welfare	1,611,906		1,611,906	
Culture and recreation	9,202		9,202	1,834
Unemployment compensation				1,222
Nonexpendable	7,180,424		7,180,424	69,000
Unrestricted	(5,240,444)	(529,230)	(5,769,674)	110,901
Total Net Position	\$ 59,085,169	121,926	59,207,095	282,075

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

Union County
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total	Unit Union County Library System
Primary government:								
Governmental activities:								
General government	\$ 2,243,973	534,874	150,514	169,905	(1,388,680)		(1,388,680)	
Public safety	4,092,194	551,632	204,168		(3,336,394)		(3,336,394)	
Public works	5,538,529		777,078	1,085,006	(3,676,445)		(3,676,445)	
Health and welfare	438,284		93,311		(344,973)		(344,973)	
Culture and recreation	240,887				(240,887)		(240,887)	
Education	300,000				(300,000)		(300,000)	
Conservation of natural resources	133,105				(133,105)		(133,105)	
Economic development and assistance	170,874		20,466		(150,408)		(150,408)	
Interest on long-term debt	408,554				(408,554)		(408,554)	
Pension expense	1,090,554				(1,090,554)		(1,090,554)	
Total Governmental Activities	<u>14,656,954</u>	<u>1,086,506</u>	<u>1,245,537</u>	<u>1,254,911</u>	<u>(11,070,000)</u>		<u>(11,070,000)</u>	
Business-type activities:								
Solid Waste	950,124	901,606				(48,518)	(48,518)	
Total Primary Government	<u>\$ 15,607,078</u>	<u>1,988,112</u>	<u>1,245,537</u>	<u>1,254,911</u>	<u>(11,070,000)</u>	<u>(48,518)</u>	<u>(11,118,518)</u>	
Component unit:								
Union County Library System	365,446	18,298	505,643	38,400				196,895
Total Component Units	<u>\$ 365,446</u>	<u>18,298</u>	<u>505,643</u>	<u>38,400</u>				<u>196,895</u>
General revenues:								
Property taxes					\$ 7,052,369		7,052,369	
Road & bridge privilege taxes					304,777		304,777	
Grants and contributions not restricted to specific programs					680,275		680,275	
Ad valorem fee in lieu					847,118		847,118	
Unrestricted interest income					37,021	82	37,103	486
Miscellaneous					678,810	43,572	722,382	
Total General Revenues					<u>9,600,370</u>	<u>43,654</u>	<u>9,644,024</u>	<u>486</u>
Changes in Net Position					<u>(1,469,630)</u>	<u>(4,864)</u>	<u>(1,474,494)</u>	<u>197,381</u>
Net Position - Beginning, as originally reported								
					67,675,604	620,888	68,296,492	250,643
Prior period adjustments								
					<u>(7,120,805)</u>	<u>(494,098)</u>	<u>(7,614,903)</u>	<u>(165,949)</u>
Net Position - Beginning, as restated								
					<u>60,554,799</u>	<u>126,790</u>	<u>60,681,589</u>	<u>84,694</u>
Net Position - Ending								
					<u>\$ 59,085,169</u>	<u>121,926</u>	<u>59,207,095</u>	<u>282,075</u>

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

Union County
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds							Total Governmental Funds
	General Fund	Emerald Cap Loan Fund	County-Wide Road Maint. Fund	County-Wide Bridge Fund	Health Foundation Fund	Other Governmental Funds		
ASSETS								
Cash	\$ 3,412,422		2,566,469	2,475,937	30,648	492,721		8,978,197
Investments					8,741,647			8,741,647
Accrued interest receivable					13,005			13,005
Property tax receivable	3,391,392		961,729	904,851		180,822		5,438,794
Fines receivable (net of allowance for uncollectibles of \$427,619)	89,197							89,197
Capital lease receivable		1,195,081				300,403		1,495,484
Intergovernmental receivables	409,249		54,137	90,954		9,000		563,340
Other receivables	26,549		22	17		45,426		72,014
Due from other funds	15,507		71,036	43,627		10,180		140,350
Prepaid items						159,274		159,274
Total Assets	\$ <u>7,344,316</u>	<u>1,195,081</u>	<u>3,653,393</u>	<u>3,515,386</u>	<u>8,785,300</u>	<u>1,197,826</u>		<u>25,691,302</u>
LIABILITIES								
Liabilities:								
Claims payable	\$ 249,394		200,430	63,924	3,500	40,477		557,725
Intergovernmental payables	586,035			61,992				648,027
Due to other funds	124,843							124,843
Unearned revenue						167,274		167,274
Amounts held in custody for others	178,364							178,364
Total Liabilities	<u>1,138,636</u>	<u>-0-</u>	<u>200,430</u>	<u>125,916</u>	<u>3,500</u>	<u>207,751</u>		<u>1,676,233</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	3,391,392		961,729	904,851		180,822		5,438,794
Unavailable revenue - fines	89,197							89,197
Unavailable revenue - principal and interest on capital leases		1,195,081				300,403		1,495,484
Total Deferred Inflows of Resources	<u>3,480,589</u>	<u>1,195,081</u>	<u>961,729</u>	<u>904,851</u>	<u>-0-</u>	<u>481,225</u>		<u>7,023,475</u>
Fund balances:								
Nonspendable:								
Permanent fund principal					7,180,424			7,180,424
Restricted to:								
General government						88,176		88,176
Public safety						377,472		377,472
Public works			2,491,234	2,484,619				4,975,853
Health and welfare					1,601,376	10,530		1,611,906
Culture and recreation						9,202		9,202
Economic development and assistance						23,470		23,470
Unassigned	2,725,091							2,725,091
Total Fund Balances	<u>2,725,091</u>	<u>-0-</u>	<u>2,491,234</u>	<u>2,484,619</u>	<u>8,781,800</u>	<u>508,850</u>		<u>16,991,594</u>
Total Liabilities and Fund Balances	\$ <u>7,344,316</u>	<u>1,195,081</u>	<u>3,653,393</u>	<u>3,515,386</u>	<u>8,785,300</u>	<u>1,197,826</u>		<u>25,691,302</u>

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

Union County
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2015

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 16,991,594
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$63,884,638.	50,082,580
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Advalorem tax-fee in lieu	7,032,130
Intergovernmental receivables	156,291
Fines receivable	89,197
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,820,260)
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(9,251,521)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(90,565)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,271,323
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	<u>1,624,400</u>
Total Net Position - Governmental Activities	\$ <u><u>59,085,169</u></u>

