



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, 2019

UNION COUNTY TABLE OF CONTENTS

FINANCIAL SECTION	3
INDEPENDENT AUDITOR’S REPORT	4
MANAGEMENT’S DISCUSSION & ANALYSIS	7
FINANCIAL STATEMENTS	15
Statement of Net Position	16
Statement of Activities	17
Balance Sheet - Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund	24
Statement of Fiduciary Assets and Liabilities	25
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	60
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) General Fund	61
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Countywide Road Maintenance Fund	62
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Countywide Bridge Fund	63
Schedule of the County’s and Component Unit’s Proportionate Share of the Net Pension Liability	64
Schedule of County and Component Unit Contributions – PERS	65
Schedule of the Component Unit’s Proportionate Share of the Net OPEB Liability	66
Schedule of Component Unit Contributions – OPEB	67
Notes to the Required Supplementary Information	68
OTHER INFORMATION	72
Schedule of Surety Bonds for County Officials	73
SPECIAL REPORTS	75
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>	76
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))	78
Limited Internal Control and Compliance Review Management Report	82
SCHEDULE OF FINDINGS AND RESPONSES	84

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, each major fund, and the aggregate remaining fund information of Union County, Mississippi, (the County) as of and for the year ended September 30, 2019, 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. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the discretely presented component unit.

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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Disclaimer
General Fund	Unmodified
County-wide Road Maintenance	Unmodified
County-wide Bridge Maintenance	Unmodified
Health Foundation	Unmodified
Solid Waste Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Discretely Presented Component Unit

The financial statements of the Union County Library System have not been audited, and we were not engaged to audit the Union County Library System's financial statements as a part of our audit of the County's basic financial statements. The Union County Library System's financial activities are included in the County's basic financial statements as a Discretely Presented Component Unit and represent one percent of the total assets, less than half of a percent of total net position, and two percent of the total revenues of the County's aggregated financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit of Union County, Mississippi. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, Mississippi, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 and Component Unit's Proportionate Share of the Net Pension Liability, the Schedule of the County's and Component Unit's Contributions - PERS, the Schedule of the Component Unit's Proportionate Share of the Net OPEB Liability, and the Schedule of the Component Unit's Contributions - OPEB, 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.

Other Information

The other information section, which includes 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 January 22, 2021, 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 the effectiveness of Union County's 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.

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

J. E. Vance & Company, P.A.
January 22, 2021

Union County Board of Supervisors

David Kitchens, Third District
Steve Watson, Fifth District
Evan Denton, First District

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

Randy Owen, Fourth District
Chad Coffey, Second District
Chandler Rogers, 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, 2019. 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 increased \$710,074, including prior period adjustments of \$7,548, which represents approximately a 1% increase from the prior fiscal year. The County's ending cash balance increased by \$306,533.

The County had \$15,471,235 in total revenues. Property tax revenues account for \$8,325,127 or 54% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$3,600,206, or 23% of total revenues. Charges for services account for \$2,156,688 or 14% of total revenue. Ad valorem tax in lieu fees account for \$503,006 or 3% of total revenue. Other revenues such as road and bridge privilege taxes, fines, fees, interest income etc. account for the remaining 6% of total revenues.

The County had \$14,768,709 in total expenses, which represents a decrease of \$2,323,601 or 14% from the prior fiscal year. Expenses in the amount of \$5,054,155 were offset by charges for services, grants or outside contributions. General revenues of \$10,417,080 were adequate to cover the remaining amount of expenses, \$9,714,554.

Among major funds, the General Fund had \$8,301,876 in revenues and \$7,573,820 in expenditures. The General Fund also had net other financing uses of \$177,510. The General Fund's fund balance increased \$550,546 from the prior year.

Among major funds, the Countywide Road Maintenance Fund had \$2,701,752 in revenues and \$2,882,826 in expenditures. The Countywide Road Maintenance Fund's fund balance decreased \$181,074 from the prior year.

Among major funds, the Countywide Bridge Fund had \$1,468,148 in revenues and \$1,508,772 in expenditures. The Countywide Bridge Fund's fund balance decreased \$40,624 from the prior year.

Among major funds, the Health Foundation Fund had \$173,383 in revenues and \$88,331 in expenditures. The Health Foundation Fund's fund balance increased \$85,052 from the prior year.

Capital Assets, net of accumulated depreciation, increased by \$129,382. This represents a 0.3% increase.

Long-term debt decreased by \$888,659 or 13%. Toyota bonds outstanding in the amount of \$4,530,000 account for 75% of all long-term debt. This bond issue will be repaid from the in-lieu of ad valorem tax fee.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Figure 1 – Required Components of the County's Annual Report

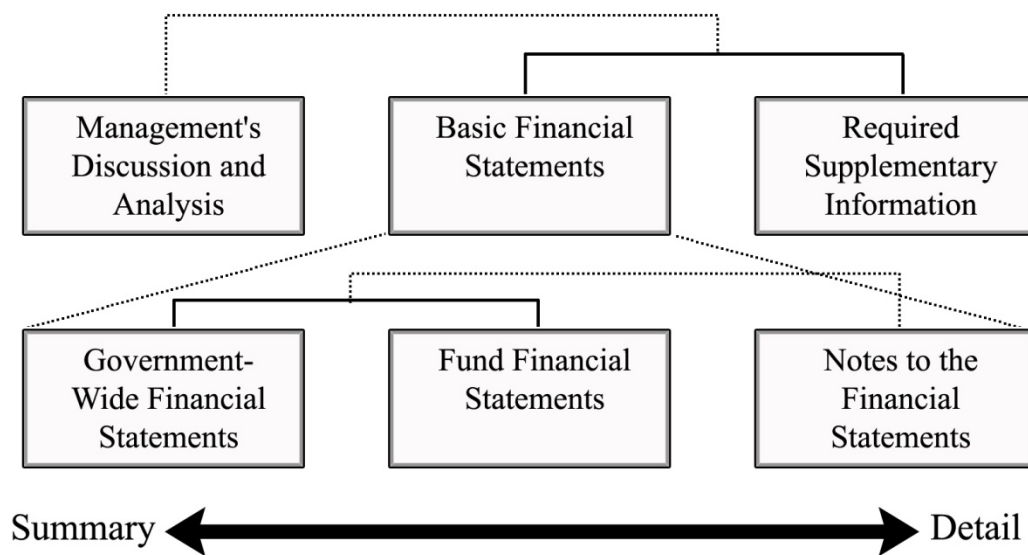


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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; education; 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 16 and 17 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, capital projects, and permanent 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 19 and 21, 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 18 and 20 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 22-24 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 25 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 26-59 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, pension data, and OPEB data as required supplementary information.

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 61-63 of this report.

This report also presents a schedule of the County's and Component Unit'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 64 of this report.

This report also presents a schedule of County's and Component Unit's 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 65 of this report.

A schedule of the Component Unit's proportionate share of the net other post-employment benefits liability of the State and School Employees' Life and Health Insurance Plan is provided. 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 66 of this report.

This report also presents a schedule of the Component Unit's contributions to the OPEB plan 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 67 of this report.

Other Information

Although not a required part of the basic financial statements, the Schedule of Surety Bonds for County Officials is presented for purposes of additional analysis. This schedule can be found on page 73 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 \$56,914,107 as of September 30, 2019.

By far, the largest portion of the County's net position (86%) 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, 2019 and 2018.

	Governmental Activities		Change
	2019	2018	
Current assets	\$ 31,828,928	\$ 31,910,272	-0.25%
Capital assets, net	49,028,292	48,883,443	0.30%
Total assets	80,857,220	80,793,715	0.08%
Deferred outflows of resources	1,109,817	898,407	23.53%
Current liabilities	1,380,028	1,736,230	-20.52%
Long-term debt outstanding	6,049,504	6,940,101	-12.83%
Net pension liability	10,936,363	9,996,778	9.40%
Total liabilities	18,365,895	18,673,109	-1.65%
Deferred inflows of resources	6,699,889	6,916,087	-3.13%
Net position:			
Net investment in capital assets	48,986,639	48,813,408	0.35%
Restricted	13,422,811	13,398,380	0.18%
Unrestricted	(5,508,197)	(6,108,862)	9.83%
Total net position	\$ 56,901,253	\$ 56,102,926	1.42%
	Business-type Activities		Change
	2019	2018	
Current assets	\$ 790,152	\$ 788,597	0.20%
Capital assets, net	124,190	139,657	-11.07%
Total assets	914,342	928,254	-1.50%
Deferred outflows of resources	49,830	60,005	-16.96%
Current liabilities	105,068	101,889	3.12%
Long-term debt outstanding	12,074	10,136	19.12%
Net pension liability	823,167	752,446	9.40%
Total liabilities	940,309	864,471	8.77%
Deferred inflows of resources	11,009	22,681	-51.46%
Net position:			
Net investment in capital assets	124,190	139,657	-11.07%
Restricted	673,010	676,572	-0.53%
Unrestricted	(784,346)	(715,122)	-9.68%
Total net position	\$ 12,854	\$ 101,107	-87.29%

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. The monthly fee for residential garbage pickup is \$10.00.

