

GREENE COUNTY, MISSISSIPPI

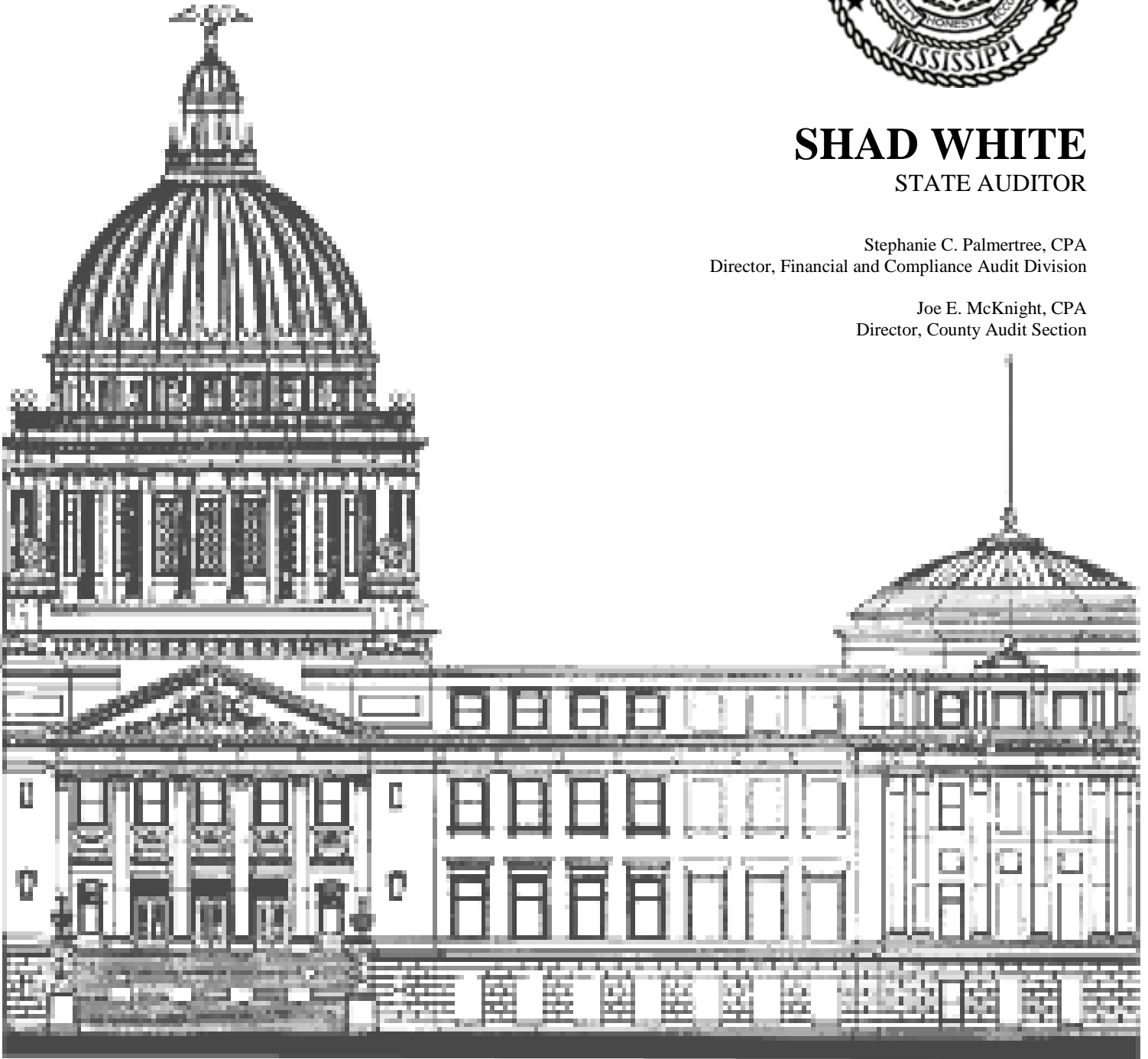
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2016



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

February 28, 2019

Members of the Board of Supervisors
Greene County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Greene County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Greene County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Greene County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "Shad White", written over a horizontal line.

Shad White

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GREENE COUNTY

FINANCIAL SECTION

GREENE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

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, each major fund, and the aggregate remaining fund information of Greene County, Mississippi, (the County) as of and for the year ended September 30, 2016, 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 Opinions 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 fund is not reasonably determinable.

Basis for Qualified Opinion on the General Fund

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Justice Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Justice Court fines receivable aging schedules at September 30, 2016. Due to the nature of the County's records, we were unable to satisfy ourselves to the fair presentation of fines receivable, net, reported in the General Fund at \$257,112, as of September 30, 2016. Also, because of the nature of fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

Qualified Opinion on Governmental Activities, Business-type Activities, and Solid Waste Fund

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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on the General Fund

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the fines receivable reported in the General Fund, the financial statements referred to previously present fairly, in all material respects, the financial position of the General Fund of Greene County, Mississippi, as of September 30, 2016, and the changes in financial position, thereof for the year then ended in conformity 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 the District 5 Road Fund and the aggregate remaining fund information of Greene County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County 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 the 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 February 28, 2019 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, appearing to read "Joe E. McKnight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 28, 2019

GREENE COUNTY

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GREENE COUNTY

FINANCIAL STATEMENTS

GREENE COUNTY

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GREENE COUNTY
Statement of Net Position
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 1,930,900	4,108	1,935,008
Restricted assts - Investments	376,502		376,502
Property tax receivable	5,395,030	75,000	5,470,030
Accounts receivable (net of allowance for uncollectibles of \$409,927)		153,835	153,835
Fines receivable (net of allowance for uncollectibles of \$362,932)	257,112		257,112
Intergovernmental receivables	186,699		186,699
Other receivables	10,897		10,897
Internal balances	20,251	(20,251)	
Capital assets:			
Land and construction in progress	133,458	6,040	139,498
Other capital assets, net	13,657,100	613,354	14,270,454
Total Assets	21,967,949	832,086	22,800,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,514,222	100,030	1,614,252
Total Deferred Outflows of Resources	1,514,222	100,030	1,614,252
LIABILITIES			
Claims payable	84,622	11,606	96,228
Intergovernmental payables	298,691		298,691
Accrued interest payable	62,633		62,633
Unearned revenue		52,285	52,285
Long-term liabilities			
Net pension liability	7,272,106	480,396	7,752,502
Due within one year:			
Capital debt	882,501	115,064	997,565
Non-capital debt	27,997		27,997
Due in more than one year:			
Capital debt	6,590,858	386,450	6,977,308
Non-capital debt	58,415		58,415
Total Liabilities	15,277,823	1,045,801	16,323,624
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	23,574	1,557	25,131
Deferred revenues - property taxes	5,395,030	75,000	5,470,030
Total Deferred Inflows of Resources	5,418,604	76,557	5,495,161
NET POSITION			
Net investment in capital assets	6,317,199	117,880	6,435,079
Restricted for:			
Expendable:			
General government	31,905		31,905
Public safety	75,657		75,657
Public works	1,284,827		1,284,827
Health and welfare	303,525		303,525
Economic development and assistance	175		175
Debt service	92,365		92,365
Unrestricted	(5,319,909)	(308,122)	(5,628,031)
Total Net Position	\$ 2,785,744	(190,242)	2,595,502