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

Union County

Exhibit 4

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2015**

	Major Funds						Total Governmental Funds
	General Fund	Emerald Cap Loan Fund	County-Wide Road Maint. Fund	County-Wide Bridge Fund	Health Foundation Fund	Other Governmental Funds	
REVENUES							
Property taxes	\$ 4,454,063		1,198,943	1,172,880		226,483	7,052,369
Road and bridge privilege taxes			304,777				304,777
Licenses, commissions and other revenue	387,812					19,445	407,257
Fines and forfeitures	173,931					23,770	197,701
Intergovernmental revenues	1,381,015		666,221	1,099,417		170,226	3,316,879
Tax fee in lieu - Toyota	469,594					836,000	1,305,594
Charges for services	164,751					307,291	472,042
Interest income	3,672		808	1,060	26,279	5,202	37,021
Miscellaneous revenues	234,622		122	2,951		9,180	246,875
Total Revenues	7,269,460	-0-	2,170,871	2,276,308	26,279	1,597,597	13,340,515
EXPENDITURES							
Current:							
General government	3,667,936					20,191	3,688,127
Public safety	3,008,431				41,500	567,216	3,617,147
Public works	38,366		1,331,868	2,313,586			3,683,820
Health and welfare	252,580					4,663	257,243
Culture and recreation	79,005					144,847	223,852
Education	300,000						300,000
Conservation of natural resources	316,911						316,911
Economic development and assistance	148,551					19,466	168,017
Debt service:							
Principal	11,317					473,875	485,192
Interest	948					399,195	400,143
Total Expenditures	7,824,045	-0-	1,331,868	2,313,586	41,500	1,629,453	13,140,452
Excess of Revenues over (under) Expenditures	(554,585)	-0-	839,003	(37,278)	(15,221)	(31,856)	200,063
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	100					48,000	48,100
Compensation for loss of capital assets	7,742						7,742
Lease principal payments						32,835	32,835
Total Other Financing Sources and Uses	7,842	-0-	-0-	-0-	-0-	80,835	88,677
Net Changes in Fund Balances	(546,743)	-0-	839,003	(37,278)	(15,221)	48,979	288,740
Fund Balances - Beginning	3,271,834	-0-	1,652,231	2,521,897	8,797,021	459,871	16,702,854
Fund Balances - Ending	\$ 2,725,091	-0-	2,491,234	2,484,619	8,781,800	508,850	16,991,594

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

Union County
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2015

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 288,740
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$3,316,094 exceeded capital outlays of \$2,923,466 in the current period.	(392,628)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$18,845, the proceeds from the sale of \$48,100, and compensation for loss of \$7,742 in the current period.	(36,997)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	2,933
In lieu tax - Toyota revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	(836,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:	
Advalorem tax fee in-lieu change in net present value	377,524
Change in other long-term receivables:	
Intergovernmental revenues	(136,156)
Charges for services	6,573
Miscellaneous revenue	(388)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$700,000 exceeded debt repayments of \$485,192. Additional debt proceeds of \$1,000,000 were offset by a \$1,000,000 increase in capital leases receivable.	(214,808)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in accrued interest payable	5,868
Decrease in compensated absences	19,140
Amortization of premium on bonds	486
Amortization of discount on bonds	(14,766)
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by principal collections on capital leases.	(32,835)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,090,554)
Recording of contributions made to defined benefit pension plan	584,238
Change in Net Position of Governmental Activities	\$ <u>(1,469,630)</u>

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

Union County
Statement of Net Position - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 5

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 326,914
Accounts receivable (net of allowance for uncollectibles of \$366,499)	158,129
Other receivables	<u>68,335</u>
Total Current Assets	<u>553,378</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	<u>249,336</u>
Total Noncurrent Assets	<u>249,336</u>
Total Assets	<u>802,714</u>
DEFERRED OUTFLOWS OF RESOURCES	
Current:	
Deferred outflows related to pensions	43,002
Noncurrent:	
Deferred outflows related to pensions	<u>69,385</u>
Total Deferred outflows of Resources	<u>112,387</u>
LIABILITIES	
Current liabilities:	
Claims payable	67,344
Intergovernmental payables	84
Due to other funds	15,507
Unearned revenue	<u>56,781</u>
Total Current Liabilities	<u>139,716</u>
Noncurrent Liabilities:	
Net Pension Liability	641,617
Compensated Absences payable	<u>11,842</u>
Total Noncurrent Liabilities	<u>653,459</u>
Total Liabilities	<u>793,175</u>
NET POSITION	
Net investment in capital assets	249,336
Restricted for:	
Public works	410,820
Unrestricted	<u>(529,230)</u>
Total Net Position	<u>\$ 121,926</u>

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

Union County
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 6

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 901,606
Miscellaneous	22,160
Total Operating Revenues	<u>923,766</u>
Operating Expenses	
Personal services	393,514
Pension expense	75,671
Contractual services	278,493
Materials and supplies	95,489
Depreciation expense	91,450
Indirect administrative cost	15,507
Total Operating Expenses	<u>950,124</u>
Operating Income (Loss)	<u>(26,358)</u>
Nonoperating Revenues (Expenses)	
Interest income	82
Gain on sale of capital assets	21,412
Net Nonoperating Revenue (Expenses)	<u>21,494</u>
Net Income (Loss)	<u>(4,864)</u>
Change in Net Position	<u>(4,864)</u>
Net Position - Beginning, as originally reported	620,888
Prior Period Adjustments	(494,098)
Net Assets - Beginning, as restated	<u>126,790</u>
Net Position - Ending	<u>\$ 121,926</u>

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

Union County
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 7

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 893,748
Payments to suppliers	(339,257)
Payments to employees	(435,440)
Payments to General Fund for indirect costs	(38,757)
Other operating cash receipts	22,160
Net Cash Provided by Operating Activities	<u>102,454</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	30,000
Net Cash Provided by Capital and Related Financing Activities	<u>30,000</u>
Cash Flows From Investing Activities	
Interest on deposits	82
Net Cash Provided by Investing Activities	<u>82</u>
Net Increase in Cash and Cash Equivalents	132,536
Cash and Cash Equivalents at Beginning of Year	194,378
Cash and Cash Equivalents at End of Year	<u>\$ 326,914</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating loss	\$ <u>(26,358)</u>
Adjustments to reconcile operating loss to net cash	
provided by operating activities:	
Depreciation expense	91,450
Pension expense	75,671
Contributions made to retirement plan	(40,539)
Provision for uncollectible accounts	7,231
Changes in assets and liabilities:	
Increase in accounts receivable	(15,239)
Decrease in other receivables	331
Increase in claims payable	34,640
Increase in intergovernmental payables	84
Decrease in compensated absences liability	(1,386)
Decrease in unearned revenue	(181)
Decrease in interfund payables	(23,250)
Total Adjustments	<u>128,812</u>
Net Cash Provided by Operating Activities	<u>\$ 102,454</u>

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

Union County
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>69,465</u>
Total Assets	\$ <u>69,465</u>
LIABILITIES	
Amounts held in custody for others	\$ 24
Intergovernmental payables	<u>69,441</u>
Total Liabilities	\$ <u>69,465</u>

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Union County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Union County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Individual Component Unit Disclosures

Discretely Presented Component Unit

The component unit columns in the financial statements include the financial data of the component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County.

The Union County Library System is the only component unit of Union County. The System operates two libraries in the County, under authority granted to it by the board of supervisors. The County appoints all System board members. The County provides funding for System programs through an annual property tax levy. The County is also responsible for the maintenance and upkeep of the facilities, which are owned by the County.

C. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

C. Basis of Presentation (Continued)

Government-wide Financial Statements

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

D. Measurement Focus and Basis of Accounting

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

General Fund – This fund is used to account for all financial resources not accounted for and reported in another fund.

Emerald Cap Loan Fund – This fund is used to account for monies acquired and disbursed through the County’s lease purchase agreement with a local manufacturing company.

Countywide Road Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Countywide Bridge Fund – This fund is used to account for monies from specific revenue sources that are restricted for bridge maintenance.

Health Foundation Fund – This fund is used to account for the supplementing of indigent care and health, education and welfare services.

The County reports the following major Proprietary Fund:

Solid Waste Fund – This fund is used to account for the County’s activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

D. Measurement Focus and Basis of Accounting (Continued)

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds – These funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the County’s programs.

Proprietary Fund Type

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Fiduciary Fund Type

Agency Funds – These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits and Investments

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

G. Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Restricted Assets

Component unit assets required to be held and/or used according to donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

J. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Union County elected to report general infrastructure assets acquired after September 30, 1980, on the government wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County’s financial statements. Donated capital assets are recorded at their fair value at the time of donation.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

J. Capital Assets (Continued)

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and proprietary funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

The following schedule details those thresholds and estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

The component unit depreciates assets on the straight-line basis over the following estimated useful lives:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Library materials	\$ 0	5 years
Machinery and equipment	0	5-10 years
Furnitures and fixtures	0	7-40 years
Improvements other than buildings	0	15-40 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Notes 14 and 18 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

K. Deferred Outflows/Inflows of Resources (Continued)

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Fines
Principal and interest on capital leases

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary 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 Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

N. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvements of those assets.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

N. Equity Classifications (Continued)

Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position not meeting the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. The following are descriptions of fund classifications used by the County:

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

O. Property Tax Revenues

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

P. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

Q. Compensated Absences

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and the Proprietary Fund financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

R. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(2) Prior Period Adjustments

A summary of significant net position/fund balance adjustments is as follows:

Primary Government

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities</i>	
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (7,264,495)
Deferred outflows - contributions made subsequent to measurement date	<u>143,690</u>
Total PPA related to GASB 68 and 71	<u>(7,120,805)</u>
<i>Business-type Activities</i>	
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	(503,933)
Deferred outflows - contributions made subsequent to measurement date	<u>9,835</u>
Total PPA related to GASB 68 and 71	<u>(494,098)</u>
Total PPA - Primary Government	<u>\$ (7,614,903)</u>

Discretely Presented Component Unit – Union County Library System

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<i>Union County Library System</i>	
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (242,763)
Deferred outflows - contributions made subsequent to measurement date	<u>4,897</u>
Total PPA related to GASB 68 and 71	<u>(237,866)</u>
To reclassify a permanently restricted investment	69,000
To record prepaid expense incurred in prior year	<u>2,917</u>
Total PPA - Union County Library System	<u>\$ (165,949)</u>

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(3) Deposits and Investments

Primary Government

Deposits

The carrying amount of the County’s total deposits with financial institutions at September 30, 2015, was \$9,374,576, and the bank balance was \$9,695,818. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above the FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments

Investments balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Governmental activities:			
Certificates of deposit	One year	\$ 8,741,647	N/A

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972), limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Section 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. 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 does not have a formal policy for custodial credit risk.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(3) Deposits and Investments (Continued)

Discretely Presented Component Unit – Union County Library System

Deposits

The following summarizes the various types of deposits included in the System’s statement of assets, liabilities, and fund balance:

General	Amount
Cash on hand	\$ 110
Demand deposit, interest bearing, variable rate	47,990
	48,100
<u>Restricted</u>	
Demand deposit, interest bearing, variable rate	3,056
	\$ 51,156

The carrying amount of the System’s deposits was \$51,046 at September 30, 2015. The bank balance in all institutions was \$51,158 at September 30, 2015. The collateral for public entities’ deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer.

Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the System will not be able to recover deposits or collateral securities that are in the possession of an outside party. The System does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the System. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the System. As of September 30, 2015, none of the System’s bank balance of \$211,062 was exposed to custodial credit risk.

Investments:

Investment balances at September 30, 2015, are as follows:

General	Amount
Certificate of Deposit	\$ 65,778
Certificate of Deposit	25,126
	90,904
<u>Restricted</u>	
Certificate of Deposit	69,000
	\$ 159,904

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(3) Deposits and Investments (Continued)

Interest Rate Risk. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The system does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The system does not have a formal policy for custodial credit risk. All of the system’s investments were insured and held by the investment’s counterparty on behalf of the system, in the name of the system.

(4) Ad Valorem Tax Fee-In-Lieu Receivable

Union County, Pontotoc County, and Lee County, collectively acting through the PUL Alliance, entered into an Ad Valorem Tax Fee-In-Lieu Agreement with the Mississippi Development Authority, the Mississippi Major Economic Impact Authority and Toyota Motor Manufacturing Mississippi, Inc. (TMMMS). The agreement provides that, beginning in January 2012, and continuing until the retirement of the Public Bonds, TMMMS will make an annual fee-in-lieu payment of \$2,500,000 to the PUL Alliance, which will then be distributed equally to the three counties. Fee payments shall be made on or before January 31 each year. The fee payment shall expire after the 2026 payment or, if the Public Bonds are retired sooner than 2026, it shall expire in the year of retirement.

Ad Valorem Tax Fee-In-Lieu Receivable at September 30, 2015 is as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2016	\$ 833,333
2017	833,333
2018	833,333
2019	833,333
2020	833,334
2021-2025	4,166,667
2026	<u>833,334</u>
Total	\$ 9,166,667
Less: Discount to Present Value	<u>(2,134,537)</u>
Net Receivable	<u><u>\$ 7,032,130</u></u>

Receivable payments due in more than one year are discounted to net present value using the County’s average interest rate of 5.45% on the bonds issued for the project, which management has determined is an appropriate discount commensurate with the risks involved.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(5) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2015 consisted of the following:

<u>Description</u>	<u>Amount</u>
Primary Government	
Governmental Funds:	
General Fund	
Federal radio equipment grant	\$ 20,000
Federal EMPG grant	15,532
MDHS welfare/food stamp reimbursement	18,141
Homestead reimbursement	169,905
Motor vehicle licenses	13,212
Legislative tag credit	136,619
Reimbursement for housing prisoners	24,125
City of New Albany	9,875
Other	1,840
	<u>409,249</u>
County-Wide Road Maintenance Fund	
Motor vehicle fuel tax	49,231
Motor vehicle licenses	2,419
Harvest permits	2,487
	<u>54,137</u>
County-Wide Bridge Fund	
State-aid road and bridge reimbursement	<u>90,954</u>
Other Governmental Funds	
Federal CDBG grant	8,000
Other	1,000
	<u>9,000</u>
Total Governmental Funds	<u>563,340</u>
Federal victim's assistance coordinator grant	10,110
Reimbursement for housing prisoners	8,513
Federal/State payments in lieu of tax	125,298
Federal EMPG grant	8,958
District attorney administrative salary match	3,412
	<u>156,291</u>
Total Long-Term Receivables	<u>156,291</u>
Total Governmental Activities	<u>\$ 719,631</u>
Discretely Presented Component Unit - Union County Library System	
Federal E-rate	<u>\$ 4,476</u>
Total Union County Library System	<u>\$ 4,476</u>