Additional information on net position:

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

Governmental Activities:	<u>2019</u>	<u>2018</u>
Total unrestricted net position - governmental activities	\$ (5,508,197)	\$ (6,108,862)
Unrestricted decrease in net position resulting from recognition of the net pension liability	<u>10,420,593</u>	<u>9,944,908</u>
Unrestricted net position, exclusive of the net pension liability effect	<u><u>\$ 4,912,396</u></u>	<u><u>\$ 3,836,046</u></u>
Business-type Activities:		
Total unrestricted net position - business-type activities	\$ (784,346)	\$ (715,122)
Unrestricted decrease in net position resulting from recognition of the net pension liability	<u>784,346</u>	<u>715,122</u>
Unrestricted net position, exclusive of the net pension liability effect	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

Changes in Net Position – Union County’s total revenues for the fiscal year ended September 30, 2019 were \$15,471,235. The total cost for all services provided was \$14,768,709. The increase in net position was \$710,074.

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 2,156,688	\$ 2,150,564	0%
Operating grants	2,151,555	3,794,514	-43%
Capital grants	745,912	866,532	-14%
General revenues			
Property taxes	8,325,127	8,021,954	4%
Road and bridge privilege taxes	328,281	320,409	2%
Unrestricted grants and contributions	702,739	609,497	15%
Advalorem tax in-lieu fee	503,006	556,324	-10%
Unrestricted interest income	350,629	264,499	33%
Miscellaneous	207,298	463,826	-55%
Total Revenues	<u>15,471,235</u>	<u>17,048,119</u>	-9%
Expenses:			
General government	2,811,768	2,715,637	4%
Public safety	3,943,053	3,669,148	7%
Public works	4,368,120	6,063,323	-28%
Health and welfare	414,423	422,924	-2%
Culture and recreation	272,406	266,642	2%
Education	300,000	300,000	0%
Conservation of natural resources	120,114	118,269	2%
Economic development	182,603	1,092,237	-83%
Interest on long-term debt	197,361	268,510	-26%
Pension expense	1,125,963	1,229,666	-8%
Garbage disposal (Business type)	1,032,898	945,954	9%
Total Expense	<u>14,768,709</u>	<u>17,092,310</u>	-14%
Prior Period Adjustments	<u>7,548</u>	<u>(215,155)</u>	104%
Changes in Net Position	<u><u>\$ 710,074</u></u>	<u><u>\$ (259,346)</u></u>	374%

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.

	<u>Total Costs</u>		<u>Net Costs</u>
General Government	\$ 2,811,768	\$	1,847,388
Public Safety	3,943,053		3,052,232
Public Works	4,368,120		2,501,380
Health and Welfare	414,423		331,475
Culture and Recreation	272,406		272,406
Education	300,000		300,000
Conservation of Natural Resources	120,114		120,114
Economic Development and Assistance	182,603		(129,456)
Interest on Long-term Debt	197,361		197,361
Pension Expense	1,125,963		1,125,963

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 \$17,150,342 an increase of \$853,319, or 5% from the previous year.

Business-type fund – Operating revenue from the County's Garbage Collection Fund increased by approximately 1% to \$937,207 and operating expenses increased approximately 9% to \$1,032,898. Nonoperating revenues in the form of interest income and other miscellaneous revenue totaled \$7,438.

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 Federal Grant Construction projects as well as State Aid Road and Bridge projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of September 30, 2019, Union County's total capital assets was \$122,920,411. 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 \$1,352,839 or 1%. Total accumulated depreciation as of September 30, 2019 was \$73,767,929, including \$1,247,708 of depreciation expense for the year. The balance in total net capital assets was \$49,152,482 at year-end.

Additional information on Union County's capital assets can be found in note 8 on page 39 of this report.

Debt Administration – At September 30, 2019, Union County had \$6,061,578 in long-term debt outstanding. This includes general obligation bonds, Mississippi Business Investment Act notes, a note payable, and compensated absences. Of this debt, \$918,398 is due within one year.

Additional information on Union County's long-term debt can be found in note 12 on page 43 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, 2019

Exhibit 1

	Primary Government			Component Unit - Unaudited
	Governmental Activities	Business-type Activities	Total	Union County Library System
ASSETS				
Cash	\$ 9,106,994	573,692	9,680,686	316,579
Investments	8,755,028		8,755,028	92,134
Accrued interest receivable	91,172		91,172	225
Property tax receivable	6,459,277		6,459,277	
Accounts receivable (net of allowance for uncollectibles of \$357,375)		164,909	164,909	
Fines receivable (net of allowance for uncollectibles of \$591,681)	142,002		142,002	
Capital leases receivable	905,445		905,445	
Intergovernmental receivables	975,773		975,773	17,465
Prepaid items				3,814
Other receivables	77,044	77,943	154,987	
Internal balances	26,392	(26,392)		
Ad Valorem tax fee in-lieu receivable	5,289,801		5,289,801	
Restricted assets				70,233
Capital assets:				
Land and construction in progress	2,455,290		2,455,290	12,000
Other capital assets, net	46,573,002	124,190	46,697,192	53,192
Total Assets	80,857,220	914,342	81,771,562	565,642
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	447,788		447,788	
Deferred outflows related to pensions	662,029	49,830	711,859	23,366
Deferred outflows related to other postemployment benefits				17,536
Total Deferred Outflows of Resources	1,109,817	49,830	1,159,647	40,902
LIABILITIES				
Claims payable	425,341	33,334	458,675	7,775
Intergovernmental payables	850,031		850,031	
Accrued interest payable	37,056		37,056	
Unearned revenue		71,734	71,734	
Amounts held in custody for others	67,600		67,600	
Long-term liabilities				
Due within one year:				
Capital debt	29,341		29,341	
Non-capital debt	889,057		889,057	
Net OPEB liability				1,421
Due in more than one year:				
Capital debt	12,312		12,312	
Non-capital debt	5,118,794	12,074	5,130,868	5,793
Net pension liability	10,936,363	823,167	11,759,530	380,514
Net OPEB liability				44,505
Total Liabilities	18,365,895	940,309	19,306,204	440,008
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	146,259	11,009	157,268	4,573
Deferred inflows related to other postemployment benefits				3,038
Property tax for future reporting period	6,459,277		6,459,277	
Unavailable revenue - interest on capital leases	94,353		94,353	
Total Deferred Inflows of Resources	6,699,889	11,009	6,710,898	7,611
NET POSITION				
Net investment in capital assets	48,986,639	124,190	49,110,829	65,192
Restricted:				
Expendable:				
General government	103,809		103,809	
Public safety	589,800		589,800	
Public works	3,702,305	673,010	4,375,315	
Health and welfare	1,688,785		1,688,785	
Culture and recreation	47,450		47,450	
Economic development and assistance	43,137		43,137	
Unemployment compensation				1,233
Debt service	3,551		3,551	
Nonexpendable	7,243,974		7,243,974	69,000
Unrestricted	(5,508,197)	(784,346)	(6,292,543)	23,500
Total Net Position	\$ 56,901,253	12,854	56,914,107	158,925

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

Union County
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit - Unaudited Union County Library System
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 2,811,768	686,842	277,538		(1,847,388)		(1,847,388)	
Public safety	3,943,053	532,639	358,182		(3,052,232)		(3,052,232)	
Public works	4,368,120		1,432,887	433,853	(2,501,380)		(2,501,380)	
Health and welfare	414,423		82,948		(331,475)		(331,475)	
Culture and recreation	272,406				(272,406)		(272,406)	
Education	300,000				(300,000)		(300,000)	
Conservation of natural resources	120,114				(120,114)		(120,114)	
Economic development and assistance	182,603			312,059	129,456		129,456	
Interest on long-term debt	197,361				(197,361)		(197,361)	
Pension expense	1,125,963				(1,125,963)		(1,125,963)	
Total Governmental Activities	13,735,811	1,219,481	2,151,555	745,912	(9,618,863)		(9,618,863)	
Business-type activities:								
Solid Waste	1,032,898	937,207				(95,691)	(95,691)	
Total Business-type Activities	1,032,898	937,207	-0-	-0-		(95,691)	(95,691)	
Total Primary Government	\$ 14,768,709	2,156,688	2,151,555	745,912	(9,618,863)	(95,691)	(9,714,554)	
Component unit - Unaudited:								
Union County Library System	393,770	45,731	326,079	8,750				(13,210)
Total Component Units	\$ 393,770	45,731	326,079	\$ 8,750				(13,210)
General revenues:								
Property taxes					\$ 8,325,127		8,325,127	
Road & bridge privilege taxes					328,281		328,281	
Grants and contributions not restricted to specific programs					702,739		702,739	
Ad valorem fee in lieu					503,006		503,006	
Unrestricted interest income					343,191	7,438	350,629	1,996
Miscellaneous					207,298		207,298	
Total General Revenues					10,409,642	7,438	10,417,080	1,996
Changes in Net Position					790,779	(88,253)	702,526	(11,214)
Net Position - Beginning, as previously reported					56,102,926	101,107	56,204,033	170,139
Prior period adjustments					7,548		7,548	
Net Position - Beginning, as restated					56,110,474	101,107	56,211,581	170,139
Net Position - Ending					\$ 56,901,253	12,854	56,914,107	158,925

