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GREENE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015

GREENE COUNTY

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GREENE COUNTY

FINANCIAL SECTION

Acklen & Story, PLLC

C E R T I F I E D P U B L I C A C C O U N T A N T S

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Greene County, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities, and Solid Waste Fund

As discussed in Note 1(I) to the financial statements, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets in the governmental activities, business-type activities, and solid waste fund.

Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness, and valuation of capital assets including the County's capital assets, including infrastructure, and also that the depreciation on capital assets, be adequately documented. The amount by which this departure would affect the assets and expenses on the governmental activities, business-type activities, and solid waste is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Governmental Activities, Business-Type Activities, and Solid Waste Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, and Solid Waste Fund of Greene County, Mississippi, as of September 30, 2015, and the change in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of General Fund and the aggregate remaining fund information of Greene County, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

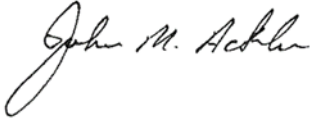
Greene County, Mississippi, has omitted Management’s Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2017 on our consideration of Greene County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greene County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "John M. Acklen". The signature is written in a cursive style with a large, stylized initial "J".

John M. Acklen, CPA
Acklen & Story, PLLC

May 5, 2017

GREENE COUNTY

FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,498,054	4,108	1,502,162
Restricted Assets - Investments	376,501		376,501
Property tax receivable	5,391,927	75,000	5,466,927
Accounts receivable (net of allowance for uncollectibles of \$315,655)		189,314	189,314
Fines receivable (net of allowance for uncollectibles of \$ 330,253)	256,072		256,072
Intergovernmental receivables	66,233		66,233
Other receivables	7,576		7,576
Internal balances	21,501	(21,501)	0
Capital assets:			
Land and construction in progress	133,458	6,040	139,498
Other capital assets, net	14,720,889	206,710	14,927,599
Total Assets	22,472,211	459,671	22,931,882
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,099,818	73,599	1,173,417
Total Deferred Outflows of Resources	1,099,818	73,599	1,173,417
LIABILITIES			
Claims payable	68,832	12,589	81,421
Intergovernmental payables	114,209		114,209
Accrued interest payable	64,456		64,456
Unearned revenue		41,756	41,756
Amounts held in custody for others	138,444		138,444
Long-term liabilities			
Net pension liability	6,222,797	416,425	6,639,222
Due within one year:			
Capital debt	1,139,195	136,498	1,275,693
Non-capital debt	109,100		109,100
Due in more than one year:			
Capital debt	5,977,364	17,962	5,995,326
Non-capital debt	761,400		761,400
Total Liabilities	14,595,797	625,230	15,221,027
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,715	449	7,164
Deferred revenues - property taxes	5,391,927	75,000	5,466,927
Total deferred inflows of resources	5,398,642	75,449	5,474,091
NET POSITION			
Net investment in capital assets	7,737,788	58,290	7,796,078
Restricted for:			
Expendable:			
General government	40,355		40,355
Public safety	78,616		78,616
Public works	777,596	123,616	901,212
Health and welfare	300,495		300,495
Conservation of natural resources	1,664		1,664
Economic development and assistance	107		107
Debt service	80,528		80,528
Unrestricted	(5,439,559)	(349,315)	(5,788,874)
Total Net Position	\$ 3,577,590	(167,409)	3,410,181

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

GREENE COUNTY
Statement of Activities
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,971,326	403,019	18,084		(2,550,223)		(2,550,223)
Public safety	790,773	143,478	110,110		(537,185)		(537,185)
Public works	3,689,552		815,355	8,212	(2,865,985)		(2,865,985)
Health and welfare	204,859				(204,859)		(204,859)
Culture and recreation	129,391				(129,391)		(129,391)
Education	81,254				(81,254)		(81,254)
Conservation of natural resources	110,181				(110,181)		(110,181)
Interest on long-term debt	273,181				(273,181)		(273,181)
Pension expense	912,841				(912,841)		(912,841)
Total Governmental Activities	9,163,358	546,497	943,549	8,212	(7,665,100)		(7,665,100)
Business-type activities:							
Solid Waste Fund	628,180	451,840				(176,340)	(176,340)
Total Business-type Activities	628,180	451,840	0	0		(176,340)	(176,340)
Total Primary Government	\$ 9,791,538	998,337	943,549	8,212	(7,665,100)	(176,340)	(7,841,440)
General revenues:							
Property taxes					\$ 5,679,174	355	5,679,529
Road & bridge privilege taxes					139,925		139,925
Grants and contributions not restricted to specific programs					351,402		351,402
Unrestricted interest income					5,979		5,979
Miscellaneous					1,116,669	13,722	1,130,391
Transfers					(98,896)	98,896	0
Total General Revenues, Contributions, Special Item, Extraordinary Item and Transfers					7,194,253	112,973	7,307,226
Changes in Net Position					(470,847)	(63,367)	(534,214)
Net Position - Beginning, as previously reported					11,865,877	227,104	12,092,981
Prior period adjustments					(7,817,440)	(331,146)	(8,148,586)
Net Position - Beginning, as restated					4,048,437	(104,042)	3,944,395
Net Position - Ending					\$ 3,577,590	(167,409)	3,410,181

