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**UNION COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SPECIAL REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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## **FINANCIAL SECTION**

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**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, 2020, 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
ERBR Fund	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 three 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, 2020, 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 August 31, 2022, 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 cursive script that reads "J. E. Vance & Company". The signature is written in black ink and is positioned above the printed name of the firm.

J. E. Vance & Company, P.A.  
August 31, 2022

# **Union County Board of Supervisors**

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Steve Watson, Fifth District  
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Randy Owen, Fourth District  
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**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, 2020. 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 2020 census, is 27,777. 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 \$917,218, including a prior period adjustment of (\$40,360), which represents approximately a 2% increase from the prior fiscal year. The County's ending cash balance increased by \$2,839,947, primarily due to advance grant receipts for emergency bridge projects.

The County had \$16,069,191 in total revenues. Property tax revenues account for \$8,843,480 or 55% of total revenues. Intergovernmental revenues in the form of reimbursements, shared revenue or grants, account for \$3,664,010, or 23% of total revenues. Charges for services account for \$2,244,281 or 14% of total revenue. Ad valorem tax in lieu fees account for \$478,137 or 3% of total revenue. Other revenues such as road and bridge privilege taxes, interest income, and miscellaneous account for the remaining 5% of total revenues.

The County had \$15,111,613 in total expenses, which represents an increase of \$342,904 or 2% from the prior fiscal year. Expenses in the amount of \$5,245,803 were offset by charges for services, grants or outside contributions. General revenues of \$10,823,388 were adequate to cover the remaining amount of expenses.

Among major funds, the General Fund had \$9,097,097 in revenues and \$7,510,422 in expenditures. The General Fund also had net other financing uses of \$47,984. The General Fund's fund balance increased \$1,538,691 from the prior year.

Among major funds, the Countywide Road Maintenance Fund had \$2,584,299 in revenues and \$2,620,732 in expenditures. The Countywide Road Maintenance Fund also had net other financing sources of \$228,187. The Countywide Road Maintenance Fund's fund balance increased \$191,754 from the prior year.



Among major funds, the Countywide Bridge Fund had \$1,206,825 in revenues and \$1,500,372 in expenditures. The Countywide Bridge Fund also had net other financing uses of \$7,794. The Countywide Bridge Fund's fund balance decreased \$301,341 from the prior year.

Among major funds, the ERBR Fund had \$25,497 in revenues and \$25,497 in expenditures. The ERBR Fund's fund balance did not change from the prior year.

Among major funds, the Health Foundation Fund had \$155,478 in revenues and \$65,072 in expenditures. The Health Foundation Fund's fund balance increased \$90,406 from the prior year.

Capital Assets, net of accumulated depreciation, increased by \$337,419. This represents a 0.69% increase.

Long-term debt decreased by \$917,993 or 15%. Toyota bonds outstanding in the amount of \$3,840,000 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**

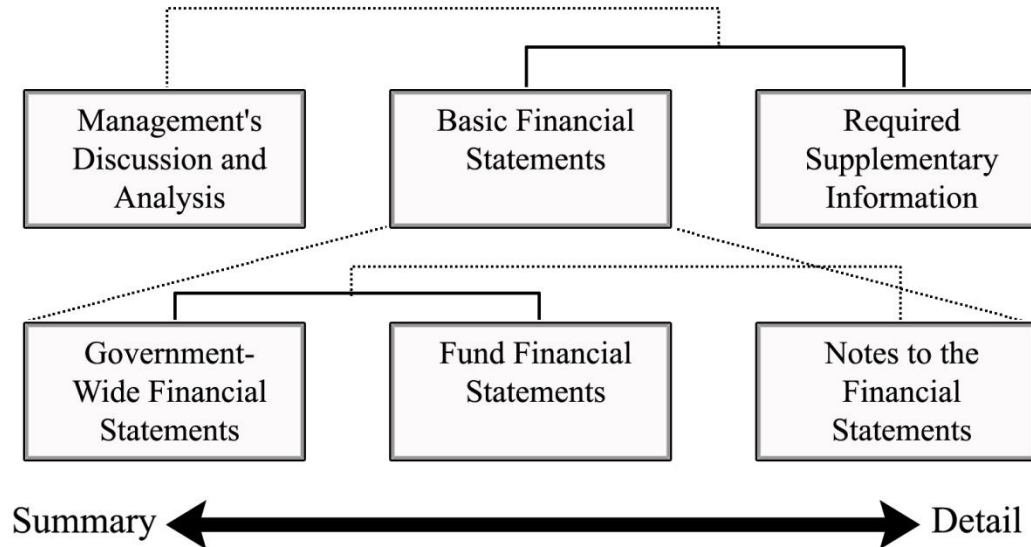


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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**

	<b>Government -Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary assets and liabilities</li> </ul>
<b>Accounting basis and measurement focus</b>	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
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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 26-57 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 59-61 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 62 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 63 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 64 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 65 of this report.

### **Supplementary Information**

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards can be found on page 71 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 74 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 \$57,831,325 as of September 30, 2020.

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, 2020 and 2019.

	Governmental Activities		Change
	2020	2019*	
Current assets	\$ 21,024,927	\$ 17,784,099	18.22%
Ad valorem tax fee in-lieu receivable	4,599,550	5,289,801	-13.05%
Restricted assets	9,027,238	8,755,028	3.11%
Capital assets, net	49,262,851	49,028,292	0.48%
Total assets	<u>83,914,566</u>	<u>80,857,220</u>	<u>3.78%</u>
Deferred outflows of resources	<u>1,447,596</u>	<u>1,109,817</u>	<u>30.44%</u>
Current liabilities	3,354,531	1,380,028	143.08%
Long-term debt outstanding	5,129,574	6,049,504	-15.21%
Net pension liability	12,014,062	10,936,363	9.85%
Total liabilities	<u>20,498,167</u>	<u>18,365,895</u>	<u>11.61%</u>
Deferred inflows of resources	<u>6,865,590</u>	<u>6,699,889</u>	<u>2.47%</u>
Net position:			
Net investment in capital assets	49,250,421	48,986,639	0.54%
Restricted	13,444,433	13,422,811	0.16%
Unrestricted	(4,696,449)	(5,508,197)	14.74%
Total net position	<u>\$ 57,998,405</u>	<u>\$ 56,901,253</u>	<u>1.93%</u>

\* - Certain categories of assets in the prior year presentation were reclassified or expanded in order to provide a better overview of changes when compared with the current year.

	Business-type Activities		Change
	2020	2019	
Current assets	\$ 560,794	\$ 790,152	-29.03%
Capital assets, net	227,050	124,190	82.82%
Total assets	<u>787,844</u>	<u>914,342</u>	<u>-13.83%</u>
Deferred outflows of resources	<u>80,247</u>	<u>49,830</u>	<u>61.04%</u>
Current liabilities	115,398	105,068	9.83%
Long-term debt outstanding	14,011	12,074	16.04%
Net pension liability	904,284	823,167	9.85%
Total liabilities	<u>1,033,693</u>	<u>940,309</u>	<u>9.93%</u>
Deferred inflows of resources	<u>1,478</u>	<u>11,009</u>	<u>-86.57%</u>
Net position:			
Net investment in capital assets	227,050	124,190	82.82%
Restricted	431,385	673,010	-35.90%
Unrestricted	(825,515)	(784,346)	-5.25%
Total net position	<u>\$ (167,080)</u>	<u>\$ 12,854</u>	<u>-1399.83%</u>

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:

<b>Governmental Activities:</b>	<u>2020</u>	<u>2019</u>
Total unrestricted net position - governmental activities	\$ (4,696,449)	\$ (5,508,197)
Unrestricted decrease in net position resulting from recognition of the net pension liability	<u>10,967,556</u>	<u>10,420,593</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 6,271,107</u>	<u>\$ 4,912,396</u>
<b>Business-type Activities:</b>		
Total unrestricted net position - business-type activities	\$ (825,515)	\$ (784,346)
Unrestricted decrease in net position resulting from recognition of the net pension liability	<u>825,515</u>	<u>784,346</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ -0-</u>	<u>\$ -0-</u>

**Changes in Net Position** – Union County’s total revenues for the fiscal year ended September 30, 2020 were \$16,069,191. The total cost for all services provided was \$15,111,613. The increase in net position was \$917,218, including a prior period adjustment of (\$40,360).

