

GREENE COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2018



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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail: stephen@stephenmyrickcpa.com

*Member
American Institute of
Certified Public Accountants*

*Member
Mississippi Society of
Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Greene County, Mississippi

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greene County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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.

Basis for Disclaimer of Opinions on Governmental Activities, Business-type Activities, General Fund, Each Major Fund and the Aggregate Remaining Fund Information

As discussed in Note 1 (E) to the financial statements, the County did not maintain complete and accurate account reconciliations or other records documenting the existence, completeness and valuation of cash. Accounting principles generally accepted in the United States of America require that adequate records must be maintained. The amount by which this departure would affect the assets and other amounts reported on the governmental activities, business-type activities, general fund, each major fund and the aggregate remaining fund information fund is not reasonably determinable.

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.

Disclaimer of Opinions on Governmental Activities, Business-type Activities, General Fund, Each Major Fund and the Aggregate Remaining Fund Information

Because of the significance of the matters described in the "Basis for Disclaimer of Opinions on governmental activities, business-type activities, general fund, each major fund and the aggregate remaining fund information" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions on the accompanying financial statements of the governmental activities, the business-type activities, general fund, each major fund, and the aggregate remaining fund information of the County. Accordingly, we do not express opinions on these financial statements.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

Greene County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our disclaimer of opinions 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 October 12, 2020 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.

A handwritten signature in black ink that reads "Stephen D. Myrick CPA LLC". The signature is written in a cursive, flowing style.

Stephen D. Myrick, C.P.A., L.L.C.

Quitman, MS 39355
October 12, 2020

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FINANCIAL STATEMENTS

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GREENE COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 2,704,477	\$ 4,064	\$ 2,708,541
Restricted assets - investments	381,102	-	381,102
Property tax receivable	5,920,888	75,000	5,995,888
Accounts receivable (net of allowance for uncollectibles of \$505,845)	-	181,758	181,758
Fines receivable (net of allowance for uncollectibles of \$450,653)	207,520	-	207,520
Intergovernmental receivables	60,602	-	60,602
Other receivables	18,658	-	18,658
Internal balances	20,436	(20,436)	-
Capital assets:			
Land and construction in progress	133,458	6,040	139,498
Other capital assets, net	13,735,481	454,260	14,189,741
Total Assets	23,182,622	700,686	23,883,308
Deferred Outflows of Resources			
Deferred outflows related to pension	931,036	64,654	995,690
Total Deferred Outflows of Resources	931,036	64,654	995,690
Liabilities			
Claims payable	92,986	17,327	110,313
Intergovernmental payables	346,602	-	346,602
Accrued interest payable	71,814	-	71,814
Unearned revenues	-	50,221	50,221
Long-term liabilities:			
Net pension liability	7,140,282	472,795	7,613,077
Due within one year:			
Capital debt	1,287,629	195,055	1,482,684
Non-Capital debt	29,617	-	29,617
Due in more than one year:			
Capital debt	6,042,494	98,887	6,141,381
Total Liabilities	15,011,424	834,285	15,845,709
Deferred Inflows of Resources			
Deferred inflows related to pension	188,249	11,804	200,053
Deferred revenues - property taxes	5,920,888	75,000	5,995,888
Total Deferred Inflows of Resources	6,109,137	86,804	6,195,941
Net Position			
Net investment in capital assets	6,538,816	166,358	6,705,174
Restricted for:			
General government	62,905	-	62,905
Public safety	78,382	-	78,382
Public works	1,338,400	-	1,338,400
Health and welfare	322,876	-	322,876
Conservation of natural resources	2,250	-	2,250
Economic Development and Assistance	100	-	100
Debt service	620,910	-	620,910
Unrestricted	(5,971,542)	(322,107)	(6,293,649)
Total Net Position	\$ 2,993,097	\$ (155,749)	\$ 2,837,348