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

GREENE COUNTY
Balance Sheet - Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
ASSETS			
Cash	\$ 273,981	1,224,073	1,498,054
Restricted Assets - Investments		376,501	376,501
Property tax receivable	2,538,158	2,853,769	5,391,927
Fines receivable (net of allowance for uncollectibles of \$330,253)	256,072		256,072
Intergovernmental receivables	66,233		66,233
Other receivables	7,576		7,576
Due from other funds		57,820	57,820
Advances to other funds	534,902	452,219	987,121
Total Assets	\$ 3,676,922	4,964,382	8,641,304
LIABILITIES			
Liabilities:			
Claims payable	\$ 30,436	38,396	68,832
Intergovernmental payables	102,306		102,306
Due to other funds	63,722		63,722
Advances from other funds	160,469	811,152	971,621
Amount held in Custody for others	138,444		138,444
Total Liabilities	\$ 495,377	849,548	1,344,925
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	2,538,158	2,853,769	5,391,927
Unavailable revenue - fines	256,072		256,072
Total deferred inflows of resources	\$ 2,794,230	2,853,769	5,647,999
Fund balances:			
Nonspendable:			
Advances	534,902		534,902
Restricted for:			
General government		40,355	40,355
Public safety		78,616	78,616
Public works		777,596	777,596
Health and welfare		300,495	300,495
Education		1,664	1,664
Economic development and assistance		107	107
Debt service		144,984	144,984
Unassigned	(147,587)	(82,752)	(230,339)
Total Fund Balances	\$ 387,315	1,261,065	1,648,380
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,676,922	4,964,382	8,641,304

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

GREENE COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2015

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 1,648,380
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$0.	14,854,347
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	256,072
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,987,059)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,222,797)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(64,456)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,099,818
Deferred inflows of resources related to pensions	<u>(6,715)</u>
Total Net Position - Governmental Activities	\$ <u><u>3,577,590</u></u>

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

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

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 2,569,709	3,109,465	5,679,174
Road and bridge privilege taxes		139,925	139,925
Licenses, commissions and other revenue	119,274	6,471	125,745
Fines and forfeitures	280,809	22,293	303,102
Intergovernmental revenues	157,559	1,145,604	1,303,163
Charges for services	1,033	108,686	109,719
Interest income	5,979		5,979
Miscellaneous revenues	866,905	249,764	1,116,669
Total Revenues	<u>4,001,268</u>	<u>4,782,208</u>	<u>8,783,476</u>
EXPENDITURES			
Current:			
General government	2,922,742	237,277	3,160,019
Public safety	879,517	579,635	1,459,152
Public works		3,897,675	3,897,675
Health and welfare	204,582	276	204,858
Culture and recreation	100,474	28,917	129,391
Education		81,254	81,254
Conservation of natural resources	105,256	4,923	110,179
Debt service:			
Principal	175,288	1,672,592	1,847,880
Interest	7,155	277,788	284,943
Total Expenditures	<u>4,395,014</u>	<u>6,780,337</u>	<u>11,175,351</u>
Excess of Revenues over (under) Expenditures	<u>(393,746)</u>	<u>(1,998,129)</u>	<u>(2,391,875)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		1,154,940	1,154,940
Proceeds from sale of capital assets	400	805,478	805,878
Compensation for loss of capital assets	2,871	10,871	13,742
Transfers in	506,864	163,562	670,426
Transfers out	(257,458)	(511,864)	(769,322)
Lease principal payments			0
Total Other Financing Sources and Uses	<u>252,677</u>	<u>1,622,987</u>	<u>1,875,664</u>
Net Changes in Fund Balances	<u>(141,069)</u>	<u>(375,142)</u>	<u>(516,211)</u>
Fund Balances - Beginning, as previously reported	534,888	1,638,080	2,172,968
Prior period adjustments	(6,504)	(1,873)	(8,377)
Fund Balances - Beginning, as restated	<u>528,384</u>	<u>1,636,207</u>	<u>2,164,591</u>
Fund Balances - Ending	\$ <u>387,315</u>	<u>1,261,065</u>	<u>1,648,380</u>

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

GREENE 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, 2015

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (516,211)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$771,782 exceeded depreciation of \$0 in the current period.

771,782

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$108,527 and the proceeds from the sale of \$ 805,878 and the compensation for the loss of capital assets of \$13,742 in the current period.

(928,147)

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.

7,931

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,847,880 exceeded debt proceeds of \$1,154,940.

692,940

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

The amortization of bond discount	(4,823)
The amount of increase/decrease of accrued interest payable	16,584

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(912,841)
Recording of contributions made during the fiscal year:	
Before the measurement date	298,059
Subsequent to the measurement date	<u>103,879</u>

Change in Net Position of Governmental Activities	\$ <u><u>(470,847)</u></u>
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The notes to the financial statements are an integral part of this statement.

GREENE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2015

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 4,108
Property tax receivable	75,000
Accounts receivable (net of allowance for uncollectibles of \$ 315,655)	189,314
Due from other funds	3
Total Current Assets	<u>268,425</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	6,040
Other capital assets, net	206,710
Total Noncurrent Assets	<u>212,750</u>
Total Assets	<u>481,175</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	73,599
Total Deferred Outflows of Resources	<u>73,599</u>
LIABILITIES	
Current liabilities	
Claims payable	12,589
Advances from other funds	21,504
Unearned revenue	41,756
Capital debt:	
Capital leases payable	136,498
Total Current Liabilities	<u>212,347</u>
Noncurrent liabilities	
Liabilities payable from restricted asset:	
Net Pension Liability	416,425
Capital debt:	
Capital leases payable	17,962
Total Noncurrent Liabilities	<u>434,387</u>
Total Liabilities	<u>646,734</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	449
Deferred Inflows - Property Tax	75,000
Total Deferred Inflows of Resources	<u>75,449</u>
NET POSITION	
Net investment in capital asset	58,290
Restricted for:	
Public works	123,616
Unrestricted	(349,315)
Total Net Position	\$ <u>(167,409)</u>

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

GREENE COUNTY

Exhibit 6

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

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 451,840
Miscellaneous	189
Total Operating Revenues	<u>452,029</u>
Operating Expenses	
Personal services	234,145
Pension expense	61,087
Contractual services	137,486
Materials and supplies	133,799
Depreciation Expense	54,311
Total Operating Expenses	<u>620,828</u>
Operating Income (Loss)	<u>(168,799)</u>
Nonoperating Revenues (Expenses)	
Property tax	355
Interest expense	(7,352)
Other income (expenses)	13,533
Net Nonoperating Revenue (Expenses)	<u>6,536</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	(162,263)
Transfers in	98,896
Changes in Net Position	<u>(63,367)</u>
Net Position - Beginning, as previously reported	227,104
Prior period adjustments	(331,146)
Net Position - Beginning, as restated	<u>(104,042)</u>
Net Position - Ending	\$ <u>(167,409)</u>