The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues:			
Program revenues			
Charges for services	\$ 2,244,281	\$ 2,156,688	4%
Operating grants	2,141,533	2,151,555	0%
Capital grants	859,989	745,912	15%
General revenues			
Property taxes	8,843,480	8,325,127	6%
Road and bridge privilege taxes	330,262	328,281	1%
Unrestricted grants and contributions	662,488	702,739	-6%
Advalorem tax in-lieu fee	478,137	503,006	-5%
Unrestricted interest income	352,498	350,629	1%
Miscellaneous	156,523	207,298	-24%
Total Revenues	<u>16,069,191</u>	<u>15,471,235</u>	4%
Expenses:			
General government	3,091,829	2,811,768	10%
Public safety	3,867,776	3,943,053	-2%
Public works	3,471,283	4,368,120	-21%
Health and welfare	421,019	414,423	2%
Culture and recreation	294,798	272,406	8%
Education	300,000	300,000	0%
Conservation of natural resources	111,764	120,114	-7%
Economic development	898,982	182,603	392%
Interest on long-term debt	231,992	197,361	18%
Pension expense	1,273,757	1,125,963	13%
Garbage disposal (Business type)	1,148,413	1,032,898	11%
Total Expense	<u>15,111,613</u>	<u>14,768,709</u>	2%
Prior Period Adjustments	<u>(40,360)</u>	<u>7,548</u>	-635%
Changes in Net Position	<u>\$ 917,218</u>	<u>\$ 710,074</u>	29%

**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	\$ 3,091,829	\$ 2,214,918
Public Safety	3,867,776	2,550,338
Public Works	3,471,283	2,156,325
Health and Welfare	421,019	321,502
Culture and Recreation	294,798	294,798
Education	300,000	300,000
Conservation of Natural Resources	111,764	111,764
Economic Development and Assistance	898,982	225,087
Interest on Long-term Debt	231,992	231,992
Pension Expense	1,273,757	1,273,757

## 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 \$18,710,655 an increase of \$1,560,313, or 9% from the previous year.

**Business-type fund** – Operating revenue from the County's Garbage Collection Fund increased by approximately 3% to \$963,084 and operating expenses increased approximately 11% to \$1,148,413. Nonoperating revenues in the form of interest income and other miscellaneous revenue totaled \$5,395.

## 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 and 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, 2020, Union County's total capital assets was \$124,375,140. 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 \$1,454,729 or 1%. Total accumulated depreciation as of September 30, 2020 was \$74,885,239, including \$1,396,947 of depreciation expense for the year. The balance in total net capital assets was \$49,489,901 at year-end.

Additional information on Union County's capital assets can be found in note 7 on page 38 of this report.

**Debt Administration** – At September 30, 2020, Union County had \$5,143,585 in long-term debt outstanding. This includes general obligation bonds, Mississippi Business Investment Act notes, a note payable, and compensated absences. Of this debt, \$916,014 is due within one year.

Additional information on Union County's long-term debt can be found in note 11 on page 42 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, 2020**

**Exhibit 1**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit - Unaudited Union County Library System
<b>ASSETS</b>				
Cash	\$ 12,170,002	350,631	12,520,633	363,875
Investments				93,639
Accrued interest receivable				244
Property tax receivable	6,777,798		6,777,798	
Accounts receivable (net of allowance for uncollectibles of \$359,060)		165,945	165,945	
Fines receivable (net of allowance for uncollectibles of \$652,751)	98,033		98,033	
Capital leases receivable	747,977		747,977	
Intergovernmental receivables	1,134,199		1,134,199	15,463
Prepaid items				1,894
Other receivables	68,032	73,104	141,136	
Internal balances	28,886	(28,886)		
Ad Valorem tax fee in-lieu receivable	4,599,550		4,599,550	
Restricted assets	9,027,238		9,027,238	70,236
Capital assets:				
Land and construction in progress	1,700,111		1,700,111	12,000
Other capital assets, net	47,562,740	227,050	47,789,790	62,662
<b>Total Assets</b>	<b>83,914,566</b>	<b>787,844</b>	<b>84,702,410</b>	<b>620,013</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	381,449		381,449	
Deferred outflows related to pensions	1,066,147	80,247	1,146,394	32,490
Deferred outflows related to other postemployment benefits				17,250
<b>Total Deferred Outflows of Resources</b>	<b>1,447,596</b>	<b>80,247</b>	<b>1,527,843</b>	<b>49,740</b>
<b>LIABILITIES</b>				
Claims payable	326,135	35,343	361,478	4,156
Intergovernmental payables	747,826		747,826	
Accrued interest payable	31,098		31,098	
Unearned revenue	2,169,611	80,055	2,249,666	
Amounts held in custody for others	79,861		79,861	
Long-term liabilities				
Due within one year:				
Capital debt	12,430		12,430	
Non-capital debt	903,584		903,584	
Net OPEB liability				1,500
Due in more than one year:				
Non-capital debt	4,213,560	14,011	4,227,571	5,909
Net pension liability	12,014,062	904,284	12,918,346	385,241
Net OPEB liability				34,122
<b>Total Liabilities</b>	<b>20,498,167</b>	<b>1,033,693</b>	<b>21,531,860</b>	<b>430,928</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	19,641	1,478	21,119	22,155
Deferred inflows related to other postemployment benefits				13,549
Property tax for future reporting period	6,777,798		6,777,798	
Unavailable revenue - interest on capital leases	68,151		68,151	
<b>Total Deferred Inflows of Resources</b>	<b>6,865,590</b>	<b>1,478</b>	<b>6,867,068</b>	<b>35,704</b>
<b>NET POSITION</b>				
Net investment in capital assets	49,250,421	227,050	49,477,471	74,662
Restricted:				
Expendable:				
General government	162,508		162,508	
Public safety	604,146		604,146	
Public works	3,517,304	431,385	3,948,689	
Health and welfare	1,755,158		1,755,158	
Culture and recreation	10,393		10,393	
Economic development and assistance	48,663		48,663	
Unemployment compensation				1,236
Debt service	3,551		3,551	
Capital projects	75,414		75,414	
Nonexpendable	7,267,296		7,267,296	69,000
Unrestricted	(4,696,449)	(825,515)	(5,521,964)	58,223
<b>Total Net Position</b>	<b>\$ 57,998,405</b>	<b>(167,080)</b>	<b>57,831,325</b>	<b>203,121</b>

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

**Union County**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

**Exhibit 2**

Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit - Unaudited
					Governmental Activities	Business-type Activities	Total	Union County Library System
Primary government:								
Governmental activities:								
General government	\$ 3,091,829	552,830	205,944	118,137	(2,214,918)		(2,214,918)	
Public safety	3,867,776	728,367	589,071		(2,550,338)		(2,550,338)	
Public works	3,471,283		1,247,001	67,957	(2,156,325)		(2,156,325)	
Health and welfare	421,019		99,517		(321,502)		(321,502)	
Culture and recreation	294,798				(294,798)		(294,798)	
Education	300,000				(300,000)		(300,000)	
Conservation of natural resources	111,764				(111,764)		(111,764)	
Economic development and assistance	898,982			673,895	(225,087)		(225,087)	
Interest on long-term debt	231,992				(231,992)		(231,992)	
Pension expense	1,273,757				(1,273,757)		(1,273,757)	
Total Governmental Activities	13,963,200	1,281,197	2,141,533	859,989	(9,680,481)		(9,680,481)	
Business-type activities:								
Solid Waste	1,148,413	963,084				(185,329)	(185,329)	
Total Business-type Activities	1,148,413	963,084	-0-	-0-		(185,329)	(185,329)	
Total Primary Government	\$ 15,111,613	2,244,281	2,141,533	859,989	(9,680,481)	(185,329)	(9,865,810)	
Component unit - Unaudited:								
Union County Library System	387,531	20,592	408,000					41,061
Total Component Units	\$ 387,531	20,592	408,000	-0-				41,061
General revenues:								
Property taxes					\$ 8,843,480		8,843,480	
Road & bridge privilege taxes					330,262		330,262	
Grants and contributions not restricted to specific programs					662,488		662,488	
Ad valorem fee in lieu					478,137		478,137	
Unrestricted interest income					347,103	5,395	352,498	3,135
Miscellaneous					156,523		156,523	
Total General Revenues					10,817,993	5,395	10,823,388	3,135
Changes in Net Position					1,137,512	(179,934)	957,578	44,196
Net Position - Beginning, as originally reported					56,901,253	12,854	56,914,107	158,925
Prior period adjustments					(40,360)		(40,360)	
Net Position - Beginning, as restated					56,860,893	12,854	56,873,747	158,925
Net Position - Ending					\$ 57,998,405	(167,080)	57,831,325	203,121

