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CITY OF
UNION

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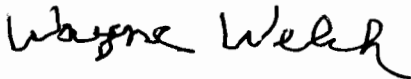
December 13, 2019

Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

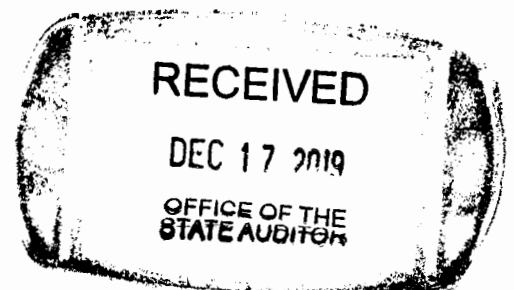
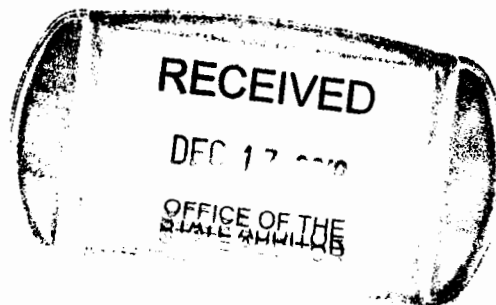
Re: Annual Municipal Audit

Accompanying this letter is a copy of the annual audit of the City of Union, Mississippi, for fiscal year ended September 30, 2019. In connection with this audit, a separate management letter was written to the city. Enclosed you will find a copy of this management letter along with the audit reports.

Sincerely,



Wayne Welch, Mayor



PRICE & Co.

Certified Public Accountants

A Professional Association

P.O. Box 364 - 106 East Third Street

Forest, Mississippi 39074

Phone: (601) 469-4020 - Fax: (601) 469-4028

E-mail address: billyprice62@yahoo.com

William N. Price, Jr. CPA

Member: American Institute of Certified Public Accountants

Mississippi Society of Certified Public Accountants

William Newman Price, CPA

1927-2011

December 5, 2019

Honorable Mayor and Board of Aldermen
City of Union, Mississippi

We have audited the financial statement of the City of Union, Mississippi for the year ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 5, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Union, Mississippi are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2019. We noted no transactions entered into by the City of Union, Mississippi during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Union, Mississippi's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Union, Mississippi's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were not engaged to report on the Schedules of Investments, Capital Assets, Changes in Long-Term Debt, and Surety Bonds for Municipal Officials and Employees, which accompany the financial statement but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

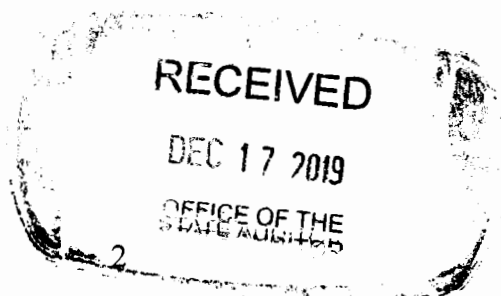
Restriction on Use

This information is intended solely for the use of the Board of Aldermen and management of the City of Union, Mississippi and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price & Co.

Price & Co.



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1927-2011

Honorable Mayor and Board of Aldermen
City of Union, Mississippi

In planning and performing our audit of the financial statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Union, Mississippi as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Union, Mississippi's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Union, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Union, Mississippi's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the City of Union, Mississippi's internal control to be a material weakness:

The City does not maintain an adequate segregation of duties as to cash and investments receipting and depositing; posting of general ledger; purchases and purchase approval; goods receiving and subsequent disbursements.

This communication is intended solely for the information and use of management, Board of Aldermen, and others within the City of Union, Mississippi, and is not intended to be, and should not be, used by anyone other than these specified parties.

Price & Co.

Price & Co.
Forest, Mississippi

December 5, 2019

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STATE AUDITOR

CITY OF UNION, MISSISSIPPI
FINANCIAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

**CITY OF UNION, MISSISSIPPI
FINANCIAL STATEMENT
For the Year Ended September 30, 2019**

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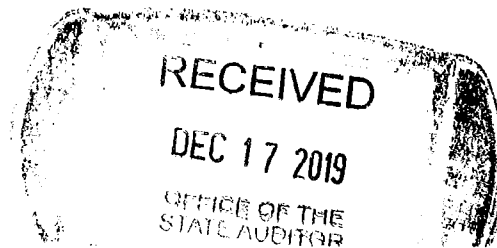
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INDEPENDENT AUDITOR'S REPORT ON THE COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS) AND SUPPLEMENTAL INFORMATION

Honorable Mayor and Board of Aldermen
City of Union, Mississippi

We have audited the accompanying financial statement of the governmental activities, business-type activities, and each major fund of the City of Union, Mississippi, as of and for the year ended September 30, 2019, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

