GREENE COUNTY, MISSISSIPPI

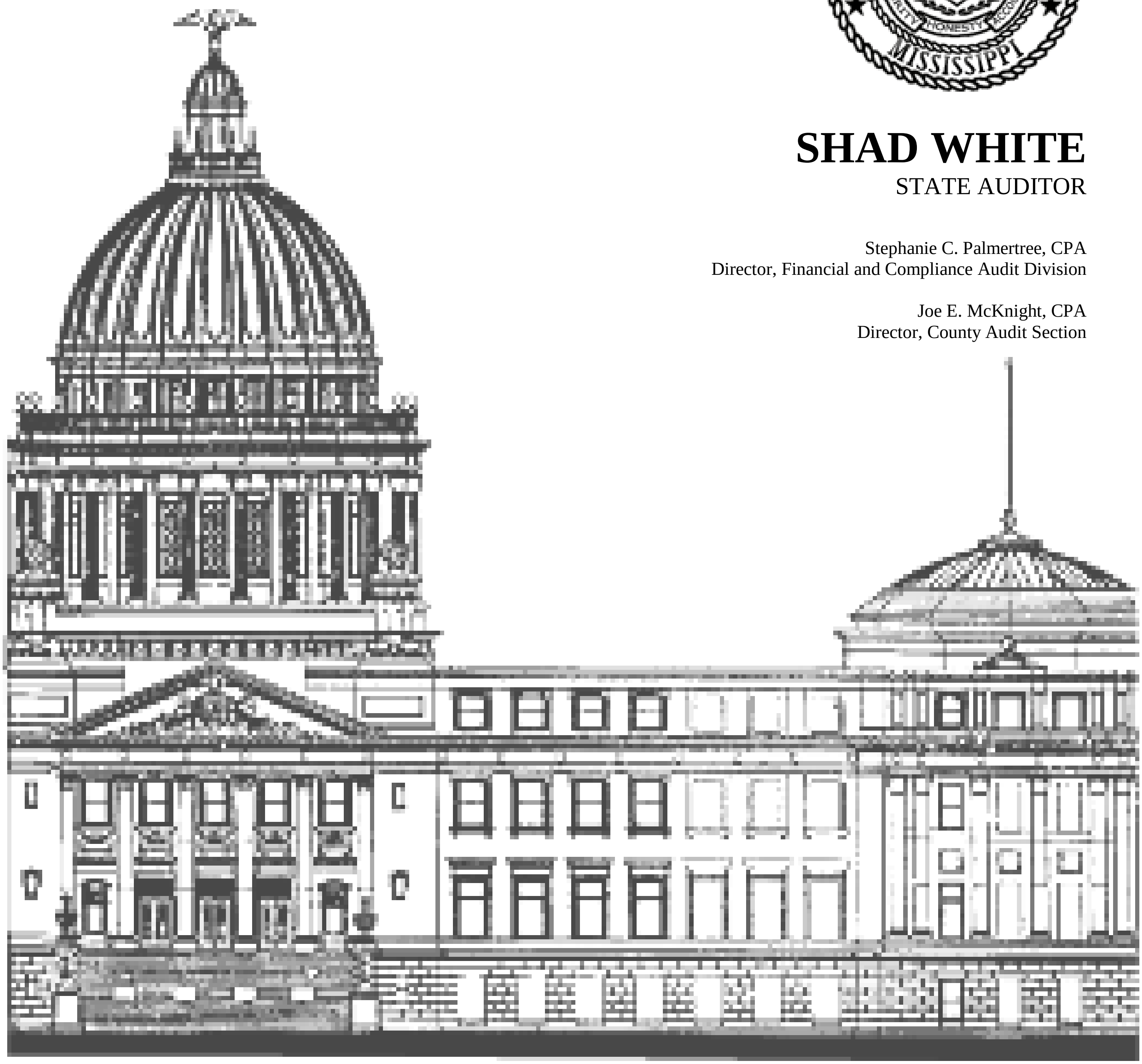
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

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

www.osa.state.ms.us

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
AUDITOR

November 15, 2019

Members of the Board of Supervisors
Greene County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 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,

Shad White

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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, the major fund, and the aggregate remaining fund information of Greene County, Mississippi, (the County) as of and for the year ended September 30, 2017, 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.

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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 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.

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, 2017, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the aggregate remaining fund information of Greene County, Mississippi, as of September 30, 2017, 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 Schedule 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 November 15, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greene County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greene County, Mississippi's internal control over financial reporting and compliance.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 15, 2019

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GREENE COUNTY

FINANCIAL STATEMENTS

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GREENE COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

		Primary Government		
		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash	$	2,610,723		2,610,723
Restricted assets - Investments		377,903		377,903
Property tax receivable		5,920,888	75,000	5,995,888
Accounts receivable (net of allowance for uncollectibles of $460,417)			178,247	178,247
Fines receivable (net of allowance for uncollectibles of $ 412,188)		194,177		194,177
Intergovernmental receivables		90,436		90,436
Other receivables		7,440		7,440
Internal balances		20,204	(20,204)	
Capital assets:				
Land and construction in progress		133,458	6,040	139,498
Other capital assets, net		13,387,137	545,569	13,932,706
Total Assets		22,742,366	784,652	23,527,018
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions		971,971	67,225	1,039,196
Total Deferred Outflows of Resources		971,971	67,225	1,039,196
LIABILITIES				
Claims payable		83,375	11,464	94,839
Intergovernmental payables		342,911		342,911
Accrued interest payable		74,699		74,699
Unearned revenue			41,569	41,569
Long-term liabilities				
Net pension liability		6,977,714	462,586	7,440,300
Due within one year:				
Capital debt		1,284,430	95,217	1,379,647
Non-capital debt		28,778		28,778
Due in more than one year:				
Capital debt		6,194,247	293,942	6,488,189
Non-capital debt		29,627		29,627
Total Liabilities		15,015,781	904,778	15,920,559
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions		64,450	4,030	68,480
Deferred revenues - property taxes		5,920,888	75,000	5,995,888
Total Deferred Inflows of Resources		5,985,338	79,030	6,064,368
NET POSITION				
Net investment in capital assets		6,041,918	162,450	6,204,368
Restricted for:				
Expendable:				
General government		32,726		32,726
Public safety		80,289		80,289
Public works		1,327,435		1,327,435
Health and welfare		307,803		307,803
Economic development and assistance		111		111
Debt service		629,994		629,994
Unrestricted		(5,707,058)	(294,381)	(6,001,439)
Total Net Position	$	2,713,218	(131,931)	2,581,287