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

**Union County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2020**

**Exhibit 3**

	Major Funds						
	General Fund	County-Wide Road Maint. Fund	County-Wide Bridge Fund	ERBR Fund	Health Foundation Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash	\$ 5,667,465	2,231,890	1,244,611	2,245,025		781,011	12,170,002
Property tax receivable	4,606,812	1,091,841	863,621			215,524	6,777,798
Fines receivable (net of allowance for uncollectibles of \$652,751)	98,033						98,033
Capital lease receivable						747,977	747,977
Intergovernmental receivables	682,131	53,792				4,007	739,930
Other receivables	18,028					50,004	68,032
Due from other funds	28,886	80,300	39,974			11,708	160,868
Restricted assets					9,027,238		9,027,238
<b>Total Assets</b>	<b>\$ 11,101,355</b>	<b>3,457,823</b>	<b>2,148,206</b>	<b>2,245,025</b>	<b>9,027,238</b>	<b>1,810,231</b>	<b>29,789,878</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Claims payable	\$ 170,619	115,013	18,250		5,317	16,936	326,135
Intergovernmental payables	747,826						747,826
Unearned revenue				2,169,611			2,169,611
Due to other funds	131,982						131,982
Amounts held in custody for others	79,861						79,861
<b>Total Liabilities</b>	<b>1,130,288</b>	<b>115,013</b>	<b>18,250</b>	<b>2,169,611</b>	<b>5,317</b>	<b>16,936</b>	<b>3,455,415</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - property taxes	4,606,812	1,091,841	863,621			215,524	6,777,798
Unavailable revenue - fines	98,033						98,033
Unavailable revenue - principal and interest on capital leases						747,977	747,977
<b>Total Deferred Inflows of Resources</b>	<b>4,704,845</b>	<b>1,091,841</b>	<b>863,621</b>	<b>-0-</b>	<b>-0-</b>	<b>963,501</b>	<b>7,623,808</b>
<b>Fund Balances:</b>							
Nonspendable:							
Permanent fund principal					7,267,296		7,267,296
Restricted to:							
General government						162,508	162,508
Public safety						604,146	604,146
Public works		2,250,969	1,266,335				3,517,304
Health and welfare					1,754,625	533	1,755,158
Culture and recreation						10,393	10,393
Economic development and assistance						48,663	48,663
Capital projects				75,414			75,414
Debt service						3,551	3,551
Unassigned	5,266,222						5,266,222
<b>Total Fund Balances</b>	<b>5,266,222</b>	<b>2,250,969</b>	<b>1,266,335</b>	<b>75,414</b>	<b>9,021,921</b>	<b>829,794</b>	<b>18,710,655</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,101,355</b>	<b>3,457,823</b>	<b>2,148,206</b>	<b>2,245,025</b>	<b>9,027,238</b>	<b>1,810,231</b>	<b>29,789,878</b>

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, 2020**

**Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 18,710,655
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 \$73,953,853.	49,262,851
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	4,599,550
Intergovernmental receivables	394,269
Fines receivable	98,033
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,129,574)
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(12,014,062)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(31,098)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the funds.	679,826
Deferred amount on refunding	381,449
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	1,066,147
Deferred inflows of resources related to pensions	<u>(19,641)</u>
Total Net Position - Governmental Activities	\$ <u>57,998,405</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, 2020**

**Exhibit 4**

	Major Funds						
	General	County-Wide	County-Wide	ERBR	Health	Other	Total
	Fund	Road Maint.	Bridge Fund	Fund	Foundation	Governmental	Governmental
		Fund			Fund	Funds	Funds
<b>REVENUES</b>							
Property taxes	\$ 6,102,350	1,386,585	1,080,968			273,577	8,843,480
Road and bridge privilege taxes		330,262					330,262
Licenses, commissions and other revenue	466,156					27,588	493,744
Fines and forfeitures	140,655					122,392	263,047
Intergovernmental revenues	1,612,013	826,327	102,542	25,497		1,202,091	3,768,470
Tax fee in lieu - Toyota	334,663					833,725	1,168,388
Charges for services	255,732					312,643	568,375
Interest income	104,612	31,722	22,311		155,478	32,980	347,103
Miscellaneous revenues	80,916	9,403	1,004			4,000	95,323
<b>Total Revenues</b>	<u>9,097,097</u>	<u>2,584,299</u>	<u>1,206,825</u>	<u>25,497</u>	<u>155,478</u>	<u>2,808,996</u>	<u>15,878,192</u>
<b>EXPENDITURES</b>							
Current:							
General government	3,316,651					5,008	3,321,659
Public safety	3,167,078				65,072	664,664	3,896,814
Public works	16,477	2,620,732	1,500,372	25,497		387,964	4,551,042
Health and welfare	239,812					1,911	241,723
Culture and recreation	103,268					174,495	277,763
Education	300,000						300,000
Conservation of natural resources	107,281						107,281
Economic development and assistance	186,266					734,943	921,209
Debt service:							
Principal	69,623					843,711	913,334
Interest	3,966					172,007	175,973
Other							
<b>Total Expenditures</b>	<u>7,510,422</u>	<u>2,620,732</u>	<u>1,500,372</u>	<u>25,497</u>	<u>65,072</u>	<u>2,984,703</u>	<u>14,706,798</u>
<b>Excess of Revenues over (under) Expenditures</b>	<u>1,586,675</u>	<u>(36,433)</u>	<u>(293,547)</u>	<u>-0-</u>	<u>90,406</u>	<u>(175,707)</u>	<u>1,171,394</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from sale of capital assets	6,369	229,288				21,996	257,653
Transfers in						63,248	63,248
Transfers out	(54,353)	(1,101)	(7,794)				(63,248)
Lease principal payments						131,266	131,266
<b>Total Other Financing Sources and Uses</b>	<u>(47,984)</u>	<u>228,187</u>	<u>(7,794)</u>	<u>-0-</u>	<u>-0-</u>	<u>216,510</u>	<u>388,919</u>
<b>Net Changes in Fund Balances</b>	<u>1,538,691</u>	<u>191,754</u>	<u>(301,341)</u>	<u>-0-</u>	<u>90,406</u>	<u>40,803</u>	<u>1,560,313</u>
<b>Fund Balances - Beginning</b>	<u>3,727,531</u>	<u>2,059,215</u>	<u>1,567,676</u>	<u>75,414</u>	<u>8,931,515</u>	<u>788,991</u>	<u>17,150,342</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,266,222</u>	<u>2,250,969</u>	<u>1,266,335</u>	<u>75,414</u>	<u>9,021,921</u>	<u>829,794</u>	<u>18,710,655</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, 2020**

	Amount
Net Changes in Fund Balances - Governmental Funds	\$ 1,560,313
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 \$1,858,014, including donated assets of \$62,000, exceeded depreciation of \$1,355,507 in the current period.	502,507
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 \$10,295 and the proceeds from sale of \$257,653 in the current period.	(267,948)
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.	(43,969)
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.	(833,725)
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	143,474
Change in other long-term receivables:	
Intergovernmental revenues	(144,820)
Prior period adjustment to previously reported long-term receivables	40,360
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	913,334
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in compensated absences	2,234
Decrease in accrued interest payable	5,958
Amortization of deferred amount on refunding	(66,339)
Amortization of premium on bonds	6,103
Amortization of discount on bonds	(1,741)
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.	(131,266)
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	(1,273,757)
Recording of contributions made to defined benefit pension plan	726,794
Change in Net Position of Governmental Activities	\$ 1,137,512

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

Union County  
Statement of Net Position - Proprietary Fund  
September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$ 350,631
Accounts receivable (net of allowance for uncollectibles of \$359,060)	165,945
Other receivables	73,104
Total Current Assets	589,680
Noncurrent assets:	
Capital assets:	
Other capital assets, net	227,050
Total Noncurrent Assets	227,050
<b>Total Assets</b>	816,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	80,247
<b>Total Deferred Outflows of Resources</b>	80,247
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	35,343
Due to other funds	28,886
Unearned revenue	80,055
Total Current Liabilities	144,284
Noncurrent Liabilities:	
Net pension liability	904,284
Compensated absences payable	14,011
Total Noncurrent Liabilities	918,295
<b>Total Liabilities</b>	1,062,579
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,478
<b>Total Deferred Inflows of Resources</b>	1,478
<b>NET POSITION</b>	
Net investment in capital assets	227,050
Restricted for:	
Public works	431,385
Unrestricted	(825,515)
<b>Total Net Position</b>	\$ (167,080)