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

GREENE COUNTY
Statement of Activities
For the Year Ended September 30, 2016

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	\$ 3,080,251	323,596	132,950		(2,623,705)		(2,623,705)
Public safety	1,534,543	180,070	266,728		(1,087,745)		(1,087,745)
Public works	2,421,767		694,555	170,570	(1,556,642)		(1,556,642)
Health and welfare	121,417				(121,417)		(121,417)
Culture and recreation	118,175				(118,175)		(118,175)
Conservation of natural resources	103,746				(103,746)		(103,746)
Interest on long-term debt	280,154				(280,154)		(280,154)
Pension expense	1,023,340				(1,023,340)		(1,023,340)
Total Governmental Activities	<u>8,683,393</u>	<u>503,666</u>	<u>1,094,233</u>	<u>170,570</u>	<u>(6,914,924)</u>		<u>(6,914,924)</u>
Business-type activities:							
Solid Waste	596,077	473,723				(122,354)	(122,354)
Total Business-type Activities	<u>596,077</u>	<u>473,723</u>	<u>0</u>	<u>0</u>		<u>(122,354)</u>	<u>(122,354)</u>
Total Primary Government	<u>\$ 9,279,470</u>	<u>977,389</u>	<u>1,094,233</u>	<u>170,570</u>	<u>(6,914,924)</u>	<u>(122,354)</u>	<u>(7,037,278)</u>
General revenues:							
Property taxes					\$ 6,244,336	82,206	6,326,542
Road & bridge privilege taxes					142,650		142,650
Grants and contributions not restricted to specific programs					303,447		303,447
Unrestricted interest income					5,754	4,254	10,008
Miscellaneous					907,267		907,267
Transfers					(29,965)	29,965	
Total General Revenues and Transfers					<u>7,573,489</u>	<u>116,425</u>	<u>7,689,914</u>
Changes in Net Position					<u>658,565</u>	<u>(5,929)</u>	<u>652,636</u>
Net Position - Beginning, as previously reported					3,577,590	(167,409)	3,410,181
Prior period adjustments					(1,450,411)	(16,904)	(1,467,315)
Net Position - Beginning, as restated					<u>2,127,179</u>	<u>(184,313)</u>	<u>1,942,866</u>
Net Position - Ending					<u>\$ 2,785,744</u>	<u>(190,242)</u>	<u>2,595,502</u>

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

GREENE COUNTY
Balance Sheet - Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds			
	General Fund	District 5 Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 328,164	528,033	1,074,703	1,930,900
Restricted assets - Investments			376,502	376,502
Property tax receivable	2,540,258	333,811	2,520,961	5,395,030
Fines receivable (net of allowance for uncollectibles of \$362,932)	257,112			257,112
Intergovernmental receivables	98,460	37,609	50,630	186,699
Other receivables	10,897			10,897
Due from other funds		9,891	141,332	151,223
Advances to other funds	534,902	122,696	329,028	986,626
Total Assets	\$ 3,769,793	1,032,040	4,493,156	9,294,989
LIABILITIES				
Liabilities:				
Claims payable	\$ 41,005	3,054	40,563	84,622
Intergovernmental payables	249,762			249,762
Due to other funds	145,139	6,776	42,991	194,906
Advances from other funds	160,469	29,659	781,493	971,621
Total Liabilities	596,375	39,489	865,047	1,500,911
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	2,540,258	333,811	2,520,961	5,395,030
Unavailable revenue - fines	257,112			257,112
Total Deferred Inflows of Resources	2,797,370	333,811	2,520,961	5,652,142
Fund balances:				
Nonspendable:				
Advances	534,902			534,902
Restricted for:				
General government			31,905	31,905
Public safety			75,657	75,657
Public works		658,740	626,087	1,284,827
Health and welfare			303,525	303,525
Education			175	175
Debt service			154,998	154,998
Unassigned	(158,854)		(85,199)	(244,053)
Total Fund Balances	376,048	658,740	1,107,148	2,141,936
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,769,793	1,032,040	4,493,156	9,294,989

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, 2016

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 2,141,936
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.	13,790,558
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	257,112
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(7,559,771)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,272,106)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(62,633)
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	1,514,222
Deferred inflows of resources related to pensions	<u>(23,574)</u>
Total Net Position - Governmental Activities	\$ <u><u>2,785,744</u></u>

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

GREENE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2016

	Major Funds			
	General	District 5	Other	Total
	Fund	Road	Governmental	Governmental
	Fund	Fund	Funds	Funds
REVENUES				
Property taxes	\$ 3,129,285	370,764	2,744,287	6,244,336
Road and bridge privilege taxes		28,530	114,120	142,650
Licenses, commissions and other revenue	119,779	211	3,635	123,625
Fines and forfeitures	219,034		20,532	239,566
Intergovernmental revenues	342,077	194,574	1,031,599	1,568,250
Charges for services	25,005		114,430	139,435
Interest income	248	1,824	3,682	5,754
Miscellaneous revenues	850,316	2,872	54,079	907,267
Total Revenues	4,685,744	598,775	4,086,364	9,370,883
EXPENDITURES				
Current:				
General government	2,900,673		128,397	3,029,070
Public safety	1,003,330		687,227	1,690,557
Public works		739,230	2,761,787	3,501,017
Health and welfare	120,767		650	121,417
Culture and recreation	83,244		34,931	118,175
Conservation of natural resources	101,496		3,100	104,596
Debt service:				
Principal	176,744	254,858	852,948	1,284,550
Interest	10,427	9,234	257,493	277,154
Total Expenditures	4,396,681	1,003,322	4,726,533	10,126,536
Excess of Revenues over (under) Expenditures	289,063	(404,547)	(640,169)	(755,653)
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	54,312	381,018	425,851	861,181
Proceeds from sale of capital assets		262,377	147,877	410,254
Transfers in	55,541	76,650	303,568	435,759
Transfers out	(410,183)		(55,541)	(465,724)
Total Other Financing Sources and Uses	(300,330)	720,045	821,755	1,241,470
Net Changes in Fund Balances	(11,267)	315,498	181,586	485,817
Fund Balances - Beginning, as previously reported	387,315	343,242	917,823	1,648,380
Prior period adjustment			7,739	7,739
Fund Balances - Beginning, as restated	387,315	343,242	925,562	1,656,119
Fund Balances - Ending	\$ 376,048	658,740	1,107,148	2,141,936

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, 2016

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 485,817
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,052,492 exceeded depreciation of \$0 in the current period.	1,052,492
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 \$277,565 and the proceeds from the sale of \$410,254 in the current period.	(687,819)
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.	1,040
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 \$1,284,550 exceeded debt proceeds of \$861,181.	423,369
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 amount of decrease in accrued interest payable	1,823
The amortization of bond discount.	(4,823)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,023,340)
Recording of contributions made during the year	<u>410,006</u>
Change in Net Position of Governmental Activities	<u>\$ 658,565</u>

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

GREENE COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2016

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 \$409,927)	153,835
Due from other funds	1,253
Total Current Assets	<u>234,196</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	6,040
Other capital assets, net	613,354
Total Noncurrent Assets	<u>619,394</u>
Total Assets	<u>853,590</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	100,030
Total Deferred Outflows of Resources	<u>100,030</u>
LIABILITIES	
Current liabilities:	
Claims payable	11,606
Advances from other funds	21,504
Unearned revenue	52,285
Capital debt:	
Capital leases payable	115,064
Total Current Liabilities	<u>200,459</u>
Noncurrent liabilities:	
Net pension liability	480,396
Capital debt:	
Capital leases payable	386,450
Total Noncurrent Liabilities	<u>866,846</u>
Total Liabilities	<u>1,067,305</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,557
Deferred inflows related to property taxes	75,000
Total Deferred Inflows of Resources	<u>76,557</u>
NET POSITION	
Net investment in capital assets	117,880
Unrestricted	(308,122)
Total Net Position	<u>\$ (190,242)</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, 2016

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Operating Revenues	
Charges for services	\$ 473,723
Miscellaneous	4,254
Total Operating Revenues	<u>477,977</u>
Operating Expenses	
Cost of sales	
Personal services	243,070
Contractual services	272,998
Depreciation expense	4,120
Pension expense	67,902
Total Operating Expenses	<u>588,090</u>
Operating Income (Loss)	<u>(110,113)</u>
Nonoperating Revenues (Expenses)	
Property tax	82,206
Interest expense	(7,987)
Net Nonoperating Revenue (Expenses)	<u>74,219</u>
Net Income (Loss) Before Transfers	(35,894)
Transfers in	29,965
Changes in Net Position	<u>(5,929)</u>
Net Position - Beginning, as previously reported	(167,409)
Prior period adjustments	(16,904)
Net Position - Beginning, as restated	<u>(184,313)</u>
Net Position - Ending	\$ <u>(190,242)</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, 2016