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

GREENE COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 483,596
Payments to suppliers	(271,362)
Payments to employees	(261,043)
Other operating cash payments	(1,520)
Net Cash Provided (Used) by Operating Activities	<u>(50,329)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from property taxes	355
Operating transfers in	98,896
Net Cash Provided (Used) by Noncapital Financing Activities	<u>99,251</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(53,756)
Interest paid on debt	(7,352)
Other receipts (payments)	13,533
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,575)</u>
Cash Flows From Investing Activities	
Net Cash Provided (Used) by Investing Activities	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,347
Cash and Cash Equivalents at Beginning of Year	2,761
Cash and Cash Equivalents at End of Year	<u>\$ 4,108</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (168,799)
Depreciation expense	54,311
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(43,574)
Allowance for uncollectibles	75,330
(Increase) decrease in other receivables	8
(Increase) decrease in deferred outflow related to pension	(67,038)
Increase(decrease) in Net Pension Liability	100,778
Increase(decrease) in deferred inflows of resources	449
Increase (decrease) in claims payable	(77)
Increase (decrease) in unearned revenue	(1,717)
Total Adjustments	<u>118,470</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (50,329)</u>

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

GREENE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

Exhibit 8

	Agency Funds
ASSETS	
Cash and investments	\$ 9,860
Due from other funds	5,899
Advances to other fund	55,418
Other receivables	16,468
Total Assets	\$ <u><u>87,645</u></u>
LIABILITIES	
Intergovernmental payables	\$ 38,231
Advances from other funds	49,414
Total Liabilities	\$ <u><u>87,645</u></u>

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Greene County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Greene County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. 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 Statement of Net Position presents the financial condition of the governmental activities 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. 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 asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The County reports the following major Governmental Funds:

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

The County reports the following major Enterprise Funds:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

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.

D. Account Classifications.

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

E. 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.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Restricted Assets.

Governmental Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions, and donor specifications have been reported as restricted assets. Certain proceeds of the County's governmental fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "capitalized interest" account is funded by bank bond proceeds and is used to pay the related interest due on revenue bonds prior to the completion of construction of the project. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operation that

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

could adversely affect debt service payments. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

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 statements. The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets, or records documenting the County's infrastructure or records documenting depreciation on applicable assets. Also, capital asset records do not include any amounts for infrastructure. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Greene County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. Furthermore, capital assets do not include any amounts for infrastructure.

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

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

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

J. Deferred Outflows/Inflows of Resources:

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

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

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

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

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

K. Pensions.

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

L. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

Fund Balance Flow Assumption:

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

N. 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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

O. 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.

P. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee benefits; however, adequate records are not maintained for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposal of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

A summary of the significant fund equity adjustments is as follows:

Exhibit 2 – Statement of Activities.

Explanation		Governmental Activities	Business Type Activities
		Amount	Amount
Net effect of prior year errors in recording revenues and expenses	\$	(8,375)	-
To implement GASB 68 and GASB 71		(4,618,792)	(309,086)
To correct errors from incorrect recording of capital assets in the prior period		(3,190,273)	(22,060)
Total prior period adjustments	\$	<u>(7,817,440)</u>	<u>(331,146)</u>

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To correct errors in recording of revenues and expenses	
General Fund	\$ (6,504)
Other Governmental Funds	(1,873)
	<u>(8,377)</u>
Total prior period adjustments	\$ <u>(8,377)</u>

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

<u>Explanation</u>	<u>Amount</u>
To implement GASB 68 and GASB 71	\$ (309,086)
To correct errors from incorrect recording of capital assets in the prior period	(22,060)
	<u>(331,146)</u>
Total prior period adjustments	\$ <u>(331,146)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$1,512,022, and the bank balance was \$2,157,715. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the 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 FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Greene County Rural Health Center.

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
Certificates of Deposit	Two Years	\$ <u>376,501</u>	None

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

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.

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the 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. However, the Mississippi State Treasurer manages that risk on behalf of the County. Bank certificates of deposit above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 57,820
Solid Waste Fund	General Fund	3
Agency Funds	General Fund	5,899
Total		<u>\$ 63,722</u>

The receivables represent the tax revenue collected in September 2015, but not settled until October, 2015, posting errors, indirect costs charged to solid waste, privilege taxes owed to other funds, and loans made by the general fund. All 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	Other Governmental Funds	\$ 465,407
General Fund	Solid Waste Fund	21,504
General Fund	Agency Funds	47,991
Other Governmental Funds	General Fund	160,469
Other Governmental Funds	Other Governmental Funds	291,750
Agency Funds	Other Governmental Funds	53,995
Agency Funds	Agency Funds	1,423
Total		<u>\$ 1,042,539</u>

The interfund advances balances consists of operating loans from the General Funds to other governmental funds, solid waste fund, agency fund to cover payroll for a former Chancery Clerk, a receivable was created due to a transfer made from the payroll clearing fund to the General Fund, and interfund expenses and revenues charged to the incorrect fund.

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 506,864
Other Governmental Funds	General Fund	158,562
Other Governmental Funds	Other Governmental Funds	5,000
Solid Waste Fund	General Fund	<u>98,896</u>
Total		<u>\$ 769,322</u>

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

(5) Intergovernmental Receivables.

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ <u>66,233</u>

(6) Restricted Assets.

The balances of the restricted asset accounts in the Other Governmental funds are as follows:

Capitalized interest	\$ 6
Debt service reserve	<u>376,495</u>
Total restricted assets	<u>\$ 376,501</u>

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(7) Capital Assets.

