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**UNION COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SPECIAL REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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**FINANCIAL SECTION**

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

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**INDEPENDENT AUDITORS' REPORT  
ON THE BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

Members of the Board of Supervisors  
Union County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Union County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 1, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Tupelo, Mississippi  
August 1, 2011

*J E Vance & Company*

# Union County Board of Supervisors

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Sammy Coffey, Second District, Vice-President  
Dwight Pickens, First District

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Terry Johnson, County Administrator

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *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, 2009. 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 2000 census, is 25,000. 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 assets decreased \$1,281,154, which represents a 2% decrease from the prior fiscal year. The County's ending cash balance increased by \$1,360,722, which represents a 16% increase from the previous year.

The County had \$12,711,558 in total revenues. Tax revenues account for \$6,535,961 or 51% of total revenues. Intergovernmental Revenues in the form of reimbursements, shared revenue or grants, account for \$2,120,761 or 17% of total revenues. Charges for services account for \$1,863,047 or 15% of total revenue. Ad valorem tax fee-in-lieu accounts for \$445,985 or 4% of total revenues. Other revenues such as fines, fees, interest income etc. account for the remaining 13% of total revenues.

The County had \$13,992,712 in total expenses, which represents a decrease of \$7,826,659 or 36% decrease from the prior fiscal year. Expenses in the amount of \$2,071,845 were offset by grants or outside contributions. General revenues of \$8,776,666 were available to offset the remaining amount of expenses, \$11,871,951.

Among major funds, the General Fund had \$6,362,702 in revenues and \$6,558,331 in expenditures. The General Fund's fund balance decreased \$192,509 from the prior year.

Among major funds, the Countywide Road Maintenance Fund had \$2,351,152 in revenues and \$2,375,758 in expenditures. The Countywide Road Maintenance Fund's fund balance decreased \$22,624, including a prior period adjustment of \$1,982, from the prior year.

Among major funds, the Countywide Bridge Fund had \$1,479,726 in revenues and \$1,124,150 in expenditures. The Countywide Bridge Fund's fund balance increased \$355,576 from the prior year.

Among major funds, the Health Foundation Fund had \$251,440 in revenues and \$220,655 in expenditures. The Health Foundation Fund's fund balance increased \$30,785 from the prior year.

Capital Assets, net of accumulated depreciation, decreased by \$1,810,973. This represents a 3% decrease.

Long-term debt decreased by \$320,394 or 3%. Toyota bonds issued in the amount of \$8,760,000 account for 92% of all Long-term debt. This bond issue will be repaid from the in lieu of advalorem 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**

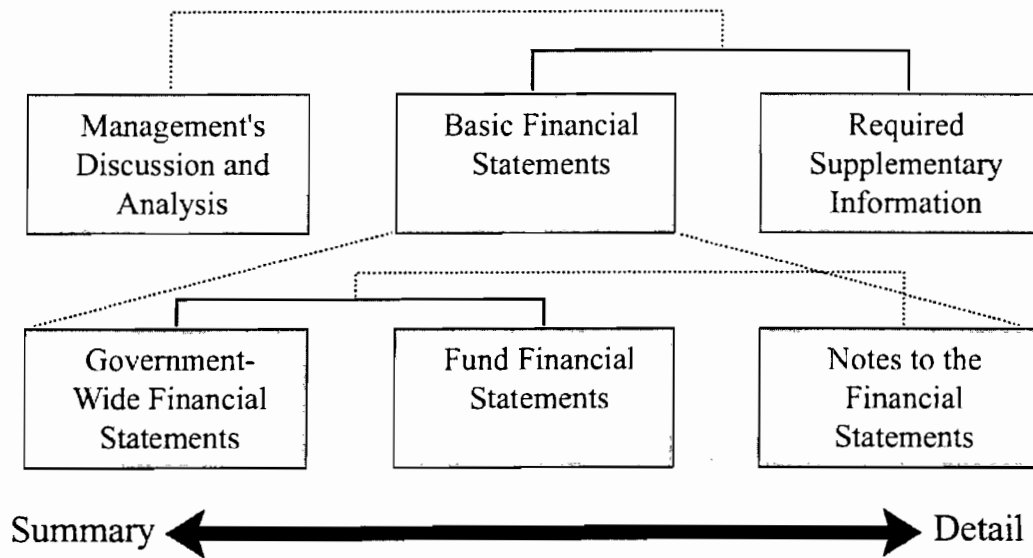


Figure 1 shows how required parts of this annual report are arranged and relate to one another.

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 assets</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 assets</li> <li>● Statement of revenues, expenses and changes in net assets</li> <li>● Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>● Statement of fiduciary net assets</li> <li>● Statement of changes in net assets</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 assets** presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

The Government-wide Financial Statements can be found on pages 19 and 20 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the "Governmental Funds Balance Sheet" and the "Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances" provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 22 and 24, respectively.

The County maintains individual governmental funds in accordance with the *Mississippi County Financial Accounting Manual* issued by the Mississippi Office of the State Auditor. 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 21 and 23 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 25-27 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 assets and liabilities are presented in a separate Statement of Fiduciary Assets and Liabilities, which can be found on page 28 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 29-50 of this report.

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

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 52-57 of this report.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS***

**Net Assets** – Net assets may serve over time as a useful indicator of government's financial position. In the case of Union County, assets exceeded liabilities by \$78,055,947 as of September 30, 2009.

By far, the largest portion of the County's net assets (78%) 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.