Exhibit 7

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 519,731
Payments to suppliers	(273,981)
Payments to employees	(272,324)
Other operating cash receipts	4,254
Net Cash Provided (Used) by Operating Activities	<u>(22,320)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from property taxes	80,956
Cash received from other funds:	
Operating transfers in	29,965
Net Cash Provided (Used) by Noncapital Financing Activities	<u>110,921</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	528,285
Acquisition and construction of capital assets	(528,285)
Principal paid on long-term debt	(80,614)
Interest paid on debt	(7,987)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(88,601)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents at Beginning of Year	<u>4,108</u>
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)	\$ (110,113)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	4,120
Provision for uncollectible accounts	94,272
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(58,793)
(Increase) decrease in deferred outflows of resources	(26,431)
Increase (decrease) in net pension liability	63,971
Increase (decrease) in claims payable	(983)
Increase (decrease) in deferred inflows of resources	1,108
Increase (decrease) in unearned revenue	10,529
Total Adjustments	<u>87,793</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (22,320)</u>

Noncash Capital Financing Activity:

Greene County lease purchased mobile equipment for \$334,110 for 5 years at 2.47% interest.
Principal payments of \$36,889 were made on the lease during the year.

Greene County lease purchased mobile equipment for \$194,175 for 3 years at 2.41% interest.
Principal payments of \$9,324 were made on the lease during the year.

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

GREENE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2016

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 18,315
Accrued interest receivable	
Intergovernmental receivables	
Due from other funds	42,430
Advances to other funds	55,913
Total Assets	\$ <u><u>116,658</u></u>
LIABILITIES	
Amounts held in custody for others	\$
Other liabilities	
Intergovernmental payables	67,244
Advances from other funds	49,414
Total Liabilities	\$ <u><u>116,658</u></u>

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

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

(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, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

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

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.

District 5 Road Fund - This fund is used to account for monies from specific revenue sources that are restricted for District 5 road maintenance.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for 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 Financial Statements For the Year Ended September 30, 2016

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 broad 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 account and their use is limited by applicable bond covenants. The "capitalized interest" account is funded by bond proceeds and is used to pay the related interest due on revenue bonds prior to the completion of construction of the project.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

The “debt service reserve” account is used to report resources set aside to subsidize potential deficiencies from the County’s operation that could adversely affect debt service payments. When both restricted and non-restricted 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, records documenting the County’s infrastructure, or records documenting depreciation on applicable assets. 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.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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.

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.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, 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.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and 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.

(2) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To record errors from incorrect recording of capital assets in the prior period.	\$ (1,428,462)
To correct prior year errors in recording of expenses/revenues (adjustment made by financial statement preparer with no documentation given).	(38,430)
To properly record cash balances on the County's books.	8,234
To correct the beginning balances of long-term debt.	8,742
To correct prior year errors in the classification of the JCJC Student Assistance Fund.	(495)
Total prior period adjustments	\$ (1,450,411)

Exhibit 2 – Statement of Activities – Business-type Activities.

Explanation	Amount
To correct errors from incorrect recording of capital assets in the prior period.	\$ (117,521)
To correct the beginning balances of long-term debt.	100,617
Total prior period adjustments	\$ (16,904)

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

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

Explanation	Amount
To properly record cash balances on the County's books.	\$ 8,234
To correct prior year errors in the classification of the JCJC Student Assistance Fund.	(495)
Total prior period adjustments	\$ 7,739

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

Explanation	Amount
To record errors from incorrect recording of capital assets in the prior period.	\$ (117,521)
To correct the beginning balance of long-term debt.	100,617
Total prior period adjustments	\$ (16,904)

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$1,953,323, and the bank balance was \$2,644,643. 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. 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). 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, 2016, are as follows:

Investment Type	Maturities	Fair Value	Rating
Certificates of Deposit	Two Years	\$ 376,502	None

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.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

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. 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). Bank certificates of deposit above FDIC coverage are not collateralized by the pledging financial institution's 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, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 125,443
Other Governmental Funds	Other Governmental Funds	15,889
District 5 Road Fund	General Fund	9,891
Agency Funds	General Fund	8,552
Agency Funds	Other Governmental Funds	27,102
Agency Funds	District 5 Road Fund	6,776
Solid Waste Fund	General Fund	1,253
Total		\$ <u>194,906</u>

The receivables represent the tax revenue collected in September 2016, but not settled until October 2016, posting errors, indirect costs charged to solid waste, and privilege taxes owed to other funds. 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	District 5 Road Fund	\$ 24,332
General Fund	Other Governmental Funds	441,075
General Fund	Solid Waste Fund	21,504
General Fund	Agency Funds	47,991
District 5 Road Fund	General Fund	12,727
District 5 Road Fund	Other Governmental Funds	109,969
Other Governmental Funds	General Fund	147,742
Other Governmental Funds	District 5 Road Fund	5,327
Other Governmental Funds	Other Governmental Funds	175,959
Agency Funds	Other Governmental Funds	54,490
Agency Funds	Agency Funds	1,423
Total		\$ <u>1,042,539</u>

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

The interfund advances balances consists of operating loans from the General Fund to other governmental funds, solid waste fund, and agency funds 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.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 55,541
District 5 Road Fund	General Fund	76,650
Other Governmental Funds	General Fund	303,568
Solid Waste Fund	General Fund	29,965
		<u>465,724</u>
Total		\$ <u>465,724</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, 2016, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 73,804
Emergency management performance grants	21,996
Housing prisoners reimbursement	2,660
Disaster grants - public assistance	88,239
	<u>186,699</u>
Total Governmental Activities	\$ <u>186,699</u>

(6) Restricted Assets.

The balances of the restricted asset accounts in the Bonds for Construction of Hospital 2011 Fund as follows:

Capitalized interest	\$ 11
Debt service reserve	<u>376,491</u>
Total restricted assets	\$ <u>376,502</u>

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 133,458				133,458
Total non-depreciable capital assets	133,458	0	0	0	133,458
<u>Depreciable capital assets:</u>					
Buildings	7,355,282			(872,659)	6,482,623
Improvements other than buildings	21,640			(21,640)	0
Mobile equipment	4,133,547	183,811	282,026	196,865	4,232,197
Furniture and equipment	1,143,112	7,500	15,721	(440,699)	694,192
Leased property under capital leases	2,067,308	861,181	390,072	(290,329)	2,248,088
Total depreciable capital assets	14,720,889	1,052,492	687,819	(1,428,462)	13,657,100
<u>Less accumulated depreciation for:</u>					
Buildings					0
Improvements other than buildings					0
Mobile equipment					0
Furniture and equipment					0
Leased property under capital leases					0
Total accumulated depreciation	0	0	0	0	0
Total depreciable capital assets, net	14,720,889	1,052,492	687,819	(1,428,462)	13,657,100
Governmental activities capital assets, net	\$ 14,854,347	1,052,492	687,819	(1,428,462)	13,790,558

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

Business-type activities:

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments [*]	Balance Sept. 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,040				6,040
Total non-depreciable capital assets	6,040	0	0	0	6,040
<u>Depreciable capital assets:</u>					
Buildings	206,000				206,000
Mobile equipment	341,017			17,439	358,456
Furniture and equipment	29,514			(19,514)	10,000
Leased property under capital leases	290,329	528,285			818,614
Total depreciable capital assets	866,860	528,285	0	(2,075)	1,393,070
<u>Less accumulated depreciation for:</u>					
Buildings	156,560	4,120			160,680
Mobile equipment	341,017			(18,407)	322,610
Furniture and equipment	9,000				9,000
Leased property under capital leases	153,573			133,853	287,426
Total accumulated depreciation	660,150	4,120	0	115,446	779,716
Total depreciable capital assets, net	206,710	524,165	0	(117,521)	613,354
Business-type activities capital assets, net	\$ 212,750	524,165	0	(117,521)	619,394

*Adjustments o capital assets were for transfer of completed capital leases to the proper classification and for prior year corrections

Depreciation expense was charged to the following function:

<u>Business-type activities:</u>	<u>Amount</u>
Solid Waste Fund	4,120

(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, 2016, to January 1, 2017. 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 Financial Statements For the Year Ended September 30, 2016

(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 January 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 the 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.