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

Union County
Balance Sheet - Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds				Other	Total
	General Fund	County-Wide Road Maint. Fund	County-Wide Bridge Fund	Health Foundation Fund	Governmental Funds	Governmental Funds
ASSETS						
Cash	\$ 4,580,051	2,050,632	1,559,634	96,066	820,611	9,106,994
Investments				8,755,028		8,755,028
Accrued interest receivable				91,172		91,172
Property tax receivable	4,379,992	1,033,358	842,006		203,921	6,459,277
Fines receivable (net of allowance for uncollectibles of \$591,681)	142,002					142,002
Capital lease receivable					905,445	905,445
Intergovernmental receivables	327,147	65,101			44,436	436,684
Other receivables	31,012				46,032	77,044
Due from other funds	26,392	77,468	40,242		13,527	157,629
Total Assets	\$ 9,486,596	3,226,559	2,441,882	8,942,266	2,033,972	26,131,275
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Claims payable	\$ 188,203	133,986	32,200	10,751	60,201	425,341
Intergovernmental payables	850,031					850,031
Due to other funds	131,237					131,237
Amounts held in custody for others	67,600					67,600
Total Liabilities	1,237,071	133,986	32,200	10,751	60,201	1,474,209
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	4,379,992	1,033,358	842,006		203,921	6,459,277
Unavailable revenue - fines	142,002					142,002
Unavailable revenue - principal and interest on capital leases					905,445	905,445
Total Deferred Inflows of Resources	4,521,994	1,033,358	842,006	-0-	1,109,366	7,506,724
Fund Balances:						
Nonspendable:						
Permanent fund principal				7,243,974		7,243,974
Restricted to:						
General government					103,809	103,809
Public safety					589,800	589,800
Public works		2,059,215	1,567,676			3,626,891
Health and welfare				1,687,541	1,244	1,688,785
Culture and recreation					47,450	47,450
Economic development and assistance					43,137	43,137
Capital projects					75,414	75,414
Debt service					3,551	3,551
Unassigned	3,727,531					3,727,531
Total Fund Balances	3,727,531	2,059,215	1,567,676	8,931,515	864,405	17,150,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,486,596	3,226,559	2,441,882	8,942,266	2,033,972	26,131,275

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

Union County
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
September 30, 2019

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 17,150,342
Amounts reported for governmental activities in the Statement of Net Position 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 \$72,877,983.	49,028,292
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	5,289,801
Intergovernmental receivables	539,089
Fines receivable	142,002
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(6,049,504)
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,936,363)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(37,056)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	811,092
Deferred amount on refunding	447,788
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	662,029
Deferred inflows of resources related to pensions	<u>(146,259)</u>
Total Net Position - Governmental Activities	\$ <u>56,901,253</u>

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

Union County
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019

Exhibit 4

	Major Funds					
	General	County-Wide	County-Wide	Health	Other	Total
	Fund	Road Maint.	Bridge Fund	Foundation	Governmental	Governmental
		Fund		Fund	Funds	Funds
REVENUES						
Property taxes	\$ 5,752,950	1,298,757	1,038,426		234,994	8,325,127
Road and bridge privilege taxes		328,281				328,281
Licenses, commissions and other revenue	496,064				28,184	524,248
Fines and forfeitures	196,411				72,344	268,755
Intergovernmental revenues	1,266,360	1,047,579	385,054		675,530	3,374,523
Tax fee in lieu - Toyota	339,330				833,825	1,173,155
Charges for services	103,568				310,343	413,911
Interest income	81,784	24,115	27,320	173,383	36,589	343,191
Miscellaneous revenues	65,409	3,020	17,348		16,521	102,298
Total Revenues	<u>8,301,876</u>	<u>2,701,752</u>	<u>1,468,148</u>	<u>173,383</u>	<u>2,208,330</u>	<u>14,853,489</u>
EXPENDITURES						
Current:						
General government	3,204,659				36,842	3,241,501
Public safety	3,363,298			88,331	515,314	3,966,943
Public works	16,417	2,882,826	1,508,772		41,674	4,449,689
Health and welfare	231,770				3,291	235,061
Culture and recreation	92,828				162,542	255,370
Education	300,000					300,000
Conservation of natural resources	115,376					115,376
Economic development and assistance	175,884				298,331	474,215
Debt service:						
Principal	68,995				819,722	888,717
Interest	4,593				196,097	200,690
Total Expenditures	<u>7,573,820</u>	<u>2,882,826</u>	<u>1,508,772</u>	<u>88,331</u>	<u>2,073,813</u>	<u>14,127,562</u>
Excess of Revenues over						
(under) Expenditures	<u>728,056</u>	<u>(181,074)</u>	<u>(40,624)</u>	<u>85,052</u>	<u>134,517</u>	<u>725,927</u>
OTHER FINANCING SOURCES (USES)						
Transfers in					177,510	177,510
Transfers out	(177,510)					(177,510)
Lease principal payments					127,392	127,392
Total Other Financing Sources and Uses	<u>(177,510)</u>	<u>0</u>	<u>0</u>	<u>-0-</u>	<u>304,902</u>	<u>127,392</u>
Net Changes in Fund Balances	550,546	(181,074)	(40,624)	85,052	439,419	853,319
Fund Balances - Beginning	<u>3,176,985</u>	<u>2,240,289</u>	<u>1,608,300</u>	<u>8,846,463</u>	<u>424,986</u>	<u>16,297,023</u>
Fund Balances - Ending	<u>\$ 3,727,531</u>	<u>2,059,215</u>	<u>1,567,676</u>	<u>8,931,515</u>	<u>864,405</u>	<u>17,150,342</u>

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

Union County

Exhibit 4-1

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, 2019

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 853,319
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 capital outlays of \$1,382,436, including donated assets of \$105,000, exceeded depreciation of \$1,232,241 in the current period.	150,195
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 loss of \$5,346.	(5,346)
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.	12,567
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.	(833,333)
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	163,184
Change in other long-term receivables:	
Intergovernmental revenues	225,683
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 following items:	
Debt repayments	888,717
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:	
Increase in compensated absences	(8,343)
Decrease in accrued interest payable	3,329
Amortization of deferred amount on refunding	(66,339)
Amortization of premium on bonds	11,909
Amortization of discount on bonds	(1,686)
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 the amount of principal collections on capital leases.	(127,392)
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	(1,125,963)
Recording of contributions made to defined benefit pension plan	650,278
Change in Net Position of Governmental Activities	\$ 790,779

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

Union County
Statement of Net Position - Proprietary Fund
September 30, 2019

Exhibit 5

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 573,692
Accounts receivable (net of allowance for uncollectibles of \$357,375)	164,909
Other receivables	77,943
Total Current Assets	<u>816,544</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	124,190
Total Noncurrent Assets	<u>124,190</u>
Total Assets	<u>940,734</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	49,830
Total Deferred Outflows of Resources	<u>49,830</u>
LIABILITIES	
Current liabilities:	
Claims payable	33,334
Due to other funds	26,392
Unearned revenue	71,734
Total Current Liabilities	<u>131,460</u>
Noncurrent Liabilities:	
Net Pension Liability	823,167
Compensated Absences payable	12,074
Total Noncurrent Liabilities	<u>835,241</u>
Total Liabilities	<u>966,701</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	11,009
Total Deferred Inflows of Resources	<u>11,009</u>
NET POSITION	
Net investment in capital assets	124,190
Restricted for:	
Public works	673,010
Unrestricted	(784,346)
Total Net Position	<u>\$ 12,854</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, 2019