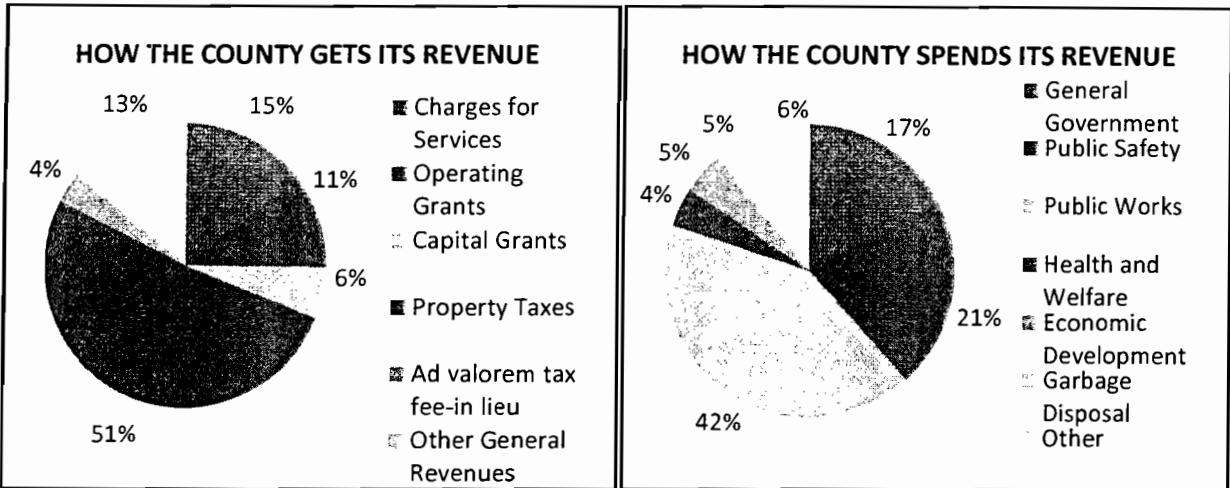
The following table presents a summary of the County's net assets at September 30, 2009 and 2008.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Current assets	32,792,970	32,247,331
Capital assets, net	61,292,559	63,090,576
Total assets	<u>\$ 94,085,529</u>	<u>\$ 95,337,907</u>
Current liabilities	6,476,926	6,145,509
Long-term debt outstanding	9,552,656	9,873,410
Total liabilities	<u>16,029,582</u>	<u>16,018,919</u>
Net assets:		
Invested in capital assets, net of related debt	60,619,185	62,110,991
Restricted	13,462,751	13,470,908
Unrestricted	3,974,011	3,737,089
Total net assets	<u>\$ 78,055,947</u>	<u>\$ 79,318,988</u>
	<u>Business-type Activities</u>	
	<u>2009</u>	<u>2008</u>
Current assets	1,027,559	1,154,392
Capital assets	241,596	254,552
Total assets	<u>\$ 1,269,155</u>	<u>\$ 1,408,944</u>
Current liabilities	82,430	204,466
Long-term debt outstanding	5,165	4,805
Total liabilities	<u>87,595</u>	<u>209,271</u>
Net assets:		
Invested in capital assets, net of related debt	241,596	254,552
Restricted	939,964	945,121
Total net assets	<u>\$ 1,181,560</u>	<u>\$ 1,199,673</u>

Note: The business-type activities consist of the collection and disposal of household garbage financed by a monthly fee of \$ 8.00 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.

**Changes in Net Assets** – Union County’s total revenues for the fiscal year ended September 30, 2009 were \$12,711,558. The total cost for all services provided was \$13,992,712. The decrease in net assets was \$1,281,154. The following table presents a summary of the changes in net assets for the fiscal years ended September 30, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues		
Charges for services	\$ 1,863,047	\$ 1,852,711
Operating grants	1,329,229	1,189,633
Capital grants	742,616	1,655,799
General revenues		
Property taxes	6,535,961	6,558,870
Advalorem Tax in-lieu fee	445,985	8,183,214
Other General Revenue	1,794,720	2,869,354
Total Revenues	<u>12,711,558</u>	<u>22,309,581</u>
Expenses:		
General government	2,414,050	2,600,213
Public safety	2,856,619	2,784,062
Public works	5,844,796	6,229,264
Health and welfare	600,352	599,521
Culture and recreation	227,161	221,676
Conservation of natural resources	122,740	121,003
Economic development	649,311	7,998,232
Interest on long-term debt	515,001	430,831
Garbage disposal (Business type)	762,682	834,569
Total Expense	<u>13,992,712</u>	<u>21,819,371</u>
Increase (Decrease) in Net Assets	<u>\$ (1,281,154)</u>	<u>\$ 490,210</u>



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

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

	Total Costs	Net Costs
General Government	\$2,414,050	\$1,623,551
Public Safety	2,856,619	2,168,156
Public Works	5,844,796	4,512,883
Health & Welfare	600,352	514,473
Culture & Recreation	227,161	226,061
Conservation of Natural Resources	122,740	122,740
Economic Development	649,311	337,355
Interest on Debt	515,001	515,001

### ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

**Governmental funds** – At the close of the fiscal year, Union County's governmental funds reported a combined fund balance of \$17,197,212, a decrease of \$231,575 or 1% from the previous year.

**Business-type fund** – Operating Revenue from the County's Garbage Collection Fund increased by 1% to \$725,082 and expenses decreased approximately 9% to \$762,682.

## ***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 County wide Road & Countywide Bridge Funds. These variances resulted from the timing of County Road and Bridge projects as well as State Aid Road and Bridge projects.

## ***CAPITAL ASSETS AND DEBT ADMINISTRATION***

**Capital Assets** – As of September 30, 2009, Union County's total capital assets was \$107,032,407. 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 \$1,341,485 or approximately 1%.

Total accumulated depreciation as of September 30, 2009 was \$45,498,252, including \$3,289,579 of depreciation expense for the year. The balance in total net capital assets was \$61,534,155 at year-end.

Additional information on Union County's capital assets can be found in note 6 on page 41 of this report.

**Debt Administration** – At September 30, 2009, Union County had \$9,557,821 in long-term debt outstanding. This includes general obligation bonds, Mississippi Business Investment Act notes and obligations under capital lease. Of this debt, \$259,721 is due within one year.

Additional information on Union County's long-term debt can be found in note 9 on page 46 of this report.