Greene County entered into an amendment to this agreement on August 21, 2013. The lessee shall pay an additional \$1,000 per month to the lessor. This amount shall be in addition to any and all amounts due. The term of this agreement shall run concurrently with and be identical to the term of the original lease, and any all amendments or modifications in place now, or hereafter, made. Further, if the facility is not accepted on the date the monthly payments is normally made, all payment obligations shall be pro-rated accordingly.

The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$727,205 for the year ended September 30, 2016. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>		<u>Amount</u>
2017	\$	713,750
2018		<u>178,750</u>
Total Minimum Payments Required	\$	<u><u>892,500</u></u>

As Lessee:

On April 29, 2013, Greene County entered into a non-cancellable operating lease agreement with First State Bank for the lease of rental property owned by First State Bank for the purpose of the Veterans Affairs Office. The operating lease stipulated that the lessee would pay approximately \$500 per month in lease payments for a term of three years. On April 1, 2016, the County renewed this lease agreement with First State Bank for a term beginning April 1, 2016, and terminating on or before the first Monday in January, 2020.

The County has entered into certain operating leases which do not give rise to property rights. Total costs for such leases were \$6,000 for the year ended September 30, 2016. The future minimum lease payments for this lease are as follows:

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

<u>Year Ending September 30</u>		<u>Amount</u>
2017	\$	6,000
2018		6,000
2019		6,000
2020		2,000
Total Minimum Payments Required	\$	<u>20,000</u>

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 2,193,776	818,614
Furniture and equipment	<u>54,312</u>	
Total	2,248,088	818,614
Less: Accumulated depreciation	<u>0</u>	<u>(287,426)</u>
Leased Property Under Capital Leases	\$ <u>2,248,088</u>	<u>531,188</u>

The following is a schedule by years of the total payments due as of September 30, 2016:

<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>
2017	\$ 349,590	38,447	115,064	10,901
2018	529,870	27,265	95,217	8,388
2019	334,807	19,572	192,346	5,215
2020	397,325	12,216	69,442	1,660
2021	<u>308,225</u>	<u>3,569</u>	<u>29,445</u>	<u>182</u>
Total	\$ <u>1,919,817</u>	<u>101,069</u>	<u>501,514</u>	<u>26,346</u>

(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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$437,091, \$428,836, and \$394,666, 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, 2016, the County reported liabilities in the Governmental Activities of \$7,272,106 and in the Business-type Activities of \$480,396 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.043401 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.000451 from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,023,340 in Governmental Activities and \$67,602 in Business-type Activities. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 192,503	
Net difference between projected and actual earnings on pension plan investments	903,957	
Changes of assumptions	361,672	20,601
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	45,335	4,530
County contributions subsequent to the measurement date	110,785	
Total	\$ 1,614,252	25,131

\$110,785 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. 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:

2017	\$ 557,016
2018	488,359
2019	279,809
2020	153,152

Actuarial Assumptions. The total pension liability in the June 30, 2016 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, 2016 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

<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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 9,940,446	7,752,502	5,937,218

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 Financial Statements
For the Year Ended September 30, 2016

(12) Long-term Debt.

Debt outstanding as of September 30, 2016, 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	\$ 761,400	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Building)	163,000	3.75%	01/2020
Total General Obligation Bonds	<u>924,400</u>		
B. Limited Obligation Bonds:			
Taxable Special Obligation Bonds	<u>\$ 4,165,000</u>	4.86%	11/2031
C. Capital Leases:			
Chevrolet Tahoe	\$ 2,204	1.95%	01/2017
Computer equipment	53,453	2.15%	09/2021
Loader	77,485	1.95%	08/2017
Caterpillar 140M3 - District 5	210,337	2.19%	08/2020
CAT 320 excavator	97,488	2.51%	07/2020
2005 Western Star dump truck	23,649	2.17%	07/2018
2017 Mack truck	271,730	2.41%	07/2019
Caterpillar 140M3 - District 1	210,458	2.20%	02/2018
Tractor & Rotary Cutter	804	5.75%	12/2016
2012 Caterpillar excavator	97,488	2.51%	07/2020
CAT 430F backhoe	69,974	1.89%	12/2016
Tractor & dump trucks	2,847	1.55%	11/2016
Alamo boom	5,557	1.95%	03/2017
Kubota tractor	19,085	2.14%	05/2018
Caterpillar D4 motorgrader	207,367	2.19%	06/2020
Caterpillar 430F backhoe	75,935	2.10%	03/2018
Caterpillar 12M3 motograder	227,193	1.95%	01/2021
2006 Badger 1085 excavator	30,594	2.07%	11/2019
Caterpillar 12M3 motograder	<u>236,169</u>	1.90%	08/2021
Total Capital Leases	<u>\$ 1,919,817</u>		
D. Other Loans:			
Loan - Singing River	\$ 116,481	0.00%	07/2019
Loan - Hospital Renovation	420,000	3.20%	03/2019
Loan - Laundry Construction	<u>86,412</u>	2.75%	04/2019
Total	<u>\$ 622,893</u>		
Business-type Activities:			
A. Capital Leases:			
2009 Freightliner Garbage Truck	\$ 19,442	2.14%	10/2017
(3) Freightliner	297,221	2.47%	02/2021
2016 Mack GU812	<u>184,851</u>	2.41%	06/2019
Total Capital Leases	<u>501,514</u>		

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

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
2017	\$ 151,800	36,046	200,000	175,800
2018	158,700	29,527	205,000	171,300
2019	165,900	22,712	210,000	166,175
2020	172,300	15,611	215,000	160,400
2021	134,900	9,059	220,000	153,950
2022 - 2026	140,800	3,062	1,225,000	640,875
2027 - 2031			1,535,000	340,025
2032 - 2036			355,000	18,638
Total	\$ 924,400	116,017	4,165,000	1,827,163

Year Ending September 30	Other Loans	
	Principal	Interest
2017	\$ 209,108	6,118
2018	209,889	5,828
2019	203,896	5,305
Total	622,893	17,251

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, 2016, the amount of outstanding debt was equal to 0.72% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments*	Balance Sept. 30, 2016	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 1,070,500		146,100		924,400	151,800
Less:						
Discounts	(77,162)		(4,823)		(72,339)	
Limited obligation bonds	4,360,000		195,000		4,165,000	200,000
Capital leases	1,655,970	861,181	585,163	(12,171)	1,919,817	349,590
Other loans	977,751		358,287	3,429	622,893	209,108
Total	\$ 7,987,059	861,181	1,279,727	(8,742)	7,559,771	910,498

GREENE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2016

	Balance Oct. 1, 2015	Additions	Reductions	Adjustments *	Balance Sept. 30, 2016	Amount due within one year
Business-type Activities:						
Capital leases	\$ 154,460	528,285	80,614	(100,617)	501,514	115,064

*Adjustments are to correct the beginning balances of long-term debt.

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2016:

Fund	Deficit Amount
DUI Grant Fund	\$ (14,350)
Forestry Commission Grant - Fuel Reduction Fund	(2,385)
Homeland Security Fund	(22,280)
Law Library Fund	(67,292)
Museum Archives & History Grant Fund	(36,665)
District 4 Road Fund	(27)
New JCJC Building Fund	(850)
Payroll Clearing Fund	(13,765)

(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 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, 2016
USDA Note	\$ 232,963

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$5,319,909) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$103,963 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$1,410,259 balance of the deferred outflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years. The \$23,574 balance of the deferred inflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position (deficit) amount of (\$308,122) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$6,822 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$93,208 balance of the deferred outflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next four years. The \$1,557 balance of the deferred inflows of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next three years.

(16) Joint Venture.

The County participates in the following joint venture:

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.

(17) 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 appropriated \$32,354 for support of the district in fiscal year 2016.

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 appropriated \$26,975 for support of the district in fiscal year 2016.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, 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 2016.