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

GREENE COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 3,149,894	282,442	25,704		(2,841,748)		(2,841,748)
Public safety	1,627,168	180,362	121,780		(1,325,026)		(1,325,026)
Public works	3,159,383		912,362	140,184	(2,106,837)		(2,106,837)
Health and welfare	67,463				(67,463)		(67,463)
Culture and recreation	121,442				(121,442)		(121,442)
Conservation of natural resources	129,368				(129,368)		(129,368)
Interest on long-term debt	284,721				(284,721)		(284,721)
Pension expense	715,843				(715,843)		(715,843)
Total Governmental Activities	9,255,282	462,804	1,059,846	140,184	(7,592,448)		(7,592,448)
Business-type activities:							
Solid waste	552,220	548,384				(3,836)	(3,836)
Total Business-type Activities	552,220	548,384				(3,836)	(3,836)
Total Primary Government	$ 9,807,502	1,011,188	1,059,846	140,184	(7,592,448)	(3,836)	(7,596,284)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Property taxes	$ 6,437,469	83,121	6,520,590
Road & bridge privilege taxes	140,179		140,179
Grants and contributions not restricted to specific programs	316,817		316,817
Unrestricted interest income	7,798		7,798
Miscellaneous	938,951		938,951
Transfers	(23,151)	23,151	
Total General Revenues and Transfers	7,818,063	106,272	7,924,335
Changes in Net Position	225,615	102,436	328,051
Net Position - Beginning, as previously reported	2,785,744	(190,242)	2,595,502
Prior period adjustments	(298,141)	(44,125)	(342,266)
Net Position - Beginning, as restated	2,487,603	(234,367)	2,253,236
Net Position - Ending	$ 2,713,218	(131,931)	2,581,287

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

GREENE COUNTY

Exhibit 3

Balance Sheet - Governmental Funds

September 30, 2017

		Major Fund		
		General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$	394,313	2,216,410	2,610,723
Restricted assets - Investments			377,903	377,903
Property tax receivable		3,042,100	2,878,788	5,920,888
Fines receivable (net of allowance for uncollectibles of $412,188)		194,177		194,177
Intergovernmental receivables		89,725	711	90,436
Other receivables		7,440		7,440
Due from other funds			188,687	188,687
Advances to other funds		534,903	543,092	1,077,995
Total Assets	$	4,262,658	6,205,591	10,468,249
LIABILITIES				
Liabilities:				
Claims payable	$	23,003	60,372	83,375
Intergovernmental payables		258,863		258,863
Due to other funds		196,245	37,302	233,547
Advances from other funds		236,059	860,920	1,096,979
Total Liabilities		714,170	958,594	1,672,764
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes		3,042,100	2,878,788	5,920,888
Unavailable revenue - fines		194,177		194,177
Total Deferred Inflows of Resources		3,236,277	2,878,788	6,115,065
Fund balances:				
Nonspendable:				
Advances		534,903		534,903
Restricted for:				
General government			32,726	32,726
Public safety			80,289	80,289
Public works			1,327,435	1,327,435
Health and welfare			307,803	307,803
Economic development and assistance			111	111
Debt service			704,693	704,693
Unassigned		(222,692)	(84,848)	(307,540)
Total Fund Balances		312,211	2,368,209	2,680,420
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$	4,262,658	6,205,591	10,468,249

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

GREENE COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017

		Amount
Total Fund Balance - Governmental Funds	$	2,680,420
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.		13,520,595
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		194,177
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(7,537,082)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(6,977,714)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(74,699)
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		971,971
Deferred inflows of resources related to pensions		(64,450)
Total Net Position - Governmental Activities	$	2,713,218

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, 2017

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$ 3,228,447	3,209,022	6,437,469
Road and bridge privilege taxes		140,179	140,179
Licenses, commissions and other revenue	135,547	5,007	140,554
Fines and forfeitures	232,052	21,636	253,688
Intergovernmental revenues	197,682	1,319,165	1,516,847
Charges for services	27,766	103,731	131,497
Interest income	768	7,030	7,798
Miscellaneous revenues	791,064	147,887	938,951
Total Revenues	4,613,326	4,953,657	9,566,983
EXPENDITURES			
Current:			
General government	3,032,499	149,133	3,181,632
Public safety	1,169,071	588,119	1,757,190
Public works		3,608,733	3,608,733
Health and welfare	67,463		67,463
Culture and recreation	72,164	49,278	121,442
Conservation of natural resources	127,104	2,264	129,368
Debt service:			
Principal	213,289	779,539	992,828
Interest	14,748	253,084	267,832
Total Expenditures	4,696,338	5,430,150	10,126,488
Excess of Revenues over (under) Expenditures	(83,012)	(476,493)	(559,505)
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	130,547	832,399	962,946
Proceeds from sale of capital assets		118,326	118,326
Transfers in	20,584	172,465	193,049
Transfers out	(131,956)	(84,244)	(216,200)
Total Other Financing Sources and Uses	19,175	1,038,946	1,058,121
Net Changes in Fund Balances	(63,837)	562,453	498,616
Fund Balances - Beginning, as previously reported	376,048	1,765,888	2,141,936
Prior period adjustment		39,868	39,868
Fund Balances - Beginning, as restated	376,048	1,805,756	2,181,804
Fund Balances - Ending	$ 312,211	2,368,209	2,680,420