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(6) Other Receivables

Other receivables at September 30, 2015 consisted of the following:

Description	Amount
Primary Government	
Governmental Funds / Governmental Activities:	
General Fund	
Sheriff fees	\$ 6,151
Land redemption	1,032
Union county circuit clerk	16,169
Union county tax collector	774
Other	2,423
	26,549
County-Wide Road Maintenance Fund	
Land redemption	22
	22
County-Wide Bridge Fund	
Land redemption	17
	17
Other Governmental Funds	
E911 service fees	42,377
Other	3,049
	45,426
	72,014
Business-type Activities / Enterprise Fund:	
Garbage fees	68,335
	68,335
Total Primary Government	\$ 140,349
Discretely Presented Component Unit - Union County Library System	
Bequest	\$ 235,000
Total Union County Library System	\$ 235,000

(7) Restricted Assets

The balances of restricted assets at September 30, 2015 consisted of the following:

Discretely Presented Component Unit – Union County Library System	Amount
Restricted Cash	\$ 3,056
Restricted Investments	69,000
Total Union County Library System	\$ 72,056

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(8) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 15,507
Countywide Road	General Fund	71,036
Countywide Bridge	General Fund	43,627
Other Governmental Funds	General Fund	10,180
Total		<u>\$ 140,350</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2015. The payable from the Solid Waste Fund represents the indirect cost for the September 30, 2015 fiscal year, which is expected to be repaid within one year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

(9) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2015:

Primary Government	Balance			Balance
Governmental Activities:	Oct. 1, 2014	Additions	Deletions	Sept. 30, 2015
<u>Non-depreciable capital assets</u>				
Land	\$ 698,505	718,000		\$ 1,416,505
Construction in progress	16,020	1,381,772		1,397,792
Total non-depreciable capital assets	<u>714,525</u>	<u>2,099,772</u>	<u>-0-</u>	<u>2,814,297</u>
<u>Depreciable capital assets</u>				
Infrastructure	87,485,853	94,032		87,579,885
Buildings	14,174,257	466,792		14,641,049
Improvements other than buildings	433,231			433,231
Mobile equipment	7,899,944	262,870	(63,467)	8,099,347
Furniture and equipment	433,204		(33,795)	399,409
Total depreciable assets	<u>110,426,489</u>	<u>823,694</u>	<u>(97,262)</u>	<u>111,152,921</u>
<u>Less accumulated depreciation for:</u>				
Infrastructure	47,878,498	2,590,564		50,469,062
Buildings	6,589,490	279,752		6,869,242
Improvements other than buildings	306,986	6,237		313,223
Mobile equipment	5,480,363	429,509	(26,808)	5,883,064
Furniture and equipment	373,472	10,032	(33,457)	350,047
Total accumulated depreciation	<u>60,628,809</u>	<u>3,316,094</u>	<u>(60,265)</u>	<u>63,884,638</u>
Total depreciable capital assets, net	<u>49,797,680</u>	<u>(2,492,400)</u>	<u>(36,997)</u>	<u>47,268,283</u>
Governmental activities capital assets, net	<u>\$ 50,512,205</u>	<u>(392,628)</u>	<u>(36,997)</u>	<u>\$ 50,082,580</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(9) Capital Assets (Continued)

Business-type Activities:	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
<u>Depreciable capital assets</u>				
Mobile equipment	\$ 1,195,536		(85,882)	\$ 1,109,654
Furniture and equipment	5,000			5,000
Total depreciable assets	<u>1,200,536</u>	<u>-0-</u>	<u>(85,882)</u>	<u>1,114,654</u>
<u>Less accumulated depreciation for:</u>				
Mobile equipment	846,662	91,450	(77,294)	860,818
Furniture and equipment	4,500			4,500
Total accumulated depreciation	<u>851,162</u>	<u>91,450</u>	<u>(77,294)</u>	<u>865,318</u>
Total depreciable capital assets, net	<u>349,374</u>	<u>(91,450)</u>	<u>(8,588)</u>	<u>249,336</u>
Business-type activities capital assets, net	<u>\$ 349,374</u>	<u>(91,450)</u>	<u>(8,588)</u>	<u>\$ 249,336</u>
Discretely Presented Component unit - Union County Library System				
	Balance Oct. 1, 2014	Additions	Deletions	Balance Sept. 30, 2015
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 12,000			\$ 12,000
Total capital assets not being depreciated	<u>12,000</u>	<u>-0-</u>	<u>-0-</u>	<u>12,000</u>
Other capital assets:				
Library materials	511,812	22,509		534,321
Machinery and equipment	115,693	8,645		124,338
Furniture and fixtures	46,929			46,929
Land improvements	7,041			7,041
Total depreciable capital assets	<u>681,475</u>	<u>31,154</u>	<u>-0-</u>	<u>712,629</u>
<u>Less accumulated depreciation for:</u>				
Library materials	455,047	28,721		483,768
Machinery and equipment	94,067	9,582		103,649
Furniture and fixtures	31,815	3,071		34,886
Land improvements	2,739	469		3,208
Total accumulated depreciation	<u>583,668</u>	<u>41,843</u>	<u>-0-</u>	<u>625,511</u>
Other capital assets, net	<u>97,807</u>	<u>(10,689)</u>	<u>-0-</u>	<u>87,118</u>
Governmental activities capital assets, net	<u>\$ 109,807</u>	<u>(10,689)</u>	<u>-0-</u>	<u>\$ 99,118</u>

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(9) Capital Assets (Continued)

Depreciation expense was charged to the following functions:

	Amount
Primary Government	
Governmental Activities:	
General government	\$ 24,422
Public safety	375,375
Public works	2,709,705
Health and welfare	180,221
Culture and recreation	17,035
Conservation of natural resources	3,797
Economic Development	5,539
Total Governmental Activities	\$ 3,316,094
Business-type activities:	
Solid Waste	\$ 91,450
Total Business-type Activities	\$ 91,450
Discretely Presented Component Unit - Union County Library System	
Library materials	\$ 28,721
General government	13,122
Total Union County Library System	\$ 41,843

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Industrial Access Road at Glenfield	\$ 173,421	Unknown
BR 0923(3)B - 2 Bridges on CR 46	1,978,058	Unknown
Courthouse Roof & Cupola	115,051	December 7, 2015
LSBP 73(19) #024 CR 147	188,338	Unknown
Total Governmental Activities	\$ 2,454,868	

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(10) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(11) Operating Leases

As Lessee: The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$35,400 for the year ended September 30, 2015.