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 \$414,258 for maintenance, support and enlargement of the college in fiscal year 2016.

GREENE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2016

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, 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 comprised 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.

(18) 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 February 28, 2019, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2016, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
10/31/2016	2.41%	\$ 143,222	Capital lease	Ad valorem taxes
12/19/2016	2.19%	77,166	Capital lease	Ad valorem taxes
02/02/2017	0.00%	37,540	Capital lease	Ad valorem taxes
03/06/2017	2.25%	150,000	Promissory note	Ad valorem taxes
08/21/2017	3.60%	42,600	Promissory note	Ad valorem taxes
09/28/2017	3.43%	114,111	Capital lease	Ad valorem taxes
12/19/2017	3.43%	114,411	Capital lease	Ad valorem taxes
02/20/2018	3.20%	271,796	Capital Lease	Ad valorem taxes
05/01/2018	2.75%	109,087	Capital Lease	Ad valorem taxes
06/04/2018	2.84%	450,000	Promissory Note	Ad valorem taxes
06/04/2018	2.84%	37,837	Capital Lease	Ad valorem taxes
06/14/2018	3.25%	85,974	Capital Lease	Ad valorem taxes
12/03/2018	4.95%	36,000	Capital Lease	Ad valorem taxes
12/03/2018	4.95%	41,000	Capital Lease	Ad valorem taxes
12/05/2018	4.95%	66,000	Capital Lease	Ad valorem taxes

GREENE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY

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GREENE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2016
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,605,448	3,122,930	3,122,930	
Licenses, commissions and other revenue	125,500	201,616	201,616	
Fines and forfeitures	259,000	136,360	136,360	
Intergovernmental revenues	241,600	317,750	317,750	
Charges for services	10,000	265	265	
Interest income	5,000	5,950	5,950	
Miscellaneous revenues	811,700	872,622	872,622	
Total Revenues	<u>4,058,248</u>	<u>4,657,493</u>	<u>4,657,493</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,709,424	2,840,545	2,840,545	
Public safety	885,694	988,513	988,513	
Health and welfare	1,151,414	120,825	120,825	
Culture and recreation	78,606	83,300	83,300	
Conservation of natural resources	113,107	100,867	100,867	
Economic development and assistance	20,000			
Debt service:				
Principal		176,744	176,744	
Interest		10,427	10,427	
Total Expenditures	<u>4,958,245</u>	<u>4,321,221</u>	<u>4,321,221</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(899,997)</u>	<u>336,272</u>	<u>336,272</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued		54,312	54,312	
Transfers in		606,354	606,354	
Transfers out		(960,784)	(960,784)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(300,118)</u>	<u>(300,118)</u>	<u>0</u>
Net Change in Fund Balance	(899,997)	36,154	36,154	0
Fund Balances - Beginning	<u>1,112,500</u>	<u>1,287</u>	<u>1,287</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 212,503</u>	<u>37,441</u>	<u>37,441</u>	<u>0</u>

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

GREENE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District 5 Road Fund
 For the Year Ended September 30, 2016
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 333,811	370,332	370,332	
Road and bridge privilege taxes		28,464	28,464	
Licenses, commissions and other revenue		204	204	
Intergovernmental revenues	200,000	163,740	163,740	
Miscellaneous revenues		2,876	2,876	
Total Revenues	<u>533,811</u>	<u>565,616</u>	<u>565,616</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	717,641	357,821	357,821	
Principal	215,000	254,858	254,858	
Interest		9,791	9,791	
Total Expenditures	<u>932,641</u>	<u>622,470</u>	<u>622,470</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(398,830)</u>	<u>(56,854)</u>	<u>(56,854)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets		262,377	262,377	
Transfers in		76,650	76,650	
Total Other Financing Sources and Uses	<u>0</u>	<u>339,027</u>	<u>339,027</u>	<u>0</u>
Net Change in Fund Balance	(398,830)	282,173	282,173	0
Fund Balances - Beginning	<u>300,000</u>	<u>245,860</u>	<u>245,860</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (98,830)</u>	<u>528,033</u>	<u>528,033</u>	<u>0</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, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.043401%	0.042950%	0.041460%
County's proportionate share of the net pension liability (asset)	\$ 7,752,502	6,639,222	5,032,485
County's covered-employee payroll	\$ 2,776,470	2,722,768	2,505,816
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	243.84%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	74.17%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the twelve months ended at 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. 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, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 437,091	428,836	394,666
Contributions in relation to the contractually required contribution	<u>437,091</u>	<u>428,836</u>	<u>394,666</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County's covered-employee payroll	\$ 2,775,181	2,722,768	2,505,816
Contributions as a percentage of covered-employee payroll	15.75%	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, 2016

UNAUDITED

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 the major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	District 5 Road Fund
Budget (Cash Basis)	\$ 36,154	282,173
Increase (Decrease)		
Net adjustments for revenue accruals	(522,562)	414,177
Net adjustments for expenditure accruals	475,141	(380,852)
GAAP Basis	\$ (11,267)	315,498

GREENE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2016

UNAUDITED

D. Excess of Actual Expenditures Over Budget in Individual Funds.

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2016:

<u>Fund</u>	<u>Excess</u>
Greene County Employee Flower Fund	\$ 1,967
Greene County Fire Board Fund	9,578
Greene County Circuit Clerk Juror Fund	4,045

All the funds listed above, are in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the County has no liability associated with these violations.

E. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2016:

Special Revenue Funds:

Greene County Employee Flower Fund
Greene County Fire Board Fund
Greene County Circuit Clerk Juror Fund

The unbudgeted funds are in violation of state law. However, the County has no liability associated with the violation.

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

GREENE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2016

UNAUDITED

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 evaluation).

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price Inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

GREENE COUNTY

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GREENE COUNTY

OTHER INFORMATION

GREENE COUNTY

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GREENE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
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
Jerry Mills	Supervisor District 3	Ohio Casualty	\$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
Harvey Grimes	Road Manager	Ohio Casualty	\$75,000
Dorothy Woods	Road Manager	Western Surety	\$75,000
Pascal Walters	Road Manager	Ohio Casualty	\$50,000
Roland Neel	Road Manager	Ohio Casualty	\$50,000
Patti Zehner	Inventory Control Clerk	Ohio Casualty	\$75,000
Ryan Walley	Constable	Ohio Casualty	\$50,000
Shannon Busby	Constable	Ohio Casualty	\$50,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	\$100,000
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
Renee Green	Deputy Justice Court Clerk	Ohio Casualty	\$50,000
Pertina Benjamin	Deputy Justice Court Clerk	Ohio Casualty	\$25,000
Mark Holder	Tax Assessor-Collector	Ohio Casualty	\$100,000
Melanie J. Hession	Deputy Tax Collector	Western Surety	\$50,000
Vonda Matthews	Deputy Tax Collector	Western Surety	\$25,000

GREENE COUNTY

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GREENE COUNTY

SPECIAL REPORTS

GREENE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 28, 2019. 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. Additionally, our report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Justice Court fines receivable, net, and the aging of these receivables at September 30, 2016.

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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-001, 2016-002, 2016-004, 2016-006 and 2016-007 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Finding and Responses as 2016-003, 2016-005 and 2016-008 to be significant deficiencies.

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 Response as items 2016-002 and 2016-006.

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 February 28, 2019, 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 28, 2019



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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, 2016. 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 Control Clerk.

1. The County should maintain adequate capital asset subsidiary records.

Repeat Finding Yes

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the County to develop and maintain an inventory control system.

Condition	<p>As reported in the prior thirteen years' audit reports, capital asset control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting 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:</p> <ol style="list-style-type: none"> The list of County capital assets did not agree to the indicated total assets values of the prior years' balances. Net capital asset adjustments totaled \$1,428,462 (governmental activities) and \$117,521 (business-type activities) to reconcile to the available County's inventory listing. Infrastructure is not booked or recorded by the County. Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines. Capital lease additions were not recorded on the capital asset listing in both governmental activities and business-type activities.
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Therefore, the Independent Auditor's Report on the governmental activities, business-type activities, and Solid Waste Fund financial statements are qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets.