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, 2020**

**Exhibit 6**

	<u>Business-type Activities - Enterprise Fund</u>
	Solid Waste Fund
<b>Operating Revenues</b>	
Charges for services	\$ 963,084
<b>Total Operating Revenues</b>	<u>963,084</u>
<b>Operating Expenses</b>	
Personal services	601,546
Pension expense	95,874
Contractual services	262,869
Materials and supplies	132,165
Depreciation expense	41,440
Indirect administrative cost	14,519
<b>Total Operating Expenses</b>	<u>1,148,413</u>
<b>Operating Income (Loss)</b>	<u>(185,329)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	5,395
<b>Net Nonoperating Revenue (Expenses)</b>	<u>5,395</u>
<b>Change in Net Position</b>	<u>(179,934)</u>
<b>Net Position - Beginning</b>	<u>12,854</u>
<b>Net Position - Ending</b>	<u>\$ (167,080)</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, 2020

Exhibit 7

Business-type Activities - Enterprise Fund

	<u>Solid Waste Fund</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 975,207
Payments to suppliers	(393,025)
Payments to employees	(654,313)
Payments to General Fund for indirect costs	(12,025)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(84,156)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	(144,300)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(144,300)</u>
<b>Cash Flows From Investing Activities</b>	
Interest on deposits	5,395
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>5,395</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(223,061)
<b>Cash and Cash Equivalents at Beginning of Year</b>	573,692
<b>Cash and Cash Equivalents at End of Year</b>	\$ <u><u>350,631</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (185,329)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	41,440
Pension expense	95,874
Contributions made to retirement plan	(54,705)
Provision for uncollectible accounts	1,685
Changes in assets and liabilities:	
Increase in accounts receivable	(2,721)
Increase in other receivables	4,839
Decrease in claims payable	2,009
Increase in compensated absences liability	1,937
Increase in unearned revenue	8,321
Increase in interfund payables	2,494
<b>Total Adjustments</b>	<u>101,173</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ <u><u>(84,156)</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, 2020**

**Exhibit 8**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ <u>62,904</u>
<b>Total Assets</b>	\$ <u><u>62,904</u></u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 2,640
Other liabilities	29
Intergovernmental payables	<u>60,235</u>
<b>Total Liabilities</b>	\$ <u><u>62,904</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, 2020**

**(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.

**Government-wide Financial Statements**

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, 2020**

**C. Basis of Presentation (Continued)**

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, 2020**

**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.

Emergency Road and Bridge Repair (ERBR) Fund – This fund is used to account for emergency bridge repair projects pursuant to funds received from the Mississippi legislature.

Health Foundation Fund – This fund is used to account for the supplementing of indigent care and health, education, and welfare services. Expendable funds are restricted by a trust agreement and limited to 85% of cumulative interest income.

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, 2020**

**E. Account Classifications**

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

**F. Deposits and Investments**

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

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

**G. Receivables**

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

**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**

Permanent Fund and component unit assets required to be held and/or used according to donor trust 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, 2020**

**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, 2020**

**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 12 and 15 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 13 and 15 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 12 and 15 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 13 and 15 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, 2020**

**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, 2020**

**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, 2020**

**S. Changes in Accounting Standards.**

The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

**(2) Deposits and Investments**

**Primary Government**

Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$21,610,775 (including deposits of \$62,904 in fiduciary accounts and restricted assets of \$9,027,238), and the bank balance was \$22,010,821. 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.

**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:

The carrying amount of the System's total deposits with financial institutions at September 30, 2020 was \$365,111 (including restricted assets of \$1,236), and the bank balance was \$363,875. 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, 2020**

**(2) Deposits and Investments (Continued)**

Investments:

Investments balances at September 30, 2020, are as follows:

	<u>Amount</u>
<u>General</u>	
Certificate of Deposit	\$ 67,927
Certificate of Deposit	<u>25,712</u>
	93,639
 <u>Restricted</u>	
Certificate of Deposit	 <u>69,000</u>
 <b>Total Union County Library System</b>	 <b>\$ <u>162,639</u></b>

*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.

**(3) Restricted Assets**

The balances of restricted assets at September 30, 2020 consisted of the following:

<b>Primary Government</b>	<u>Amount</u>
Cash held in the Health Foundation Permanent Fund	\$ <u>9,027,238</u>
<b>Total Primary Government</b>	<b>\$ <u>9,027,238</u></b>
 <b>Discretely Presented Component Unit – Union County Library System</b>	 <u>Amount</u>
Cash restricted for unemployment compensation	\$ 1,236
Investment permanently restricted in a long-term certificate of deposit	<u>69,000</u>
<b>Total Union County Library System</b>	<b>\$ <u>70,236</u></b>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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

Union County, Pontotoc County, and Lee County, collectively acting through the PUL Alliance, entered into an Ad Valorem Tax Fee-In-Lieu Agreement with the Mississippi Development Authority, the Mississippi Major Economic Impact Authority and Toyota Motor Manufacturing Mississippi, Inc. (TMMMS). The agreement provides that, beginning in January 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, 2020 is as follows:

Year Ending September 30	Amount
2021	\$ 833,333
2022	833,333
2023	833,334
2024	833,333
2025	833,333
2026	833,334
Total	\$ 5,000,000
Less: Discount to Present Value	(400,450)
Net Receivable	\$ 4,599,550

Receivable payments due in more than one year are discounted to net present value using the County's average interest rate of 3.125% on the refunding bonds issued for the project, which management has determined is an appropriate discount commensurate with the risks involved.

**(5) Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2020:

**A. Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 28,886
Countywide Road	General Fund	80,300
Countywide Bridge	General Fund	39,974
Other Governmental Funds	General Fund	11,708
Total		\$ 160,868

The payables from the General Fund represent the tax revenue collected but not settled until October 2020. The payable from the Solid Waste Fund represents the indirect cost for the September 30, 2020 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, 2020**

**(5) Interfund Transactions and Balances (Continued)**

B. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 54,353
Other Governmental Funds	County-Wide Road Maint. Fund	1,101
Other Governmental Funds	County-Wide Bridge Fund	7,794
Total		<u>\$ 63,248</u>

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.

**(6) Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2020 consisted of the following:

Description	Amount
<b>Primary Government</b>	
Governmental Funds:	
<i>General Fund:</i>	
Federal victim's assistance coordinator grant	\$ 44,345
Coronavirus relief fund	433,160
MDHS welfare/food stamp reimbursement	14,048
Motor vehicle licenses	14,099
Legislative tag credit	142,439
School resource officer reimbursement	32,402
Other	1,638
	<u>682,131</u>
<i>County-Wide Road Maintenance Fund:</i>	
Motor vehicle fuel tax	45,656
Motor vehicle licenses	5,453
Gas severance	954
Harvest permits	1,729
	<u>53,792</u>
<i>Other Governmental Funds:</i>	
Coronavirus relief fund	4,007
Total Governmental Funds	<u>739,930</u>
Victim's assistance coordinator reimbursement	795
Emergency management performance grant	27,154
Federal/State payments in lieu of tax	230,724
Harvest permits and overweight fines	1,909
FEMA storm damage reimbursement	116,640
MEMA storm damage reimbursement	17,047
Total Long-Term Receivables	<u>394,269</u>
Total Governmental Activities	<u>\$ 1,134,199</u>
<b>Discretely Presented Component Unit - Union County Library System</b>	
Federal E-rate	\$ 13,413
Federal LSTA Grant	2,050
Total Union County Library System	<u>\$ 15,463</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(7) Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2020:

<b>Primary Government Governmental Activities:</b>	Balance Oct. 1, 2019	Additions	Deletions	Completed Construction	Balance Sept. 30, 2020
<u>Non-depreciable capital assets</u>					
Land	\$ 1,651,831				\$ 1,651,831
Construction in progress	803,459	738,858		(1,494,037)	48,280
Total non-depreciable capital assets	<u>2,455,290</u>	<u>738,858</u>	<u>-0-</u>	<u>(1,494,037)</u>	<u>1,700,111</u>
<u>Depreciable capital assets</u>					
Infrastructure	93,851,115	61,200		1,494,037	95,406,352
Buildings	14,980,670				14,980,670
Improvements other than buildings	433,231				433,231
Mobile equipment	9,787,900	1,057,956	(547,585)		10,298,271
Furniture and equipment	292,559				292,559
Leased property under capital leases	105,510				105,510
Total depreciable assets	<u>119,450,985</u>	<u>1,119,156</u>	<u>(547,585)</u>	<u>1,494,037</u>	<u>121,516,593</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	56,780,785	565,488			57,346,273
Buildings	8,009,877	286,544			8,296,421
Improvements other than buildings	332,660	3,482			336,142
Mobile equipment	7,423,045	472,845	(279,637)		7,616,253
Furniture and equipment	265,553	1,882			267,435
Leased property under capital leases	66,063	25,266			91,329
Total accumulated depreciation	<u>72,877,983</u>	<u>1,355,507</u>	<u>(279,637)</u>	<u>-0-</u>	<u>73,953,853</u>
Total depreciable capital assets, net	<u>46,573,002</u>	<u>(236,351)</u>	<u>(267,948)</u>	<u>1,494,037</u>	<u>47,562,740</u>
Governmental activities capital assets, net	<u>\$ 49,028,292</u>	<u>502,507</u>	<u>(267,948)</u>	<u>-0-</u>	<u>\$ 49,262,851</u>
<b>Business-type Activities:</b>					
<u>Depreciable capital assets</u>					
Mobile equipment	\$ 1,009,136	144,300			\$ 1,153,436
Furniture and equipment	5,000				5,000
Total depreciable assets	<u>1,014,136</u>	<u>144,300</u>	<u>-0-</u>	<u>-0-</u>	<u>1,158,436</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	885,446	41,440			926,886
Furniture and equipment	4,500				4,500
Total accumulated depreciation	<u>889,946</u>	<u>41,440</u>	<u>-0-</u>	<u>-0-</u>	<u>931,386</u>
Business-type activities capital assets, net	<u>\$ 124,190</u>	<u>102,860</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 227,050</u>
Primary government capital assets, net	<u>\$ 49,152,482</u>	<u>605,367</u>	<u>(267,948)</u>	<u>-0-</u>	<u>\$ 49,489,901</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(7) Capital Assets (Continued)**