## ***CURRENT AND FUTURE ITEMS OF IMPACT***

### **NEW INDUSTRY WITH FUTURE ECONOMIC IMPACT**

Toyota has located an automobile assembly plant at Blue Springs, MS. in Union County. The facility began operations in the fall of 2011. Also, 2 major auto suppliers, Diversity Vuteq and Toyota Tsusho have located in the county and have begun operations as well. Also a major logistics company, KC Integrated Services has announced plans to locate at Sherman which is near the plant. This new industrial development should create a significant amount of spin off activity and in the future should have a substantial impact on the local economy.

## ***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 Assets**  
**September 30, 2009**

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Union Co. Library
<b>ASSETS</b>				
Cash	\$ 8,888,144	916,177	9,804,321	114,808
Investments	9,199,111		9,199,111	89,665
Accrued interest receivable	116,969		116,969	874
Property tax receivable	4,860,590		4,860,590	
Accounts receivable (net of allowance for uncollectibles of \$296,375)		98,802	98,802	4,415
Fines receivable, (net of allowance for uncollectibles of \$229,116)	72,295		72,295	
Capital lease receivable	237,329		237,329	
Intergovernmental receivables	341,642		341,642	
Other receivables	40,228	54,188	94,416	
Internal balances	41,608	(41,608)	-0-	
Restricted assets			-0-	98,719
Ad valorem tax fee-in-lieu receivable, net	8,629,199		8,629,199	
Deferred bond issuance costs	365,855		365,855	
Capital assets:				
Land and construction in progress	722,297		722,297	12,000
Other capital assets, net	60,570,262	241,596	60,811,858	117,305
Total Assets	<u>94,085,529</u>	<u>1,269,155</u>	<u>95,354,684</u>	<u>437,786</u>
<b>LIABILITIES</b>				
Claims payable	740,974	32,470	773,444	3,127
Intergovernmental payables	584,040	5,412	589,452	
Accrued interest payable	120,515		120,515	
Deferred revenue	4,925,921		4,925,921	98,719
Unearned revenue		44,548	44,548	
Other payables	105,476		105,476	
Long-term liabilities				
Due within one year:				
Capital debt	249,006		249,006	
Non-capital debt	10,715		10,715	
Due in more than one year:				
Capital debt	593,539		593,539	
Non-capital debt	8,699,396	5,165	8,704,561	11,553
Total Liabilities	<u>16,029,582</u>	<u>87,595</u>	<u>16,117,177</u>	<u>113,399</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	60,619,185	241,596	60,860,781	129,305
Restricted net assets:				
Expendable:				
General government	47,194		47,194	
Debt service	153,440		153,440	
Public safety	372,900		372,900	
Public works	3,911,747	939,964	4,851,711	
Health and welfare	4,705		4,705	
Culture and recreation	10,464		10,464	
Economic development	205,361		205,361	
Other purposes	8,756,940		8,756,940	
Unrestricted	3,974,011		3,974,011	195,082
Total Net Assets	<u>\$ 78,055,947</u>	<u>1,181,560</u>	<u>79,237,507</u>	<u>324,387</u>

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

Exhibit 2

**Union County**  
**Statement of Activities**  
**For the Year Ended September 30, 2009**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
General government	\$ 2,414,050	629,150	161,349		(1,623,551)		(1,623,551)
Public safety	2,856,619	508,815	148,398	31,250	(2,168,156)		(2,168,156)
Public works	5,844,796		620,547	711,366	(4,512,883)		(4,512,883)
Health and welfare	600,352		85,879		(514,473)		(514,473)
Culture and recreation	227,161		1,100		(226,061)		(226,061)
Conservation of natural resources	122,740				(122,740)		(122,740)
Economic development and assistance	649,311		311,956		(337,355)		(337,355)
Interest on long-term debt	515,001				(515,001)		(515,001)
<b>Total Governmental Activities</b>	<b>13,230,030</b>	<b>1,137,965</b>	<b>1,329,229</b>	<b>742,616</b>	<b>(10,020,220)</b>		<b>(10,020,220)</b>
<b>Business-type activities:</b>							
Garbage disposal	762,682	725,082			(37,600)		(37,600)
<b>Total Business-type Activities</b>	<b>762,682</b>	<b>725,082</b>	<b>-0-</b>	<b>-0-</b>	<b>(37,600)</b>		<b>(37,600)</b>
<b>Total Primary Government</b>	<b>\$ 13,992,712</b>	<b>1,863,047</b>	<b>1,329,229</b>	<b>742,616</b>	<b>(10,020,220)</b>		<b>(10,057,820)</b>
<b>Component unit</b>							
Union County Library System	335,487	22,638	248,063	38,400			(26,386)
<b>Total Component Unit</b>	<b>335,487</b>	<b>22,638</b>	<b>248,063</b>	<b>38,400</b>			<b>(26,386)</b>
<b>General revenues:</b>							
Property taxes					\$ 6,535,961		6,535,961
Road & bridge privilege taxes					298,487		298,487
Ad valorem tax fee-in-lieu					445,985		445,985
Grants and contributions not restricted to specific programs					48,916	19,487	48,916
Unrestricted investment income					386,889		406,376
Miscellaneous					1,040,941		1,040,941
<b>Total General Revenues and Transfers</b>					<b>8,757,179</b>	<b>19,487</b>	<b>8,776,666</b>
<b>Changes in Net Assets</b>					<b>(1,263,041)</b>	<b>(18,113)</b>	<b>(1,281,154)</b>
<b>Net Assets - Beginning, as originally reported</b>					<b>79,318,988</b>	<b>1,199,673</b>	<b>80,518,661</b>
<b>Prior period adjustment</b>							<b>-0-</b>
<b>Net Assets - Beginning as restated</b>					<b>79,318,988</b>	<b>1,199,673</b>	<b>80,518,661</b>
<b>Net Assets - Ending</b>					<b>\$ 78,055,947</b>	<b>1,181,560</b>	<b>79,237,507</b>