On November 26, 2012, Union County entered into an operating lease agreement with Skinner & Ellis Properties, LLC for lease of property located at 816 Hwy 348, New Albany, MS 38652 owned by Skinner & Ellis Properties, LLC for the purpose of housing the Department of Human Services. The operating lease stipulates that the lease would pay \$2,950 per month in lease payments commencing December 3, 2012, for a term of 10 years.

The future minimum lease payments for this lease are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 35,400
2017	35,400
2018	35,400
2019	35,400
2020	35,400
2021-2025	<u>76,700</u>
Total	<u>\$ 253,700</u>

(12) Capital Leases

As Lessor: The County leases the following property with varying terms and options as of September 30, 2015:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 134,000
Buildings	1,385,678
Mobile equipment	<u>22,306</u>
Total	<u>\$ 1,541,984</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(12) Capital Leases (Continued)

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2015, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 88,346	28,123
2017	120,025	37,444
2018	123,623	33,845
2019	127,357	30,112
2020	131,231	26,238
2021-2025	627,541	67,802
2026-2030	53,200	597
Total	<u>\$ 1,271,323</u>	<u>224,161</u>

(13) Long-term Debt

Debt outstanding as of September 30, 2015, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
2007 GO Industrial Development Bond	\$ 6,755,000	5.00-6.00%	7/2026
Total General Obligation Bonds	<u>6,755,000</u>		
B. Other Loans:			
Capital improvements revolving loan	119,001	3.00%	9/2026
Capital improvements revolving loan	262,598	3.00%	7/2029
Capital improvements revolving loan	1,000,000	3.00%	2/2026
Note payable	688,683	1.00%	7/2025
	<u>\$ 2,070,282</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

<u>Year Ending September 30,</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 470,000	359,500	140,589	36,662
2017	495,000	336,000	181,870	43,660
2018	520,000	311,250	186,036	39,494
2019	545,000	283,950	190,312	35,218
2020	575,000	255,338	194,694	30,836
2021-2025	2,620,000	701,787	1,032,038	83,881
2026-2030	1,530,000	127,325	144,743	5,608
Total	<u>\$ 6,755,000</u>	<u>2,375,150</u>	<u>2,070,282</u>	<u>275,359</u>

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(13) Long-term Debt (Continued)

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 2.41% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Balance Sep. 30, 2015	Amount due within one year
Primary Government					
Governmental Activities:					
Compensated absences	\$ 155,055		19,140	135,915	
General obligation bonds	7,205,000		450,000	6,755,000	470,000
Less:					
Unamortized discounts	(155,703)		(14,766)	(140,937)	(15,623)
Plus:					
Unamortized premiums	486		486	-0-	
Other loans	405,474	1,700,000	35,192	2,070,282	140,589
Totals	\$ 7,610,312	1,700,000	490,052	8,820,260	594,966
Business-type Activities:					
Compensated absences	\$ 13,228		1,386	11,842	
Discretely Presented Component Unit - Union County Library System					
Governmental Activities:					
Compensated absences	\$ 5,269	649		5,918	

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, E-911 Commission Fund, Fire Department Fund, Drug Court Fund, Countywide Road Maintenance Fund, Countywide Bridge and Culvert Fund, Solid Waste Enterprise Fund, and the Union County Library System General Fund.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(14) Defined Benefit Pension Plan

Primary Government

Plan Description. Union County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$624,777, \$615,333, and \$573,785, respectively, equal to the required contributions for each year.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$9,893,138 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.064 percent, which was equal to its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$1,090,554 for governmental activities and \$75,671 for business-type activities. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Differences between expected and actual experience	\$ 142,371	9,879	152,250
Net difference between projected and actual earnings on pension plan investments	541,295	37,559	578,854
Changes of assumptions	796,961	55,300	852,261
County contributions subsequent to the measurement date	143,773	9,649	153,422
Total Deferred Outflows of Resources	\$ 1,624,400	112,387	1,736,787

\$153,422 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2016	\$ 480,666	33,353	514,019
2017	480,667	33,352	514,019
2018	383,970	26,643	410,613
2019	135,324	9,390	144,714
2020	-0-	-0-	-0-
Thereafter	-0-	-0-	-0-
	\$ 1,480,627	102,738	1,583,365

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
County's proportionate share of the net pension liability	\$ 13,040,062	9,893,138	7,281,779

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Discretely Presented Component Unit – Union County Library System

Plan Description. Union County Library System contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the System is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The Union County Library System's contributions to PERS for the years ending September 30, 2015, 2014, and 2013, were \$20,435, \$21,355, and \$21,264, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the system reported a liability of \$309,160 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The system's proportion of the net pension liability was based on a projection of the system's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, The system's proportion was 0.002 percent.

For the year ended September 30, 2015, the system recognized pension expense of \$37,060. At September 30, 2015 the system reported deferred outflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	<u>Amount</u>
Differences between expected and actual experience	\$ 4,758
Net difference between projected and actual earnings on pension plan investments	18,089
Changes of assumptions	26,633
System contributions subsequent to the measurement date	<u>5,189</u>
Total Deferred Outflows of Resources	<u><u>\$ 54,669</u></u>

\$5,189 reported as deferred outflows of resources related to pensions resulting from system contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2016.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2016	\$ 16,063
2017	16,063
2018	12,832
2019	<u>4,522</u>
Total	<u>\$ 49,480</u>

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	<u>1.00</u>	(0.50)
Total	<u>100.00 %</u>	

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(14) Defined Benefit Pension Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
System's proportionate share of the net pension liability	\$ 407,502	\$ 309,160	\$ 227,556

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(15) Contingencies

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

Solid Waste Revenue Refunding Bonds

In 1998, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority for \$8,210,000. In fiscal year 2012 the bonds were refinanced. The bonds were reissued for \$4,235,000. As part of a solid waste disposal service agreement between Union County and Three Rivers Solid Waste Management Authority, the County has agreed to pay its pro rata share of any obligations of the Authority that are not covered by fees generated from solid waste disposal services. The County's pro rata share (6.04%) of the \$3,090,000 refunding bonds balance at September 30, 2015, is \$186,636.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(16) Joint Ventures

The County participates in the following joint ventures:

Union County is a participant with the City of New Albany, industries and other interested parties located within the County in a joint venture, as authorized by Section 19-5-99 Miss. Code Ann. (1972), in the Union County Development Association. The joint venture was created to aid in the development of industries in Union County and is governed by 11 directors, of which Union County appoints two. The County appropriated \$87,000 for support of the Association in fiscal year 2015. Complete financial statements for the Union County Development Association can be obtained from Union County Development Association, P.O. Box 56, New Albany, MS 38652.

Union County is a participant with the City of New Albany, as authorized by Section 17-13-9, Miss. Code Ann. (1972), in the New Albany-Union County Airport Board. The joint venture was created to acquire, construct, operate and maintain the New Albany-Union County Airport. Union County appoints two of the five-member board, and the president of the Board of Supervisors, along with the mayor of New Albany, appoints an additional member as chairman. Union County appropriated \$38,366 for the support and maintenance of the airport in fiscal year 2015. Complete financial statements can be obtained from the New Albany-Union County Airport, New Albany, MS 38652.