Exhibit 6

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 937,207
Total Operating Revenues	<u>937,207</u>
Operating Expenses	
Personal services	484,531
Pension expense	124,764
Contractual services	267,779
Materials and supplies	125,990
Depreciation expense	15,467
Indirect administrative cost	14,367
Total Operating Expenses	<u>1,032,898</u>
Operating Income (Loss)	<u>(95,691)</u>
Nonoperating Revenues (Expenses)	
Interest income	7,438
Net Nonoperating Revenue (Expenses)	<u>7,438</u>
Change in Net Position	<u>(88,253)</u>
Net Position - Beginning	<u>101,107</u>
Net Position - Ending	<u>\$ 12,854</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, 2019

Exhibit 7

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 935,536
Payments to suppliers	(395,384)
Payments to employees	(538,132)
Net Cash Provided by Operating Activities	<u>2,020</u>
Cash Flows From Investing Activities	
Interest on deposits	7,438
Net Cash Provided by Investing Activities	<u>7,438</u>
Net Increase in Cash and Cash Equivalents	9,458
Cash and Cash Equivalents at Beginning of Year	564,234
Cash and Cash Equivalents at End of Year	\$ <u><u>573,692</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (95,691)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	15,467
Pension expense	124,764
Contributions made to retirement plan	(55,540)
Provision for uncollectible accounts	9,941
Changes in assets and liabilities:	
Increase in accounts receivable	(7,152)
Increase in other receivables	(9,253)
Decrease in claims payable	(1,614)
Increase in compensated absences liability	1,938
Increase in unearned revenue	4,793
Increase in interfund payables	14,367
Total Adjustments	<u>97,711</u>
Net Cash Provided by Operating Activities	\$ <u><u>2,020</u></u>

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

Union County
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

	Agency Funds
	<u> </u>
ASSETS	
Cash and investments	\$ <u>61,235</u>
Total Assets	\$ <u><u>61,235</u></u>
 LIABILITIES	
Amounts held in custody for others	\$ 858
Intergovernmental payables	\$ <u>60,377</u>
Total Liabilities	\$ <u><u>61,235</u></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, 2019**

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

Union County, Mississippi (the 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 unit 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's 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 Board of Supervisors 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, 2019**

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, deferred outflows, liabilities, deferred inflows, fund balances, 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.

D. Measurement Focus and Basis of Accounting

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.

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.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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.

G. Receivables

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

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.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

J. Capital Assets (Continued)

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.

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:

	Capitalization Thresholds	Estimated Useful Life
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
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

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

	Capitalization Thresholds	Estimated Useful Life
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 amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

K. Deferred Outflows/Inflows of Resources (Continued)

Deferred outflows related to pensions – This amount represents the County's and Component Unit's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. Notes 13 and 16 for additional details.

Deferred outflows related to OPEB – This amount represents the Component Unit's proportionate share of the deferred outflows of resources reported by the OPEB plan in which the Component Unit participates. Notes 14 and 16 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.

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 – fines – 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.

Unavailable revenue – interest on capital leases / unavailable revenue – principal and interest on capital leases – 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.

Deferred inflows related to pensions – This amount represents the County's and Component Unit's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Notes 13 and 16 for additional details.

Deferred inflows related to OPEB – This amount represents the Component Unit's proportionate share of the deferred inflows of resources reported by the OPEB plan in which the Component Unit participates. See Notes 14 and 16 for additional details.

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. Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

N. 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.

O. 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.

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.”

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) 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.

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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

O. Equity Classifications (Continued)

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.

Fund Balance Flow Assumption:

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.

P. 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.

Q. 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.

R. 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.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

S. 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. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

(2) Prior Period Adjustments

A summary of significant net position adjustments is as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities:</i>	
To correct prior year EMPG grant receivable	\$ 7,548
Total Governmental Activities	\$ <u>7,548</u>

(3) Deposits and Investments

Primary Government

Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$9,741,921 (including deposits of \$61,235 in fiduciary accounts), and the bank balance was \$10,027,051. 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.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(3) Deposits and Investments (Continued)

Investments

Investments balances at September 30, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Governmental activities:			
Certificates of deposit	One year	\$ 8,755,028	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.

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:

	<u>Amount</u>
<u>General</u>	
Demand deposit, interest bearing, variable rate	\$ 316,579
<u>Restricted</u>	
Demand deposit, interest bearing, variable rate	1,233
	<u>\$ 317,812</u>

The carrying amount of the System's total deposits with financial institutions at September 30, 2019 was \$317,812, and the bank balance was \$316,892. 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 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 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 formal 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 institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the System.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(3) Deposits and Investments (Continued)

Investments:

Investments balances at September 30, 2019, are as follows:

	<u>Amount</u>
<u>General</u>	
Certificate of Deposit	\$ 66,958
Certificate of Deposit	<u>25,176</u>
	92,134
<u>Restricted</u>	
Certificate of Deposit	<u>69,000</u>
	<u>\$ 161,134</u>

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. 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 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) Restricted Assets

The balances of restricted assets at September 30, 2019 consisted of the following:

Discretely Presented Component Unit – Union County Library System	<u>Amount</u>
Restricted Cash	\$ 1,233
Restricted Investments	<u>69,000</u>
Total Union County Library System	<u>\$ 70,233</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(5) 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 2011, 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, 2019 is as follows:

Year Ending September 30	Amount
2020	833,333
2021	833,333
2022	833,333
2023	833,333
2024	833,334
2025-2026	1,666,667
Total	\$ 5,833,333
Less: Discount to Present Value	(543,532)
Net Receivable	\$ 5,289,801

Receivable payments due in more than one year are discounted to net present value using the County's average interest rate of 3.107% on the refunding bonds issued for the project, which management has determined is an appropriate discount commensurate with the risks involved.

(6) Interfund Transactions and Balances

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 26,392
Countywide Road	General Fund	77,468
Countywide Bridge	General Fund	40,242
Other Governmental Funds	General Fund	13,527
Total		\$ 157,629

The payables from the General Fund represent the tax revenue collected but not settled until October 2019. The payables from other governmental funds represents interfund loans to cover costs of grant projects. The payable from the Solid Waste Fund represents the indirect cost for the September 30, 2019 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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(6) Interfund Transactions and Balances (Continued)

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 177,510
Total		\$ 177,510

The principal purpose of transfers was to provide funds for grant matches. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(7) Intergovernmental Receivables

Intergovernmental receivables at September 30, 2019 consisted of the following:

Description	Amount
Primary Government	
Governmental Funds:	
<i>General Fund:</i>	
Federal victim's assistance coordinator grant	\$ 71,478
MDHS welfare/food stamp reimbursement	38,485
Motor vehicle licenses	14,291
Legislative tag credit	164,290
School resource officer reimbursement	35,357
Other	3,246
	<u>327,147</u>
<i>County-Wide Road Maintenance Fund:</i>	
Motor vehicle fuel tax	47,612
Motor vehicle licenses	4,310
Gas severance	11,783
Harvest permits	1,396
	<u>65,101</u>
<i>Other Governmental Funds:</i>	
Federal/State economic development grant reimbursement	21,137
TVA grant reimbursement	23,299
	<u>44,436</u>
Total Governmental Funds	<u>436,684</u>
Victim's assistance coordinator reimbursement	4,720
Federal emergency management performance grant	27,450
Federal/State payments in lieu of tax	219,786
Federal public works grant reimbursement	287,133
Total Long-Term Receivables	<u>539,089</u>
Total Governmental Activities	<u>\$ 975,773</u>
Discretely Presented Component Unit - Union County Library System	
Federal E-rate	\$ 14,669
Federal enhance materials grant	2,796
Total Union County Library System	<u>\$ 17,465</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(8) Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2019:

Primary Government Governmental Activities:	Balance Oct. 1, 2018	Additions	Deletions	Completed Construction	Balance Sept. 30, 2019
<u>Non-depreciable capital assets</u>					
Land	\$ 1,651,831				\$ 1,651,831
Construction in progress	653,114	826,903		(676,558)	803,459
Total non-depreciable capital assets	<u>2,304,945</u>	<u>826,903</u>	<u>-0-</u>	<u>(676,558)</u>	<u>2,455,290</u>
<u>Depreciable capital assets</u>					
Infrastructure	93,069,557	105,000		676,558	93,851,115
Buildings	14,980,670				14,980,670
Improvements other than buildings	433,231				433,231
Mobile equipment	9,359,464	428,436			9,787,900
Furniture and equipment	300,059		(7,500)		292,559
Leased property under capital leases	105,510	22,097	(22,097)		105,510
Total depreciable assets	<u>118,248,491</u>	<u>555,533</u>	<u>(29,597)</u>	<u>676,558</u>	<u>119,450,985</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	56,261,962	518,823			56,780,785
Buildings	7,723,333	286,544			8,009,877
Improvements other than buildings	329,179	3,481			332,660
Mobile equipment	7,024,470	398,575			7,423,045
Furniture and equipment	268,376	3,927	(6,750)		265,553
Leased property under capital leases	62,673	20,891	(17,501)		66,063
Total accumulated depreciation	<u>71,669,933</u>	<u>1,232,241</u>	<u>(24,251)</u>	<u>-0-</u>	<u>72,877,983</u>
Total depreciable capital assets, net	<u>46,578,498</u>	<u>(676,708)</u>	<u>(5,346)</u>	<u>676,558</u>	<u>46,573,002</u>
Governmental activities capital assets, net	<u>\$ 48,883,443</u>	<u>150,195</u>	<u>(5,346)</u>	<u>-0-</u>	<u>\$ 49,028,292</u>
Business-type Activities:					
<u>Depreciable capital assets</u>					
Mobile equipment	\$ 1,009,136				\$ 1,009,136
Furniture and equipment	5,000				5,000
Total depreciable assets	<u>1,014,136</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,014,136</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	869,979	15,467			885,446
Furniture and equipment	4,500				4,500
Total accumulated depreciation	<u>874,479</u>	<u>15,467</u>	<u>-0-</u>	<u>-0-</u>	<u>889,946</u>
Business-type activities capital assets, net	<u>\$ 139,657</u>	<u>(15,467)</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 124,190</u>
Primary government capital assets, net	<u>\$ 49,023,100</u>	<u>134,728</u>	<u>(5,346)</u>	<u>-0-</u>	<u>\$ 49,152,482</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(8) Capital Assets (Continued)

**Discretely Presented Component
unit -
Union County Library System**

	Balance Oct. 1, 2018	Additions	Deletions	Balance Sept. 30, 2019
<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	589,249	24,346		613,595
Machinery and equipment	71,972	5,246		77,218
Furniture and fixtures	46,929			46,929
Land improvements	<u>7,041</u>			<u>7,041</u>
Total depreciable capital assets	<u>715,191</u>	<u>29,592</u>	<u>-0-</u>	<u>744,783</u>
<u>Less accumulated depreciation for:</u>				
Library materials	550,963	20,357		571,320
Machinery and equipment	67,067	3,142		70,209
Furniture and fixtures	43,074	469		43,543
Land improvements	<u>4,615</u>	<u>1,904</u>		<u>6,519</u>
Total accumulated depreciation	<u>665,719</u>	<u>25,872</u>	<u>-0-</u>	<u>691,591</u>
Other capital assets, net	<u>49,472</u>	<u>3,720</u>	<u>-0-</u>	<u>53,192</u>
Governmental activities capital assets. \$	<u>61,472</u>	<u>3,720</u>	<u>-0-</u>	<u>\$ 65,192</u>

Depreciation expense was charged to the following functions:

	Amount
Primary Government	
Governmental Activities:	
General government	\$ 45,607
Public safety	348,244
Public works	627,193
Health and welfare	180,221
Culture and recreation	17,035
Conservation of natural resources	7,221
Economic Development	<u>6,720</u>
Total Governmental Activities	<u>\$ 1,232,241</u>
Business-type activities:	
Solid Waste	<u>\$ 15,467</u>
Total Business-type Activities	<u>\$ 15,467</u>
Discretely Presented Component Unit - Union County Library System	
Library materials	\$ 20,357
General government	<u>5,515</u>
Total Union County Library System	<u>\$ 25,872</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(8) Capital Assets (Continued)

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Governmental Activities:		Remaining	Expected Date of
Description of Commitment		Financial Commitment	Completion
LSPB (73)-21 Bridge #79 on CR 59	\$	28,474	May 2020
STPBR 0923 4B		2,186,087	May 2021
ARC MS 19247 Martintown Industrial Project		722,271	September 2020
Total Governmental Activities	\$	<u>2,936,832</u>	

(9) 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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(10) 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, 2019.

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:

Year Ending September 30,	Amount
2020	35,400
2021	35,400
2022	35,400
2023	<u>5,900</u>
Total	\$ <u>112,100</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(11) Capital Leases

As Lessor:

On July 6, 2015, Union County entered into a capital lease agreement with the City of New Albany and Emerald Mississippi, LLC for the lease of real property and improvements, being 25.16 acres, more or less, and all improvements located at 1101 Denmill Road, New Albany, MS. The capital lease stipulated that the lessee would pay approximately \$9,959 per month in lease payments commencing June 26, 2015, for a term of 10 years. At the end of the lease term, Emerald Home Furnishings has the option to purchase the property at 1101 Denmill Road, New Albany, MS upon payment of all future amounts due.

On August 15, 2005, Union County entered into a capital lease agreement with the City of New Albany and Abby Manufacturing Co., Inc. for the lease of industrial property at 1100 Denmill Road, New Albany, MS. The capital lease stipulated that the lessee would pay approximately \$2,000 per month in lease payments commencing January 1, 2012 for a term of 10 years. At the end of the lease term, Abby Manufacturing Co., Inc. has the option to purchase the property at 1100 Denmill Road, New Albany, MS for \$1.

On September 1, 2006, Union County entered into a capital lease agreement with the City of New Albany and CEC Production Metal Processing, Inc. for the lease of property on Sam T. Barkley Drive. The capital lease stipulates that the lessee would pay approximately \$1,163 per month in lease payments commencing September 1, 2006 for a term of 20 years. At the end of the lease term, CEC Production Metal Processing, Inc. has the option to purchase the property on Sam T. Barkley Drive for \$500.

The County leases the following property with varying terms and options as of September 30, 2019:

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

The future net minimum lease receivables as of September 30, 2019, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	131,267	26,202
2021	135,287	22,181
2022	119,459	18,010
2023	119,786	13,682
2024	124,276	9,192
2025-2026	181,017	5,086
Total	<u>\$ 811,092</u>	<u>94,353</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(11) Capital Leases (Continued)

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Amount</u>
Furniture and equipment	\$ <u>105,510</u>
Total	105,510
Less: Accumulated depreciation	<u>(66,063)</u>
Leased Property Under Capital Leases	\$ <u><u>39,447</u></u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 29,341	710
2021	<u>12,312</u>	<u>94</u>
Total	\$ <u><u>41,653</u></u>	<u><u>804</u></u>

(12) Long-term Debt

Debt outstanding as of September 30, 2019, 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:			
2016 GO Industrial Dev. Refunding Bond	\$ <u>4,530,000</u>	3.00-3.50%	7/2026
Total General Obligation Bonds	<u><u>4,530,000</u></u>		
B. Capital Leases:			
E911 Equipment	<u>41,653</u>	3.00%	2/2021
Total Capital Leases	<u><u>41,653</u></u>		
C. Other Loans:			
Capital improvements revolving loan	81,195	3.00%	9/2026
Capital improvements revolving loan	197,475	3.00%	7/2029
Capital improvements revolving loan	667,217	3.00%	2/2026
Note payable	<u>416,829</u>	1.00%	7/2025
Total Other Loans	\$ <u><u>1,362,716</u></u>		

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(12) Long-term Debt (Continued)

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

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 690,000	138,225	194,694	30,836
2021	710,000	117,525	199,218	26,312
2022	730,000	96,225	203,853	21,677
2023	755,000	74,325	208,616	16,865
2024	780,000	51,675	213,504	12,026
2025-2029	865,000	30,550	342,831	12,609
Total	\$ 4,530,000	508,525	1,362,716	120,325

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, 2019, the amount of outstanding debt was equal to 1.52% of the latest property assessments.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(12) Long-term Debt (Continued)

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sep. 30, 2019	Amount due within one year
Primary Government					
Governmental Activities:					
Compensated absences	\$ 107,325	8,343		115,668	
General obligation bonds	5,200,000		670,000	4,530,000	690,000
Less:					
Unamortized discounts	(11,373)		(1,686)	(9,687)	(1,740)
Plus:					
Unamortized premiums	21,063		11,909	9,154	6,103
Capital leases	70,035		28,382	41,653	29,341
Other loans	1,553,051		190,335	1,362,716	194,694
Totals	<u>\$ 6,940,101</u>	<u>8,343</u>	<u>898,940</u>	<u>6,049,504</u>	<u>918,398</u>
Business-type Activities:					
Compensated absences	<u>\$ 10,136</u>	<u>1,938</u>		<u>12,074</u>	
Discretely Presented Component Unit - Union County Library System					
Governmental Activities:					
Compensated absences	<u>\$ 5,093</u>	<u>700</u>		<u>5,793</u>	

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, 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, 2019

(13) 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate was an increase as of July 1, 2019, from 15.75%. 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, 2019, 2018, and 2017 were \$705,817, \$658,594, and \$638,595, respectively, equal to the required contributions for each year.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(13) 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, 2019, the County reported a liability of \$11,759,530 (\$10,936,363 for governmental activities and \$823,167 for business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.066846 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.00222 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

Internally, the County allocates its proportionate share of the net pension liability to governmental activities and business-type activities. As of September 30, 2019, the internal proportionate share allocated to governmental activities and business-type activities was 93.00% and 7.00%.