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

GREENE COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,005,460	\$ 358,824	\$ 7,279	\$ -	\$ (3,639,357)	\$ -	\$ (3,639,357)
Public safety	720,144	154,771	100,832	-	(464,541)	-	(464,541)
Public works	4,272,831	-	1,196,364	140,348	(2,936,119)	-	(2,936,119)
Health and welfare	61,396	-	-	-	(61,396)	-	(61,396)
Culture and recreation	116,162	-	-	-	(116,162)	-	(116,162)
Conservation of natural resources	165,859	-	-	-	(165,859)	-	(165,859)
Interest on long-term debt	300,432	-	-	-	(300,432)	-	(300,432)
Pension expense	766,692	-	-	-	(766,692)	-	(766,692)
Total Governmental Activities	10,408,976	513,595	1,304,475	140,348	(8,450,558)	-	(8,450,558)
Business-type activities:							
Solid waste	681,764	566,293	-	-	-	(115,471)	(115,471)
Total Business-type Activities	681,764	566,293	-	-	-	(115,471)	(115,471)
Total Primary Government	\$ 11,090,740	\$ 1,079,888	\$ 1,304,475	\$ 140,348	\$ (8,450,558)	\$ (115,471)	\$ (8,566,029)
General revenues:							
Property taxes					6,580,902	84,094	6,664,996
Road & bridge privilege taxes					102,115	-	102,115
Grants and contributions not restricted to specific programs					328,128	-	328,128
Unrestricted interest income					13,781	-	13,781
Miscellaneous					1,325,569	7,559	1,333,128
Total General Revenues and contributions					8,350,495	91,653	8,442,148
Change in Net Position					(100,063)	(23,818)	(123,881)
Net Position - Beginning, as previously reported					2,713,218	(131,931)	2,581,287
Prior period adjustments					379,942	-	379,942
Net Position - Beginning, as restated					3,093,160	(131,931)	2,961,229
Net Position - Ending					\$ 2,993,097	\$ (155,749)	\$ 2,837,348

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

GREENE COUNTY, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2018

	Major Fund			
	General Fund	District One Road Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 409,237	\$ 166,720	\$ 2,128,520	\$ 2,704,477
Restricted assets - Investments	-	-	381,102	381,102
Property tax receivable	3,042,100	333,811	2,544,977	5,920,888
Fines receivable (net of allowance for uncollectible of \$450,653)	207,520	-	-	207,520
Intergovernmental receivables	60,602	-	-	60,602
Other receivables	4,956	-	-	4,956
Due from other funds	13,702	6,792	45,094	65,588
Advances to other funds	534,903	72,784	599,047	1,206,734
Total Assets	<u>\$ 4,273,020</u>	<u>\$ 580,107</u>	<u>\$ 5,698,740</u>	<u>\$ 10,551,867</u>
Liabilities				
Claims payable	\$ 49,324	\$ 11,214	\$ 32,448	\$ 92,986
Intergovernmental payables	215,301	-	54,057	269,358
Due to other funds	77,084	3,033	12,132	92,249
Advances from other funds	362,260	36,819	824,100	1,223,179
Total Liabilities	<u>703,969</u>	<u>51,066</u>	<u>922,737</u>	<u>1,677,772</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	3,042,100	333,811	2,544,977	5,920,888
Unavailable revenue - fines	207,520	-	-	207,520
Total Deferred Inflows of Resources	<u>3,249,620</u>	<u>333,811</u>	<u>2,544,977</u>	<u>6,128,408</u>
Fund Balances				
Nonspendable				
Advances	534,903	-	-	534,903
Restricted for:				
General government	-	-	62,905	62,905
Public safety	-	-	78,382	78,382
Public works	-	195,230	1,143,170	1,338,400
Health and welfare	-	-	322,876	322,876
Conservation of natural resources	-	-	2,250	2,250
Economic development and assistance	-	-	100	100
Debt service	-	-	722,341	722,341
Unassigned	(215,472)	-	(100,998)	(316,470)
Total Fund Balances	<u>319,431</u>	<u>195,230</u>	<u>2,231,026</u>	<u>2,745,687</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 4,273,020</u>	<u>\$ 580,107</u>	<u>\$ 5,698,740</u>	<u>\$ 10,551,867</u>