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, 2017

		Amount
Net Changes in Fund Balances - Governmental Funds	$	498,616
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 $423,925 exceeded depreciation of $0 in the current period.		423,925
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 $239,923 and the proceeds from the sale of $118,326 in the current period.		(358,249)
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.		(62,935)
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 $992,828 exceeded debt proceeds of $962,946.		29,882
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 increase in accrued interest payable		(12,066)
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		(715,843)
Recording of contributions made during the year		427,108
Change in Net Position of Governmental Activities	$	225,615

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

GREENE COUNTY

Statement of Net Position - Proprietary Fund

September 30, 2017

Exhibit 5

		Business-type Activities - Enterprise Fund
		Solid Waste Fund
ASSETS		
Current assets:		
Property tax receivable	$	75,000
Accounts receivable (net of allowance for uncollectibles of $460,417)		178,247
Due from other funds		1,300
Total Current Assets		254,547
Noncurrent assets:		
Capital assets:		
Land and construction in progress		6,040
Other capital assets, net		545,569
Total Noncurrent Assets		551,609
Total Assets		806,156
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		67,225
Total Deferred Outflows of Resources		67,225
LIABILITIES		
Current liabilities:		
Claims payable		11,464
Advances from other funds		21,504
Unearned revenue		41,569
Capital debt:		
Capital leases payable		95,217
Total Current Liabilities		169,754
Noncurrent liabilities:		
Net pension liability		462,586
Capital debt:		
Capital leases payable		293,942
Total Noncurrent Liabilities		756,528
Total Liabilities		926,282
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		4,030
Deferred inflows related to property taxes		75,000
Total Deferred Inflows of Resources		79,030
NET POSITION		
Net investment in capital assets		162,450
Unrestricted		(294,381)
Total Net Position	$	(131,931)

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, 2017

		Business-type Activities - Enterprise Funds
		Solid Waste Fund
Operating Revenues		
Charges for services	$	548,384
Total Operating Revenues		548,384
Operating Expenses		
Personal services		237,258
Contractual services		125,904
Materials and supplies		77,672
Depreciation expense		58,660
Pension expense		43,306
Total Operating Expenses		542,800
Operating Income (Loss)		5,584
Nonoperating Revenues (Expenses)		
Property tax		83,121
Interest expense		(9,420)
Net Nonoperating Revenue (Expenses)		73,701
Net Income (Loss) Before Transfers		79,285
Transfers in		23,151
Changes in Net Position		102,436
Net Position - Beginning, as previously reported		(190,242)
Prior period adjustment		(44,125)
Net Position - Beginning, as restated		(234,367)
Net Position - Ending	$	(131,931)

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, 2017

Exhibit 7

		Business-type Activities - Enterprise Fund
		Solid Waste Fund
Cash Flows From Operating Activities		
Receipts from customers	$	513,256
Payments to suppliers		(203,718)
Payments to employees		(263,096)
Net Cash Provided (Used) by Operating Activities		46,442
Cash Flows From Noncapital Financing Activities		
Cash received from property taxes		83,121
Cash received from other funds:		
Operating transfers in		23,151
Cash paid to other funds:		
Interfund loan repayments		(47)
Net Cash Provided (Used) by Noncapital Financing Activities		106,225
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets		(35,000)
Principal paid on long-term debt		(112,355)
Interest paid on debt		(9,420)
Net Cash Provided (Used) by Capital and Related Financing Activities		(156,775)
Net Increase (Decrease) in Cash and Cash Equivalents		(4,108)
Cash and Cash Equivalents at Beginning of Year		4,108
Cash and Cash Equivalents at End of Year	$	0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$	5,584
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		58,660
Provision for uncollectible accounts		50,490
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable		(74,902)
(Increase) decrease in deferred outflows of resources		32,805
Increase (decrease) in claims payable		(142)
Increase (decrease) in deferred inflows of resources		2,473
Increase (decrease) in net pension liability		(17,810)
Increase (decrease) in unearned revenue		(10,716)
Total Adjustments		40,858
Net Cash Provided (Used) by Operating Activities	$	46,442

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

GREENE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 8

		Agency Funds
ASSETS		
Cash	$	123,872
Due from other funds		43,560
Advances to other funds		89,902
Other receivables		710
Total Assets	$	258,044
LIABILITIES		
Intergovernmental payables	$	208,630
Advances from other funds		49,414
Total Liabilities	$	258,044

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

(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

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 Fund:

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

The County reports the following major Enterprise 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.

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.

The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operations 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.

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.

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.