<b>Discretely Presented Component unit - Union County Library System</b>	<b>Balance Oct. 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance Sept. 30, 2020</b>
<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>-0-</u>	<u>12,000</u>
Other capital assets:					
Library materials	613,595	35,455			649,050
Machinery and equipment	77,218	2,550			79,768
Furniture and fixtures	46,929				46,929
Land improvements	7,041				7,041
Total depreciable capital assets	<u>744,783</u>	<u>38,005</u>	<u>-0-</u>	<u>-0-</u>	<u>782,788</u>
<u>Less accumulated depreciation for:</u>					
Library materials	571,320	22,946			594,266
Machinery and equipment	70,209	3,315			73,524
Furniture and fixtures	43,543	1,804		1,435	46,782
Land improvements	6,519	470		(1,435)	5,554
Total accumulated depreciation	<u>691,591</u>	<u>28,535</u>	<u>-0-</u>	<u>-0-</u>	<u>720,126</u>
Other capital assets, net	<u>53,192</u>	<u>9,470</u>	<u>-0-</u>	<u>-0-</u>	<u>62,662</u>
Governmental activities capital assets, net	\$ <u>65,192</u>	<u>9,470</u>	<u>-0-</u>	<u>-0-</u>	\$ <u>74,662</u>

Adjustments were made to reclassify certain items for consistent reporting.

Depreciation expense was charged to the following functions:

	<b>Amount</b>
<b>Primary Government</b>	
Governmental Activities:	
General government	\$ 48,511
Public safety	333,558
Public works	768,961
Health and welfare	180,221
Culture and recreation	17,035
Conservation of natural resources	7,221
Total Governmental Activities	<u>\$ 1,355,507</u>
Business-type activities:	
Solid Waste	\$ 41,440
Total Business-type Activities	<u>\$ 41,440</u>
<b>Discretely Presented Component Unit - Union County Library System</b>	
Library materials	\$ 22,946
General government	5,589
Total Union County Library System	<u>\$ 28,535</u>



**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(7) Capital Assets (Continued)**

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

Governmental Activities:	Remaining Financial Commitment	Expected Date of Completion
<u>Description of Commitment</u>		
ERBR-STP/BR 0923 4B 2 Bridges on CR46	\$ 2,359,996	May 2022
Martintown Industrial Utilities (MS-54170)	723,457	December 2021
LSBP (73)-23 Bridge on CR90	<u>597,281</u>	December 2021
Total Governmental Activities	<u>\$ 3,680,734</u>	

**(8) 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, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**(9) 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, 2020.

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

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 35,400
2022	35,400
2023	<u>5,900</u>
Total	<u>\$ 76,700</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(10) 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, 2020:

<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, 2020, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 135,287	22,181
2022	119,459	18,010
2023	119,786	13,682
2024	124,277	9,192
2025	128,935	4,534
2026	52,082	552
Total	<u>\$ 679,826</u>	<u>68,151</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(10) Capital Leases (Continued)**

**As Lessee:**

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Amount</u>
Furniture and equipment	\$ 105,510
Total	105,510
Less: Accumulated depreciation	(91,329)
Leased Property Under Capital Leases	<u>\$ 14,181</u>

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 12,430	91
Total	<u>\$ 12,430</u>	<u>91</u>

**(11) Long-term Debt**

Debt outstanding as of September 30, 2020, 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	\$ 3,840,000	3.00-3.50%	7/2026
Total General Obligation Bonds	<u>3,840,000</u>		
B. Capital Leases:			
E911 Equipment	12,430	3.00%	2/2021
Total Capital Leases	<u>12,430</u>		
C. Other Loans:			
Capital improvements revolving loan	70,779	3.00%	9/2026
Capital improvements revolving loan	180,036	3.00%	7/2029
Capital improvements revolving loan	570,583	3.00%	2/2026
Note payable	347,207	1.00%	7/2025
Total Other Loans	<u>\$ 1,168,605</u>		

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(11) 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
2021	\$ 710,000	117,525	199,200	26,330
2022	730,000	96,225	204,273	21,257
2023	755,000	74,325	208,872	16,608
2024	780,000	51,675	213,738	11,792
2025	800,000	28,275	206,796	6,730
2026-2029	65,000	2,275	135,726	5,445
Total	<u>\$ 3,840,000</u>	<u>370,300</u>	<u>1,168,605</u>	<u>88,162</u>

**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, 2020, the amount of outstanding debt was equal to 1.29% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sep. 30, 2020	Amount due within one year
<b>Primary Government</b>					
Governmental Activities:					
Compensated absences	\$ 115,668		2,234	113,434	
General obligation bonds	4,530,000		690,000	3,840,000	710,000
Less:					
Unamortized discounts	(9,687)	1,741		(7,946)	(6,149)
Plus:					
Unamortized premiums	9,154		6,103	3,051	533
Capital leases	41,653		29,223	12,430	12,430
Other loans	1,362,716		194,111	1,168,605	199,200
Totals	<u>\$ 6,049,504</u>	<u>1,741</u>	<u>921,671</u>	<u>5,129,574</u>	<u>916,014</u>
Business-type Activities:					
Compensated absences	<u>\$ 12,074</u>	<u>1,937</u>		<u>14,011</u>	
<b>Discretely Presented Component Unit - Union County Library System</b>					
Governmental Activities:					
Compensated absences	<u>\$ 5,793</u>	<u>116</u>		<u>5,909</u>	

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(11) Long-term Debt (Continued)**

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.

**(12) 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, 2020, 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, 2020 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, 2020, 2019, and 2018 were 781,499, 705,817, and 658,594, respectively, equal to the required contributions for each year.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(12) 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, 2020, the County reported a liability of \$12,918,346 (\$12,014,062 for governmental activities and \$904,284 for business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.066731 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.000115 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

Internally, the County allocates its proportionate share of the net pension liability to governmental activities and business-type activities. As of September 30, 2020, the internal proportionate share allocated to governmental activities and business-type activities was 93.00% and 7.00%.

For the year ended September 30, 2020, the County recognized pension expense of \$1,273,757 for governmental activities and \$95,874 for business-type activities. At September 30, 2020, 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	\$ 112,133	
Net difference between projected and actual earnings on pension plan investments	530,636	
Changes of assumptions	72,265	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	236,047	21,119
County contributions subsequent to the measurement date	195,313	
Total	\$ 1,146,394	21,119

\$195,313 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, 2021. 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
2021	\$ 197,665
2022	314,958
2023	246,351
2024	170,988
Total	\$ 929,962

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(12) Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, 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 used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class 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	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

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, 2020**

**(12) 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 (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 16,721,212	12,918,346	9,779,454

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**  
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**(12) Defined Benefit Pension Plan (Continued)**

Contributions. At September 30, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Union County Library System's contributions to PERS for the years ending September 30, 2020, 2019, and 2018, were \$21,591, \$22,882, and \$22,225, 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, 2020, the system reported a liability of \$385,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.00199 percent, which was based on a measurement date of June 30, 2020. This was an decrease of 0.000173 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the system recognized pension expense of \$34,776. At September 30, 2020 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	\$ 3,344	
Net difference between projected and actual earnings on pension plan investments	15,824	
Changes of assumptions	2,155	
Changes in proportion and differences between the System's contributions and proportionate share of contributions	6,313	22,155
System contributions subsequent to the measurement date	4,854	
<b>Total</b>	<b>\$ 32,490</b>	<b>22,155</b>