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

GREENE COUNTY, MISSISSIPPI
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Total Fund Balance - Governmental Funds	\$ 2,745,687
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.	13,868,939
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	207,520
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(7,359,740)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	(7,140,282)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds	(71,814)
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	931,036
Deferred inflows of resources related to pensions	(188,249)
Total Net Position - Governmental Activities	<u><u>\$ 2,993,097</u></u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2018

	Major Funds			Total
	General Fund	District One Road Fund	Other Governmental Funds	
Revenues				
Property taxes	\$ 3,330,245	\$ 377,540	\$ 2,873,117	\$ 6,580,902
Road and bridge privilege taxes	-	28,654	114,616	143,270
Licenses, commissions, and other revenue	125,254	212	4,392	129,858
Fines and forfeitures	239,303	-	19,454	258,757
Intergovernmental revenues	151,287	157,115	1,406,007	1,714,409
Charges for services	-	-	112,309	112,309
Interest income	6,607	-	-	6,607
Miscellaneous revenues	999,745	168	21,414	1,021,327
Total Revenues	<u>4,852,441</u>	<u>563,689</u>	<u>4,551,309</u>	<u>9,967,439</u>
Expenditures				
Current:				
General government	3,180,666	-	170,843	3,351,509
Public safety	988,214	-	637,560	1,625,774
Public works	-	896,919	3,531,979	4,428,898
Health and welfare	61,442	-	-	61,442
Culture and recreation	85,666	-	30,496	116,162
Conservation of natural resources	161,884	-	3,975	165,859
Debt service:				
Principal	234,194	266,251	891,520	1,391,965
Interest and other fiscal charges	19,482	33,020	245,992	298,494
Total Expenditures	<u>4,731,548</u>	<u>1,196,190</u>	<u>5,512,365</u>	<u>11,440,103</u>
Excess of Revenues over (under) Expenditures	<u>120,893</u>	<u>(632,501)</u>	<u>(961,056)</u>	<u>(1,472,664)</u>
Other Financing Sources (Uses)				
Long-term capital debt issued	-	412,491	797,309	1,209,800
Proceeds from sale of capital assets	15,580	189,551	123,000	328,131
Transfers in	31,874	-	177,313	209,187
Transfers out	(161,127)	-	(48,060)	(209,187)
Total Other Financing Sources (Uses)	<u>(113,673)</u>	<u>602,042</u>	<u>1,049,562</u>	<u>1,537,931</u>
Net Change in Fund Balances	7,220	(30,459)	88,506	65,267
Fund Balances - Beginning	<u>312,211</u>	<u>225,689</u>	<u>2,142,520</u>	<u>2,680,420</u>
Fund Balances - Ending	<u>\$ 319,431</u>	<u>\$ 195,230</u>	<u>\$ 2,231,026</u>	<u>\$ 2,745,687</u>

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

GREENE COUNTY, MISSISSIPPI
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, 2018

Net Changes in Fund Balances - Governmental Funds	\$ 65,267
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 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 \$794,869 exceeded depreciation of \$0 for the current period.	794,869
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 \$1,154,598 and the proceeds from the sale of \$328,131 in the current period.	(826,467)
Fine revenue recognized on the modified accrual basis in the funds during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	13,343
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,391,965 exceeded debt proceeds of \$1,209,800.	182,165
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in accrued interest payable	2,885
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	(766,692)
Recording retirement contributions made during the year	439,390
Change in Net Position of Governmental Activities	\$ (100,063)

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

GREENE COUNTY, MISSISSIPPI
Statement of Net Position
Proprietary Fund
September 30, 2018