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

Union County  
Balance Sheet - Governmental Funds  
September 30, 2009

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge Fund	Health Foundation Fund	Other Governmental Funds	
<b>ASSETS</b>						
Cash	\$ 4,008,603	1,768,059	2,452,473	54,486	604,523	8,888,144
Investments	494,859			8,570,983	133,269	9,199,111
Accrued interest receivable	8,468			106,257	2,244	116,969
Property tax receivable	2,972,340	863,250	860,000		165,000	4,860,590
Fines receivable (net of allowance for uncollectibles of \$229,116)	72,295					72,295
Capital lease receivable					237,329	237,329
Intergovernmental receivables	256,959	23,114	9,467		52,102	341,642
Other receivables	18,450				21,778	40,228
Due from other funds	16,394	70,267	47,715		12,638	147,014
Advances to other funds	25,214					25,214
<b>Total Assets</b>	<b>\$ 7,873,582</b>	<b>2,724,690</b>	<b>3,369,655</b>	<b>8,731,726</b>	<b>1,228,883</b>	<b>23,928,536</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Claims payable	\$ 215,694	429,462	11,843		83,975	740,974
Intergovernmental payables	565,998	9,021	9,021			584,040
Due to other funds	130,620					130,620
Deferred revenue	72,295				237,329	309,624
Unearned revenue	2,972,340	863,250	860,000		165,000	4,860,590
Other payables	105,476					105,476
<b>Total Liabilities</b>	<b>4,062,423</b>	<b>1,301,733</b>	<b>880,864</b>	<b>-0-</b>	<b>486,304</b>	<b>6,731,324</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Debt service					273,954	273,954
Advances	25,214					25,214
<b>Unreserved, reported in:</b>						
General fund	3,785,945					3,785,945
Special revenue funds		1,422,957	2,488,791		468,625	4,380,373
Permanent funds				8,731,726		8,731,726
<b>Total Fund Balances</b>	<b>3,811,159</b>	<b>1,422,957</b>	<b>2,488,791</b>	<b>8,731,726</b>	<b>742,579</b>	<b>17,197,212</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,873,582</b>	<b>2,724,690</b>	<b>3,369,655</b>	<b>8,731,726</b>	<b>1,228,883</b>	<b>23,928,536</b>

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

Union County  
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
 September 30, 2009

Exhibit 3-1

	<u>Amount</u>
Total fund balance - governmental funds (Exhibit 3)	\$ 17,197,212
Amounts reported for governmental services in the statement of net assets (Exhibit 1) are different because:	
Capital assets are used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$45,047,646.	61,292,559
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	72,295
Deferred bond issuance costs	365,855
Accrued receivables that are not available to pay for current expenditures and therefore are not recorded in the funds.	8,629,199
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(9,552,656)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(120,515)
Capital lease receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	171,998
Total net assets - governmental activities (Exhibit 1)	\$ <u><u>78,055,947</u></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, 2009**

Exhibit 4

	Major Funds					Total Governmental Funds
	General Fund	Countywide Road Maintenance Fund	Countywide Bridge Fund	Health Foundation Fund	Other Governmental Funds	
<b>REVENUES</b>						
Property taxes	\$ 4,033,566	1,140,825	1,092,195		269,375	6,535,961
Road and bridge privilege taxes		298,487				298,487
Licenses, commissions and other revenue	329,585				12,233	341,818
Fines and forfeitures	263,247				50,871	314,118
Intergovernmental revenues	1,027,857	890,689	360,246		468,412	2,747,204
Charges for services	230,853				248,483	479,336
Interest income	78,051	21,141	27,285	251,440	8,972	386,889
Miscellaneous revenues	399,543	10			14,946	414,499
<b>Total Revenues</b>	<b>6,362,702</b>	<b>2,351,152</b>	<b>1,479,726</b>	<b>251,440</b>	<b>1,073,292</b>	<b>11,518,312</b>
<b>EXPENDITURES</b>						
Current:						
General government	2,685,973					2,685,973
Public safety	2,822,341			20,000	503,009	3,345,350
Public works	16,813	2,345,241	1,124,150			3,486,204
Health and welfare	210,597			200,655	8,878	420,130
Culture and recreation	67,258				142,868	210,126
Conservation of natural resources	122,740					122,740
Economic development and assistance	560,608				85,391	645,999
Debt service:						
Principal	68,641	30,189			218,537	317,367
Interest	3,360	328			525,768	529,456
<b>Total Expenditures</b>	<b>6,558,331</b>	<b>2,375,758</b>	<b>1,124,150</b>	<b>220,655</b>	<b>1,484,451</b>	<b>11,763,345</b>
Excess of Revenues over (under) Expenditures	(195,629)	(24,606)	355,576	30,785	(411,159)	(245,033)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from of long-term capital debt					3,408	3,408
Proceeds from of long-term non-capital debt	3,120					3,120
Lease principal payments					6,930	6,930
<b>Total Other Financing Sources and Uses</b>	<b>3,120</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>10,338</b>	<b>13,458</b>
<b>Net Changes in Fund Balances</b>	<b>(192,509)</b>	<b>(24,606)</b>	<b>355,576</b>	<b>30,785</b>	<b>(400,821)</b>	<b>(231,575)</b>
Fund Balances - Beginning, as originally reported	4,003,668	1,445,581	2,133,215	8,700,941	1,145,382	17,428,787
Prior period adjustment		1,982			(1,982)	-0-
Fund Balances - Beginning, as restated	4,003,668	1,447,563	2,133,215	8,700,941	1,143,400	17,428,787
<b>Fund Balances - Ending</b>	<b>\$ 3,811,159</b>	<b>1,422,957</b>	<b>2,488,791</b>	<b>8,731,726</b>	<b>742,579</b>	<b>17,197,212</b>