Cause	The County lacks the necessary control procedures to accurately maintain inventory or subsidiary records, which caused the County to not be in compliance with state laws, and also materially affected the financial statements.
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Effect	The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.
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Recommendation	The Board of Supervisors should establish 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. Depreciation should be calculated in accordance with state guidelines.
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Views of Responsible Official(s)	The Board of Supervisors will establish control procedures to ascertain the historical and/or estimated cost of capital assets and maintain accurate inventory records regarding the existence, valuation, and completeness of capital assets. Depreciation will be calculated as required by state guidelines.
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Purchase Clerk and Board of Supervisors.

2.	<u>Management and Purchase Clerk should maintain adequate controls of purchasing.</u>
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Repeat Finding	No
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Criteria	Section 31-7-111, Miss. Code Ann. (1972), requires the purchase clerk to maintain custody of supporting documentation for purchases of the County and deems the documentation to be public record which shall be made available for inspection during reasonable hours to any person requesting the same. Furthermore, Section 31-7-13, Miss. Code Ann. (1972), requires the County to comply with the purchasing requirements in accordance with bid requirements. In addition, management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets.
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Condition	<p>During the testing of accounts payable expenditures, the following deficiencies were noted:</p> <ol style="list-style-type: none"> Expenditures did not include all purchasing documentation such as requisitions, purchase orders, receiving reports or invoices. All bids or quotes were not spread across the minutes documenting board approval. Receiving reports were not signed by a bonded receiving clerk or assistant receiving clerk. Documentation for approved vendors for annual bids was missing. Some purchases that were made in excess of \$50,000 did not follow the bidding requirements. The purchases were split into two different quotes for the same vendor on the same day.
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Cause	The Purchase Clerk and the Board of Supervisors did not comply with state laws.
Effect	Due to inadequate controls surrounding accounts payable, the County is not in compliance with state laws, nor has adequate internal controls for purchasing. Failure to maintain custody of purchasing records as required by state purchasing laws and maintaining adequate controls over purchasing could result in improper payments to vendors, theft of assets, and misappropriation of funds.
Recommendation	The Purchase Clerk and the Board of Supervisors should maintain adequate controls and maintain custody of all purchasing documentation as required by law.
Views of Responsible Official(s)	The Board of Supervisors will maintain adequate controls and maintain custody of all purchasing documents required by state statute.
Purchase Clerk.	
3.	<u>The Purchase Clerk's schedules should only include purchases that meet the required criteria.</u>
Repeat Finding	No
Criteria	Section 31-7-115, Miss. Code Ann. (1972), requires the County to provide a schedule of emergency purchases made under the authority of Section 31-7-13(k).
Condition	The Purchase Clerk included several purchases on the schedule of emergency purchases made that did not qualify by definition as an emergency purchase.
Cause	The Purchase Clerk did not comply with state laws.
Effect	Failure to maintain accurate purchasing records could result in violation of state purchasing laws or unauthorized purchases.
Recommendation	The Purchase Clerk should ensure that all items included on the schedule of emergency purchases made meet the requirements for inclusion.
Views of Responsible Official(s)	The Purchase Clerk will ensure all items included on the purchase schedules meet the emergency purchase requirements.

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, 2016.

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

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.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 28, 2019

GREENE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2016

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, 2016

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/28/2016	Air conditioning unit	\$ 9,746	D-Wal Mechanical	Air conditioner went out in jail

GREENE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2016

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

GREENE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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, 2016, 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 February 28, 2019, 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:

Board of Supervisors.

1. The County should settle additional privilege taxes on carriers of property and on buses to the County's School District.

Repeat Finding No

Criteria Section 27-19-11, Miss Code Ann. (1972), states that Counties shall distribute proceeds from tax on carriers of property and on buses as they would if these collections were ad valorem taxes.

Condition During the testing of the County's settlement of additional privilege taxes from the Mississippi Tax Commission, it was noted that the County did not settle \$63,292 in additional privilege taxes to the County's School District. Instead, these funds were only settled in the County's Road Funds.

Cause The County did not follow procedures to comply with state law.

Effect Failure to settle the additional privilege taxes to the County School District is a violation of Section 27-19-11 and could result in the misappropriation of public funds.

Recommendation	The Board of Supervisors should comply with Miss. Code Section 27-19-11 to ensure all additional privilege taxes received from the Mississippi Tax Commission are settled to the County's School District as if they were ad valorem taxes.
Views of Responsible Official(s)	The Board of Supervisors will ensure all additional privilege taxes received from the MS Tax Commission are settled to the County School District as if they were ad valorem taxes pursuant to Miss. Code Section 27-19-11.
2.	<u>Interest income was not properly allocated among funds.</u>
Repeat Finding	Yes
Criteria	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.
Condition	As reported in the prior three years' 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.
Cause	The County did not comply with state law.
Effect	Failure to prorate interest earned among the fund 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.
Views of Responsible Official(s)	The interest on combined checking an all funds that have cash in the checking account will be prorated on any interest earned.
3.	<u>The County did not prepare a budget of revenues, expenses, and a working cash balance of all funds.</u>
Repeat Finding	No
Criteria	Section 19-11-17, Miss. Code Ann. (1972), requires that Board of Supervisors to prepare and submit at its August meeting of each year a complete budget of revenues, expenses, and a working cash balance estimated for the next fiscal year for each fund.
Condition	The original budget was incomplete. For the fiscal year 2015-2016, the original budget did not include the following funds with combined year end cash balances totaling \$10,130: <ul style="list-style-type: none"> a. Greene County Employee Flower Fund b. Greene County MS Fire Board Fund c. Greene County Circuit Clerk Juror Fund
Cause	Due to the non-disclosure of bank accounts within other departments in the County, the Board of Supervisors were not aware of the three separate bank accounts.
Effect	The failure to prepare and submit a complete budget of revenues, expenses, and working cash balances for all funds, resulted in an understatement of cash and could result in the misappropriation of public funds if accounts are not properly budgeted and monitored.

Recommendation	The Board of Supervisors should prepare and submit each year a complete budget of revenues, expenses, and working cash balances for all funds, as required by law.
Views of Responsible Official(s)	The Board of Supervisors will prepare and submit a complete budget of revenues, expenses, and a working cash balance for all funds yearly.
4.	<u>Final amended budget was not prepared and approved in the minutes of the Board of Supervisors.</u>
Repeat Finding	No
Criteria	Section 19-11-9, Miss. Code Ann. (1972), requires the County to prepare a budget of revenues, expenses, and working cash balances in such form as may be necessary. Furthermore, the final amended budget of all funds for the fiscal year, which may be amended up to the end of the fiscal year, must be approved and entered on the minutes of the Board of Supervisors no later than October 31 st , following the close of the fiscal year.
Condition	The County did not prepare a final amended budget for the fiscal year 2016. As a result, approval and detail of the final amended budget were not included in the minutes of the Board of Supervisors.
Cause	The County did not have the necessary controls in place to ensure they complied with state laws.
Effect	Failure to do so causes noncompliance with state law.
Recommendation	The Board of Supervisors should prepare, approve, and spread the final amended budget on the minutes each year.
Views of Responsible Official(s)	The Board of Supervisors will prepare, approve, and spread the final amended budget on the minutes yearly.
5.	<u>Officials were not properly reimbursed for mileage.</u>
Repeat Finding	No
Criteria	Section 25-3-41(1), Miss. Code Ann. (1972), allows the County to reimburse County officers or employees for expenses incurred while traveling on official business. Such officer or employee shall receive as expenses for each mile actually or necessarily traveled, when such travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of the privately owned vehicle while on official travel.
Condition	The County did not reimburse County officers or employees in accordance with state law. The County officers and employees were reimbursed at a mileage rate greater than the maximum reimbursement allowed.
Cause	Controls were not in place to ensure compliance with state laws.
Effect	Improper travel reimbursement resulted in the misuse of County monies.
Recommendation	The County should only reimburse mileage expense at the allowable rate.
Views of Responsible Official(s)	Reimbursement will not exceed the allowable rate.