	Business-type Activities Enterprise Funds Solid Waste Fund
Assets	
Current assets:	
Cash	\$ 4,064
Property tax receivable	75,000
Accounts receivable (net of allowance for uncollectibles of \$505,845)	181,758
Due from other funds	1,068
Total Current Assets	<u>261,890</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	6,040
Other capital assets, net	454,260
Total Noncurrent Assets	<u>460,300</u>
Total Assets	<u>722,190</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	64,654
Total Deferred Outflows of Resources	<u>64,654</u>
Liabilities	
Current liabilities:	
Claims payable	17,327
Advances from other funds	21,504
Unearned revenue	50,221
Capital debt:	
Capital leases payable	195,055
Total Current Liabilities	<u>284,107</u>
Noncurrent liabilities:	
Net pension liability	472,795
Capital debt:	
Capital leases payable	98,887
Total Noncurrent Liabilities	<u>571,682</u>
Total Liabilities	<u>855,789</u>
Deferred Inflows of Resources	
Deferred inflows related to pension	11,804
Deferred inflows related to property taxes	75,000
Total Deferred Inflows of Resources	<u>86,804</u>
Net Position	
Net investment in capital assets	166,358
Unrestricted	(322,107)
Total Net Position	<u>\$ (155,749)</u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 566,293
Miscellaneous	7,559
Total Operating Revenues	<u>573,852</u>
Operating Expenses	
Personal services	234,232
Contractual services	186,254
Materials and supplies	137,436
Depreciation expense	54,540
Pension expense	48,145
Total Operating Expenses	<u>660,607</u>
Operating Income (Loss)	<u>(86,755)</u>
Nonoperating Revenues (Expenses)	
Property tax	84,094
Interest expense	(8,388)
Loss on sale of capital assets	(12,769)
Total Nonoperating Revenues (Expenses)	<u>62,937</u>
Changes in Net Position	(23,818)
Net Position - Beginning	<u>(131,931)</u>
Net Position - Ending	<u><u>\$ (155,749)</u></u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds
	Solid Waste Funds
Cash Flows From Operating Activities	
Receipts from customers	\$ 570,834
Payments to suppliers	(314,400)
Payments to employees	(261,823)
Other operating cash receipts	4,732
Net Cash Provided (Used) by Operating Activities	<u>(657)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from property taxes	84,326
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>84,326</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long term debt	(95,217)
Proceeds from sale of capital asset	24,000
Interest paid on debt	(8,388)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(79,605)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,064
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at Ending of Year	<u>\$ 4,064</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities	
Operating income (loss)	\$ (86,755)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	54,540
Provision for uncollectible accounts	45,428
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(48,939)
(Increase) decrease in deferred outflows of resources	2,571
Increase (decrease) in net pension liability	10,209
Increase (decrease) in claims payable	5,863
Increase (decrease) in deferred inflows of resources	7,774
Increase (decrease) in unearned revenue	8,652
Total adjustments	<u>86,098</u>
Net Cash Provided by (Used) Operating Activities	<u>\$ (657)</u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2018

	Agency Funds
Assets	
Due from other funds	\$ 39,295
Advances to other funds	87,363
Total Assets	<u>\$ 126,658</u>
Liabilities	
Intergovernmental payables	\$ 63,542
Due to other funds	13,702
Advances from other funds	49,414
Total Liabilities	<u>\$ 126,658</u>

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

(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 the 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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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 Funds:

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

District 1 Road Fund – This fund is used to account for monies from specific revenue sources that are restricted for road maintenance in District 1.

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.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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 board classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

The County did not maintain complete and accurate account reconciliations or other records documenting the existence, completeness and valuation of cash. Accounting principles generally accepted in the United States of America require that adequate records must be maintained.

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."

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

H. Restricted Assets.

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

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. The County did not maintain adequate subsidiary records documenting the existence, completeness, and valuation of capital assets or 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, Mississippi 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. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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	*	*

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

- * 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.

Deferred revenues – property taxes/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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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.

(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct prior years errors in recording capital assets	\$ 379,942
Total prior period adjustment	<u>\$ 379,942</u>

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$2,708,541, and the bank balance was \$3,457,774. 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.