For the year ended September 30, 2019, the County recognized pension expense of \$1,125,963 for governmental activities and \$124,764 for business-type activities. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,957	12,658
Net difference between projected and actual earnings on pension plan investments		128,654
Changes of assumptions	115,292	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	402,634	15,956
County contributions subsequent to the measurement date	186,976	
Total	\$ 711,859	157,268

\$186,976 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, 2020. 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:	Amount
2020	\$ 209,464
2021	(6,589)
2022	111,051
2023	53,689
	\$ 367,615

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(13) Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash Equivalents	1.00	0.25
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 (17.40%). 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, 2019**

(13) 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:

	1% Decrease <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
County's proportionate share of the net pension liability	\$ 15,458,310	11,759,530	8,706,520

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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(13) Defined Benefit Pension Plan (Continued)

Contributions. At September 30, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate was an increase as of July 1, 2019, from 15.75%. 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, 2019, 2018, and 2017, were \$22,882, \$22,225, and \$20,198, 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, 2019, the system reported a liability of \$380,514 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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. The system's proportionate share used to calculate the September 30, 2019 net pension liability was 0.002163 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.000004 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the system recognized pension expense of \$42,842. At September 30, 2019 the system reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225	410
Net difference between projected and actual earnings on pension plan investments		4,163
Changes of assumptions	3,731	
Changes in proportion and differences between the System's contributions and proportionate share of contributions	13,154	
System contributions subsequent to the measurement date	6,256	
Total	\$ 23,366	4,573

\$6,256 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Amount
2020	\$ 8,745
2021	787
2022	1,268
2023	1,737
Total	\$ 12,537

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(13) Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash Equivalents	1.00	0.25
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 (17.40%). 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, 2019

(13) Defined Benefit Pension Plan (Continued)

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	\$ 500,193	\$ 380,514	\$ 281,725

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

(14) Other Post-Employment Benefits

Discretely Presented Component Unit – Union County Library System

General Information About the OPEB Plan

Plan Description – State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees, and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits Provided – The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance.

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(14) Other Post-Employment Benefits (Continued)

The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions – The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the System were \$1,841 for the year ended September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At September 30, 2019, the System reported a liability of \$45,926 for their proportionate share of the net OPEB liability. The net OPEB liability was measured at June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the System's portion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the System's proportion was 0.00541 percent. This was an increase of 0.00145 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended September 30, 2019, the System recognized OPEB expense of \$4,994. At September 30, 2019 the System reported the deferred outflows of resources and deferred inflows of resources related to OPEB from the sources shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69	\$ 657
Net difference in projected and actual earnings on OPEB plan investments	1	
Changes of assumptions	3,424	2,381
Changes in proportion and differences between system contributions and proportionate share of contributions	12,621	
Contributions subsequent to the measurement date	1,421	
Total	<u>\$ 17,536</u>	<u>\$ 3,038</u>

\$1,421 reported by the System as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as shown below:

Year ended September 30:	Amount
2020	\$ 2,375
2021	2,375
2022	2,375
2023	2,481
2024	2,520
Thereafter	951
Total	<u>\$ 13,077</u>

**UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

(14) Other Post-Employment Benefits (Continued)

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment Expense, including inflation	4.50 percent
Municipal Bond Index Rate Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Year FNP is projected to be depleted Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation Measurement Date	3.50 percent
Prior Measurement Date	3.89 percent
Health Care Cost Trends Medicare Supplement Claims Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.75 percent by 2028

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Discount Rate – The discount rate used to measure the OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the discount rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019 the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2018 and the June 30, 2019. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(14) Other Post-Employment Benefits (Continued)

Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

– The following table presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB Liability	\$ 51,015	\$ 45,926	\$ 41,571

Sensitivity of the System's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

– The following table presents the System's proportionate share of the net OPEB liability, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates - Current	1% Increase
Net OPEB Liability	\$ 42,557	\$ 45,926	\$ 49,741

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

(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 December of 2017, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority for \$3,830,000. 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 \$3,670,000 refunding bonds balance at September 30, 2019, is \$221,668.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(16) Effect of Deferred Amounts on Net Position

Primary Government

The governmental activities' unrestricted net position (deficit) amount of (\$5,508,197) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$173,888 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The remaining \$488,141 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$146,259 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position (deficit) amount of (\$5,508,197) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$447,788 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the unrestricted net position over the next 7 years.

The governmental activities' unrestricted net position (deficit) amount of (\$5,508,197) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$94,353 balance of deferred inflows of resources at September 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next 7 years.

The business-type activities' unrestricted net position (deficit) amount of (\$784,346) includes the effect of deferred outflows/inflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$13,088 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The remaining \$36,742 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years. The \$11,009 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 4 years.

Discretely Presented Component Unit – Union County Library System

The governmental activities' unrestricted net position amount of \$23,500 includes the effect of deferred outflows/inflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$6,256 resulting from system contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. The remaining \$17,110 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$4,573 balance of the deferred inflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of \$23,500 also includes the effect of deferred outflows/inflows of resources related to other post-employment benefits (OPEB). A portion of the deferred outflow of resources related to OPEB in the amount of \$1,421 resulting from system contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2020. The remaining \$16,115 balance of the deferred outflow of resources related to OPEB at September 30, 2019, will be recognized in OPEB expense over the next 6 years. The \$3,038 balance of the deferred inflow of resources related to OPEB at September 30, 2019, will be recognized in OPEB expense over the next 6 years.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(17) 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 \$59,000 for support of the Association in fiscal year 2019. 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 \$19,918 for the support and maintenance of the airport in fiscal year 2019. Complete financial statements can be obtained from the New Albany-Union County Airport, New Albany, MS 38652.

Union County is a participant in a joint venture with the counties of Pontotoc and Chickasaw and the municipalities of New Albany, Pontotoc, Houston, New Houlka, Ecrú and Algoma, as the GM&O Rails to Trails Recreational District of North Mississippi (GM&O), as authorized by Section 55.25-1, Miss. Code Ann. (1972) which governs the Tanglefoot Trail, which is a multi-use recreational trail for hikers, equestrians, walkers, runners, skaters, cyclists, and other such uses. Union County appoints one member of the nine-member Board of GM&O and agreed to pledge on an annual basis, for a period of 15 years, an amount equal to $\frac{1}{4}$ of a mill from their General fund, or from any other available source as determined by the County, to GM&O for the purpose of servicing debt. Any funds over the amount needed for debt will be retained by GM&O for operating and maintenance expenses. Three Rivers Planning and Development District is the administrator and fiscal agent of the program. The County contributed \$39,985 to this venture in fiscal year 2019.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(18) 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 2019.

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 \$90,000 for the support of the district in fiscal year 2019.

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 \$950,615 for the support and maintenance of the college in fiscal year 2019.

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 \$22,500 for support of the commission in fiscal year 2019.

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 2019 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 2019.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

(19) Tax Abatements

For the year beginning October 1, 2017, The Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Union County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County.

The County had two types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies.

Sections 27-31-101 and 27-31-105 Miss Code (Ann.) 1972

All allowable property tax levies

There are 24 companies that have tax abatements under these statutes. The gross amount of taxes abated during the fiscal year is \$1,509,799.

Section 24-31-104 Miss. Code (Ann.) 1972

Payments in lieu of taxes

There is one company that has tax abatements under this statute. The gross amount of taxes abated during the fiscal year is \$6,787,998.