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

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

O. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

P. Compensated Absences.

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

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(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 correct errors from incorrect recording of capital assets in the prior period.	$	(335,639)
To correct the beginning balances of long-term debt.		(2,370)
To properly record cash balances on the County's books.		10,712
To correct prior year errors in the classification of the JCJC Enlargement Fund.		29,156
Total prior period adjustments	$	(298,141)

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

Explanation		Amount
To correct errors from incorrect recording of capital assets in the prior period.	$	(44,125)

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.	$	10,712
To correct prior year errors in the classification of the JCJC Enlargement Fund.		29,156
Total prior period adjustments	$	39,868

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

Explanation		Amount
To correct errors from incorrect recording of capital assets in the prior period.	$	(44,125)

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was $2,734,595, and the bank balance was $3,327,516. 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, 2017, are as follows:

Investment Type	Maturities		Fair Value	Rating
Certificates of Deposit	Two Years	$	377,903	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.

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). 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.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund		Amount
Other Governmental Funds	General Fund	$	188,687
Agency Funds	General Fund		6,258
Agency Funds	Other Governmental Funds		37,302
Enterprise Fund	General Fund		1,300
Total		$	233,547

The receivables represent the tax revenue collected in September 2017, but not settled until October 2017, posting errors, 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:

Receivable Fund	Payable Fund		Amount
General Fund	Other Governmental Funds	$	465,408
General Fund	Solid Waste Fund		21,504
General Fund	Agency Funds		47,991
Other Govermental Funds	General Fund		235,948
Other Governmental Funds	Other Governmental Funds		307,144
Agency Funds	General Fund		111
Agency Funds	Other Governmental Funds		88,368
Agency Funds	Agency Funds		1,423
Total		$	1,167,897

The interfund advances balances consist 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:

Transfers In	Transfers Out		Amount
General Fund	Other Governmental Funds	$	20,584
Other Governmental Funds	Other Governmental Funds		63,660
Other Governmental Funds	General Fund		108,805
Solid Waste Fund	General Fund		23,151
Total		$	216,200

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, 2017, consisted of the following:

Description		Amount
Governmental Activities:		
Legislative tax credit	$	67,330
Emergency management performance grants		16,715
Housing prisoners reimbursement		5,680
Forestry aid		711
Total Governmental Activities	$	90,436

Restricted Assets.

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

Capitalized interest	$	401
Debt service reserve		377,502
Total restricted assets	$	377,903

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments*	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	$ 133,458				133,458
Total non-depreciable capital assets	133,458	-	-	-	133,458
Depreciable capital assets:					
Buildings	6,482,623	93,007			6,575,630
Mobile equipment	4,232,197	299,496	20,998	250,748	4,761,443
Furniture and equipment	694,192	31,422		15,720	741,334
Leased property under capital leases	2,248,088		337,251	(602,107)	1,308,730
Total depreciable capital assets	13,657,100	423,925	358,249	(335,639)	13,387,137
Less accumulated depreciation for:					
Buildings					-
Mobile equipment					-
Furniture and equipment					-
Leased property under capital leases					-
Total accumulated depreciation					-
Total depreciable capital assets, net	13,657,100	423,925	358,249	(335,639)	13,387,137
Governmental activities capital assets, net	$ 13,790,558	423,925	358,249	(335,639)	13,520,595

Business-type activites:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments*	Balance Sept. 30, 2017
Non-depreciable capital assets:					
Land	$ 6,040				6,040
Total non-depreciable capital assets	6,040	-	-	-	6,040
Depreciable capital assets:					
Buildings	206,000				206,000
Mobile equipment	358,456			536,000	894,456
Furniture and equipment	10,000	35,000			45,000
Leased property under capital leases	818,614			(528,285)	290,329
Total depreciable capital assets	1,393,070	35,000	-	7,715	1,435,785
Less accumulated depreciation for:					
Buildings	160,680	4,120			164,800
Mobile equipment	322,610	48,240		51,840	422,690
Furniture and equipment	9,000	6,300			15,300
Leased property under capital leases	287,426				287,426
Total accumulated depreciation	779,716	58,660	-	51,840	890,216
Total depreciable capital assets, net	613,354	(23,660)	-	(44,125)	545,569
Business-type activities capital assets, net	$ 619,394	(23,660)	-	(44,125)	551,609

*Adjustments to 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 functions:

		Amount
Business-type activities:		
Solid waste	$	58,660

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is $1,000,000 for each accident and completely covers statutory limits set by 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, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) 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 adjustments 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 improvements 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 received income from property it leases under non-cancellable operating leases. Total income from such leases was $704,832 for the year ended September 30, 2017. The future minimum lease receivables for these leases are as follows:

Year Ending September 30		Amount
2018		718,750
2019		723,750
2020		728,750
2021		733,750
2022		738,750
2023 - 2027		3,768,750
Total Minimum Payments Required	$	7,412,500

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 cost for such leases were $6,000 for the year ended September 30, 2017. The future minimum lease payments for this lease are as follows:

Year Ending September 30		Amount
2018		6,000
2019		6,000
2020		2,000
Total Minimum Payments Required	$	14,000

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property		Governmental Activities	Business-type Activities
Mobile equipment	$	1,216,878	290,329
Furniture and equipment		91,852	
Total		1,308,730	290,329
Less: Accumulated depreciation		-	287,426
Leased Property Under Capital Leases	$	1,308,730	2,903

The following is a schedule by years of the total payments due as of September 30, 2017:

		Governmental Activities		Business-type Activities	
Year Ending September 30		Principal	Interest	Principal	Interest
2018	$	597,362	34,655	95,217	8,388
2019		393,827	25,964	195,055	5,215
2020		508,028	15,725	69,442	1,660
2021		396,926	3,931	29,445	182
2022		2,710	8		
Total	$	1,898,853	80,283	389,159	15,445