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

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments*	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 133,458	-	-	-	133,458
Total non-depreciable capital assets	<u>133,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,458</u>
<u>Depreciable capital assets:</u>					
Buildings	10,764,284			(3,409,002)	7,355,282
Improvements other than buildings				21,640	21,640
Mobile equipment	3,770,523	40,329	243,019	565,714	4,133,547
Furniture and equipment	789,881	36,698	5,323	321,856	1,143,112
Leased property under capital leases	<u>2,742,839</u>	<u>694,755</u>	<u>679,805</u>	<u>(690,481)</u>	<u>2,067,308</u>
Total depreciable capital assets	<u>18,067,527</u>	<u>771,782</u>	<u>928,147</u>	<u>(3,190,273)</u>	<u>14,720,889</u>
<u>Less accumulated depreciated for:</u>					
Buildings					
Mobile equipment					
Furniture and equipment					
Leased property under capital leases					
Total accumulated depreciation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total depreciable capital assets, net	<u>18,067,527</u>	<u>771,782</u>	<u>928,147</u>	<u>(3,190,273)</u>	<u>14,720,889</u>
Governmental activities capital assets, net \$	<u><u>18,200,985</u></u>	<u><u>771,782</u></u>	<u><u>928,147</u></u>	<u><u>(3,190,273)</u></u>	<u><u>14,854,347</u></u>

See Note 1 (I) for additional discussion regarding governmental activities capital assets.

* Adjustments in governmental activities capital assets were due to incorrect recording of fair value assets and improper classification.

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Business-type activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments*	Balance Sept. 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,040	-	-	-	6,040
Total non-depreciable capital assets	6,040	-	-	-	6,040
<u>Depreciable capital assets:</u>					
Buildings	50,000			156,000	206,000
Mobile equipment	433,992			(92,975)	341,017
Furniture and equipment	10,000			19,514	29,514
Leased property under capital leases	284,393			5,936	290,329
Total depreciable capital assets	778,385	-	-	88,475	866,860
<u>Less accumulated depreciated for:</u>					
Intrastructure					
Buildings	14,000	3,120		139,440	156,560
Mobile equipment	369,922			(28,905)	341,017
Furniture and equipment	9,000				9,000
Leased property under capital leases	102,382	51,191			153,573
Total accumulated depreciation	495,304	54,311	-	110,535	660,150
Total depreciable capital assets, net	283,081	(54,311)	-	(22,060)	206,710
Business-type activities capital assets, net	\$ 289,121	(54,311)	-	(22,060)	212,750

See Note 1 (I) for additional discussion regarding governmental activities capital assets.

* Adjustments in business-type activities capital assets were due to incorrect recording of fair value assets and improper classification.

Depreciation expense was charged to the following functions:

Solid Waste Fund	54,311
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(8) Claims and Judgments.

Risk Financing.

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(9) Operating Leases.

As Lessor:

Greene County entered into a lease agreement with the George Regional Health System dated October 27, 2007. George Regional Health System leased the premises of Greene County Hospital for the purpose of operating the health care facility, including, but not limited to, a Hospital, twenty-four hour emergency department and a nursing home.

The lease commenced on August 1, 2008 and terminates on December 31, 2017. The annual rental, for the first five years, shall be \$498,000 payable in twelve equal installments in advance on the first day of each month for that month's rental. The annual rent, for years 6-10, shall increase by \$5,000 per year wherein the annual rental shall total \$503,000 for year 6, \$508,000 for year 7, \$513,000 for year 8, \$518,000 for year 9 and \$523,000 for year 10.

The lease contains two options to renew for an additional ten years each, for a total of twenty years after the initial term at a rental equaling the amount of the initial rent, plus the compounded annual adjustments, which said adjustments (said adjustment being an increase of \$5,000 per year) shall continue through the initial term and each renewal lease to be in the same as those in this lease agreement. The parties agree that this agreement shall automatically renew or extend for a period of ten years after the initial term in accordance with the agreement, unless George Regional Health Facility gives the County written notice of its intention to terminate this lease agreement at least ninety days before the lease agreement expires.

Greene County entered into an amendment to this agreement on September 15, 2011. The Lessor will acquire \$4,000,000 for expansion of the facility which will be amortized over thirty years. As consideration for acquiring the debt, and making improvement to the facility, the lessee will pay \$15,000 per month, in addition to the original lease agreement. The first payment for the debt associated with the expansion shall be in November 2012, or whenever the Lessee occupies the new space, whichever is sooner.

The County receives income from property it leases under noncancellable operating leases. Total income from such leases was \$688,833 for the year ended September 30, 2015. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2016	\$ 693,833
2017	698,833
2018	<u>703,833</u>
Total Minimum Payments Required	<u>\$ 2,096,499</u>

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 2,067,308	290,329
Total	2,067,308	290,329
Less: Accumulated depreciation		153,573
Leased Property Under Capital Leases	\$ 2,067,308	136,756

The following is a schedule by years of the total payments due as of September 30, 2015:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 553,678	29,597	136,498	1,868
2017	245,309	21,858	17,962	209
2018	421,608	13,347		
2019	91,800	8,153		
2020	343,575	5,681		
Total	\$ 1,655,970	78,636	154,460	2,077

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

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

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$428,836, \$394,666 and \$358,546, respectively, equal to the required contributions for each year.

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

At September 30, 2015, liabilities were reported in the Governmental Activities in the amount of \$6,222,797 and the Business Type Activities in the amount of \$416,425 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was .042950 percent, which was an increase of 0.00149 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the Governmental Activities and the Business Type Activities recognized pension expense of \$912,841 and \$61,087, respectively. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Governmental Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 95,766	-
Net difference between projected and actual earnings on pension plan investments	364,100	-
Changes of assumptions	536,073	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-	6,715
County contributions subsequent to the measurement date	103,879	-
Total	\$ 1,099,818	6,715

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Business Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,409	-
Net difference between projected and actual earnings on pension plan investments	24,365	-
Changes of assumptions	35,873	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	-	449
County contributions subsequent to the measurement date	6,952	-
Total	\$ 73,599	449

Deferred outflows of resources in the Governmental Activities, in the amount of \$103,879, and Business Type Activities, in the amount of \$6,952, related to pensions resulting from County contributions subsequent to the measurement date. They will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2016	\$ 342,321
2017	342,321
2018	273,664
2019	97,116

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

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

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

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

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

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

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

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

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 8,751,104	6,639,222	4,886,757

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

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(12) Long-term Debt.