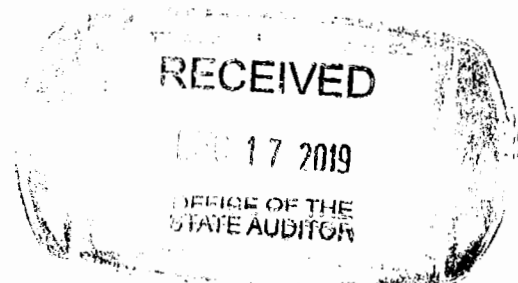
Management is responsible for the preparation and fair presentation of this financial statement on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City of Union, Mississippi as of September 30, 2019, and the respective changes in cash basis financial position thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Omission of Required Supplementary Information

The City of Union, Mississippi omitted the Management's Discussion and Analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statement. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

Other Required Supplementary Information

The Schedule of Investments - All Funds, Schedule of Capital Assets, Schedule of Changes in Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials and Employees have not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on them.

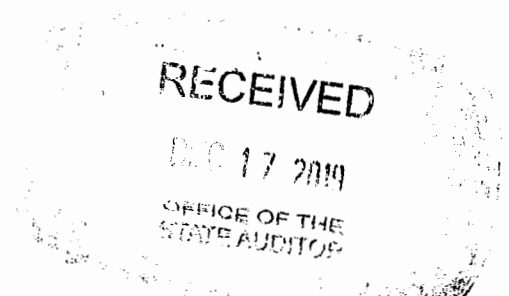
Emphasis of Matter

As discussed in Note 1, the City of Union, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Price & Co.

Price & Co.
Forest, Mississippi

December 5, 2019



CITY OF UNION, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Year Ended September 30, 2019

				Totals	
	General	Special Revenue	Proprietary Fund	(Memorandum Only)	
				2019	2018
RECEIPTS					
Taxes					
General Property Taxes	\$ 298,409	\$ -	\$ -	\$ 298,409	\$ 286,987
Penalties and Interest on Delinquent Taxes	1,128	-	-	1,128	2,208
Rail Car Tax	5,935	-	-	5,935	5,685
Mississippi Housing Authority	6,998	-	-	6,998	6,086
Licenses and Permits					
Franchise charges - Utilities	93,263	-	-	93,263	86,915
Other	3,540	-	-	3,540	3,950
Intergovernmental Revenues:					
Federal Receipts					
Grants	-	-	-	-	386,898
TVA	517	-	-	517	600
General Municipal Aid (From State)	991	-	-	991	991
State Shared Revenues:					
Sales Taxes	286,559	-	-	286,559	295,696
Gasoline Tax	-	6,088	-	6,088	6,088
Motor Vehicle Tax	76,278	-	-	76,278	69,614
Fire Insurance Premium Distribution	-	11,733	-	11,733	11,348
Law Enforcement Grants	9,076	-	-	9,076	2,788
Fire Grants	-	70,000	-	70,000	-
County Grants and Shared Receipts					
Road Taxes	37,624	-	-	37,624	36,388
Fire Calls	-	15,628	-	15,628	-
Interest income	4,090	64	8,332	12,486	5,379
Rent	56,965	-	-	56,965	76,840
Sale of Cemetery Lots	6,450	-	-	6,450	3,750
Sale of Vehicles	-	-	-	-	16,559
Charges For Services:					
Water Utility	-	-	794,300	794,300	812,485
Garbage Collection	131,249	-	-	131,249	125,083
Summer Recreation Program	8,010	-	-	8,010	9,315
Fines and Forfeits	60,267	-	-	60,267	52,753
Miscellaneous Receipts	217	-	-	217	1,249
Total Receipts	\$ 1,087,566	\$ 103,513	\$ 802,632	\$ 1,993,711	\$ 2,305,655

The accompanying notes are an integral part of this financial statement.



CITY OF UNION, MISSISSIPPI
COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (ALL FUNDS)
For the Year Ended September 30, 2019

				T o t a l s (Memorandum Only)	
	General	Special Revenue	Proprietary Fund	2019	2018
DISBURSEMENTS					
General Government (Executive and Financial)	\$ 246,756	\$ -	\$ -	\$ 246,756	\$ 248,450
Public Safety					
Police	541,797	-	-	541,797	513,038
Fire	94,136	189,322	-	283,458	35,782
Highways and Streets	88,878	-	-	88,878	94,649
Sanitation	115,245	-	-	115,245	110,970
Culture and Recreation:					
Parks	15,858	-	-	15,858	18,140
Library	22,101	-	-	22,101	19,625
Enterprise:					
Water Utility	-	-	772,064	772,064	1,069,052
Bonds Retired	36,606	-	-	36,606	37,256
Bank Loans and Capital Lease Payments Repaid	11,869	-	22,820	34,689	163,123
Total Disbursements	1,173,246	189,322	794,884	2,157,452	2,310,085
Excess (Deficiency) of receipts over disbursements	(85,680)	(85,809)	7,748	(163,741)	(4,430)
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	-	-	78,850
Transfers	85,000	(85,000)	-	-	-
Total other financing resources (uses)	85,000	(85,000)	-	-	78,850
Excess (Deficiency) of receipts and other financing sources over disbursements and other financing uses	(680)	(170,809)	7,748	(163,741)	74,420
CASH BASIS FUND BALANCE - BEGINNING OF YEAR	980,986	185,141	598,130	1,764,257	1,689,837
CASH BASIS FUND BALANCE - END OF YEAR	\$ 980,306	\$ 14,332	\$ 605,878	\$ 1,600,516	\$ 1,764,257