Investment balances at September 30, 2018, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
Certificates of deposit	Two Years	None	381,102

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

Credit Risk. State law limits investments to those authorized by 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. Bank certificates of deposit above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency	\$ 13,702
District One Road Fund	General Fund	6,792
Other Governmental Funds	General Fund	45,094
Solid Waste Fund	General Fund	1,068
Agency Funds	General Fund	24,130
Agency Funds	District One Road Fund	3,033
Agency Funds	Other Governmental Funds	12,132
Total		<u>\$ 105,951</u>

The receivables represent the tax revenue collected in September 2018, but not settled until October 2018, 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	District One Road Fund	\$ 31,492
General Fund	Other Governmental Funds	433,916
General Fund	Solid Waste Fund	21,504
General Fund	Agency Funds	47,991
District One Road Fund	General Fund	21,990
District One Road Fund	Other Governmental Funds	50,794
Other Governmental Funds	General Fund	339,969
Other Governmental Funds	District One Road Fund	5,327
Other Governmental Funds	Other Governmental Funds	253,751
Agency Funds	General Fund	301
Agency Funds	Other Governmental Funds	85,639
Agency Funds	Agency Funds	1,423
Total		<u>\$ 1,294,097</u>

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

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 31,874
Other Governmental Funds	General Fund	161,127
Other Governmental Funds	Other Governmental Funds	16,186
		<u>\$ 209,187</u>

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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, 2018, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 58,982
Housing prisoners reimbursement	1,620
Total Governmental Activities	<u>\$ 60,602</u>

(6) Restricted Assets.

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

Debt service reserve	\$ 378,726
General account	<u>2,376</u>
Total restricted assets	<u>\$ 381,102</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

Governmental activities:	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 133,458	\$ -	\$ -	\$ -	\$ 133,458
Total non-depreciable capital assets	<u>133,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,458</u>
Depreciable capital assets:					
Building	6,575,630	-	-	(93,007)	6,482,623
Mobile equipment	4,761,443	794,869	433,210	472,949	5,596,051
Furniture and equipment	741,334	-	89,787	-	651,547
Leased property under capital leases	<u>1,308,730</u>	<u>-</u>	<u>303,470</u>	<u>-</u>	<u>1,005,260</u>
Total depreciable capital assets	<u>13,387,137</u>	<u>794,869</u>	<u>826,467</u>	<u>379,942</u>	<u>13,735,481</u>
Less accumulated depreciation for:					
Buildings	-	-	-	-	-
Mobile equipment	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
Leased property under capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total depreciable capital assets, net	<u>13,387,137</u>	<u>794,869</u>	<u>826,467</u>	<u>379,942</u>	<u>13,735,481</u>
Governmental activities capital assets, net	<u>\$ 13,520,595</u>	<u>\$ 794,869</u>	<u>\$ 826,467</u>	<u>\$ 379,942</u>	<u>\$ 13,868,939</u>

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

Business-type Activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
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	894,456	-	341,017	-	553,439
Furniture & equipment	45,000	-	-	-	45,000
Leased property under capital lease	290,329	-	266,726	-	23,603
Total depreciable capital assets at historical cost	1,435,785	-	607,743	-	828,042
Less accumulated depreciated for:					
Buildings	164,800	-	-	-	164,800
Mobile equipment	422,690	48,240	306,915	-	164,015
Other furniture & equipment	15,300	6,300	-	-	21,600
Leased property under capital lease	287,426	-	264,059	-	23,367
Total accumulated depreciation	890,216	54,540	570,974	-	373,782
Depreciable capital assets, net	545,569	(54,540)	36,769	-	454,260
Business activities capital assets, net	\$ 551,609	\$ (54,540)	\$ 36,769	\$ -	\$ 460,300

* Adjustments were made to correct error in recording capital assets

Depreciation expense was charged to the following functions:

	Amount
Business-type activities:	
Solid Waste Fund	\$ 54,540

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Operating Leases.

As 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.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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.

Greene County entered into a lease agreement with the George Regional Health System dated May 7, 2018. George Regional Health System leased the premises of a free-standing laundry building for the purpose of operating a laundry for the hospital. The lease commenced on February 20, 2014 and terminates on February 20, 2019. The monthly rental of \$2,560, payable on the first day of the month, for that month's rental, during the term of this lease agreement.