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, 2009**

	<u>Amount</u>
Net changes in fund balances - total governmental funds (Exhibit 4)	\$ (231,575)
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 assets differs from the change in fund balances by the amount that depreciation of \$3,199,662 exceeded capital outlays of \$1,422,260 in the current period.	(1,777,402)
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 assets differs from the change in fund balances by the amount of the loss of \$17,496 and the proceeds from the sale of \$3,120 in the current period.	(20,616)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.	2,691
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: Ad valorem tax fee-in-lieu	445,985
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Thus the change in net assets differs from the change in fund balances by the amount that proceeds of \$3,408 and bond issuance and discount amortization cost of \$32,049 exceed debt repayments of \$317,367 and bond premium amortization of \$20,932.	302,842
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 assets differs from the change in fund balances by a combination of the following items:	
The amount of increase in compensated absences.	(3,609)
The amount of decrease in accrued interest payable.	25,572
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 assets differs from the change in fund balance by the principal collections on the capital lease.	(6,929)
Change in net assets of governmental activities (Exhibit 2)	<u>\$ (1,263,041)</u>

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

Union County  
Statement of Net Assets - Proprietary Fund  
September 30, 2009

Exhibit 5

	Business-type Activites - Enterprise Fund	Garbage Disposal
<b>ASSETS</b>		
Current assets:		
Cash	\$ 916,177	
Accounts receivable (net of allowance for uncollectibles of \$296,375)	98,802	
Other receivables	54,188	
Total Current Assets	<u>1,069,167</u>	
Noncurrent assets:		
Capital assets, net	241,596	
Total Noncurrent Assets	<u>241,596</u>	
Total Assets	<u>1,310,763</u>	
<b>LIABILITIES</b>		
Current liabilities:		
Claims payable	32,470	
Intergovernmental payables	5,412	
Due to other funds	16,394	
Advances from other funds	25,214	
Unearned revenue	44,548	
Total Current Liabilities	<u>124,038</u>	
Noncurrent liabilities:		
Non-capital debt:		
Compensated absences payable	5,165	
Total Noncurrent Liabilities	<u>5,165</u>	
Total Liabilities	<u>129,203</u>	
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	241,596	
Public Works	939,964	
Total Net Assets	<u>\$ 1,181,560</u>	

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

Union County  
 Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund  
 For the Year Ended September 30, 2009

Exhibit 6

	Business-type Activities - <u>Enterprise Fund</u>
	<u>Garbage Disposal</u>
Operating Revenues	
Charges for services	\$ 725,082
Total Operating Revenues	<u>725,082</u>
Operating Expenses	
Personal services	344,750
Contractual services	226,788
Materials and supplies	84,833
Depreciation expense	89,917
Indirect administrative cost	16,394
Total Operating Expenses	<u>762,682</u>
Operating Loss	<u>(37,600)</u>
Nonoperating Revenues	
Interest income	19,487
Net Nonoperating Revenue	<u>19,487</u>
Net loss	(18,113)
Changes in Net Assets	<u>(18,113)</u>
Net Assets - Beginning	<u>1,199,673</u>
Net Assets - Ending	\$ <u><u>1,181,560</u></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, 2009

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Garbage Disposal</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 727,473
Payments to suppliers	(434,344)
Payments to employees	(344,729)
Net Cash Provided by Operating Activities	<u>(51,600)</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(76,961)
Net Cash Used by Capital and Related Financing Activities	<u>(76,961)</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	25,042
Net Cash Provided by Investing Activities	<u>25,042</u>
Net Increase in Cash and Cash Equivalents	(103,519)
Cash and Cash Equivalents at Beginning of Year	1,019,696
Cash and Cash Equivalents at End of Year	<u>\$ 916,177</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating loss	\$ (37,600)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	89,917
Provision for uncollectible accounts	15,993
Changes in assets and liabilities:	
Increase in accounts receivable	(14,281)
Increase in other receivables	(347)
Decrease in claims payable	(122,723)
Increase in compensated absences liability	360
Increase in unearned revenue	1,026
Increase in interfund payables	16,394
Decrease in intergovernmental payables	(339)
Total Adjustments	<u>(14,000)</u>
Net Cash Provided by Operating Activities	<u>\$ (51,600)</u>

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

**Union County**  
**Statement of Fiduciary Assets and Liabilities**  
**September 30, 2009**

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 89,177
Total Assets	\$ <u>89,177</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 85
Other liabilities	279
Intergovernmental payables	88,813
Total Liabilities	\$ <u>89,177</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, 2009**

**(1) Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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

**B. Individual Component Unit Disclosures**

Discretely Presented Component Unit

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

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

**C. Basis of Presentation**

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

**Government-wide Financial Statements**

The Statement of Net Assets 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.

The Statement of Net Assets 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 a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. 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 as Other Governmental Funds in a single column.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**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 county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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 sixty days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to 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 judgements, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major governmental funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

The county reports the following major Proprietary Fund:

Garbage Disposal 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 (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only earnings, and not the principal, may be used for the support of county programs.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Proprietary Fund Type**

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

**Fiduciary Fund Type**

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

**E. Account Classifications**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

**F. Deposits and Investments**

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

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

**G. Receivables**

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

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**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 fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**I. Capital Assets**

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to retroactively report major general infrastructure assets by September 30, 2009. Current year general infrastructure assets are required to be reported. General infrastructure assets acquired after September 30, 1980 are reported on the government wide financial statements. Current year general infrastructure assets are reported on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

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

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**I. Capital Assets (Continued)**

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

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

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

**J. 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 Funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Assets.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**K. Equity Classifications**

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – 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, constructions or improvements of those assets.

Restricted net assets – Consists of net assets 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 assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

**L. 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.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**L. Property Tax Revenues (Continued)**

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.

**M. 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.

**N. 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.

**(2) Prior Period Adjustments**

A summary of significant fund equity adjustment is as follows:

Exhibit 2 Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Component unit:	
Correction of beginning assets	\$ 95
Total prior period adjustment	<u>95</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(2) Prior Period Adjustments**

Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Explanation</u>	<u>Amount</u>
Countywide Road Maintenance Fund	
Correction of prior year receivable	\$ 1,982
Other Governmental Funds	
Correction of prior year receivable	<u>(1,982)</u>
Total prior period adjustment	<u><u>-0-</u></u>

**(3) Deposits and Investments**

Deposits

The carrying amount of the county's total deposits with financial institutions at September 30, 2009, was \$9,893,498 and the bank balance was \$10,151,821. 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.