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

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Katrina Loan Refunding Bonds, Series 2010	\$ 870,500	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Building)	<u>200,000</u>	3.75%	01/2020
Total General Obligation Bonds	<u>\$ 1,070,500</u>		
B. Limited Obligation Bonds:			
Taxable Special Obligation Bonds	<u>\$ 4,360,000</u>	4.86%	11/2031
Total Limited Obligation Bonds	<u>\$ 4,360,000</u>		
C. Capital Leases:			
Chevrolet Tahoe	\$ 10,913	1.95%	01/2017
John Deere Tractor	18,633	1.81%	02/2016
Loader	85,512	1.95%	08/2017
CAT 140M3	234,830	2.20%	02/2018
CAT 320 Excavator	121,974	2.51%	07/2020
2005 Western Star Dump Truck	36,765	2.17%	07/2018
Daewoo Excavator	11,833	1.55%	11/2016
Tractor & Rotary Cutter	9,950	5.75%	12/2015
2012 Ford F-150	4,824	3.04%	04/2016
Kubota Tractor	6,554	3.04%	08/2016
CAT 12H Motorgrader	74,340	1.89%	01/2016
2006 Volvo Loader/Backhoe	9,410	2.15%	07/2016
2012 CAT 320 Excavator	121,974	2.15%	07/2020
Ford F550	2,454	3.04%	04/2016
CAT 430F Backhoe	78,963	1.89%	12/2018
Tractor & Dump Trucks	19,778	1.55%	11/2016
Alamo Boom	18,751	1.95%	03/2017
Kubota Tractor	30,810	2.14%	05/2018

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
CAT D4 Motorgrader	225,556	2.19%	06/2020
John Deere Tractor	18,633	1.81%	02/2016
CAT 140M2 Motorgrader	201,260	1.74%	07/2016
CAT 430F Backhoe	83,685	2.10%	03/2018
CAT 12M3 Grader	228,568	2.19%	08/2020
Total Capital Leases	<u>\$ 1,655,970</u>		

D. Other Loans:

Loan - Singing River	\$ 154,167	0.00%	07/2019
Loan - Hospital Renovation	560,000	2.25-3.20%	03/2019
Loan - Road Repairs	150,000	2.10%	07/2016
Loan - Laundry Construction	<u>113,584</u>	2.75%	04/2019
Total Other Loans	<u>\$ 977,751</u>		

Business-type Activities:

A. Capital Leases:

2009 Freightliner Garbage Truck	\$ 35,544	2.14%	09/2017
Mack Garbage Truck	114,230	2.69%	02/2016
Ford F150 Truck	<u>4,686</u>	1.73%	05/2016
Total Capital Leases	<u>\$ 154,460</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 146,100	42,300	195,000	179,213
2017	151,800	36,046	200,000	175,800
2018	158,700	29,526	205,000	171,300
2019	165,900	22,712	210,000	166,175
2020	172,300	15,611	215,000	160,400
2021 - 2025	275,700	12,121	1,180,000	687,138
2026 - 2030	-	-	1,460,000	411,225
2031 - 2035	<u>-</u>	<u>-</u>	<u>695,000</u>	<u>55,125</u>
Total	<u>\$ 1,070,500</u>	<u>158,316</u>	<u>4,360,000</u>	<u>2,006,376</u>

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Year Ending September 30	Other Loans	
	Principal	Interest
2016	\$ 358,340	9,756
2017	209,108	6,118
2018	209,889	5,827
2019	200,414	5,304
Total	\$ 977,751	27,005

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to .8607% of the latest property assessments.

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

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 1,211,000		140,500		1,070,500	146,100
Less:						
Discounts	(81,985)		(4,823)		(77,162)	(4,823)
Limited obligation bonds	4,550,000		190,000		4,360,000	195,000
Capital leases	1,960,369	1,004,940	1,309,339		1,655,970	553,678
Other loans	1,035,792	150,000	208,041	-	977,751	358,340
Total	\$ 8,675,176	1,154,940	1,843,057	-	7,987,059	1,248,295

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
Business-type Activities:						
Capital leases	\$ 208,216	-	53,756	-	154,460	136,498

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2015:

Fund	Deficit Amount
DUI Grant	\$ 14,350
Forestry Commission Grant	735
Homeland Security	22,280
Law Library	65,037
Beat 3 Road Fund	82,257

(14) Contingencies.

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

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

General Obligation Debt Contingencies - The County guaranteed notes to provide funds for constructing a satellite campus for Jones County Junior College. Such debt is being retired from an ad valorem tax levied on the citizens of Greene County on behalf of Jones County Junior College and, therefore, is not reported as a liability of the County. However, because the notes are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Balance at Sept. 30, 2015
USDA Note	\$ 315,185

(15) Joint Ventures.

The County participates in the following joint ventures:

Greene County, Mississippi is a participant with the Counties of Perry and Stone in a joint venture, authorized by section 39-3-9, Miss. Code Ann. (1972), to operate the Pine Forest Regional Library. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a six-member board. Each County appoints two board members. By contractual agreement the County's appropriation to the joint venture was \$65,000. Complete financial statements for the Pine Forest Regional Library can be obtained from P. O. Box 1208; Richton, MS 39476.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Greene County Board of Supervisors appoints one of nine members of the board of directors. There is no ongoing financial interest or responsibility for the appointing authorities. The County attributed \$32,354 for support of the district in fiscal year 2015.

GREENE COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2015

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Greene County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$13,600 for support of the district in fiscal year 2015.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Greene County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$21,000 for support of the entity in fiscal year 2015.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Greene County Board of Supervisors appoints two of the 20 members of the college board of trustees. The County appropriated \$398,853 for maintenance, support and enlargement of the college in fiscal year 2015.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the board of supervisors of each of the member counties and one appointed at large. The Counties generally provide no financial support to the organization.