The County received income from property it leases under non-cancellable operating leases. Total income from such leases was \$700,644 for the year ended September 30, 2018. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 723,750
2020	728,750
2021	733,750
2022	738,750
2023-2027	<u>3,768,750</u>
Total Minimum Payments Required	<u>\$ 6,693,750</u>

As Lessee:

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

The County has entered into certain operating leases which do not give rise to property rights. Total cost for such leases were \$6,000 for the year ended September 30, 2018.

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

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

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 6,000
2020	2,000
Total Minimum Payments Required	<u>\$ 8,000</u>

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 913,408	\$ 23,603
Furniture and equipment	91,852	-
Total	<u>1,005,260</u>	<u>23,603</u>
Less: Accumulated depreciation	-	23,367
Leased Property Under Capital Leases	<u>\$ 1,005,260</u>	<u>\$ 236</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 508,106	\$ 47,037	\$ 195,055	\$ 5,215
2020	637,082	33,225	69,442	1,660
2021	733,310	12,062	29,445	182
2022	114,067	3,338	-	-
2023	29,899	1,073	-	-
Total	<u>\$ 2,022,464</u>	<u>\$ 96,735</u>	<u>\$ 293,942</u>	<u>\$ 7,057</u>

(11) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Greene County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

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, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$466,982, \$452,947, and \$437,091, 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, 2018, the County reported liabilities in the Governmental Activities of \$7,140,282 and the Business-type Activities of \$472,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018 net pension liability was .045771 percent, which was based on a measurement date of June 30, 2018. This was an increase of .001013 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the Governmental Activities and the Business-type activities recognized pension expense of \$766,692 and \$48,145 respectively. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,753	\$ 31,383
Net difference between projected and actual earnings on pension plan investments	-	164,682
Changes of assumptions	11,662	3,988
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	841,140	-
County contributions subsequent to the measurement date	118,135	-
Total	<u>\$ 995,690</u>	<u>\$ 200,053</u>

\$118,135 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2019	\$ 535,469
2020	272,511
2021	(96,240)
2022	(34,238)
Total	<u>\$ 677,502</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 -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 male rates set forward one year.

The actuarial assumptions used in the June 30, 2018 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.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, 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 Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
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	\$ 10,024,238	\$ 7,613,077	\$ 5,609,084

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

(12) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

General Obligation Katrina Loan Refunding Bonds, Series 2010	\$ 528,900	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Building)	85,000	3.75%	01/2020
Total General Obligation Bonds	<u>\$ 613,900</u>		

B. Limited Obligation Bonds:

Taxable Special Obligation Bonds	<u>\$ 3,760,000</u>	4.86%	11/2031
Total Limited Obligation Bonds	<u>\$ 3,760,000</u>		

C. Capital Leases:

Computer Equipment	\$ 32,366	2.15%	09/2021
Computer Equipment	7,821	0.00%	02/2019
2012 Caterpillar 320 DL Excavator	46,637	2.51%	07/2020
2017 Mack Truck	101,681	2.41%	10/2019
2017 Mack Trucks	187,966	2.41%	07/2019
2012 Caterpillar 320 DL Excavator	46,627	2.51%	07/2020
430F CAT Backhoe	104,222	3.43%	12/2020
140M3 Caterpillar Motor Grader	258,827	3.20%	08/2020
Caterpillar D4 12M3 Grader	169,549	2.19%	06/2020
Dump Truck	140,395	3.59%	05/2023
Caterpillar 12M3 Grader	172,664	2.19%	08/2020
CAT 12M3 Motorgrader	196,349	1.90%	08/2021
CAT 12M3 Motorgrader	185,826	1.95%	01/2021
John Deere 410L Backhoe	103,349	2.75%	04/2023
Backhoe	33,786	2.84%	05/2021
Ditcher	79,219	2.84%	06/2022
2016 John Deere Tractor	49,847	2.19%	11/2021
430F2 CAT Backhoe	102,930	3.43%	11/2020
2006 Badger 1085 Rubber Tire Excavator	2,403	2.07%	11/2019
Total Capital Leases	<u>\$ 2,022,464</u>		