(20) 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 January 22, 2021, (the date the financial statements were available to be issued) and determined that no subsequent event(s) have occurred that require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Union County
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 5,786,377	5,745,475	5,745,475	-0-
Licenses, commissions and other revenue	474,100	489,036	489,036	-0-
Payment in lieu of tax - toyota	300,000	334,591	339,330	4,739
Fines and forfeitures	176,600	197,007	197,007	-0-
Intergovernmental revenues	1,324,067	1,225,681	1,225,681	-0-
Charges for services	95,000	105,778	105,778	-0-
Interest income	68,000	87,437	82,698	(4,739)
Miscellaneous revenues	53,700	49,787	62,412	12,625
Total Revenues	<u>8,277,844</u>	<u>8,234,792</u>	<u>8,247,417</u>	<u>12,625</u>
EXPENDITURES				
Current:				
General government	3,703,648	3,229,984	3,229,984	-0-
Public safety	3,547,241	3,331,702	3,331,702	-0-
Public works	20,668	19,918	19,918	-0-
Health and welfare	267,816	230,327	230,327	-0-
Culture and recreation	94,832	92,728	92,728	-0-
Education	300,000	300,000	300,000	-0-
Conservation of natural resources	131,882	116,023	116,023	-0-
Economic development and assistance	190,539	188,412	188,412	-0-
Debt service:				
Principal	69,671	68,979	68,995	(16)
Interest	3,917	4,609	4,593	16
Total Expenditures	<u>8,330,214</u>	<u>7,582,682</u>	<u>7,582,682</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(52,370)</u>	<u>652,110</u>	<u>664,735</u>	<u>12,625</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	12,599	-0-	(12,599)
Compensation for loss of capital assets	5,000	-0-	-0-	-0-
Transfers in	200,000	-0-	-0-	-0-
Transfers out	<u>(180,000)</u>	<u>(177,510)</u>	<u>(177,510)</u>	<u>-0-</u>
Total Other Financing Sources and Uses	<u>30,000</u>	<u>(164,911)</u>	<u>(177,510)</u>	<u>(12,599)</u>
Net Change in Fund Balance	(22,370)	487,199	487,225	26
Fund Balances - Beginning	2,789,368	3,126,645	3,126,645	-0-
Amendment to Budget Actual	<u>337,277</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Beginning, as amended	<u>3,126,645</u>	<u>3,126,645</u>	<u>3,126,645</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 3,104,275</u>	<u>3,613,844</u>	<u>3,613,870</u>	<u>26</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 Road Maintenance Fund
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,308,747	1,295,452	1,295,452	-0-
Road and bridge privilege taxes	320,000	325,651	325,651	-0-
Intergovernmental revenues	850,000	1,038,801	1,038,801	-0-
Interest income	25,000	24,115	24,115	-0-
Miscellaneous revenues	3,000	3,020	3,020	-0-
Total Revenues	<u>2,506,747</u>	<u>2,687,039</u>	<u>2,687,039</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	<u>2,821,282</u>	<u>3,155,534</u>	<u>3,155,534</u>	<u>-0-</u>
Total Expenditures	<u>2,821,282</u>	<u>3,155,534</u>	<u>3,155,534</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(314,535)</u>	<u>(468,495)</u>	<u>(468,495)</u>	<u>-0-</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	175,000	-0-	-0-	-0-
Compensation for loss of capital assets	10,000	-0-	-0-	-0-
Total Other Financing Sources and Uses	<u>185,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balance	(129,535)	(468,495)	(468,495)	-0-
Fund Balances - Beginning, as originally stated	2,749,843	2,519,127	2,519,127	-0-
Amendment to Budget Actual	<u>(230,716)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Beginning, as amended	<u>2,519,127</u>	<u>2,519,127</u>	<u>2,519,127</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 2,389,592</u>	<u>2,050,632</u>	<u>2,050,632</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, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,030,607	1,037,350	1,037,350	-0-
Intergovernmental revenues	351,000	392,580	385,054	(7,526)
Interest income	30,000	27,321	27,321	-0-
Miscellaneous Revenues	-0-	10,194	17,720	7,526
Total Revenues	<u>1,411,607</u>	<u>1,467,445</u>	<u>1,467,445</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	<u>1,410,682</u>	<u>1,592,117</u>	<u>1,592,117</u>	<u>-0-</u>
Total Expenditures	<u>1,410,682</u>	<u>1,592,117</u>	<u>1,592,117</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>925</u>	<u>(124,672)</u>	<u>(124,672)</u>	<u>-0-</u>
Net Change in Fund Balance	925	(124,672)	(124,672)	-0-
Fund Balances - Beginning, as originally stated	1,562,326	1,684,306	1,684,306	-0-
Amendment to Budget Actual	<u>121,980</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Beginning, as amended	<u>1,684,306</u>	<u>1,684,306</u>	<u>1,684,306</u>	<u>-0-</u>
Fund Balances - Ending	\$ <u><u>1,685,231</u></u>	<u><u>1,559,634</u></u>	<u><u>1,559,634</u></u>	<u><u>-0-</u></u>

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

UNION COUNTY
SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Union County		2019	2018	2017	2016	2015
County's proportion of the net pension liability		0.066846%	0.064626%	0.0630%	0.0640%	0.0640%
County's proportionate share of the net pension liability	\$	11,759,530	10,749,224	10,472,738	11,431,998	9,893,138
County's covered payroll	\$	4,368,805	4,181,518	4,054,567	4,071,154	3,966,840
County's proportionate share of the net pension liability as a percentage of its covered payroll		269.17%	257.07%	258.29%	280.80%	249.40%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%
Union County Library System		2019 **	2018	2017	2016	2015
System's proportion of the net pension liability		0.002163%	0.002159%	0.0020%	0.0020%	0.0020%
System's proportionate share of the net pension liability	\$	380,514	359,106	332,468	357,250	309,160
System's covered payroll	\$	141,869	141,113	128,241	130,108	129,745
System's proportionate share of the net pension liability as a percentage of its covered payroll		268.22%	254.48%	259.25%	274.58%	238.28%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%

** - UNAUDITED

* 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. Prior year information is based on historical amounts reported in prior year audit report(s).

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

UNION COUNTY
SCHEDULE OF COUNTY AND COMPONENT UNIT CONTRIBUTIONS - PERS
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Union County		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$	705,817	658,594	638,595	642,801	624,777
Contributions in relation to the contractually required contribution		<u>(705,817)</u>	<u>(658,594)</u>	<u>(638,595)</u>	<u>(642,801)</u>	<u>(624,777)</u>
Contribution deficiency (excess)	\$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
County's covered payroll		4,368,805	4,181,518	4,054,567	4,080,548	3,966,840
Contributions as a percentage of covered payroll		16.16%	15.75%	15.75%	15.75%	15.75%
Union County Library System		<u>2019 **</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$	22,882	22,225	20,198	20,491	20,435
Contributions in relation to the contractually required contribution		<u>(22,882)</u>	<u>(22,225)</u>	<u>(20,198)</u>	<u>(20,491)</u>	<u>(20,435)</u>
Contribution deficiency (excess)	\$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
System's covered payroll		141,869	141,113	128,241	130,108	129,745
Contributions as a percentage of covered payroll		16.13%	15.75%	15.75%	15.75%	15.75%

** - UNAUDITED

*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. Prior year information is based on historical amounts reported in prior year audit report(s).

The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

UNION COUNTY
SCHEDULE OF COMPONENT UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS*
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Union County Library System	2019 **	2018
Proportion of net OPEB liability	0.00541%	0.00397%
Proportionate share of net OPEB liability	\$ 45,926	30,680
Covered-employee payroll	\$ 247,852	180,574
Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	18.53%	16.99%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%

** - UNAUDITED

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

*The amounts presented for each fiscal year were determined as of the measurement date of June 30th of the fiscal year presented.

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the plan fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

UNION COUNTY
SCHEDULE OF COMPONENT UNIT CONTRIBUTIONS (OPEB)
LAST TEN FISCAL YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Union County Library System	2019 **	2018
Actuarially determined contributions	\$ 1,841	1,327
Contributions in relation to the actuarially determined contributions	\$ (1,841)	(1,327)
Contribution deficiency (excess)	<u>-0-</u>	<u>-0-</u>
Covered-employee payroll	\$ 247,852	180,574
Contributions as a percentage of covered-employee payroll	0.74%	0.73%

** - UNAUDITED

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

This schedule is presented to illustrate the requirement to show the data presented for the past ten years. However, GASB Statement No. 75 was implemented for the plan fiscal year ending June 30, 2018, and, until the full ten-year trend is compiled, the information is only presented for the years in which the information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
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).

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	Countywide Road Fund	Countywide Bridge Fund
Budget (Cash Basis)	\$	487,225	\$ (468,495)	\$ (124,672)
Increase (Decrease)				
Net adjustments for:				
Revenue accruals		54,459	14,713	704
Expenditure accruals		<u>8,862</u>	<u>272,708</u>	<u>83,344</u>
GAAP Basis	\$	<u><u>550,546</u></u>	<u><u>(181,074)</u></u>	<u><u>(40,624)</u></u>

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
UNAUDITED

Pension Schedules

A. Changes of Assumptions

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: For males, 137% of male rates at all ages, and for females, 115% of female rates at all ages. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016

- The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2015

- 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.
- 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.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
UNAUDITED

Pension Schedules, continued

B. Changes in benefit provisions

2016

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

UNION COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2019
UNAUDITED

Other Post-Employment Benefits Schedules

A: Changes of assumptions

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current measurement rate.