6.	<u>The Board of Supervisors should advertise for bids prior to contracting for the feeding of prisoners.</u>
Repeat Finding	No
Criteria	Section 19-25-73(1)(a), Miss. Code Ann. (1972), authorizes the Board of Supervisors to contract with a local caterer or restaurant owner to bring in food for the prisoners, and the contract shall be awarded only after taking bids, as provided by law for other county contracts.
Condition	During the testing, inquiry, and review of the Sheriff Department, it was noted there was no evidence of bids for the feeding of prisoners. The county did not advertise for bids for the feeding of prisoners before executing a contract with the current provider of prisoners' meals.
Cause	The County did not comply with state law.
Effect	Failure to advertise for bids for county contracts could result in excess costs to the County in addition to placing the County in violation of state statutes.
Recommendation	The Board of Supervisors should advertise for bids before contracting for the feeding of prisoners.
Views of Responsible Official(s)	We will comply with Miss. Code Section 19-25-73(1)(a) and the bids for contracts for feeding prisoners.
Board of Supervisors and Payroll Clerk.	
7.	<u>PERS Retirees should not be paid more than one-half salary of their position and the required forms should be completed for re-employment after retirement.</u>
Repeat Finding	No
Criteria	Section 25-11-127(4)(a), Miss. Code Ann. (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days from the date of employment of the retiree.
Condition	During the audit, we noted the following: <ul style="list-style-type: none"> a. One PERS retiree was paid more than one-half of the salary for their position during the state fiscal year 2016. b. Twelve (12) PERS Form 4Bs were not completed with the proper information. c. There was no evidence of the filing date with PERS.
Cause	Controls were not in place to ensure compliance with state laws.
Effect	By overpaying PERS retirees, not completing the required PERS Form 4Bs and not filing properly with PERS, the County is not in compliance with the state legal requirements.
Recommendation	The County should ensure that PERS retirees are not being paid more than the allowable amount, complete the required PERS Form 4Bs, and maintain evidence of the filing dates of the retiree forms.
Views of Responsible Official(s)	We will ensure retirees are not being paid in excess of the allowable amount.
Board of Supervisors and Sheriff.	
8.	<u>Meal logs are not presented to the Board of Supervisors monthly.</u>
Repeat Finding	No

Criteria	Section 19-25-74, Miss. Code Ann. (1972), states the sheriff shall maintain a meal log of prisoners being fed daily, which will include the prisoner's name, the date and time of incarceration and release, and number of meals served to prisoners at each mealtime, and the hours of the day served. This log must also be filed monthly with the Board of Supervisors. In addition, the Board is not allowed to pay claims for food expenses if this report has not been filed.
Condition	During the testing of the Sheriff's Department, it was noted that meal logs are not submitted monthly to the Board of Supervisors for approval. Also, we noted the following information was not included on the meal logs: <ul style="list-style-type: none"> a. The date and time of incarceration and release for each prisoner. b. The hours of the day meals are served. c. The Sheriff's affidavits as to the correctness of the meal log.
Cause	The Sheriff did not comply with state law.
Effect	Failure to maintain a prisoner meal log and presenting it to the Board of Supervisors for payment monthly could result in the misappropriation of public funds by paying for an incorrect number of meals.
Recommendation	The Sheriff should ensure the meal log is maintained and presented to the Board of Supervisors before meal expenses are approved through the claims docket.
Views of Responsible Official(s)	The Sheriff will ensure the meal log is maintained and presented to the Board prior to approval of meal expenses/claims.

Circuit Clerk and Board of Supervisors.

9.	<u>Deputy Circuit Clerks should be bonded in accordance with state law.</u>
Repeat Finding	No
Criteria	Section 9-7-123(2), Miss. Code Ann. (1972), requires that all Deputy Circuit Clerks be bonded for three percent of the prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000.
Condition	One of the Deputy Circuit Clerks was only bonded for \$25,000 during the fiscal year 2016.
Cause	The County did not comply with state law.
Effect	Failure to comply with the statute would limit the amount available for recovery if a loss occurred.
Recommendation	The Circuit Clerk should ensure the Deputy Circuit Clerks are bonded individually in accordance with state law.
Views of Responsible Official(s)	All Deputy Circuit Clerks will be bonded for the proper amount, not less than \$50,000.

Deputy Tax Collector and Board of Supervisors.

10.	<u>Deputy Tax Collector should be properly bonded.</u>
Repeat Finding	No
Criteria	Section 27-1-9(a), Miss. Code Ann. (1972), requires each deputy tax collector to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.
Condition	One of the deputy tax collectors was only boned for \$25,000 during the fiscal year 2016.

Cause	The County did not comply with state law.
Effect	Failure to comply with the statute would limit the amount available for recovery if a loss occurred.
Recommendation	The County should ensure that all deputy tax collectors are bonded in accordance with state law.
Views of Responsible Officials	We will ensure the Deputy Tax Collectors are properly bonded per statute.

Payroll Clerk.

11. Accurate leave records are not maintained.

Repeat Finding Yes

Criteria Section 25-3-97, Miss. Code Ann. (1972), states that all organization 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.

Condition As reported in the prior three years' audit reports, during our testing of payroll and related procedures the following were noted:

- a. The County does not maintain a uniform system of vacation and sick leave with each department settings 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.

Cause Controls were not in place to ensure compliance with state laws.

Effect Employees are receiving vacation leave in excess of that established by the 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.

Views of Responsible Official(s) A uniform leave system will be implemented and leave benefits will be reported on a timely basis.

Sheriff.

12. Inadequate internal controls were noted in the Sheriff's Office.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties and timely reconciliation of bank statements.

Condition As reported in the prior three years' audit reports, 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. Also, it was noted that the bank statements were not reconciled monthly.

Cause The Sheriff lacked the necessary internal controls to adequately segregate duties.

Effect	Failure to reconcile the bank statements timely and 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, disbursing, and reconciling of cash.
Views of Responsible Official(s)	The Sheriff will implement effective internal control policies that allow for proper segregation of duties regarding cash.

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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 28, 2019

GREENE COUNTY

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GREENE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

GREENE COUNTY

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GREENE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2016

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	Qualified
District 5 Road Fund	Unmodified
Solid Waste Fund	Qualified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2016-001.	<u>Inadequate controls over reporting restricted cash accounts.</u>
Repeat Finding	Yes
Criteria	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.
Condition	As reported in the prior four years' audit reports, 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 \$376,502 and \$0, respectively, were not properly recorded in the general ledger or reconciled to the monthly statements.
Cause	The County did not have adequate controls over the reporting of restricted cash accounts.
Effect	Without adequate internal controls in place over restricted cash accounts, the risk increases that inaccurate information may be reported and a loss or misappropriation of public assets could occur.
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.
Views of Responsible Official(s)	Internal controls will be implement to include recording all restricted cash accounts. Same will be reconciled in a timely manner.

GREENE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2016

Material Weakness

Material Non-Compliance

2016-002.	<u>Controls over repayment of interfund advances should be strengthened.</u>
Repeat Finding	No
Criteria	The Mississippi Code is silent regarding the authority to make interfund loans.
Condition	The County has interfund loans outstanding that are over one year. These loans were made to cover indirect costs due from solid waste and to resolve cash flows problems. However, these loans were not repaid as of September 30, 2016.
Cause	The County failed to repay outstanding interfund loans.
Effect	Failure of the Board of Supervisors to ensure payment of these loans is an illegal diversion of legally restricted funds.
Recommendation	For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason of the loan, when the loan will be repaid and the source of funds for repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	The Board of Supervisors will approve and record any interfund loans for the minutes. Information will also include when the loan will be repaid and indicate funds for repayment. The Board of Supervisors will ensure old loans are paid, record and approve a repayment schedule and comply with the same.
Significant Deficiency	
2016-003.	<u>Internal controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.</u>
Repeat Finding	No
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	<p>The County's accounting system is not adequately segregated to assure a proper internal control structure. Based on test work, we noted the following internal control structure weaknesses in the County's accounting structure:</p> <ul style="list-style-type: none">a. The comptroller prepares the deposit, as well as takes the funds to the bank.b. Receipt warrants are posted to the general ledger by the comptroller, who maintains the general ledger.c. The comptroller reconciles the County depository bank statements.
Cause	The County lacks the necessary control procedures to have adequate segregation of duties for general accounting functions.
Effect	These conditions could result in unrecorded transactions, undetected errors, or misappropriation of funds.