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
D. Other Loans:			
Loan - Singing River	\$ 34,259	0.00%	07/2019
Loan - Hospital Renovation	140,021	3.20%	03/2019
Loan - Laundry Construction	29,617	2.75%	04/2019
Loan - District 3 Road Repair	103,422	2.25%	03/2020
Loan - District 2 Equipment Note	35,307	3.60%	08/2020
Promissory Note - JCJC Enlargement	231,583	2.00%	07/2022
Promissory Note - Cooper - Tax Building	29,955	0.00%	07/2020
Promissory Note - Bridge Loan	421,905	2.84%	05/2023
Total Other Loans	<u>\$ 1,026,069</u>		

Business-type Activities:

E. Capital Leases:

3 Freightliner Water Trucks	\$ 166,635	2.47%	02/2021
2016 Mack GU812 Truck	127,307	2.41%	06/2019
Total Capital Leases	<u>\$ 293,942</u>		

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

Governmental Activities:

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	-	-	235,000	138,925
2024 - 2028	-	-	1,335,000	536,101
2029 - 2033	-	-	1,320,000	177,714
Total	<u>\$ 613,900</u>	<u>50,444</u>	<u>3,760,000</u>	<u>1,480,065</u>

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

Year Ending September 30	Other Loans		
	Total	Principal	Interest
2019	\$ 460,996	\$ 438,063	\$ 22,933
2020	244,077	230,134	13,943
2021	160,919	153,429	7,490
2022	144,881	141,242	3,639
2023	63,871	63,201	670
Total	<u>\$ 1,074,744</u>	<u>\$ 1,026,069</u>	<u>\$ 48,675</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2018, the amount of outstanding debt was equal to 3.41% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 772,600	\$ -	\$ 158,700	\$ 613,900	\$ 165,900
Less:		-			
Discounts	(67,516)	-	(4,823)	(62,693)	(4,823)
Limited obligation bonds	3,965,000	-	205,000	3,760,000	210,000
Capital leases	1,898,853	759,800	636,189	2,022,464	508,106
Other loans	968,145	450,000	392,076	1,026,069	438,063
Total	<u>\$ 7,537,082</u>	<u>\$ 1,209,800</u>	<u>\$ 1,387,142</u>	<u>\$ 7,359,740</u>	<u>\$ 1,317,246</u>

	Balance Oct. 1, 2017	Additions	Reductions	Balance Sept. 30, 2018	Amount due within one year
Business-type Activities:					
Capital leases	\$ 389,159	\$ -	\$ 95,217	\$ 293,942	\$ 195,055
Total	<u>\$ 389,159</u>	<u>\$ -</u>	<u>\$ 95,217</u>	<u>\$ 293,942</u>	<u>\$ 195,055</u>

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2018:

Fund	Deficit Amount
DUI Grant Fund	\$ (14,350)
Forestry Commission Grant - Fuel Reduction Fund	(2,385)
Homeland Security Fund	(22,280)
Commissary Profit	(1,327)
Law Library Fund	(64,062)
Museum Archives & History Grant Fund	(34,506)
Employee Split Fund/Health Savings	(18,050)
Bridge/Culvert - District 2	(33,741)
Bridge/Culvert - District 4	(3,000)
Total Deficits	<u><u>\$ (193,701)</u></u>

(14) Contingencies.

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

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

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

Description	Balance at Sept. 30, 2018
USDA Note	\$ <u><u>68,519</u></u>

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$5,971,542) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$111,155 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, 2019. The \$819,881 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3.00 years. The \$188,249 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3.00 years.

The business-type activities' unrestricted net position amount of (\$322,107) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$6,980 resulting from County contributions subsequent to the measurement date will be recognized

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2018

as a reduction of the net pension liability in the year ended September 30, 2019. The \$57,674 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 3.00 years. The \$11,804 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3.00 years.

(16) Joint Ventures.

The County participates in the following joint ventures:

Greene County, Mississippi is a participant with the Counties of Perry and Stone in a joint venture, authorized by section 39-3-9, Miss. Code Ann. (1972), to operate the Pine Forest Regional Library. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a six-member board. Each County appoints two board members. By contractual agreement the County's appropriation to the joint venture was \$70,417. Complete financial statements for the Pine Forest Regional Library can be obtained from P. O. Box 1208; Richton, MS 39476.