\$4,854 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, 2021. 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
2021	\$ (791)
2022	(832)
2023	2,005
2024	5,099
<b>Total</b>	<b>\$ 5,481</b>

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(12) Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, 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 used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class 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	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

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, 2020**

**(12) 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	\$ 498,647	\$ 385,241	\$ 291,635

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

**(13) 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, 2020**

**(13) 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 \$1,500 for the year ended September 30, 2020.

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

At September 30, 2020, the System reported a liability of \$35,622 for their proportionate share of the net OPEB liability. The net OPEB liability was measured at June 30, 2020, 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, 2020, the System's proportion was 0.004577 percent. This was an increase of 0.00083 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended September 30, 2020, the System recognized OPEB expense of \$1,993. At September 30, 2020 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	\$ 45	\$ 6,199
Net difference in projected and actual earnings on OPEB plan investments	1	
Changes of assumptions	5,531	1,505
Changes in proportion and differences between system contributions and proportionate share of contributions	10,173	5,845
Contributions subsequent to the measurement date	1,500	
Total	\$ 17,250	\$ 13,549

\$1,500 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, 2021. 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
2021	\$ 702
2022	702
2023	790
2024	770
2025	(763)
Total	\$ 2,201

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(13) 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	3.00-18.25 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	2.19 percent
Prior Measurement Date	3.50 percent
Year FNP is projected to be depleted Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation Measurement Date	2.19percent
Prior Measurement Date	3.50 percent
Health Care Cost Trends Medicare Supplement Claims Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2030

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 105% 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, 2020 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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, 2020 was 2.19 percent. Since the Prior Measurement Date, the discount rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. 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, 2019 and the June 30, 2020. The discount rate used to measure the total OPEB liability at June 30, 2020 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, 2020**

**(13) 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 (1.19%) or 1-percentage-point higher (3.19%) than the current discount rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB Liability	\$ 39,365	\$ 35,622	\$ 32,412

**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	\$ 32,891	\$ 35,622	\$ 38,715

**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/>.

**(14) 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 \$3,455,000 refunding bonds balance at September 30, 2020, is \$208,682.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(15) Effect of Deferred Amounts on Net Position**

**Primary Government**

The governmental activities' unrestricted net position (deficit) amount of (\$4,696,449) 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 \$181,641 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, 2021. The remaining \$884,506 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$19,641 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position (deficit) amount of (\$4,696,449) includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$381,449 balance of deferred outflows of resources at September 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The governmental activities' unrestricted net position (deficit) amount of (\$4,696,449) includes the effect of recognition of deferring the recognition of revenue resulting from capital leases receivable. The \$68,151 balance of deferred inflows of resources at September 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The business-type activities' unrestricted net position (deficit) amount of (\$825,515) 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 \$13,672 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, 2021. The remaining \$66,575 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$1,478 balance of the deferred inflow of resources related to pension at September 30, 2020, will be recognized in pension expense over the next 3 years.

**Discretely Presented Component Unit – Union County Library System**

The governmental activities' unrestricted net position amount of \$58,223 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 \$4,854 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, 2021. The remaining \$27,636 balance of the deferred outflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 4 years. The \$22,155 balance of the deferred inflow of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next 3 years.

The governmental activities' unrestricted net position amount of \$58,223 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 \$1,500 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, 2021. The remaining \$15,750 balance of the deferred outflow of resources related to OPEB at September 30, 2020, will be recognized in OPEB expense over the next 5 years. The \$13,549 balance of the deferred inflow of resources related to OPEB at September 30, 2020, will be recognized in OPEB expense over the next 5 years.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(16) Joint Ventures**

The County participates in the following joint ventures:

Union County is a participant with the City of New Albany, industries and other interested parties located within the County in a joint venture, as authorized by Section 19-5-99 Miss. Code Ann. (1972), in the Union County Development Association. The joint venture was created to aid in the development of industries in Union County and is governed by 11 directors, of which Union County appoints two. The County appropriated \$59,000 for support of the Association in fiscal year 2020. 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 \$15,712 for the support and maintenance of the airport in fiscal year 2020. 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, Ecu 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 \$41,532 to this venture in fiscal year 2020.

**(17) Jointly Governed Organizations**

The County participates in the following jointly governed organizations:

Three Rivers Solid Waste Management Authority operates in a district composed of the counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union and the cities of Aberdeen, Amory, Fulton, New Albany, Oxford, Pontotoc and Tupelo. The Union County Board of Supervisors appoints one of the seven members of the board of directors. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste deposited. The County did not appropriate any funds for the support of the authority in fiscal year 2020.

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 2020.

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 \$1,014,789 for the support and maintenance of the college in fiscal year 2020.



**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(17) Jointly Governed Organizations (Continued)**

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 2020.

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 2020 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 2020.

**(18) Tax Abatements**

There are currently a number of agencies with economic development directives and targeted industries in Union County, Mississippi. These efforts to bring businesses and industries into Union County afford the County the opportunity to develop these partnerships that help raise the prominence of the region and attract prospective projects. Due to the pro-business attitude and wise infrastructure planning of the local elected officials as well as the ability to offer various incentives to entice businesses and industries to locate in Union County, the County operates strongly with a well diverse base of manufacturers and distributors.

**Facts and Assumptions**

Union County provides tax incentives and abatements under three programs: real and personal property tax reductions not to exceed ten years for new enterprises, fee in lieu of personal and real property taxes, and personal property tax reductions for a licensed free-port warehouse. Various Mississippi Code sections allow the County to offer the before mentioned incentives. In order to qualify for any incentive there is an application process, presentation to the Board of Supervisors and ultimately a recommendation by the Board of Supervisors to grant the incentive.

- Mississippi Code Section 27-31-101 allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation, however they do not have the authority to exempt ad valorem taxes for school districts and shall not exceed a period longer than ten years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: Warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3 and telecommunications enterprises meeting minimum criteria.
- Mississippi Code Section 27-31-104 allows County Board of Supervisors, at their discretion, to grant a fee in lieu of taxes for certain projects. The County Board of Supervisors are authorized to enter into an agreement with a private company having a minimum capital investment of one hundred million dollars or a qualified business meeting minimum criteria established by the Mississippi Development Authority. The Board of Supervisors may enter into a fee in lieu agreement on behalf of the County and the County school district. Any grant of fee in lieu of ad valorem taxes shall be in a written agreement negotiated by the enterprise and the Board of Supervisors with final approval given by the Mississippi Development Authority. The minimum sum allowable as a fee in lieu shall not be less than one-third of the ad valorem levy, including ad valorem taxes for school district purposes.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**(18) Tax Abatements (Continued)**

- Mississippi Code Section 27-31-53 allows County Board of Supervisors, at their discretion, to grant eligible warehouses a license to operate as a free port warehouse. A free port warehouse is regularly engaged in the handling and storage of personal property pending transit to a final destination outside the State of Mississippi. This exemption may be granted for all local property taxes and may be granted for any period of time set by the Board of Supervisors.

The following schedule includes a summary of tax abatements currently in effect:

<u>Tax Abatement Program</u>	<u>Number of Companies</u>	<u>Amount of taxes abated during the fiscal year</u>	<u>Total Annual Fee in Lieu Payment</u>	<u>County Portion of Annual Fee in Lieu Payment</u>
Real & Personal Exemption	20	\$ 1,148,075	N/A	N/A
Free-Port Warehouse	5	\$ 576,533	N/A	N/A
Tax-Fee in Lieu Agreement *	1	\$ 6,512,092	\$ 2,500,000	\$ 833,333

\* - This tax-fee in lieu agreement is disclosed in greater detail in Note 4 on page 36 of this report.