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

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(3) Deposits and Investments (Continued)**

Investments

Investments balances at September 30, 2009, are as follows:

Governmental activities:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Governmental activities:			
Certificates of deposit	One year	\$ <u>9,199,111</u>	N/A
Total		\$ <u><u>9,199,111</u></u>	

Component unit:

Certificates of deposit	One year	\$ <u>89,665</u>	N/A
Total		\$ <u><u>89,665</u></u>	

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

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

**Custodial Credit Risk – Investments.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(4) Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2009:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage Disposal Fund	\$ 16,394
Countywide Road	General Fund	70,267
Countywide Bridge	General Fund	47,715
Other Governmental Funds	General Fund	12,638
Total		<u>\$ 147,014</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2009. The payable from the Garbage Disposal Fund represents the indirect cost for the September 30, 2009 fiscal year, which is expected to be repaid within one year. All other interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Garbage Disposal Fund	\$ <u>25,214</u>
Total		<u>\$ 25,214</u>

The advance from the General Fund to the Garbage Disposal Fund represents the indirect cost for the 2007 and 2008 fiscal years.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(5) Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2009 consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Legislative tag credit	\$ 76,164
Reimbursement for housing prisoners	24,020
Federal/State payments in lieu	120,550
Motor vehicle fuel tax	19,825
State aid	13,386
Federal grants	66,897
Motor vehicle licenses	11,751
Other	9,049
Total Governmental Activities	<u>\$ 341,642</u>

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(6) Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2009:

Governmental activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Non-depreciable capital assets</u>					
Land	\$ 436,005	250,000		14,000	700,005
Construction in progress	833,039	175,272		(986,019)	22,292
Total non-depreciable capital assets	<u>1,269,044</u>	<u>425,272</u>	<u>-0-</u>	<u>(972,019)</u>	<u>722,297</u>
<u>Depreciable capital assets</u>					
Infrastructure	83,787,494			636,019	84,423,513
Buildings	13,797,398			336,000	14,133,398
Improvements other than buildings	433,231				433,231
Mobile equipment	5,262,085	979,937	(148,631)	212,868	6,306,259
Furniture and equipment	313,561	17,051	(9,105)		321,507
Leased property under capital leases	212,868			(212,868)	-0-
Total depreciable assets	<u>103,806,637</u>	<u>996,988</u>	<u>(157,736)</u>	<u>972,019</u>	<u>105,617,908</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	32,585,461	2,523,428			35,108,889
Buildings	4,984,472	269,598			5,254,070
Improvements other than buildings	269,563	6,237			275,800
Mobile equipment	3,711,048	374,708	(128,927)	191,583	4,148,412
Furniture and equipment	242,978	25,691	(8,194)		260,475
Leased property under capital leases	191,583			(191,583)	-0-
Total accumulated depreciation	<u>41,985,105</u>	<u>3,199,662</u>	<u>(137,121)</u>	<u>-0-</u>	<u>45,047,646</u>
Total depreciable capital assets, net	<u>61,821,532</u>	<u>(2,202,674)</u>	<u>(20,615)</u>	<u>972,019</u>	<u>60,570,262</u>
Governmental activities capital assets, net	<u>\$ 63,090,576</u>	<u>(1,777,402)</u>	<u>(20,615)</u>	<u>-0-</u>	<u>61,292,559</u>

Adjustments were required to increase capital assets due to completed construction.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(6) Capital Assets (Continued)**

Business-type activities:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Depreciable capital assets</u>					
Mobile equipment	\$ 610,241	76,961			687,202
Furniture and equipment	5,000				5,000
Total depreciable assets	<u>615,241</u>	<u>76,961</u>	<u>-0-</u>	<u>-0-</u>	<u>692,202</u>
<u>Less accumulated depreciation for:</u>					
Mobile equipment	356,189	89,917			446,106
Furniture and equipment	4,500				4,500
Total accumulated depreciation	<u>360,689</u>	<u>89,917</u>	<u>-0-</u>	<u>-0-</u>	<u>450,606</u>
Total depreciable capital assets, net	<u>254,552</u>	<u>(12,956)</u>	<u>-0-</u>	<u>-0-</u>	<u>241,596</u>
Business-type activities capital assets, net	<u>\$ 254,552</u>	<u>(12,956)</u>	<u>-0-</u>	<u>-0-</u>	<u>241,596</u>

Component unit:

	Balance Oct. 1, 2008	Additions	Deletions	Adjustments	Balance Sept. 30, 2009
<u>Non-depreciable capital assets</u>					
Land	\$ 12,000				12,000
Total non-depreciable capital assets	<u>12,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>12,000</u>
<u>Depreciable capital assets</u>					
Land improvements	-0-	7,041			7,041
Library materials	311,349	34,185			345,534
Machinery and equipment	94,626	12,361		(95)	106,892
Furniture and fixtures	27,194	338			27,532
Total depreciable assets	<u>433,169</u>	<u>53,925</u>	<u>-0-</u>	<u>(95)</u>	<u>486,999</u>
<u>Less accumulated depreciation for:</u>					
Library materials	218,528	43,054			261,582
Machinery and equipment	73,702	8,572			82,274
Land improvements	-0-	391			391
Furniture and fixtures	25,160	287			25,447
Total accumulated depreciation	<u>317,390</u>	<u>52,304</u>	<u>-0-</u>	<u>-0-</u>	<u>369,694</u>
Total depreciable capital assets, net	<u>115,779</u>	<u>1,621</u>	<u>-0-</u>	<u>(95)</u>	<u>117,305</u>
Component unit capital assets, net	<u>\$ 127,779</u>	<u>1,621</u>	<u>-0-</u>	<u>(95)</u>	<u>129,305</u>

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(6) Capital Assets (Continued)**