The accompanying notes are an integral part of this financial statement.

**CITY OF UNION, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
September 30, 2019**

Note 1 Summary of Significant Accounting Policies

A. General Information

The city operates under the mayor/board of alderman form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the city consists of all the funds of the city.

Fund Accounting

The accounts of the city are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement is prepared on a cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

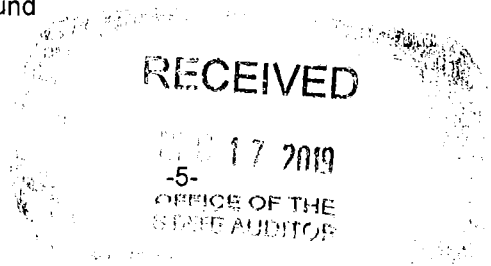
B. Report Classifications

Receipts and disbursements were classified according to requirements for small cities in the State of Mississippi as prescribed by the Office of the State Auditor.

Note 2 Interfund Assets/Liabilities

The following is a summary of due from/to other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Water and Sewer Enterprise Fund	\$ 2,398	\$ -
Special Revenue Fund	-	15,589
Water and Sewer Enterprise Fund		
General Fund	-	2,398
Special Revenue Fund		
General Fund	15,589	-
	<u>\$ 17,987</u>	<u>\$ 17,987</u>



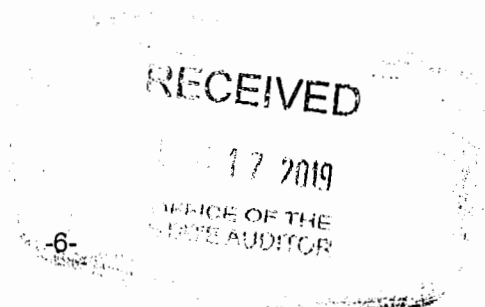
**CITY OF UNION, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENT
September 30, 2019**

Note 3 Commitments and Contingencies

Over the past nineteen years, the City collected \$30,208 more than it spent on the revenue raised from the Library millage. This amount must be spent in the future on the Library. Over the past two years, the City collected \$7,017 more than it spent on the revenue raised from the street millage. This amount must be spent in the future on the streets.

Several water meters are broken and are not read each month. Each water customer is charged the minimum bill each month. In the opinion of management, the cost of replacing these meters exceeds any potential revenue enhancements.

One water customer paid five per cent of the revenue collected in the proprietary fund.



CITY OF UNION, MISSISSIPPI
 SCHEDULE OF INVESTMENTS - ALL FUNDS
 September 30, 2019

<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>ACQUISITION DATE</u>	<u>MATURITY DATE</u>	<u>OTHER INFORMATION</u>	<u>INVESTMENT COST/VALUE</u>
General Fund	Certificate of Deposit	2.50%	12/19/2018	1/19/2020	The Citizens Bank	\$ 55,334
General Fund	Certificate of Deposit	2.50%	12/19/2018	1/19/2020	The Citizens Bank	55,334
Water and Sewer Fund	Certificate of Deposit	2.50%	11/13/2018	12/13/2019	The Citizens Bank	<u>287,914</u>
TOTAL INVESTMENTS						<u><u>\$ 398,582</u></u>

See accompanying notes and accountant's report.

CITY OF UNION, MISSISSIPPI
SCHEDULE OF CAPITAL ASSETS
For the Year Ended September 30, 2019

	Beginning Balance	Transactions During Fiscal Year		Ending Balance
		Increases	Decreases	
Governmental activities:				
Capital Assets:				
Land	\$ 1,693,401	\$ -	\$ -	\$ 1,693,401
Buildings	868,242	-	-	868,242
Machinery and Equipment	1,347,697	260,886	-	1,608,583
Infrastructure	2,354,843	3,400	-	2,358,243
Construction in process	-	2,500	-	2,500
Total Governmental activities capital assets	<u>\$ 6,264,183</u>	<u>\$ 266,786</u>	<u>\$ -</u>	<u>\$ 6,530,969</u>
Business-type activities:				
Capital Assets:				
Land	\$ 50,700	\$ -	\$ -	\$ 50,700
Buildings	533,273	-	-	533,273
Machinery and Equipment	597,033	-	-	597,033
Infrastructure	4,664,502	135,790	-	4,800,292
Construction in process	-	16,700	-	16,700
Total Business-type activities capital assets	<u>\$ 5,845,508</u>	<u>\$ 152,490</u>	<u>\$ -</u>	<u>\$ 5,997,998</u>

See accompanying notes and accountant's report.