**(19) Prior Period Adjustments**

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
<i>Governmental Activities:</i>	
To adjust expected FEMA reimbursement	\$ (40,360)
Total Governmental Activities	\$ (40,360)

**(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 August 31, 2022, (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2020, the County issued the following significant debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/06/21	2.125%	\$ 500,000	USDA Rural Development Loan	Emergency 911 Fees

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Union County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2020**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$ 5,786,377	6,107,807	6,107,807	-0-
Licenses, commissions and other revenue	474,100	470,471	470,471	-0-
Payment in lieu of tax - toyota	300,000	334,663	334,663	-0-
Fines and forfeitures	176,600	140,987	140,987	-0-
Intergovernmental revenues	1,324,067	1,371,198	1,235,619	(135,579)
Charges for services	95,000	121,547	257,126	135,579
Interest income	68,000	104,716	104,716	-0-
Miscellaneous revenues	53,700	42,502	85,712	43,210
Total Revenues	<u>8,277,844</u>	<u>8,693,891</u>	<u>8,737,101</u>	<u>43,210</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,703,648	3,339,332	3,339,332	-0-
Public safety	3,547,241	3,187,793	3,187,793	-0-
Public works	20,668	15,713	15,713	-0-
Health and welfare	267,816	241,800	241,800	-0-
Culture and recreation	94,832	103,311	103,311	-0-
Education	300,000	300,000	300,000	-0-
Conservation of natural resources	131,882	107,506	107,506	-0-
Economic development and assistance	190,539	186,400	186,400	-0-
Debt service:				
Principal	69,671	69,671	69,623	48
Interest	3,917	3,918	3,966	(48)
Total Expenditures	<u>8,330,214</u>	<u>7,555,444</u>	<u>7,555,444</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(52,370)</u>	<u>1,138,447</u>	<u>1,181,657</u>	<u>43,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	5,000	6,644	6,369	(275)
Compensation for loss of capital assets	-0-	42,935	-0-	(42,935)
Transfers in	200,000	12,025	12,025	-0-
Transfers out	(180,000)	(54,352)	(54,352)	-0-
Total Other Financing Sources and Uses	<u>25,000</u>	<u>7,252</u>	<u>(35,958)</u>	<u>(43,210)</u>
Net Change in Fund Balance	(27,370)	1,145,699	1,145,699	-0-
Fund Balances - Beginning, as originally stated	3,104,275	3,613,844	3,613,844	-0-
Amendment to Budget Actual	509,569	-0-	-0-	-0-
Fund Balances - Beginning, as amended	<u>3,613,844</u>	<u>3,613,844</u>	<u>3,613,844</u>	<u>-0-</u>
Fund Balances - Ending	\$ <u>3,586,474</u>	<u>4,759,543</u>	<u>4,759,543</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 Road Maintenance Fund**  
**For the Year Ended September 30, 2020**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$ 1,308,747	1,385,580	1,385,580	-0-
Road and bridge privilege taxes	320,000	328,435	328,435	-0-
Intergovernmental revenues	850,000	837,636	837,636	-0-
Interest income	25,000	31,722	31,722	-0-
Miscellaneous revenues	3,000	-0-	9,403	9,403
Total Revenues	<u>2,506,747</u>	<u>2,583,373</u>	<u>2,592,776</u>	<u>9,403</u>
<b>EXPENDITURES</b>				
Current:				
Public works	2,821,282	2,639,705	2,639,705	-0-
Total Expenditures	<u>2,821,282</u>	<u>2,639,705</u>	<u>2,639,705</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(314,535)</u>	<u>(56,332)</u>	<u>(46,929)</u>	<u>9,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	175,000	238,691	229,288	(9,403)
Compensation for loss of capital assets	10,000	-0-	-0-	-0-
Transfers Out	-0-	(1,101)	(1,101)	-0-
Total Other Financing Sources and Uses	<u>185,000</u>	<u>237,590</u>	<u>228,187</u>	<u>(9,403)</u>
Net Change in Fund Balance	(129,535)	181,258	181,258	-0-
Fund Balances - Beginning, as originally stated	2,389,592	2,050,632	2,050,632	-0-
Amendment to Budget Actual	<u>(338,960)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Beginning, as amended	<u>2,050,632</u>	<u>2,050,632</u>	<u>2,050,632</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,921,097</u>	<u>2,231,890</u>	<u>2,231,890</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, 2020**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,030,607	1,081,236	1,081,236	-0-
Intergovernmental revenues	351,000	75,945	102,542	26,597 *
Interest income	30,000	22,311	22,311	-0-
Miscellaneous Revenues	-0-	1,004	1,004	-0-
Total Revenues	<u>1,411,607</u>	<u>1,180,496</u>	<u>1,207,093</u>	<u>26,597</u>
EXPENDITURES				
Current:				
Public works	<u>1,410,682</u>	<u>1,487,726</u>	<u>1,514,323</u>	<u>(26,597) *</u>
Total Expenditures	<u>1,410,682</u>	<u>1,487,726</u>	<u>1,514,323</u>	<u>(26,597)</u>
Excess of Revenues over (under) Expenditures	<u>925</u>	<u>(307,230)</u>	<u>(307,230)</u>	<u>-0-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-0-</u>	<u>(7,794)</u>	<u>(7,794)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>(7,794)</u>	<u>(7,794)</u>	<u>-0-</u>
Net Change in Fund Balance	925	(315,024)	(315,024)	-0-
Fund Balances - Beginning, as originally stated	1,685,231	1,559,635	1,559,635	-0-
Amendment to Budget Actual	<u>(125,596)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Beginning, as amended	<u>1,559,635</u>	<u>1,559,635</u>	<u>1,559,635</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,560,560</u>	<u>1,244,611</u>	<u>1,244,611</u>	<u>-0-</u>

\* - These variances are due to the recording of payments by the Mississippi Office of State-aid Road Construction that were made directly to contractors. The County has no control over these payments, and therefore does not include them in its budget.

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, 2020**

<b>Union County</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability	0.066731%	0.066846%	0.064626%	0.0630%	0.0640%	0.0640%
County's proportionate share of the net pension liability	\$ 12,918,346	11,759,530	10,749,224	10,472,738	11,431,998	9,893,138
County's covered payroll	\$ 4,490,681	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	287.67%	269.17%	257.07%	258.29%	280.80%	249.40%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%
<b>Union County Library System</b>	<b>2020**</b>	<b>2019**</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
System's proportion of the net pension liability	0.001990%	0.002163%	0.002159%	0.0020%	0.0020%	0.0020%
System's proportionate share of the net pension liability	\$ 385,241	380,514	359,106	332,468	357,250	309,160
System's covered payroll	\$ 124,090	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	310.45%	268.22%	254.48%	259.25%	274.58%	238.28%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	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, 2020**

<b>Union County</b>		<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$	781,499	705,817	658,594	638,595	642,801	624,777
Contributions in relation to the contractually required contribution		<u>(781,499)</u>	<u>(705,817)</u>	<u>(658,594)</u>	<u>(638,595)</u>	<u>(642,801)</u>	<u>(624,777)</u>
Contribution deficiency (excess)	\$	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>
County's covered payroll		4,490,681	4,368,805	4,181,518	4,054,567	4,080,548	3,966,840
Contributions as a percentage of covered payroll		17.40%	16.16%	15.75%	15.75%	15.75%	15.75%
<b>Union County Library System</b>		<b><u>2020**</u></b>	<b><u>2019**</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$	21,591	22,882	22,225	20,198	20,491	20,435
Contributions in relation to the contractually required contribution		<u>(21,591)</u>	<u>(22,882)</u>	<u>(22,225)</u>	<u>(20,198)</u>	<u>(20,491)</u>	<u>(20,435)</u>
Contribution deficiency (excess)	\$	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>
System's covered payroll		124,090	141,869	141,113	128,241	130,108	129,745
Contributions as a percentage of covered payroll		17.40%	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, 2020**

<b>Union County Library System</b>	<b>2020**</b>	<b>2019**</b>	<b>2018</b>
Proportion of net OPEB liability	0.00458%	0.00541%	0.00397%
Proportionate share of net OPEB liability	\$ 35,622	45,926	30,680
Covered-employee payroll	\$ 220,592	247,852	180,574
Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	16.15%	18.53%	16.99%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	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 30<sup>th</sup> 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, 2020**

<b>Union County Library System</b>	<b>2020**</b>	<b>2019**</b>	<b>2018</b>
Actuarially determined contributions	\$ 1,500	1,841	1,327
Contributions in relation to the actuarially determined contributions	\$ (1,500)	(1,841)	(1,327)
Contribution deficiency (excess)	-0-	-0-	-0-
Covered-employee payroll	\$ 220,592	247,852	180,574
Contributions as a percentage of covered-employee payroll	0.68%	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, 2020**  
**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)	\$ 1,145,699	\$ 181,258	\$ (315,024)
Increase (Decrease)			
Net adjustments for:			
Revenue accruals	347,970	(8,477)	(268)
Expenditure accruals	45,022	18,973	13,951
GAAP Basis	\$ <u>1,538,691</u>	\$ <u>191,754</u>	\$ <u>(301,341)</u>

**UNION COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
**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, 2020**  
**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, 2018 valuation for the June 30, 2020 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	30.9 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, 2020**  
**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.

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current measurement rate.