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 15,471
Public safety	362,445
Public works	2,617,769
Health and welfare	180,222
Culture and recreation	17,035
Economic Development	6,720
Total governmental activities depreciation expense	\$ 3,199,662
Business-type activities:	
Garbage disposal	\$ 89,917
Total business-type activities depreciation expense	\$ 89,917
Component unit:	
Library materials	\$ 43,054
General government	9,250
Total component unit depreciation expense	\$ 52,304

Commitments with respect to unfinished capital projects at September 30, 2009, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Trusty's Barraks	\$ 23,208	September 2010

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(7) 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, 2009, to January 1, 2010. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**(8) Capital Leases**

**As Lessor:**

The county leases the following property with varying terms and options as of September 30, 2009:

<u>Classes of Property</u>	<u>Amount</u>
Buildings	\$ 169,678
Mobile equipment	<u>22,306</u>
Total	<u><u>191,984</u></u>

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(8) Capital Leases (Continued)**

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2009, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending September 30,		
2010	7,212	6,749
2011	7,506	6,455
2012	7,811	6,150
2013	8,130	5,831
2014	8,461	5,500
2015-2019	47,765	22,036
2020-2024	58,321	11,481
2025-2029	26,792	1,129
Total	<u>\$ 171,998</u>	<u>65,331</u>

**As Lessee:**

The county has no obligation for capital assets acquired through capital leases as of September 30, 2009.

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(9) Long-term Debt**

Debt outstanding as of September 30, 2009, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
MBIA Bond	\$ 169,000	0.0	2/11
2000 Paving Project	125,000	4.875	3/10
2007 GO Industrial Development Bond	<u>8,760,000</u>	5.0-6.0	7/26
Total General Obligation Bonds	<u>\$ 9,054,000</u>		
D. Other Loans:			
Capital improvements revolving loan	\$ 33,163	4.25	1/12
Capital improvements revolving loan	169,172	3.0	9/26
Capital improvements revolving loan	<u>346,210</u>	3.0	7/29
	<u>\$ 548,545</u>		

**UNION COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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

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

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2010	212,000	478,347	37,006	16,528
2011	437,000	475,300	38,341	15,193
2012	375,000	454,000	22,193	13,965
2013	400,000	431,500	22,777	13,293
2014	425,000	407,500	23,470	12,600
2015-2019	2,480,000	1,672,700	128,502	51,847
2020-2024	3,195,000	957,125	149,270	31,079
2025-2029	1,530,000	127,325	126,986	9,287
Total	<u>\$ 9,054,000</u>	<u>5,003,797</u>	<u>548,545</u>	<u>163,792</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, 2009, the amount of outstanding debt was equal to 5.67% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2009:

	Balance Oct. 1, 2008	Additions	Reductions	Adjustments	Balance Sept. 30, 2009	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 90,594	3,609			94,203	
General obligation bonds	9,261,000		207,000		9,054,000	212,000
Unamortized premiums	95,079		20,932		74,147	21,853
Unamortized discounts	(228,767)		(10,528)		(218,239)	(11,138)
Capital leases	30,189		30,189		-0-	
Other loans	625,315	3,408	80,178		548,545	37,006
Totals	<u>\$ 9,873,410</u>	<u>7,017</u>	<u>327,771</u>	<u>-0-</u>	<u>9,552,656</u>	<u>259,721</u>
Business-type Activities:						
Compensated absences	<u>\$ 4,805</u>	<u>360</u>			<u>5,165</u>	

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(10) Contingencies**

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

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

Solid Waste Revenue Refunding Bonds

In 1998, solid waste revenue refunding bonds were issued by the Three Rivers Solid Waste Management Authority for \$8,210,000. 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 of the \$3,225,000 refunding bonds balance at September 30, 2009, is \$194,790.

**(11) 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 \$100,000 for support of the association in fiscal year 2009. 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  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(11) Joint Ventures (Continued)**

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 \$10,668 for the support and maintenance of the airport in fiscal year 2009. Complete financial statements can be obtained from the New Albany-Union County Airport, New Albany, MS 38652.

**(12) 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 2009.

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 \$28,735 for the support of the district in fiscal year 2009.

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 \$785,000 for the support and maintenance of the college in fiscal year 2009.

Northeast Mental Health-Mental Retardation Commission operates in a district composed of the counties of Benton, Itawamba, Lee, Chickasaw, Pontotoc, Monroe and Union. The Union County Board of Supervisors appoints one of the seven members of the board of commissioners. The county appropriated \$23,500 for support of the commission in fiscal year 2009.

**UNION COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**(12) Jointly Governed Organizations (Continued)**

Lift, Inc. operates in a district composed of the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Union County Board of Supervisors appoints one of the twenty-four members of the board of directors. The county appropriated \$2,500 in fiscal year 2009 to the organization.

Northeast Mississippi Emergency Medical Services serves the counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Marshall, Pontotoc, Tishomingo and Union. The Union County Board of Supervisors appoints four of the thirty-six members of the board of directors. The county appropriated \$17,753 for support of the district in fiscal year 2009.

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 appropriated \$100,000 for the support of the alliance in fiscal year 2009.