(17) Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Three Rivers Solid Waste Management Authority operates in a district composed of the counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The Union County Board of Supervisors appoints one of the seven members of the board of directors. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited. The County did not appropriate any funds for the support of the authority in fiscal year 2015.

Three Rivers Planning and Development District operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Union County Board of Supervisors appoints two of the forty members of the board of directors. The County appropriated \$99,696 for the support of the district in fiscal year 2015.

Northeast Mississippi Community College operates in a district composed of the counties of Alcorn, Prentiss, Tippah, Tishomingo and Union. The Union County Board of Supervisors appoints one of the fifteen members of the college board of trustees. The County appropriated \$836,599 for the support and maintenance of the college in fiscal year 2015.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the counties of Benton, Itawamba, Lee, Chickasaw, Pontotoc, Monroe and Union. The Union County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$23,500 for support of the commission in fiscal year 2015.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(17) Jointly Governed Organizations (Continued)

Lift, Inc. operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Union County Board of Supervisors appoints one of the twenty-four members of the board of directors. The County appropriated \$2,500 in fiscal year 2015 to the organization.

Pontotoc-Union-Lee Alliance (PUL) is an alliance among Pontotoc, Lee and Union counties. The Union County Board of Supervisors appoints two of the nine members of the board of directors. The County did not appropriate any funds for support of the alliance in fiscal year 2015.

(18) Effect of Deferred Amounts on Net Position

Primary Government

Governmental Activities

The unrestricted net position amount of (\$5,240,444) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$142,371 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 3 years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on defined benefit pension plan investments. The \$541,295 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 4 years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension liability. The \$796,961 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 3 years.

The amount \$143,773 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2016.

Business-type Activities

The restricted net position amount of (\$127,410) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$9,879 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease restricted net position over the next 3 years.

Restricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on defined benefit pension plan investments. The \$37,559 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease restricted net position over the next 4 years.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

(18) Effect of Deferred Amounts on Net Position (Continued)

Restricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension liability. The \$55,300 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease restricted net position over the next 3 years.

The amount \$9,649 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2016.

Discretely Presented Component Unit – Union County Library System

The unrestricted net position amount of \$110,901 includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$4,758 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 3 years.

Unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on defined benefit pension plan investments. The \$18,089 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 4 years.

Unrestricted net position also includes the effect of deferring the recognition of the changes in actuarial assumptions utilized in developing the net pension liability. The \$26,633 balance of the net deferred outflow of resources at September 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 3 years.

(19) Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Union County evaluated the activity of the County through February 1, 2017, (the date the financial statements were available to be issued), and determined that the following subsequent event(s) have occurred that require disclosure in the notes to the financial statements.

Subsequent to September 30, 2015, Union County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/29/2015	3.00-3.50%	\$ 6,170,000	Refunding Bonds	Fee-in-lieu of ad valorem
2/8/2016	3.50%	139,291	Lease Purchase	911 fees

REQUIRED SUPPLEMENTARY INFORMATION

Union County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 4,358,289	4,349,249	4,349,249	-0-
Licenses, commissions and other revenue	383,400	366,329	366,329	-0-
Payment in lieu of tax - toyota	431,411	469,594	469,594	-0-
Fines and forfeitures	221,500	168,033	168,033	-0-
Intergovernmental revenues	1,014,221	1,207,127	1,207,127	-0-
Charges for services	200,000	168,575	168,575	-0-
Interest income	4,700	4,605	4,605	-0-
Miscellaneous revenues	32,031	231,090	231,090	-0-
Total Revenues	<u>6,645,552</u>	<u>6,964,602</u>	<u>6,964,602</u>	<u>-0-</u>
EXPENDITURES				
Current:				
General government	3,263,887	3,640,967	3,640,967	-0-
Public safety	2,683,335	2,999,210	2,999,210	-0-
Public works	38,811	38,366	38,366	-0-
Health and welfare	272,711	252,942	252,942	-0-
Culture and recreation	81,850	78,918	78,918	-0-
Education	300,000	300,000	300,000	-0-
Conservation of natural resources	136,549	283,527	283,527	-0-
Economic development and assistance	205,735	150,946	150,946	-0-
Debt service:				
Principal	-0-	11,317	11,317	-0-
Interest	-0-	948	948	-0-
Total Expenditures	<u>6,982,878</u>	<u>7,757,141</u>	<u>7,757,141</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(337,326)</u>	<u>(792,539)</u>	<u>(792,539)</u>	<u>-0-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	60,000	100	100	-0-
Compensation for loss of capital assets	10,000	7,742	7,742	-0-
Transfers in	639,500	-0-	-0-	-0-
Transfers out	(549,500)	-0-	0	-0-
Total Other Financing Sources and Uses	<u>160,000</u>	<u>7,842</u>	<u>7,842</u>	<u>-0-</u>
Net Change in Fund Balance	(177,326)	(784,697)	(784,697)	-0-
Fund Balances - Beginning	<u>2,134,218</u>	<u>3,415,689</u>	<u>3,415,689</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,956,892</u>	<u>2,630,992</u>	<u>2,630,992</u>	<u>-0-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

Union County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Emerald Cap Loan Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Total Revenues	\$ -0-	-0-	-0-	-0-
EXPENDITURES				
Total Expenditures	-0-	-0-	-0-	-0-
Excess of Revenues over (under) Expenditures	-0-	-0-	-0-	-0-
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources and Uses	-0-	-0-	-0-	-0-
Net Change in Fund Balance	-0-	-0-	-0-	-0-
Fund Balances - Beginning	-0-	-0-	-0-	-0-
Fund Balances - Ending	\$ -0-	-0-	-0-	-0-

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

Union County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
County-Wide Road Maintenance Fund
For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,183,436	1,172,415	1,172,415	-0-
Road and bridge privilege taxes	290,000	304,535	304,535	-0-
Intergovernmental revenues	705,000	637,353	637,353	-0-
Interest income	500	869	869	-0-
Miscellaneous revenues	5,000	122	122	-0-
Total Revenues	<u>2,183,936</u>	<u>2,115,294</u>	<u>2,115,294</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	2,299,175	1,539,134	1,539,134	-0-
Total Expenditures	<u>2,299,175</u>	<u>1,539,134</u>	<u>1,539,134</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(115,239)</u>	<u>576,160</u>	<u>576,160</u>	<u>-0-</u>
Net Change in Fund Balance	(115,239)	576,160	576,160	-0-
Fund Balances - Beginning	<u>(901,306)</u>	<u>1,647,237</u>	<u>1,647,237</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ (1,016,545)</u>	<u>2,223,397</u>	<u>2,223,397</u>	<u>-0-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

Union County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
County-Wide Bridge Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,159,544	1,147,484	1,147,484	-0-
Intergovernmental revenues	155,000	1,008,462	1,008,462	-0-
Interest income	500	1,146	1,146	-0-
	-0-	2,951	2,951	-0-
Total Revenues	<u>1,315,044</u>	<u>2,160,043</u>	<u>2,160,043</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	1,346,025	2,195,143	2,195,143	-0-
Total Expenditures	<u>1,346,025</u>	<u>2,195,143</u>	<u>2,195,143</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(30,981)</u>	<u>(35,100)</u>	<u>(35,100)</u>	<u>-0-</u>
Net Change in Fund Balance	(30,981)	(35,100)	(35,100)	-0-
Fund Balances - Beginning	<u>1,683,742</u>	<u>2,550,259</u>	<u>2,550,259</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,652,761</u>	<u>2,515,159</u>	<u>2,515,159</u>	<u>-0-</u>

The accompanying notes to the Required Supplementary Information are an integral part of this schedule.