(10) 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 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, 2017, 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, 2017 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, 2017, 2016 and 2015 were $452,947, $437,091 and $428,836, 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, 2017, the County reported liabilities in the Governmental Activities of $6,977,714 and in the Business-type Activities of $462,586 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017 net pension liability was .044758 percent, which was based on a measurement date of June 30, 2017. This was an increase of .001357 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of $715,843 in Governmental Activities and $43,306 in Business-type Activities. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	103,369	54,290
Net difference between projected and actual earnings on pension plan investments		78,812	-
Changes of assumptions		158,998	14,190
Changes in the proportion and differences between the County's contributions and proportionate share of contributions		586,506	-
County contribututions subsequent to the measurement date		111,511	-
Total	$	1,039,196	68,480

$111,511 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30		Amount
2018	$	560,994
2019		352,444
2020		89,486
2021		(143,719)
Total	$	859,205

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 18.50 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Assets	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.50
Cash	1.00	-
Total	100.00 %	

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

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

		1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	$	9,758,448	7,440,300	5,515,731

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2017, 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	$	647,600	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Buildings)		125,000	3.75%	01/2020
Total General Obligation Bonds	$	772,600		
B. Limited Obligation Bonds:				
Taxable Special Obligation Bonds	$	3,965,000	4.86%	11/2031
Total Limited Obligation Bonds	$	3,965,000		
C. Capital Leases:				
Computer equipment	$	43,023	2.15%	09/2021
Computer equipment		26,591	0.00%	03/2019
Caterpillar 12M3 Grader - District 5		191,703	2.19%	08/2020
CAT 320 excavator		72,381	2.51%	07/2020
2005 Western Star dump truck		10,309	2.17%	07/2018
2017 Mack truck		230,358	2.41%	07/2019
Caterpillar 140M3 - District 1		185,544	2.20%	02/2018
2012 Caterpillar excavator		72,381	2.51%	07/2020
CAT 430F backhoe		61,029	1.89%	12/2018
Kubota tractor		7,052	2.14%	05/2018
Caterpillar D4 motorgrader		188,665	2.19%	06/2020
Caterpillar 430F backhoe		68,020	2.10%	03/2018
Caterpillar 12M3 motorgrader		206,708	1.95%	01/2021
2006 Badger 1085 excavator		16,644	2.07%	11/2019
Caterpillar 12M3 motorgrader		216,448	1.90%	08/2021
CAT 430F backhoe		114,411	3.43%	11/2020
John Deere 6135E tractor		64,884	2.19%	11/2021
2017 Mack truck		122,702	2.41%	10/2019
Total Capital Leases	$	1,898,853		

Description and Purpose		Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:				
D. Other Loans:				
Loan - Singing River	$	75,370	0.00%	07/2019
Loan - Hospital Renovation		280,000	3.20%	03/2019
Loan - Laundry Construction		58,405	2.75%	04/2019
Loan - District 3 Road Repair		150,000	2.25%	03/2020
Loan - District 2 Equipment note		42,600	3.60%	08/2020
Promissory Note - JCJC enlargement		290,463	2.00%	07/2022
Promissory Note - Cooper-Tax Building		71,307	0.00%	07/2020
Total Other Loans	$	968,145		
Business-type Activites:				
A. Capital Leases:				
(3) Freightliner	$	232,734	2.47%	02/2021
2016 Mack GU812		156,425	2.41%	06/2019
Total Capital Leases	$	389,159		

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

Governmental Activities:

		General Obligation Bonds		Limited Obligation Bonds	
Year Ending September 30		Principal	Interest	Principal	Interest
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		140,800	3,062	225,000	146,800
2023 - 2027		-	-	1,280,000	590,500
2028 - 2032		-	-	1,610,000	262,238
Total	$	772,600	79,971	3,965,000	1,651,363

		Other Loans	
Year Ending September 30		Principal	Interest
2018	$	356,969	13,774
2019		352,155	12,063
2020		148,788	5,545
2021		62,518	1,634
2022		47,715	399
Total	$	968,145	33,415

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, 2017, the amount of outstanding debt was equal to 3.82% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:						
General obligation bonds	$ 924,400		151,800		772,600	158,700
Less:						
Discounts	(72,339)		(4,823)		(67,516)	(4,823)
Limited obligation bonds	4,165,000		200,000		3,965,000	205,000
Capital leases	1,919,817	372,339	395,673	2,370	1,898,853	597,362
Other loans	622,893	590,607	245,355	-	968,145	356,969
Total	$ 7,559,771	962,946	988,005	2,370	7,537,082	1,313,208

	Balance Oct. 1, 2016	Additions	Reductions	Adjustments	Balance Sept. 30, 2017	Amount due within one year
Business-type Activities:						
Capital leases	$ 501,514	-	110,875	(1,480)	389,159	95,217

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

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2017:

Fund	Deficit Amount
DUI Grant Fund	$ (14,350)
Forestry Commission Grant - Fuel Reduction Fund	(2,385)
Homeland Security Fund	(22,280)
Law Library Fund	(67,033)
Museum Archives & History Grant Fund	(36,665)

(13) 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, 2017
USDA Note	$	150,741

(14) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of ($5,707,058) 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 $105,150 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, 2018. The $866,821 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The $64,450 balance of the deferred inflows of resources related to pension at September 30, 2017, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of ($294,381) 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 $6,361 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, 2018. The $60,864 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The $4,030 balance of the deferred inflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years.

(15) 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.

(16) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Greene County Board of Supervisors appoints one of nine members of the board of directors. There is no ongoing financial interest or responsibility for the appointing authorities. The County appropriated $32,354 for support of the district in fiscal year 2017.

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 $25,250 for support of the district in fiscal year 2017.

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 2017.