CITY OF UNION, MISSISSIPPI
 SCHEDULE OF CHANGES IN LONG TERM DEBT
 For the Year Ended September 30, 2019

	Balance Outstanding October 1, 2018	Transactions During Fiscal Year		Balance Outstanding September 30, 2019
		Issued	Redeemed	
DEFINITION AND PURPOSE:				
General Obligation Bonds:				
Street Improvements, 2011	\$ 390,000	\$ -	\$ 20,000	\$ 370,000
Other Long-term Debt:				
Dump Truck	74,220	-	18,907	55,313
2017 Ford Police Interceptor	11,607	-	11,607	-
2017 Ford F350	11,314	-	11,314	-
	97,141	-	41,828	55,313
TOTAL	\$ 487,141	\$ -	\$ 61,828	\$ 425,313

See accompanying notes and accountant's report.



CITY OF UNION, MISSISSIPPI
 SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS AND EMPLOYEES
 September 30, 2019

<u>N a m e</u>	<u>P o s i t i o n</u>	<u>S u r e t y</u>	<u>B o n d A m o u n t</u>
Cheryl A. Chaney	City Clerk	Western Surety Company	\$ 50,000
Joan Mulford	Secretary	Western Surety Company	\$ 50,000
Wayne Welch	Mayor	Travelers Casualty & Surety Company of America	\$ 50,000
Paul Lowery	Alderman	Travelers Casualty & Surety Company of America	\$ 50,000
Billy McCune	Alderman	Travelers Casualty & Surety Company of America	\$ 50,000
Rex Germany	Alderman	Travelers Casualty & Surety Company of America	\$ 50,000
Harvey Hickmon	Alderman	Travelers Casualty & Surety Company of America	\$ 50,000
H. Stanley Walker	Alderman	Travelers Casualty & Surety Company of America	\$ 50,000
Billy Pat Walker	Police Chief	Western Surety Company	\$ 50,000
David Gilmore	Police Officer	Western Surety Company	\$ 50,000
Police Department Part-time Employees	Police Officer	Western Surety Company	\$ 100,000
Timothy Munn	Police Officer	Western Surety Company	\$ 50,000
Lawrence Edward Card	Police Officer	Western Surety Company	\$ 50,000
Don Collins	Police Officer	Western Surety Company	\$ 50,000
Kenny Chipley	Police Officer	Western Surety Company	\$ 50,000
Tammy	Drug Dog	JGA	\$ 4,500

See accompanying notes and accountant's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS

Honorable Mayor and Board of Alderman
City of Union, Mississippi

We have audited the combined statement of cash receipts and disbursements (all funds) of the City of Union, Mississippi for the year ended September 30, 2019, and have issued our report dated December 9, 2019. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statement disclosed the following material instances of noncompliance with state laws and regulations. Our findings and recommendations and your response are as follows:

Finding: An itemized report of all revenues, cost and expenses incurred during the immediately preceding year in operating the garbage collection system was not published. The finding was noted in the previous year's audit.

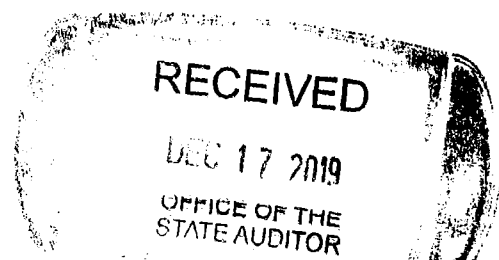
Recommendation: This report should be published in the local newspaper.

Response: In future years, this report will be published.

Finding: The budget for Sewer-Contractual Services was exceeded by \$992.

Recommendation: The budget should be amended before budgeted expenditures are exceeded.

Response: In future years, if expenditures will exceed budgeted figures, the budget will be amended.



Finding: A contractor provided two separate quotes under \$50,000 for a job exceeding \$50,000. These quotes were accepted, but were subject to the bid laws.

Recommendation: Jobs in excess of \$50,000 should be advertised for bids.

Response: In the future, jobs in excess of \$50,000 will be advertised for bids. An emergency could have been declared for the job in question due to a sewage problem.

The Office of the State Auditor or a public accounting firm will review, on a subsequent year's audit engagement, the findings in this report to ensure that corrective action has been taken.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Price & Co.

Price & Co.
Forest, Mississippi

December 5, 2019