**(13) Defined Benefit Pension Plan**

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2009 was 12% of annual covered payroll. The contribution requirements of PERS members 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, 2009, 2008, and 2007, were \$423,662, \$404,789, and \$369,905, respectively, equal to the required contributions for each year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Union County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2009**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,031,086	4,002,983	4,002,983	-0-
Licenses, commissions and other revenue	353,400	333,693	333,693	-0-
Fines and forfeitures	238,500	268,327	268,327	-0-
Intergovernmental revenues	1,059,337	1,034,987	1,034,987	-0-
Charges for services	136,000	384,123	384,123	-0-
Interest income	86,000	67,908	67,908	-0-
Miscellaneous revenues	13,400	21,194	21,194	-0-
Total Revenues	<u>5,917,723</u>	<u>6,113,215</u>	<u>6,113,215</u>	<u>-0-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,130,373	2,710,327	2,710,327	-0-
Public safety	2,407,598	2,437,689	2,437,689	-0-
Public works	30,668	42,282	42,282	-0-
Health and welfare	221,800	209,920	209,920	-0-
Culture and recreation	66,400	33,309	33,309	-0-
Conservation of natural resources	125,795	122,945	122,945	-0-
Economic development and assistance	242,735	560,608	560,608	-0-
Debt service:				
Principal	72,002	68,515	68,515	-0-
Interest		3,486	3,486	-0-
Total Expenditures	<u>6,297,371</u>	<u>6,189,081</u>	<u>6,189,081</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(379,648)</u>	<u>(75,866)</u>	<u>(75,866)</u>	<u>-0-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds		200	200	-0-
Transfers in	135,000			-0-
Transfers out	<u>(135,000)</u>			<u>-0-</u>
Total Other Financing Sources and Uses	<u>-0-</u>	<u>200</u>	<u>200</u>	<u>-0-</u>
Net Change in Fund Balance	(379,648)	(75,666)	(75,666)	-0-
Fund Balances - Beginning	3,650,986	3,658,211	3,658,211	-0-
Fund Balances - Ending	<u>\$ 3,271,338</u>	<u>3,582,545</u>	<u>3,582,545</u>	<u>-0-</u>

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

**Union County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**Countywide Road Maintenance**  
**For the Year Ended September 30, 2009**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,149,014	1,136,008	1,136,008	-0-
Road and bridge privilege taxes	280,000	299,366	299,366	-0-
Intergovernmental revenues	937,000	1,492,528	1,492,528	-0-
Interest income	30,000	20,263	20,263	-0-
Miscellaneous revenues		10	10	-0-
Total Revenues	<u>2,396,014</u>	<u>2,948,175</u>	<u>2,948,175</u>	<u>-0-</u>
<b>EXPENDITURES</b>				
Current:				
Public works	2,435,195	2,524,073	2,524,073	-0-
Debt service:				
Principal	30,189	30,188	30,188	-0-
Interest	329	328	328	-0-
Total Expenditures	<u>2,465,713</u>	<u>2,554,589</u>	<u>2,554,589</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(69,699)</u>	<u>393,586</u>	<u>393,586</u>	<u>-0-</u>
Net Change in Fund Balance	(69,699)	393,586	393,586	-0-
Fund Balances - Beginning	580,335	1,372,270	1,372,270	-0-
Fund Balances - Ending	<u>\$ 510,636</u>	<u>1,765,856</u>	<u>1,765,856</u>	<u>-0-</u>

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

**Union County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**Countywide Bridge Fund**  
**For the Year Ended September 30, 2009**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	1,099,000	1,085,534	1,085,534	-0-
Intergovernmental revenue	353,372	350,779	350,779	-0-
Interest income	30,000	25,474	25,474	-0-
Total Revenues	<u>1,482,372</u>	<u>1,461,787</u>	<u>1,461,787</u>	<u>-0-</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>1,643,000</u>	<u>784,927</u>	<u>784,927</u>	<u>-0-</u>
Total Expenditures	<u>1,643,000</u>	<u>784,927</u>	<u>784,927</u>	<u>-0-</u>
Excess of Revenues over (under) Expenditures	<u>(160,628)</u>	<u>676,860</u>	<u>676,860</u>	<u>-0-</u>
Net Change in Fund Balance	(160,628)	676,860	676,860	-0-
Fund Balances - Beginning	1,214,387	1,772,539	1,772,539	-0-
Fund Balances - Ending	<u>\$ 1,053,759</u>	<u>2,449,399</u>	<u>2,449,399</u>	<u>-0-</u>

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

**UNION COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**A. Budgetary Information**

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

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

**B. Basis of Presentation**

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

**C. Budget/GAAP Reconciliation**

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

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

**UNION COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**C. Budget/GAAP Reconciliation (Continued)**

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

	Governmental Fund Types		
	General Fund	Countywide Road Fund	Countywide Bridge Fund
Budget (Cash Basis)	(75,666)	393,586	676,860
Increase (Decrease)			
Net adjustments for revenue accruals	252,406	(597,022)	17,939
Net adjustments for expenditure accruals	<u>(369,249)</u>	<u>178,830</u>	<u>(339,223)</u>
GAAP Basis	<u><u>(192,509)</u></u>	<u><u>(24,606)</u></u>	<u><u>355,576</u></u>

**SPECIAL REPORTS**

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

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**INDEPENDENT AUDITORS' 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 the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Union County, Mississippi, as of and for the year ended September 30, 2009, which collectively comprise the county's basic financial statements and have issued our report thereon dated August 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal

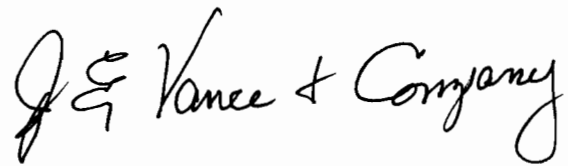
control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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 this specified party. However, this report is a matter of public record and its distribution is not limited.

Tupelo, Mississippi  
August 1, 2011

Handwritten signature in cursive script that reads "J. E. Vance & Company".

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

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**INDEPENDENT AUDITORS' 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 31, 2009. The Board of Supervisors of Union County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, Union County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2009.

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 the examination.

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

Tupelo, Mississippi  
August 1, 2011

*J. E. Vance & Company*

**Union County**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2009**

**Schedule 1**

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

**Union County  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2009**

**Schedule 2**

Our test results did not identify any emergency purchases.

**Union County**  
**Schedule of Purchases Made Noncompetitively from a Sole Source**  
**for the Year Ended September 30, 2009**

**Schedule 3**

Our test results 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, 2009, we considered Union County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion 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 1, 2011, on the financial statements of Union County, Mississippi.

Although no findings came to our attention as a result of these 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.

August 1, 2011



**SCHEDULE OF FINDINGS**

**UNION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Section 1: Summary of Auditors' Results**

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued on the financial statements:                           | Unqualified   |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to the financial statements?                                    | No            |

**Section 2: Financial Statement Findings**

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.