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 $307,154 for maintenance, support and enlargement of the college in fiscal year 2017.

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 Pas Christian, with the remaining 16 appointed by the private sector. Most of the entity's funding comes through federal grants and the member governments provide only a modest amount of financial support when the grants require matching funds.

(17) Tax Abatements.

As of September 30, 2017, Greene County provides tax exempt status to one utilities storage facility, one sawmill facility and one electrical contractor subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and the community college tax levies. These exemptions are authorized under Sections 27-31-7, 27-31-104 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2017 totaled $1,705,602 for the utilities storage facility, $10,150 for the sawmill facility and $7,190 for the electrical contractor.

(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 November 15, 2019 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2017, the County issued the following debt obligations:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
12/19/2017	3.43%	$	114,411	Capital lease	Ad valorem taxes
02/20/2018	3.20%		272,096	Capital lease	Ad valorem taxes
04/12/2018	2.75%		109,087	Capital lease	Ad valorem taxes
05/07/2018	3.59%		140,395	Promissory note	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
07/01/2019	3.50%		$100,000	Tax anticipation loan	Ad valorem taxes
10/01/2019	3.42%		$294,607	Capital lease	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

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GREENE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 2,607,758	3,226,389	3,226,389	
Licenses, commissions and other revenue	125,500	141,476	141,476	
Fines and forfeitures	259,000	195,775	195,775	
Intergovernmental revenues	241,600	177,675	177,675	
Charges for services	10,000	8,386	8,386	
Interest income	5,000	7,814	7,814	
Miscellaneous revenues	811,700	953,577	953,577	
Total Revenues	4,060,558	4,711,092	4,711,092	0
EXPENDITURES				
Current:				
General government	2,709,424	2,934,024	2,934,024	
Public safety	885,694	1,160,157	1,160,157	
Health and welfare	1,151,414	67,443	67,443	
Culture and recreation	78,606	72,164	72,164	
Conservation of natural resources	113,107	123,531	123,531	
Economic development and assistance	20,000			
Debt service:				
Principal		213,290	213,290	
Interest		14,747	14,747	
Total Expenditures	4,958,245	4,585,356	4,585,356	0
Excess of Revenues over (under) Expenditures	(897,687)	125,736	125,736	0
OTHER FINANCING SOURCES (USES)				
Transfers in		522,208	522,208	
Transfers out		(633,580)	(633,580)	
Total Other Financing Sources and Uses	0	(111,372)	(111,372)	0
Net Change in Fund Balance	(897,687)	14,364	14,364	
Fund Balances - Beginning	212,503	37,441	37,441	
Fund Balances - Ending	$ (685,184)	51,805	51,805	0

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, 2017

	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.044758%	0.043401%	0.042950%	0.41460%
County's proportionate share of the net pension liability (asset)	$ 7,440,300	7,752,502	6,639,222	5,032,485
County's covered payroll	$ 2,871,244	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 payroll	259.13%	279.22%	243.84%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	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 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

GREENE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

		2017	2016	2015	2014
Contractually required contribution	$	452,947	437,091	428,836	394,666
Contributions in relation to the contractually required contribution		452,947	437,091	428,836	394,666
Contribution deficiency (excess)	$	-	-	-	
County's covered payroll	$	2,875,833	2,775,181	2,722,768	2,505,816
Contributions as a percentage of covered payroll		15.75%	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.

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GREENE COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
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:

	Governmental Fund Types
	General Fund
Budget (Cash Basis)	$ 14,364
Increase (Decrease)	
Net adjustments for revenue accruals	(468,844)
Net adjustments for expenditure accruals	390,643
GAAP Basis	$ (63,837)

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, 2017:

Fund		Excess
Greene County Employee Flower Fund	$	2,401
Greene County Fire Board Fund		8,390
Greene County Circuit Clerk Juror Fund		16,065

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, 2017:

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%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumptions was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

B. Changes in benefit provisions.

<u>2016</u>

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 (June 30, 2015 valuation for the June 30, 2017 fiscal year end).

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, Including inflation

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OTHER INFORMATION

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GREENE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
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
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
Pascal Walters	Assistant Receiving Clerk	Ohio Casualty	$75,000
Patti Zehner	Inventory Control Clerk	Ohio Casualty	$75,000
Harvey Grimes	Road Manager	Ohio Casualty	$50,000
Dorothy Woods	Road Manager	Western Surety	$50,000
Pascal Walters	Road Manager	Ohio Casualty	$50,000
Ryan Walley	Constable	Ohio Casualty	$50,000
Shannon Busby	Constable	Ohio Casualty	$50,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	$100,000
Renee Green	Deputy Circuit Court Clerk	Western Surety	$50,000
Pertina Benjamin	Deputy Circuit Court Clerk	Western Surety	$50,000
Stanley McLeod	Sheriff	Ohio Casualty	$100,000
L. Joe Beard	Justice Court Judge	Ohio Casualty	$50,000
Wade Jeffrey Byrd	Justice Court Judge	Ohio Casualty	$50,000
Rita Walley	Justice Court Clerk	Ohio Casualty	$50,000
Brenda Moreno	Deputy Justice Court Clerk	Ohio Casualty	$50,000
Mark Holder	Tax Assessor-Collector	Ohio Casualty	$100,000
Melanie J. Hession	Deputy Tax Collector	Western Surety	$75,000
Vonda Matthews	Deputy Tax Collector	Western Surety	$25,000

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GREENE COUNTY

SPECIAL REPORTS

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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, the major fund, and the aggregate remaining fund information of Greene County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 15, 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.