GREENE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2016

Recommendation	The Board of Supervisors should implement effective internal control policies that allow for the proper segregation of duties with respect to control of the general ledger, receipt warrants, bank reconciliations, and preparing/making deposits.
Views of Responsible Official(s)	The Board of Supervisors will implement internal controls to allow for proper segregation of duties.
Material Weakness	
2016-004.	<u>Controls over financial statement preparation should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles should include adequate detail to document the compilation of individual funds' balances and transactions, proper accrual of revenues and expenditures/expenses, proper classification of revenues and expenditures/expenses, proper posting of transactions, proper classification of restricted net position and fund balances, accurate reporting of debt and the inclusion of all required disclosures in the notes to the financial statements.
Condition	<p>We noted the following deficiencies in the financial statement preparation and reporting:</p> <ul style="list-style-type: none">a. The business-type activities and Solid Waste Fund included a prior period adjustment in the amount of \$192,476; however, no documentation could be provided for this adjustment.b. The governmental activities included a prior period adjustment in the amount of \$38,430; however, no documentation could be provided for this adjustment.
Cause	The County lacked the necessary internal controls over financial statement preparation needed to safeguard themselves against possible material misstatements in the financial statements.
Effect	An audit adjustment in the amount of \$188,576 to correct the errors in the business-type activities and Solid Waste Fund and in the notes to the financial statements was proposed to management and made to the financial statements with management's approval. The prior period adjustment made by the financial statement preparer to the governmental activities could not be identified and therefore, was not adjusted. However, this amount does not materially affect the financial statements.
Recommendation	The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles that includes adequate detail to document the compilation of individual funds' balances and transactions as well as any adjustments to these balances and transactions, proper accrual of revenues and expenditures/expenses, proper classification of revenue and expenditures/expenses, proper posting of transactions, proper classification of net position and fund balance, accurate reporting of debt and the inclusion of all required disclosures in the notes to the financial statements.
Views of Responsible Official(s)	The Board of Supervisors will implement a system of internal control over financial statement preparation and reporting that includes adequate detail to document the compilation of individual funds' balances and transactions as well as any adjustments to these balances and transactions, proper accrual of revenues and expenditures/expenses, proper classification of revenue and expenditures/expenses, proper posting of transactions, proper classification of net position and fund balance, accurate reporting of debt and the inclusion of all required disclosures in the notes to the financial statements as recommended.

GREENE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2016

Board of Supervisors and Payroll Clerk.

Significant Deficiency

2016-005. Controls over solid waste collections should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over solid waste collections should include management's approval of all solid waste accounts receivable adjustments, and the dollar amount of each should be approved. Also, deposits should be made in a timely manner and daily check-up sheets should be completed and maintained daily.

Condition During test work, we noted the following:

- a. Management did not approve all solid waste accounts receivable adjustments or the dollar amounts of each adjustment.
- b. The Solid Waste Clerk is not making deposits in a timely manner.
- c. The Solid Waste Clerk is not completing or maintaining daily check-up sheets.

Cause Due to the absence of controls over solid waste collections, the County did not approve all accounts receivable adjustments, make deposits in a timely manner, and complete and maintain daily check-up sheets.

Effect Failure to properly approve solid waste accounts receivable adjustments, make timely deposits, and complete and maintain daily check-up sheets could result in the loss or misappropriation of public funds.

Recommendation The Solid Waste Clerk should submit all solid waste adjustments for approval by the Board of Supervisors and ensure that the dollar amounts of each adjustment are documented and spread across the minutes. In addition, deposits should be made in a timely manner and daily check-up sheets should be completed and maintained.

Views of Responsible Official(s) The Clerk will submit all non-cash adjustments for approval by the Board of Supervisors and ensure the dollar amount is spread on the minutes. Daily check-up sheets will be completed and maintained.

Inventory Control Clerk.

**Material Weakness
Material Noncompliance**

2016-006. The County should maintain adequate capital asset subsidiary records.

Repeat Finding Yes

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the County to develop and maintain an inventory control system.

Condition As reported in the prior thirteen years' audit reports, capital asset control procedures were inadequate for maintaining an accurate inventory or adequate subsidiary records documenting 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:

GREENE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2016

- a) The list of county capital assets did not agree to the indicated total assets values of the prior years' balances.
- b) Net capital asset adjustments totaled \$1,428,462 (governmental activities) and \$117,521 (business-type activities) to reconcile to the available County's inventory listing.
- c) Infrastructure is not booked or recorded by the County.
- d) Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.
- e) Capital lease additions were not recorded on the capital asset listing in both governmental and business-type activities.

Therefore, the Independent Auditor's Report on the governmental activities, business-type activities, and Solid Waste Fund financial statements are qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets.

Cause	The County lacks the necessary control procedures to accurately maintain inventory or subsidiary records, which caused the County to not be in compliance with state law, and also materially affected the financial statements.
Effect	The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of loss or misappropriation of public funds.
Recommendation	The Board of Supervisors should establish 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. Depreciation should be calculated in accordance with state guidelines.
Views of Responsible Official(s)	The Board of Supervisors will establish control procedures to ascertain the historical and/or estimated cost of capital assets and maintain accurate inventory records regarding the existence, valuation, and completeness of capital assets. Depreciation will be calculated as required by state guidelines.
Justice Court Clerk.	
Material Weakness	
2016-007.	<u>The Justice Court Clerk should ensure effective controls over fines receivable.</u>
Repeat Finding	No
Criteria	An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance. Subsidiary records should ensure that fines receivable are properly aged in order to estimate the collectability of these fines receivable and include only fines due to the County.
Condition	Management did not maintain adequate subsidiary records documenting the existence and valuation of only fines receivable due to the County for Justice Court fines and aging of fines receivable as of September 30, 2016.
Cause	The Justice Court Clerk failed to run the correct report on October 1, 2015. Due to the nature of the report, it could not be re-run at a later date.
Effect	The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.

GREENE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2016

Recommendation	The Justice Court Clerk should establish procedures documenting the existence and valuation of Justice Court fines receivable, including the aging schedule of fines receivables for only fines due the County as of September 30 th .
Views of Responsible Official(s)	Justice Court has established procedures to document same. The report will be printed on October 1 st .
Payroll Clerk.	
Significant Deficiency	
2016-008.	<u>Internal controls over the payroll function should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of internal control over payroll should include keeping accurate and complete records for each employee's work hours and compensation. According to the Board of Supervisors' employee handbook compensation policy, paychecks are compensation for work performed in the pay period and all timesheets should be signed by both the employees and supervisor/department head.
Condition	<p>During the testing of payroll, the following issues were noted:</p> <ul style="list-style-type: none">a. The Payroll Clerk does not maintain all original timesheets in the payroll office.b. Some departments within the County do not keep timesheets for each day of the week.c. Timesheets that are turned into the Payroll Clerk are not signed by both the employee and department head.d. Employees are paid in advance to hours worked. In some cases, the payroll checks are issued three to four days before the payroll cycle has ended for the entire audit.e. Payroll check dates in the County's records are not the date in which the checks are issued to employees.f. Payroll checks are stuffed in envelopes by the maintenance department away from the payroll office.
Cause	The County lacks the necessary control procedures needed over the payroll function.
Effect	The failure to establish internal controls over the payroll function could result in unauthorized and inaccurate payroll checks being processed, as well as increases the possibility of misappropriation of loss of public funds.
Recommendation	The Board of Supervisors should follow the policies established in their employee handbook to ensure payroll is accurate, authorized and complete.
Views of Responsible Official(s)	The Board of Supervisors will implement effective internal controls regarding payroll to ensure it is accurate and complete.