**B: Changes to Benefit Terms**

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

**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, 2019 actuarial valuation) were used to determine contribution rates reported in the schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75 percent
Salary increases, including wage inflation	3.00 percent to 18.25 percent
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.00 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	3.50 percent

## **SUPPLEMENTARY INFORMATION**

**UNION COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Justice</u></b>			
<i>Passed-through Mississippi Department of Health:</i>			
Crime Victim Assistance	16.575	2018-V2-GX-0168	\$ 157,564
<b>Total U.S. Department of Justice</b>			<u>157,564</u>
<b><u>U.S. Department of the Treasury</u></b>			
<i>Passed-through the Mississippi Department of Housing and Urban Development:</i>			
Community Development Block Grants	14.228	1134-18-073-PF-01	313,222
<i>Passed-through Mississippi Emergency Management Agency:</i>			
Coronavirus Relief Fund	21.019	6820174200	<u>437,167</u>
<b>Total U.S. Department of the Treasury</b>			<u>750,389</u>
<b><u>Appalachian Regional Commission</u></b>			
Appalachian Area Development	23.002	MS-19247	<u>368,536</u>
<b>Total Appalachian Regional Commission</b>			<u>368,536</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed-through Mississippi Emergency Management Agency:</i>			
Emergency Management Performance Grants	97.042	EMA-2020-EP-0003	<u>27,154</u>
<b>Total U.S. Department of Homeland Security</b>			<u>27,154</u>
<b>Total for All Federal Awards</b>			<u>\$ 1,303,643</u>

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



**UNION COUNTY**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of Union County under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Union County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Union County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

Union County has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

## **OTHER INFORMATION**

**Union County**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2020**

**UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Sam Taylor	Supervisor District 1	RLI Insurance Company	\$ 100,000
Milton "Chad" Coffey	Supervisor District 2	RLI Insurance Company	100,000
C.J. Bright	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
Cuisandra Ingram	Chancery Deputy	EMC Insurance Company	50,000
Christy Shannon	Chancery Deputy	RLI Insurance Company	50,000
Anna Stanton	Chancery Deputy	EMC Insurance Company	50,000
Phyllis Stanford	Circuit Clerk	EMC Insurance Company	100,000
Helen Randle	Deputy Circuit Clerk	EMC Insurance Company	100,000
Amy Willard	Deputy Circuit Clerk	EMC Insurance Company	100,000
Holly Webb Wilbanks	Deputy Circuit Clerk	EMC Insurance Company	100,000
Shellie Kent	Purchase Clerk	EMC Insurance Company	75,000
Brittany Roberson	Assistant Purchase Clerk	RLI Insurance Company	50,000
Ashley Scott	Sec/Treas Park Comm	RLI Insurance Company	10,000
Curt Clayton	Receiving Clerk	EMC Insurance Company	75,000
Kathy Butler	Assistant Receiving Clerk	EMC Insurance Company	50,000
Beverly Jane Brooks	Assistant Receiving Clerk	EMC Insurance Company	50,000
Paul Harrison	Assistant Receiving Clerk	EMC Insurance Company	50,000
Kimberly Surber	Assistant Receiving Clerk	EMC Insurance Company	50,000
Sammy Carroll	Assistant Receiving Clerk	EMC Insurance Company	50,000
Tiffany Erby	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
Michael Kiddy	Assistant Receiving Clerk	EMC Insurance Company	50,000
Ricky Kizer	Assistant Receiving Clerk	EMC Insurance Company	50,000
Larry Jarvis	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

(Continued)

**Union County**  
**Schedule of Surety Bonds for County Officials (Continued)**  
**For the Year Ended September 30, 2020**

**UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Jimmy Edwards	Sheriff	FCCI Insurance Group	\$ 100,000
PJ Doyle	Constable	Western Surety Company	50,000
Ronnie Goudy	Constable	RLI Insurance Company	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
Jennifer Bedford	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Avery Adair	Deputy Justice Court Clerk	EMC Insurance Company	50,000
Chris Whiteside	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Adam Fitts	Deputy Justice Court Clerk	RLI Insurance Company	50,000
Tameri Dunnam	Tax Assessor- Collector	FCCI Insurance Group	100,000
Bobbie McMillen	Deputy Tax Assessor	EMC Insurance Company	10,000
Christy Sullivan	Deputy Tax Assessor	EMC Insurance Company	10,000
Logan Nobles	Deputy Tax Assessor	RLI Insurance Company	10,000
Josh Creekmore	Deputy Tax Assessor	RLI Insurance Company	10,000
Cythia Wilbanks	Deputy Tax Collector	EMC Insurance Company	50,000
Teresa Ann O'Callaghan	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
Emily Stanford	Deputy Tax Collector	RLI 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

## **SPECIAL REPORTS**

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

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**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, 2020, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 31, 2022. 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 Questioned Costs as 2020-001 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*.

### **Union County's Response to Finding**

Union County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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  
August 31, 2022

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

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

Superintendent and School Board  
Union County

**Report on Compliance for Each Major Federal Program**

We have audited Union County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.



## Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Tupelo, Mississippi  
August 31, 2022

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**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, 2020. 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.

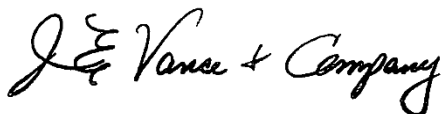
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered 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, 2020.

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  
August 31, 2022

**Union County**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2020**

**Schedule 1**

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
7/20/2020	Motor for Ford Explorer	\$ 5,850	Community Ford, Inc.	\$ 5,825	Community Ford, Inc. is an authorized Ford vehicle dealer with technical equipment and certifications by Ford Motor Company.

**Union County  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2020**

**Schedule 2**

Our tests did not identify any emergency purchases.

**Union County**  
**Schedule of Purchases Made Noncompetitively from a Sole Source**  
**For the Year Ended September 30, 2020**

**Schedule 3**

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

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**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, 2020, 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 August 31, 2022, on the financial statements of Union County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and 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.

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



Tupelo, Mississippi  
August 31, 2022

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**UNION COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Section I: 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
ERBR 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 Reported
3. Noncompliance material to the financial statements? No

**Federal Awards:**

4. Internal control over major programs:
  - a. Material weakness(es) identified? No
  - b. Significant deficiency(ies) identified? None Reported
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster	Type of Opinion Issued
14.228	Community Development Block Grants	Unmodified
21.019	Coronavirus Relief Fund	Unmodified
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes



**UNION COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Section II: Financial Statement Findings**

**Board of Supervisors**

**Material Weakness**

**2020-001 Finding – The County uses outdated computer hardware and software.**

Repeat Finding – No

**Criteria:**

Effective internal controls over financial accounting, reporting, and custody of public information should include a comprehensive Information Security Policy, which, among other things, should require the use of supported hardware and software.

**Condition:**

During the course of our audit, we identified several outdated computers with unsupported operating systems.

**Cause:**

Union County does not currently require the use of supported hardware and software for the protection of public information under its Information Security Policy.

**Effect:**

The use of unsupported hardware and software can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and internet protocol. It could also lead to the theft of employee and taxpayer information.

**Recommendation:**

The County should replace outdated computer hardware and software. Also, the County should review its Information Security Policy and ensure that it contains the following elements:

- Overall purpose
- Information security objectives
- Authority and access control
- Data classifications
- Security awareness and behavior
- Data protection through use of encryption, firewalls, and anti-malware
- Data backup
- Responsibilities, rights, and duties of personnel
- System hardening criteria to ensure the use of proficient hardware and software
- References to regulations and compliance standards

**Response:**

We ordered new computers on August 16, 2022. Hopefully they will be received and installed in the near future. We will discuss the need for policy updates with our I.T. provider.

**Section III: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

# **Union County Board of Supervisors**

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

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(662) 534-1902

Randy Owen, Fourth District  
Chad Coffey, Second District  
Chandler Rogers, Attorney

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**Annette M. Hickey, Clerk**  
**Terry Johnson, County Administrator**

## **CORRECTIVE ACTION PLAN**

Finding 2020-001

Name of Contact Person: Terry Johnson

Corrective Action Planned: Replace outdated computers and operating systems with supported hardware and software and consider the need for Information Security policy updates.

We have ordered new computers on August 16, 2022 and plan to install them as soon as they are received. We will also discuss the need for policy updates with our I.T. provider.

Anticipated Completion Date: October 31, 2022

# **Union County Board of Supervisors**

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

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Randy Owen, Fourth District  
Chad Coffey, Second District  
Chandler Rogers, Attorney

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**Annette M. Hickey, Clerk**  
**Terry Johnson, County Administrator**

## **SUMMARY OF PRIOR AUDIT FINDINGS**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), Union County, Mississippi has prepared and hereby submits the following summary of prior year audit findings and follow up as of September 30, 2020:

Finding:

Status:

2019-001

Corrected