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 have not been 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 2017-001, 2017-002, 2017-004 and 2017-006 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 Findings and Responses as 2017-003, 2017-005 and 2017-007 to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-002 and 2017-006.

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 November 15, 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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 15, 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, 2017. 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.

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Condition As reported in the prior fourteen 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:

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 $335,639 (governmental activities) and $44,125 (business-type activities) to reconcile to 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 activities 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 laws, 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 to maintain accurate inventory records which document the existence, valuation, and completeness of capital assets. Depreciation will be calculated in accordance with state guidelines.

Purchase Clerk and Board of Supervisors.

2. Management and Purchase Clerk should maintain adequate controls of purchasing.

Repeat Finding Yes

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.

Condition During the testing of accounts payable expenditures, the following deficiencies were noted:

a. Expenditures did not include all purchasing documentation such as requisitions, purchase orders, receiving reports or invoices.
b. All bids or quotes were not spread across the minutes documenting board approval.
c. Receiving reports were not signed by a bonded receiving clerk or assistant receiving clerk.

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 Purchase Clerk and the Board of Supervisors will work to maintain adequate controls and maintain custody of all purchasing documents as required by law.

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, 2017.

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.

Joe E. McKnight

JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 15, 2019

GREENE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2017

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, 2017

<u>Schedule 2</u>

Our tests did not identify any emergency purchases.

GREENE COUNTY

Schedule of Purchases Made Noncompetively From a Sole Source

For the Year Ended September 30, 2017

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

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, 2017, 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 November 15, 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	Yes
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	As reported in the prior year's audit report, 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 $37,302 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)	We will comply with Miss. Code Section 27-19-11 to ensure additional privilege taxes are settled to the County's School District as if they were ad valorem taxes.
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 four 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 funds included in the combined checking account could result in the funds being spent for the wrong purposes.
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 Comptroller will prorate the interest earned among all funds as required by law.
3.	<u>The County did not prepare a budget of revenues, expenses, and a working cash balance of all funds.</u>
Repeat Finding	Yes
Criteria	Section 19-11-17, Miss. Code Ann. (1972), requires the 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	As reported in the prior year's audit report, the original budget was incomplete. For the fiscal year 2016-2017, the original budget did not include the following funds with combined year end cash balances totaling $11,129. 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 yearly complete budget of revenues, expenses, and a working cash balance for all funds as required by law.

4. Final amended budget was not prepared and approved in the minutes of the Board of Supervisors.

Repeat Finding: Yes

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 31st, following the close of the fiscal year.

Condition: As reported in the prior year's audit report, the County did not prepare a final amended budget for the fiscal year 2017. 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. Officials were not properly reimbursed for mileage.

Repeat Finding: Yes

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: As reported in the prior year's audit report, 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 expenses at the allowable rate.

Views of Responsible Official(s): Mileage will be reimbursed at the allowable rate.

6. <u>The Board of Supervisors should advertise for bids prior to contracting for the feeding of prisoners.</u>

Repeat Finding: Yes

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: As noted in the prior year's audit report, during the testing, inquiry, and review of the Sheriff's 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): The Board of Supervisors will advertise for bids before contracting meals for the feeding of prisoners.

Board of Supervisors and Sheriff.

7. <u>Meal logs are not presented to the Board of Supervisors monthly.</u>

Repeat Finding: Yes

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: As reported in the prior year's audit report, 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:

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 long is maintained and presented to the Board of Supervisors before meal expenses are approved through the claims docket.

Views of Responsible Official(s): The Board of Supervisors has worked with the Sheriff to ensure the meal log is presented and approved by the Board of Supervisors monthly.

Board of Supervisors and Comptroller

8.	<u>Deficiencies exist in the recording of transactions.</u>
Repeat Finding	No
Criteria	An effective system of internal control over the recording of transactions should include the recording of all transactions and proper classification of revenue and expenditure/expenses.
Condition	During the testing of revenues and expenditures, the following deficiencies were noted: a. Revenues totaling $6,525 for the Commercial Mobile Radio Services Board were deposited by the County, but were not recorded in the County's accounting records. b. A debt payment in the amount of $70,801 was made by the County, but was not recorded in the County's accounting records. c. A long-term debt obligation entered into by the County during the audit year was incorrectly classified as an agency fund rather than a debt service fund. d. Sixteen blank vendor checks are unaccounted for by the County. For the items noted above, adjustments were proposed by the auditor and made to the financial statements with management's approval.
Cause	The County lacks the necessary internal controls to ensure proper recording of transactions.
Effect	Failure to ensure proper recording of transactions could result in misappropriation of public funds.
Recommendation	The Board of Supervisors should implement a system of internal controls which will ensure that all transactions are recorded in the County's accounting records and that all revenues and expenditures are properly classified.
Views of Responsible Official(s)	The Board of Supervisors will implement a system of internal controls that will ensure all transactions are recorded in the accounting records with all revenues and expenditures properly classified.

Deputy Tax Collector and Board of Supervisors.

9.	<u>Deputy Tax Collector should be properly bonded.</u>
Repeat Finding	Yes
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	As reported in the prior year's audit report, one of the deputy tax collectors was only bonded for $25,000 during the fiscal year 2017.
Cause	The County did not comply with state law.
Effect	Failure to comply with 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 Official(s)	The County will ensure that all deputy tax collectors are bonded in accordance with state law.

Payroll Clerk.