B: Changes of Benefit Terms

2017: None

2018: None

2019: None

C: Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent valuation date. The following actuarial methods and assumptions (from June 30, 2018 actuarial valuation) were used to determine contribution rates reported in the schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3.00 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.25 percent
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75 percent
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return,	
Net of OPEB plan investment	
Expense, including price inflation	3.89 percent

OTHER INFORMATION

Union County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019

UNAUDITED

Name	Position	Company	Bond
Evan Denton	Supervisor District 1	RLI Insurance Company	\$ 100,000
Milton "Chad" Coffey	Supervisor District 2	RLI Insurance Company	100,000
David Kitchens	Supervisor District 3	EMC Insurance Company	100,000
Jesse "Randy" Owen	Supervisor District 4	EMC Insurance Company	100,000
Steve Watson	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
Phyllis Stanford	Circuit Clerk	EMC Insurance Company	100,000
Helen Randle	Deputy Circuit Clerk	EMC Insurance Company	50,000
Linda Wells	Deputy Circuit Clerk	EMC Insurance Company	100,000
Holly Webb Wilbanks	Deputy Circuit Clerk	EMC Insurance Company	50,000
Shellie Kent	Purchase Clerk	EMC Insurance Company	75,000
Kay Wicker	Assistant Purchase Clerk	EMC Insurance Company	50,000
Brittany Roberson	Assistant Purchase Clerk	RLI Insurance Company	50,000
Curt Clayton	Receiving Clerk	EMC Insurance Company	75,000
Nancy Bell	Assistant Receiving Clerk	EMC Insurance Company	50,000
Kathy Butler	Assistant Receiving Clerk	EMC Insurance Company	50,000
Beverly Jane Brooks	Assistant Receiving Clerk	EMC Insurance Company	50,000
Cuisandra Ingram	Assistant Receiving Clerk	EMC Insurance Company	50,000
Anna Stanton	Assistant Receiving Clerk	EMC Insurance Company	50,000
Christy Shannon	Assistant Receiving Clerk	RLI Insurance Company	50,000
Jennifer Bishop	Assistant Receiving Clerk	EMC Insurance Company	50,000
Paul Harrison	Assistant Receiving Clerk	EMC Insurance Company	50,000
Tiffany Erby	Assistant Receiving Clerk	EMC Insurance Company	50,000
Joel Dillard	Assistant Receiving Clerk	EMC Insurance Company	50,000
Bobby Pannell	Assistant Receiving Clerk	EMC Insurance Company	50,000
Jonathan Callicutt	Assistant Receiving Clerk	EMC Insurance Company	50,000
Jeff Akins	Assistant Receiving Clerk	EMC Insurance Company	50,000
Johnny Rakestraw	Assistant Receiving Clerk	EMC Insurance Company	50,000
Eddie Turner	Assistant Receiving Clerk	EMC Insurance Company	50,000
Michael Kiddy	Assistant Receiving Clerk	EMC Insurance Company	50,000
Jerry Davis	Assistant Receiving Clerk	EMC Insurance Company	50,000
Ricky Kizer	Assistant Receiving Clerk	EMC Insurance Company	50,000
Amanda Barnes	Inventory Control Clerk	RLI Insurance Company	75,000
Scott Wiggington	Road Manager	RLI Insurance Company	50,000
Larry Jarvis	Building & Grounds	EMC Insurance Company	50,000

Union County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019

UNAUDITED

Name	Position	Company	Bond
Jimmy Edwards	Sheriff	FCCI Insurance Group	\$ 100,000
PJ Doyle	Constable	Western Surety Company	50,000
Ronnie Goudy	Constable	FCCI Insurance Group	50,000
David Garrison	Justice Court Judge	RLI Insurance Company	50,000
Chris Childers	Justice Court Judge	RLI Insurance Company	50,000
Larissa Edwards	Justice Court Clerk	EMC Insurance Company	50,000
Mary Katherine Hale	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Sarah Beth Gregory	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Elizabeth McGinty	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Sarah Bullock	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Jennifer Bedford	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Avery Adair	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Adam Fitts	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Gary Gray	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Jeremy McClarty	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Tameri Dunnam	Tax Assessor- Collector	FCCI Insurance Group	100,000
Cynthia Wilbanks	Deputy Tax Collector	EMC Insurance Company	50,000
Teresa Ann O'Callaghan	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
Brandi Jones	Deputy Tax Collector	EMC Insurance Company	50,000
Toni Mask	Deputy Tax Collector	RLI Insurance Company	50,000
Bobbie Mcmillen	Deputy Tax Assessor	EMC Insurance Company	10,000
Christy Sullivan	Deputy Tax Assessor	EMC Insurance Company	10,000
Mitch Doom	Deputy Tax Assessor	RLI Insurance Company	10,000
Logan Nobles	Deputy Tax Assessor	RLI Insurance Company	10,000

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, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated January 22, 2021. Our report includes a disclaimer of opinion on the discretely presented component unit due to its presentation of unaudited financial statements. Accounting principles generally accepted in the United States of America require that all component units of the County present audited financial data to be reported with the financial data of the County's primary government.

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 (internal control) 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a material weakness.

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*.

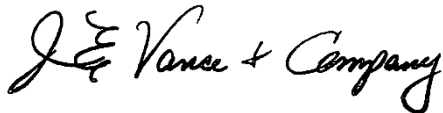
However, we noted certain matters which we have reported to the management of Union County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated January 22, 2021, included within this document.

Union County's Responses to Finding

Union County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Union County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 22, 2021

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, 2019. 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.

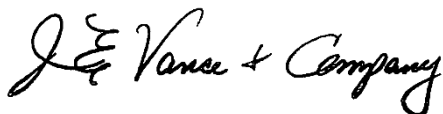
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered 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.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

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, 2019.

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 Union County, Mississippi's compliance with the aforementioned requirements, 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.



Tupelo, Mississippi
January 22, 2021

Union County
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2019

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, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
2/25/2019	Metal Culverts	\$ 12,956.53	G&O Supply	Flooding Caused Washouts
2/28/2019	Metal Culverts	18,189.00	G&O Supply	Flooding Caused Washouts
2/28/2019	Metal Culverts	6,573.00	G&O Supply	Flooding Caused Washouts

Union County
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2019

Schedule 3

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/18/2018	Voting Machines	\$ 36,162.00	ES&S

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, 2019, 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 January 22, 2021, 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Finding – Meal logs reports were not appropriately retained on file after approval by the Board of Supervisors.

Repeat Finding – Yes

Criteria – *Section 25-61-2, Mississippi Code Annotated (1972)* states, " ... public records shall be available for inspection by any persons.

Condition – During audit procedures performed, we discovered that two of the twelve months of meal log reports were not appropriately retained and kept on file with the Board of Supervisors meetings records of minutes for review.

Cause – County employees did not follow Mississippi statute listed above.

Effect – Failure to submit meal logs to the Board of Supervisors for approval as spread upon the official Board minutes could result in a loss or misappropriation of public funds by paying for an incorrect number of meals.

Recommendation – The meal log reports should be kept in the Board of Supervisors meeting minutes files as documentation backup when approved.

View of Responsible Official(s) – Board of Supervisors: We will comply.

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.

A handwritten signature in black ink that reads "J & E Vance + Company". The script is cursive and fluid, with the letters "J" and "E" being particularly large and stylized.

Tupelo, Mississippi
January 22, 2021

SCHEDULE OF FINDINGS AND RESPONSES

**UNION COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit – Union Co. Library System	Disclaimer
General Fund	Unmodified
County-wide Road Maint. Fund	Unmodified
County-wide Bridge Fund	Unmodified
Health Foundation Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
2. Internal control over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	None identified
3. Noncompliance material to the financial statements? No

Section 2: Financial Statement Findings

Justice Court.

Material Weakness

2019-001 Internal Controls over fines receivable in the Justice Court Clerk's office should be strengthened.

Repeat Finding Yes.

Criteria: Effective internal controls over Justice Court fines receivable should include maintaining and preserving adequate subsidiary records to substantiate the total fines receivable balance and should ensure that fines receivable is properly aged in order to estimate the collectability of these fines receivable and includes only fines due the county.

Condition During audit procedures performed, we discovered that the documentation for fines receivable submitted by management at year end contained all assessments in addition to fines due the county.

Cause Internal controls over Justice Court fines receivable were not effective in ensuring the preparation and retention of a detailed aged fines receivable schedule including only fines receivable at September 30, 2019.

Effect As a result of this weakness, the initial fines receivable balance reported by management was materially overstated, and it was difficult to obtain sufficient evidence to support the balance of fines receivable due to software limitations in re-generating appropriate reports and additional queries.

Recommendation The Justice Court Clerk should ensure that internal control procedures are in place to allow for the preparation and preservation of a detailed aged fines receivable schedule so that fines receivable due to the County can be properly reported in the financial statements.

Response We will make sure that the correct reports are contemporaneously printed as required at each year-end.