Gulf Coast Community Action Agency operates in the Counties of George, Greene, Hancock and Harrison. The agency's board is composed of 24 members, one each appointed by the Counties of George, Greene, Hancock and Harrison, and the Cities of Bay St. Louis, Biloxi, Gulfport and Pass Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provide only a modest amount of financial support when the grants require matching funds.

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Greene County evaluated the activity of the County through May 5, 2017, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/07/2015	2.07%	\$ 42,000	Capital Lease	Ad Valorem Tax
01/27/2016	1.95%	137,561	Capital Lease	Ad Valorem Tax
02/25/2016	2.47%	334,110	Capital Lease	Ad Valorem Tax
04/06/2016	2.41%	192,000	Capital Lease	Ad Valorem Tax
05/31/2016	2.15%	54,112	Capital Lease	Ad Valorem Tax
07/05/2016	2.10%	150,000	Capital Note	Ad Valorem Tax
02/28/2017	0.00%	37,540	Capital Lease	Ad Valorem Tax
03/06/2017	2.25%	150,000	Capital Note	Ad Valorem Tax

GREENE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,605,448	\$ 2,620,153	\$ 2,536,720	(83,433)
Licenses, commissions and other revenue	125,500	130,800	\$ 211,458	80,658
Fines and forfeitures	259,000	250,000	\$ 280,809	30,809
Intergovernmental revenues:	241,600	255,600	\$ 180,520	(75,080)
Charges for services	10,000	10,000	\$ 1,032	(8,968)
Interest income	5,000	55,000	\$ 778,128	723,128
Miscellaneous revenues	811,700	805,000	\$ 90,529	(714,471)
Total Revenues	<u>4,058,248</u>	<u>4,126,553</u>	<u>4,079,196</u>	<u>(47,357)</u>
EXPENDITURES				
Current:				
General government	2,709,424	2,530,003	2,929,602	(399,599)
Public safety	885,694	876,529	902,149	(25,620)
Health and welfare	1,151,414	1,151,414	316,571	834,843
Culture and recreation	78,606	78,606	100,415	(21,809)
Conservation of natural resources	113,106	113,106	104,905	8,201
Economic development and assistance	20,000	20,000	-	20,000
Debt service:				0
Principal			166,747	(166,747)
Interest			6,852	(6,852)
Total Expenditures	<u>4,958,244</u>	<u>4,769,658</u>	<u>4,527,241</u>	<u>242,417</u>
Excess of Revenues over (under) Expenditures	<u>(899,996)</u>	<u>(643,105)</u>	<u>(448,045)</u>	<u>195,060</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			1,062,393	1,062,393
Transfers out			(691,386)	(691,386)
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>371,007</u>	<u>371,007</u>
Net Change in Fund Balance	(899,996)	(643,105)	(77,038)	566,067
Fund Balances - Beginning	<u>1,068,493</u>	<u>1,068,493</u>	<u>134,176</u>	<u>(934,317)</u>
Fund Balances - Ending	<u>\$ 168,497</u>	<u>425,388</u>	<u>57,138</u>	<u>(368,250)</u>

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

GREENE COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.042950%	0.041460%
County's proportionate share of the net pension liability (asset)	\$ 6,639,222	5,032,485
County's covered-employee payroll	\$ 2,722,768	2,505,816
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.84%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

GREENE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 428,836	394,666
Contributions in relation to the contractually required contribution	<u>428,836</u>	<u>394,666</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 2,722,768	2,505,816
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

GREENE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2015

UNAUDITED

Budgetary Comparison Schedule

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 supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

	<u>Governmental Fund Types</u>
	General Fund
Budget (Cash Basis)	\$ (77,038)
Increase (Decrease)	
Net adjustments for revenue accruals	(630,186)
Net adjustments for expenditure accruals	<u>566,155</u>
GAAP Basis	\$ <u>(141,069)</u>

GREENE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2015

UNAUDITED

Pension Schedules

A. Changes in benefit terms

None.

B. Changes of assumptions

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

GREENE COUNTY

OTHER INFORMATION

GREENE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

Name	Position	Company	Bond
Gary L Dearman	Supervisor District 1	Western Surety	\$100,000
William Morris Hill	Supervisor District 2	Ohio Casualty	\$100,000
Vince West	Supervisor District 3	Western Surety	\$100,000
Wayne Barrow	Supervisor District 4	Ohio Casualty	\$100,000
Harold Cook	Supervisor District 5	Ohio Casualty	\$100,000
Michelle Eubanks	Chancery Clerk	Ohio Casualty	\$100,000
Pearl Lavon Pringle	Purchase Clerk	Ohio Casualty	\$75,000
Angela Pearce	Receiving Clerk	Ohio Casualty	\$75,000
Harvey Grimes	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Dorothy Woods	Assistant Receiving Clerk	Western Surety	\$75,000
Anthony Pulliam	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Pascal Walters	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Roland Neel	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Patti Zehner	Inventory Control Clerk	Ohio Casualty	\$75,000
Harvey Grimes	Road Manager	Ohio Casualty	\$75,000
Dorothy Woods	Road Manager	Western Surety	\$75,000
Anthony Pulliam	Road Manager	Ohio Casualty	\$75,000
Pascal Walters	Road Manager	Ohio Casualty	\$75,000
Roland Neel	Road Manager	Ohio Casualty	\$75,000
Ryan Walley	Constable	Ohio Casualty	\$50,000
Josh Miller	Constable	Ohio Casualty	\$50,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	\$100,000
Renee Green	Deputy Circuit Clerk	Western Surety	\$50,000
Pertina Benjamin	Deputy Circuit Clerk	Western Surety	\$50,000
Stanley McLeod	Sheriff	Ohio Casualty	\$100,000
L Joe Beard	Justice Court Judge	Ohio Casualty	\$50,000
Wade Jeffrey Byrd	Justice Court Judge	Ohio Casualty	\$50,000
Rita Walley	Justice Court Clerk	Ohio Casualty	\$50,000
Brena Moreno	Deputy Justice Court Clerk	Ohio Casualty	\$50,000
Mark Holder	Tax Assessor/Collector	Ohio Casualty	\$100,000
Ashley Young	Deputy Tax Assessor	Ohio Casualty	\$50,000
Vonda Matthews	Deputy Tax Assessor	Western Surety	\$25,000
Tammy Kittrell	Deputy Tax Assessor	Western Surety	\$25,000

GREENE COUNTY

SPECIAL REPORTS

Acklen & Story, PLLC

C E R T I F I E D P U B L I C A C C O U N T A N T S

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

Members of the Board of Supervisors
Greene County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greene County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 5, 2017. The report is qualified on the governmental activities, business-type activities, and Solid Waste Fund because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-001 and 2015-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County, Mississippi's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2015-01.