**UNION COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability	0.0640%	0.0640%
County's proportionate share of the net pension liability	\$ 9,893,138	7,768,428
County's covered-employee payroll	\$ 3,966,840	3,906,366
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	249.40%	198.87%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amount presented for each fiscal year was determined as of the measurement date of 6/30 of the year presented modified for the effects of the remaining fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

**UNION COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS***

	2015
Contractually required contribution	\$ 624,777
Contributions in relation to the contractually required contribution	(624,777)
Contribution deficiency (excess)	\$ -0-
 County's covered-employee payroll	 3,966,840
Contributions as a percentage of covered-employee payroll	15.75%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

The notes to the required supplementary information are an integral part of this schedule.

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

UNAUDITED

Budgetary Comparison Schedules

A. Budgetary Information

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplementary information.

C. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015

C. Budget/GAAP Reconciliation (Continued)

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	Governmental Fund Types			
	General Fund	Emerald Cap Loan Fund	Countywide Road Fund	Countywide Bridge Fund
Budget (Cash Basis)	\$ (784,697)	\$ -0-	\$ 576,160	\$ (35,100)
Increase (Decrease)				
Net adjustments for revenue accruals	304,858	-0-	55,577	116,265
Net adjustments for expenditure accruals	<u>(66,904)</u>	<u>-0-</u>	<u>207,266</u>	<u>(118,443)</u>
GAAP Basis	<u>\$ (546,743)</u>	<u>\$ -0-</u>	<u>\$ 839,003</u>	<u>\$ (37,278)</u>

Pension Schedules

A. Changes of Assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

OTHER INFORMATION

UNION COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2014
UNAUDITED

Name	Position	Company	Bond
Dwight "Peanut" Pickens	Supervisor District 1	EMC Insurance Company	\$ 100,000
Jimmy Yarbrough	Supervisor District 2	EMC Insurance Company	100,000
Danny Jordan	Supervisor District 3	EMC Insurance Company	100,000
Jess "Randy" Owen	Supervisor District 4	EMC Insurance Company	100,000
Benny Rakestraw	Supervisor District 5	EMC Insurance Company	100,000
Terry Johnson	County Administrator	EMC Insurance Company	100,000
Annette Hickey	Chancery Clerk	EMC Insurance Company	100,000
Shellie Kent	Purchase Clerk	EMC Insurance Company	75,000
Kay Wicker	Assistant Purchase Clerk	EMC Insurance Company	50,000
Peggy Hollis	Receiving Clerk	EMC Insurance Company	75,000
Beverly Brooks	Assistant Receiving Clerk	EMC Insurance Company	50,000
Perry Hall	Assistant Receiving Clerk	EMC Insurance Company	50,000
Doug Littlejohn	Assistant Receiving Clerk	EMC Insurance Company	50,000
Joel Dillard	Assistant Receiving Clerk	EMC Insurance Company	50,000
Stevey Watson	Assistant Receiving Clerk	EMC Insurance Company	50,000
Bobby Pannell	Assistant Receiving Clerk	EMC Insurance Company	50,000
Ila Parker	Assistant Receiving Clerk	EMC Insurance Company	50,000
Jonathan Callicutt	Assistant Receiving Clerk	EMC Insurance Company	50,000
Deborah Coombs	Assistant Receiving Clerk	EMC Insurance Company	50,000
Kathy Butler	Assistant Receiving Clerk	EMC Insurance Company	50,000
James Kevin Cooper	Assistant Receiving Clerk	EMC Insurance Company	50,000
Angelia Owen	Assistant Receiving Clerk	EMC Insurance Company	50,000
Nancy Bell	Assistant Receiving Clerk	EMC Insurance Company	50,000
Larry Jarvis	Assistant Receiving Clerk	EMC Insurance Company	50,000
Eddie Turner	Assistant Receiving Clerk	EMC Insurance Company	50,000
Donald Richey	Assistant Receiving Clerk	EMC Insurance Company	50,000
Michael Moore	Assistant Receiving Clerk	EMC Insurance Company	50,000
Brandon Vance	Assistant Receiving Clerk	EMC Insurance Company	50,000
Gary Rowell	Assistant Receiving Clerk	EMC Insurance Company	50,000
Michael Kiddy	Assistant Receiving Clerk	EMC Insurance Company	50,000
Terry Johnson	Inventory Control Clerk	EMC Insurance Company	75,000
James Byers	Road Manager	EMC Insurance Company	50,000
PJ Doyle	Constable	Western Surety Company	50,000
David Garrison	Constable	Western Surety Company	50,000
Phyllis Stanford	Circuit Clerk	EMC Insurance Company	100,000
Helen Randle	Deputy Circuit Clerk	EMC Insurance Company	100,000
Rhonda Dowdy	Deputy Circuit Clerk	EMC Insurance Company	100,000
Linda Wells	Deputy Circuit Clerk	EMC Insurance Company	100,000

UNION COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2014
UNAUDITED

Name	Position	Company	Bond
Jimmy Edwards	Sheriff	EMC Insurance Company	\$ 100,000
Ronnie Rakestraw	Justice Court Judge	Brierfield Insurance Company	50,000
Chris Childers	Justice Court Judge	Western Surety Company	50,000
Larissa Edwards	Justice Court Clerk	EMC Insurance Company	50,000
Denise Owen	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Robbie Moore	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Deborah Fair	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Amanda Chism	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Avery Adair	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Tony Douglas Vandiver	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Joseph Brett Wicker	Deputy Justice Court Clerk	EMC Insurance Company	50,000
James Province	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Rob Anderson	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Baron Baker	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Randy Dunnam	Tax Assessor-Collector	EMC Insurance Company	100,000
Cynthia Swofford Wilbanks	Deputy Tax Collector	EMC Insurance Company	50,000
Leandra Pannell	Deputy Tax Collector	EMC Insurance Company	50,000
Sharon Medlin	Deputy Tax Collector	EMC Insurance Company	50,000
Dana Baker	Deputy Tax Collector	EMC Insurance Company	50,000
James Samuel Brown	Deputy Tax Collector	EMC Insurance Company	50,000
Bobbie Karen McMillen	Deputy Tax Assessor	EMC Insurance Company	50,000
Christy Sullivan	Deputy Tax Assessor	EMC Insurance Company	50,000
Michael Meinz	Deputy Tax Assessor	EMC Insurance Company	50,000

SPECIAL REPORTS

J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

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

Members of the Board of Supervisors
Union County, Mississippi

We have audited, 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 the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Union County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated February 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2015-3 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2015-1 and 2015-2 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union County, Mississippi'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*.