10.	<u>Accurate leave records are not maintained.</u>
Repeat Finding	Yes
Criteria	Section 25-3-97, Miss. Code Ann. (1972), states that all organizations shall keep accurate records of the leave accumulated and used by the officers and employees thereof and they shall include provisions which shall keep the employee informed on a monthly basis as to his/her accumulated leave balances.
Condition	As reported in the prior four years' audit reports, during the 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 setting its own policies. b. The Payroll Clerk does not maintain leave records for all County employees. c. The Payroll Clerk does not properly use the payroll system to accumulate leave balances in order to accurately report employee leave balances on a monthly basis.
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)	The County will work to establish a uniform leave system with effective controls.

Sheriff.

11.	<u>Inadequate internal controls were noted in the Sheriff's Office.</u>
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 four 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 and settlements are not made in a timely manner.
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)	Upon auditor's recommendation, internal controls regarding segregation of duties have been implemented.

Receiving Clerk.

12.	<u>Receiving Clerk shall not also serve as the purchase clerk or assistant purchase clerk.</u>
Repeat Finding	No
Criteria	Section 31-7-101, Miss. Code Ann. (1972), states the receiving clerk appointed by the Board of Supervisors may not also serve as the purchase clerk or assistant purchase clerk.
Condition	During the testing of accounts payable expenditures, it was noted that the County's receiving clerk was also performing the following duties: a. Preparing the receiving supplies. b. Making payments to vendors for amounts of $1,500 and below. c. Preparing the claims docket for the monthly board meetings.
Cause	Due to inadequate controls surrounding accounts payable, the County is not in compliance with Miss. Code Section 31-7-101 nor has adequate internal controls for purchasing.
Effect	Failure to maintain custody of purchasing records as required by Miss. Code Section 31-7-101 and maintaining adequate controls over purchasing could result in improper payments to vendors, theft of assets, and misappropriation of funds.
Recommendation	The Receiving Clerk should not serve as the purchase clerk or assistant purchase clerk by maintaining adequate controls as required by Miss. Code Section 31-7-101.
Views of Responsible Official(s)	The Receiving Clerk will not serve as the purchase clerk or assistant purchase clerk and adequate controls will be maintained as required by state law.

Board of Supervisors and Payroll Clerk

13.	<u>Required forms for re-employment should be completed for PERS retirees after retirement.</u>
Repeat Finding	Yes
Criteria	Section 25-11-127(4)(a), Miss Code Ann. (1972), required 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 "Certificate/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days from the date of employment of the retiree.
Condition	As reported in the prior year's audit report, we noted the following during the audit: a. Seven (7) PERS Form 4Bs were not completed with the proper information. b. There was no evidence of the filing date with PERS.
Cause	Controls were not in place to ensure compliance with state laws.
Effect	By 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 complete the required PERS Form 4Bs and maintain evidence of the filing dates of the retiree forms.

Views of Responsible
Official(s) The County will complete the required PERS Form 4Bs and maintain proper records reflecting filing dates.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

November 15, 2019

SCHEDULE OF FINDINGS AND RESPONSES

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Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
General Fund	Unmodified
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

2017-001. Inadequate controls over reporting restricted cash accounts.

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 five 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 $377,903 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 implemented to include the recording of all restricted cash accounts bearing the County's name and same will be reconciled in a timely manner.

Material Weakness

Material Non-Compliance

2017-002.	Controls over repayment of interfund advances should be strengthened.
Repeat Finding	Yes
Criteria	The Mississippi Code is silent regarding the authority to make interfund loans.
Condition	As reported in the prior year's audit report, 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, 2017.
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 in the minutes any interfund loans. The Board of Supervisors will ensure old loans are paid, record and approve a repayment schedule and comply with the same.

Significant Deficiency

2017-003.	Internal controls should be strengthened to include adequate segregation of duties for the County's general accounting functions.
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	As reported in the prior year's audit report, 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: 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.

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 has begun efforts to implement effective internal controls with proper segregation of duties.

Material Weakness

2017-004.	Controls over financial statement preparation should be strengthened.
Repeat Finding	Yes
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 classifications 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	We noted a material deficiency in the financial statement preparation and reporting. Audit adjustments were proposed to management and made to the financial statements with management's approval to correct the deficiencies in the County's financial statements and notes.
Cause	The County lacked the necessary internal controls over financials statement preparation needed to safeguard themselves against possible material misstatements in the financial statements.
Effect	Audit adjustments were made to correct errors. The adjustments were proposed to management and made to the financial statements with management's approval.
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 balances, 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 in accordance with generally accepted accounting principles that includes adequate detail to document the compilation of individual funds' balances and transactions and any adjustments to the 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 balances, accurate reporting of debt and the inclusion of all required disclosures in the notes to the financial statements.

Board of Supervisors and Payroll Clerk

Significant Deficiency

2017-005. Controls over solid waste collections should be strengthened.

Repeat Finding: Yes

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: As reported in the prior year's audit report, 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): Adjustments will be submitted to and approved by the Board of Supervisors in the minutes. Deposits will be made timely and check-up sheets will be completed and maintained.

Inventory Control Clerk

Material Weakness
Material Noncompliance

2017-006. 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 fourteen 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:

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 $335,639 (governmental activities) and $44,125 (business-type activities) to reconcile to 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 activities 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 laws, 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 to maintain accurate inventory records which document the existence, valuation, and completeness of capital assets. Depreciation will be calculated in accordance with state guidelines.

Payroll Clerk

Significant Deficiency

2017-007. Internal controls over the payroll function should be strengthened.

Repeat Finding — Yes

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 or compensation for work performed in the pay period and all timesheets should be signed by both the employees and supervisor/department head.

Condition — As reported in the prior year's audit report, during the testing of payroll, the following issues were noted:

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 or 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 Officials(s)	The Board of Supervisors will follow employee handbook policies to ensure that payroll is accurate, authorized and complete.