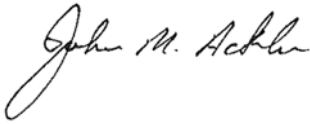
We also noted certain matters which we have reported to the management of Greene County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 5, 2017, included within this document.

Greene County's Responses to Findings

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

Purpose of this Report

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



John M. Acklen, CPA
Acklen & Story, PLLC

May 5, 2017

Acklen & Story, PLLC

C E R T I F I E D P U B L I C A C C O U N T A N T S

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

Members of the Board of Supervisors
Greene County, Mississippi

We have examined Greene 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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Greene 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 such 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 Greene 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.

The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets.

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Inventory Clerk.

1. The County Should Maintain Adequate Capital Asset Subsidiary Records

Finding

Section 31-7-107, Miss. Code Ann. (1972) requires the county to develop and maintain an inventory control system. As reported in the prior twelve years' audit reports, capital assets control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of capital assets. We noted the following deficiencies in the policies and procedures of the internal control structure for capital assets:

- a. The list of county capital assets did not agree to the indicated total assets values of prior years' balances.
- b. Net capital asset adjustments totaled \$3,190,273 (governmental) and \$20,060 (business type activities to reconcile to available county inventory listing.
- c. Construction in progress is not booked by the county for current fiscal year construction.
- d. Infrastructure is not booked or recorded by the county.
- e. Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.

Therefore, the Independent Auditor's Report on the Governmental Activities, Business Type and the Solid Waste Fund financial statements is qualified because we were unable to satisfy ourselves as to the fair presentation of the county's investment in capital assets. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate control procedures to ascertain the historical and/or estimated cost of capital assets and to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines.

Inventory Clerk's Response

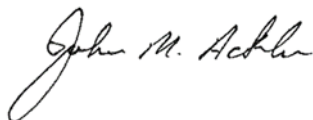
We will ascertain the cost of capital assets and ensure the records are accurate. We will document the existence, valuation, and completeness of capital assets, prepare construction in progress reports including current fiscal year additions. We will calculate depreciation per state guidelines.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Greene County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

Greene County's response to the finding included in this report as was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating Greene County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



John M. Acklen, CPA
Acklen & Story, PLLC

May 5, 2017

GREENE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2015

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

GREENE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/23/2014	Septic Services	\$ 5,032	Quick Rooter	Jail bathrooms damaged and in need of emergency repair
12/19/2014	Road Repairs	204,664	Dunn Roadbuilders	Emergency road repairs
12/19/2014	Road Construction	4,000	Herring Construction	State of Emergency on Battle Road
12/19/2014	Road Repairs	48,876	Days Asphalt Dunn Roadbuilders	Emergency road repairs
6/23/2015	Bridge Repairs	17,900	Parnell Construction	Emergency bridge repair
9/8/2015	Bridge Repairs	68,577	Parnell Construction Batson & Brown Craig Freeman	Emergency bridge repair

GREENE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2015

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

Acklen & Story, PLLC

C E R T I F I E D P U B L I C A C C O U N T A N T S

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Greene County, Mississippi

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

In addition, for areas not considered material to Greene 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 May 5, 2017, on the financial statements of Greene County, Mississippi.

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

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

Payroll Clerk.

1. Accurate Leave Records Not Maintained.

Finding

Section 25-3-97, Miss. Code Ann. Code (1972), states that all organizations shall keep accurate records of the leave accumulated and used by the officers and employees thereof and they shall include provisions which shall keep the employee informed on a monthly basis as to his accumulated leave balances. As reported in the prior year's audit report, during our testing of payroll and related procedures we noted the following:

- a. The County does not maintain a uniform system of vacation and sick leave, with each department setting its own policies.
- b. The Payroll Clerk does not maintain leave records for all County employees.
- c. The Payroll Clerk does not properly use the payroll system to accumulate leave balances in order to accurately report employee leave balances on a monthly basis.

Employees are receiving vacation leave in excess of that established by County's policies and continued failure to establish and implement effective leave policies could result in the County overpaying an employee for leave benefits upon separation of employment.

Recommendation

The County should establish a uniform leave system and implement effective controls over the accumulation and reporting of leave benefits to all employees on a timely basis.

Payroll Clerk's Response

We will establish a uniform leave system and reporting system.

Board of Supervisors

2. Interest Income Was Not Properly Allocated Among Funds.

Finding

Section 19-9-29(c), Miss. Code Ann. (1972), states that any interest derived from investment of other bond proceeds or from investment of any bond and interest fund, bond reserve fund, or bond redemption sinking fund shall be deposited either in the same fund from which the investment was made or in the bond and interest fund established for payment of the principal or interest on bonds. Any interest derived from special purpose funds which are outside the function of the General County Government shall be paid into the special purpose fund. As reported in the prior year's audit report, the County only recorded interest earned from the County's combined checking account in the General Fund instead of allocating interest across all pooled funds. Failure to prorate interest earned among the funds included in the combined checking account could result in the funds being spent for the wrong purpose.

Recommendation

The Comptroller should prorate the interest earned on the combined checking account among all funds that have cash in the checking account, as required by law.