However, we noted certain matters which we have reported to the management of Union County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 1, 2017, included within this document.

Union County's Responses to Findings

Union County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Union County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, Mississippi
February 1, 2017

J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Union County, Mississippi

We have examined Union County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13. Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Union County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Union County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

In our opinion, Union County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases, and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Union County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive style with a large, stylized initial "J" and "E".

Tupelo, Mississippi
February 1, 2017

Union County
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

Our test results did not identify any purchases not made from the lowest bidder.

Union County
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/2/2015	Repairs to Jail	\$ 95,000.00	Prime Logic	Storm damage

Union County
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2015

Schedule 3

Our test results did not identify any purchases made noncompetitively from a sole source.

J. E. VANCE & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

825 JEFFERSON STREET
POST OFFICE BOX 1280
TUPELO, MISSISSIPPI 38802

(662) 842-2123
FACSIMILE (662) 841-6809
E-MAIL: jev@jevance.com

Limited Internal Control and Compliance Review Management Report

Members of the Board of Supervisors
Union County, Mississippi

In planning and performing our audit of the financial statements of Union County, Mississippi for the year ended September 30, 2015, we considered Union County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Union County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated February 1, 2017, on the financial statements of Union County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors:

1. Union County should expire all individual's passwords on a periodic basis.

Finding

As reported in the prior year report, a review of Union County's security settings revealed that no passwords were set to expire. All passwords should be set to expire in accordance with policy to be determined by Union County.

Recommendation

We recommend that a policy be implemented to ensure that passwords are expired on a regular basis. In addition, Union County should conduct access reviews for information assets on a periodic basis

(at least annually). Documentation of these reviews should be signed by the person conducting them and retained for review by auditors.

Board of Supervisors' Response

Our computer service providers are working on this project and the County expects to have a policy implemented and operational by the end of fiscal year 2016.

2. Union County should strengthen passwords.

Finding

As reported in the prior year report, it was noted that Union County is using some parameters associated with password strength that meet industry standard best practices. However, the County has some password parameters that would not meet these standards, thereby creating an unnecessary risk for Union County information assets.

Recommendations

We recommend that Union County improve its password strength by changing password parameters to comply with password management best practices and industry standards.

Board of Supervisors' Response

Our computer service providers are working on this project and the County expects to have a policy implemented and operational by the end of fiscal year 2016.

3. Union County should install network banners on its internal network.

Finding

As reported in the prior year report, it was noted that the system did not display appropriate network banners on its internal network. Network banners are electronic messages that provide notice of legal rights to users of computer networks. Bannering assists in the prosecution of computer related incidents by helping prevent certain defenses made by the perpetrator.

Recommendation

We recommend that Union County implement appropriate network banners on its internal network.

Board of Supervisors' Response

Our computer service providers are working on this project and the County expects to have a policy implemented and operational by the end of fiscal year 2016.

Chancery Clerk

4. The Chancery Clerk's annual fee report should properly report revenue.

Section 9-1-43, Miss. Code Ann. (1972), requires the Chancery Clerk to file a true and accurate report no later than April 15 for the preceding year. We noted revenues of \$2,829, which are subject to the cap and \$8,387, which are not subject to the cap, were not reported on the 2015 annual fee report. Also expenses were over reported by \$674. Failure to report all income could

result in the loss of public funds. These errors could result in a loan to the Chancery Clerk that is not authorized by law and the loss of public funds.

Recommendation

The Chancery Clerk should maintain an accurate and complete fee journal. The Chancery Clerk should file an amended report for 2015 with the Office of the State Auditor and the Public Employee's Retirement System.

Chancery Clerk's Response

I will comply.

Sheriff's Office

The cost of prisoner meals should not exceed Six Dollars (\$6.00) per day per prisoner.

Section 19-25-73, Miss. Code Ann. (1972), requires the Sheriff's Office to provide for the feeding of prisoners at a cost to the County not to exceed Six Dollars (\$6.00) per day per prisoner. We noted an average cost of \$6.58 per day per prisoner for the fiscal year ended September 30, 2015. Failure to provide for meals at or below the specified amount resulted in the loss of public funds.

Recommendation

The Sheriff's Office should enforce policies and procedures to ensure that the cost of prisoner meals does not exceed the specified amounts required by law.

Sheriff's Office Response

The Sheriff's Department is continuously trying to stay within the state law amount of \$6.00 a day per prisoner and at the same time feeding meals with the amount of calories required by the State Health Department. It is getting more difficult to provide meals for \$6.00 a day per prisoner because of the increase cost of food each year.

Union County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



Tupelo, Mississippi
February 1, 2017

SCHEDULE OF FINDINGS AND RESPONSES

**UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section 1: Summary of Auditor’s Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditor’s report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency

2015-001 Union County should establish and test a disaster recovery process.

Finding

As reported in the prior year report, during the review of the IS controls of Union County (“the County”), it was noted the County has not established a disaster recovery process. As a result, Union County cannot fully ensure that the County’s information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County’s ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization’s ability to restore data files, which may be impossible to re-create.

**UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Union County is currently using an automated system to perform daily back-ups of the AS400, but is not restoring such files as part a formal, documented disaster recovery exercise. Without proper assurance that back-up files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that Union County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of a disaster scenario. We further recommend that Union County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

Our computer service providers are working on this project and the County expects to have a policy implemented and operational by the end of fiscal year 2017.

Significant Deficiency

2015-002 Union County should implement a formal information security policy.

Finding

As reported in the prior year report, Union County has not adopted a formal Information Security Policy or Enterprise Security Plan. The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and Internet protocol.

Recommendation

A robust set of Information Technology policies should cover at least the following areas:

- Acceptable Use
- Portable Computing
- Change Management
- Encryption
- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity/Disaster Recovery

**UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

While full compliance with all facets of such a policy may be an economic challenge for Union County, beginning steps to become compliant with a policy covering areas such as those listed above are necessary. We recommend that Union County create a plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by county supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources is granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

Board of Supervisors' Response

Our computer service providers are working on this project and the County expects to have a policy implemented and operational by the end of fiscal year 2017.

Tax Assessor/Collector.

Material Weakness

2015-003 Internal controls in the Tax Collector's office needs to be strengthened.

Finding

An effective system of internal controls over Tax Collector collections should include reconciliations of changes to tax records. During audit interviews, we noted that there is not an additional reconciliation to account for changes to individual tax records. The lack of adequate reconciliations could result in the loss of public funds.

Recommendation

The Tax Collector should implement a system of reconciling any changes to individual tax records.

Tax Assessor/Collector's Response

We will comply.