Board of Supervisors' Response

We will ensure the interest is prorated and distributed among all funds as required by law.

3. Greene County Should Establish and Test a Disaster Recovery Process.

Finding

Management is responsible for establishing an internal control system to ensure a strong financial accountability by safeguarding its information systems. During our review of the information systems of Greene County, we noted that the County has not established a disaster recovery process. As a result, Greene County cannot fully ensure that the County's Information Systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. Control Objectives for Information and Related Technology (CobIT, Section DS4), as well as recognized industry best practices require a written disaster recovery plan could impede the agency's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs periodically restoring these files and programs as a part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create. In the specific case of Greene County, there seems to be some confusion about the responsibilities of various IT vendors, as well as the responsibilities of Greene County personnel in relation to such matter as backup procedures. These responsibilities include items such as removing tapes from backup units, taking backup tapes offsite, rotating tapes onsite, etc. In addition, there is confusion as to the types of backups that should be created and the frequency that these various backups should be created. Greene County is currently using an automated system to perform daily back-ups of the AS400, but is not restoring such files as part of a formal, documented disaster recovery exercise.

Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated. In the specific case of Greene County, there seems to be some confusion about the responsibilities of various IT vendors, as well as the responsibilities of Greene County personnel in relation to such matter as backup procedures. These responsibilities include items such as removing tapes from backup units, taking backup tapes offsite, rotating tapes onsite, etc. In addition, there is confusion as to the types of backups that should be created and the frequency that these various backups should be

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

Recommendation

We recommend that Greene County develop, implement, and test a plan to ensure that critical data and applications are recoverable in case of disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including Greene County personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved. We also recommend that Greene County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

We have already begun procedures and purchased cloud storage to ensure critical data is backed up and can be retrieved quickly. We will continue to develop, implement, test, reduce to writing and inform employees of the plan and their duties.

4. Greene County Should Implement a Formal Information Security Policy.

Finding

Management is responsible for establishing an internal control system to ensure a strong financial accountability by safeguarding its information systems. Greene County has not adopted a formal Information Security Policy or Enterprise Security Plan. The lack of a formal Information Security Policy can lead to a breakdown of basic security practices in the areas of application security, LAN/WAN security, management of the security application and Internet protocol.

Recommendation

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

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

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

Board of Supervisors' Response

We will create a plan for compliance, review the policy, and ensure the staff has acknowledged the policy.

Sheriff

5. Inadequate Internal Controls were noted in the Sheriff's Office

Finding

An effective system of internal control should include an adequate segregation of duties. As noted in the prior year's audit report, the collection, recording, depositing, and disbursement of funds are not adequately separated. The bookkeeper collects, records, deposits, and disburses funds in the Sheriff's Office. Failure to adequately segregate duties in the Sheriff's Office could result in the loss of public funds.

Recommendation

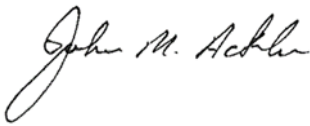
The Sheriff should implement effective internal control policies that allow for the proper segregation of duties regarding the collection, recording, and disbursing of cash.

Sheriff's Response

We will ensure effective control policies are implemented that allow for the proper segregation of duties regarding cash procedures.

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

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



John M. Acklen, CPA
Acklen & Story, PLLC

May 5, 2017

GREENE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GREENE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental Activities	Qualified
Business Type Activities	Qualified
General Fund	Unmodified
Aggregate Remaining Funds	Unmodified
Solid Waste Fund	Qualified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiency identified?	No

3. Noncompliance material to the financial statements noted? Yes

GREENE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

Inventory Clerk.

Material Weakness

Material Noncompliance

2015-001. The County Should Maintain Adequate Capital Asset Subsidiary Records

Finding

Section 31-7-107, Miss. Code Ann. (1972) requires the county to develop and maintain an inventory control system. As reported in the prior twelve years' audit reports, capital assets control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of capital assets. We noted the following deficiencies in the policies and procedures of the internal control structure for capital assets:

- a. The list of county capital assets did not agree to the indicated total assets values of prior years' balances.
- b. Net capital asset adjustments totaled \$3,190,273 (governmental) and \$20,060 (business type activities) to reconcile to available county inventory listing.
- c. Construction in progress is not booked by the county for current fiscal year construction.
- d. Infrastructure is not booked or recorded by the county.
- e. Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.

Therefore, the Independent Auditor's Report on the Governmental Activities, Business Type and the Solid Waste Fund financial statements is qualified because we were unable to satisfy ourselves as to the fair presentation of the county's investment in capital assets. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate control procedures to ascertain the historical and/or estimated cost of capital assets and to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets. Construction in progress reports should be prepared and used to include current fiscal year additions in the capital asset listing. Depreciation should be calculated in accordance with state guidelines.

Inventory Clerk's Response

We will ascertain the cost of capital assets and ensure the records are accurate. We will document the existence, valuation, and completeness of capital assets, prepare construction in progress reports including current fiscal year additions. We will calculate depreciation per state guidelines.

Board of Supervisors

Material Weakness

2015-002. Inadequate Controls Over Reporting Restricted Cash Accounts.

Finding

GREENE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2015

Adequate internal control procedures regarding restricted cash accounts and proceeds from bonded debt include proper recording of cash accounts in the general ledger and timely reconciliations of accounts. As reported in prior years, the Comptroller is not recording the restricted cash accounts in the general ledger or reconciling the balances of these accounts. As a result of audit procedures, we observed that the Debt Service Reserve and the General Account Funds with balances of \$376,495 and \$6, respectively, were not properly recorded in the general ledger or reconciled to the monthly statements. Without adequate internal controls in place over restricted cash accounts bearing the County's name as well as reconcile those accounts in a timely manner.

Recommendation

The County should implement internal controls that include the recording of all restricted cash accounts bearing the County's name as well as reconcile those accounts in a timely manner.

Board of Supervisors' Response

We will implement internal controls that include recording the accounts and reconciling the same in a timely manner.