(17) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Greene County Board of Supervisors appoints one of nine members of the board of directors. There is no ongoing financial interest or responsibility for the appointing authorities. The County attributed \$32,354 for support of the district in fiscal year 2018.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Greene County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$30,350 for support of the district in fiscal year 2018.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Greene County Board of Supervisors appoints one of the nine members of the board of commissioners. The County appropriated \$21,000 for support of the entity in fiscal year 2018.

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 \$336,869 for maintenance, support and enlargement of the college in fiscal year 2018.

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

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

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2018**

(18) Tax Abatements.

As of September 30, 2018, Greene County provides tax exempt status to one utility 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 2018 totaled \$1,595,872 for the utilities storage facility, \$5,154 for the sawmill facility and \$4,390 for the electrical contractor.

(19) 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 October 12, 2020 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2018, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/3/2018	4.95%	\$ 36,000	Capital Lease	Ad Valorem Taxes
12/3/2018	4.95%	\$ 41,000	Capital Lease	Ad Valorem Taxes
12/5/2018	4.95%	\$ 66,000	Capital Lease	Ad Valorem Taxes
2/25/2019	4.41%	\$ 39,352	Capital Lease	Ad Valorem Taxes
7/1/2019	3.50%	\$ 100,000	Tax Anticipation Loan	Ad Valorem Taxes
10/1/2019	3.42%	\$ 294,607	Capital Lease	Ad Valorem Taxes
5/11/2020	3.35%	\$ 272,408	Capital Lease	Ad Valorem Taxes

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 3,353,600	\$ 3,338,988	\$ 3,338,988	\$ -
Licenses, commissions and other revenue	125,500	126,496	126,496	-
Fines and forfeitures	209,000	227,404	227,404	-
Intergovernmental revenues	241,600	168,674	168,674	-
Charges for services	110,000	3,388	3,388	-
Interest income	5,000	16,533	16,533	-
Miscellaneous revenues	832,700	998,674	998,674	-
Total Revenues	<u>4,877,400</u>	<u>4,880,157</u>	<u>4,880,157</u>	<u>-</u>
Expenditures				
Current:				
General government	2,732,266	3,160,613	3,160,613	-
Public safety	1,271,789	986,249	986,249	-
Health and welfare	656,414	61,061	61,061	-
Culture and recreation	78,606	84,737	84,737	-
Conservation of natural resources	117,106	161,364	161,364	-
Economic development and assistance	20,000	-	-	-
Debt service:				
Principal	-	262,288	262,288	-
Interest	-	23,643	23,643	-
Total Expenditures	<u>4,876,181</u>	<u>4,739,955</u>	<u>4,739,955</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>1,219</u>	<u>140,202</u>	<u>140,202</u>	<u>-</u>
Other Financing Sources (Uses)				
Other financing sources	-	595,510	595,510	-
Other financing uses	-	(679,112)	(679,112)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(83,602)</u>	<u>(83,602)</u>	<u>-</u>
Net Change in Fund Balance	1,219	56,600	56,600	-
Fund Balances - Beginning	<u>755,600</u>	<u>54,104</u>	<u>54,104</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 756,819</u>	<u>\$ 110,704</u>	<u>\$ 110,704</u>	<u>\$ -</u>

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

GREENE COUNTY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
District One Road Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues				
Property taxes	\$ 333,811	\$ 378,633	\$ 378,633	\$ -
Road taxes	-	28,851	28,851	-
Licenses, commissions and other revenue	400	216	216	-
Intergovernmental revenues	200,000	165,346	165,346	-
Miscellaneous revenues	-	3,552	3,552	-
Total Revenues	<u>534,211</u>	<u>576,598</u>	<u>576,598</u>	<u>-</u>
Expenditures				
Current:				
Public works	679,211	703,406	703,406	-
Debt service:				
Principal	-	286,386	286,386	-
Interest	-	16,127	16,127	-
Total Expenditures	<u>679,211</u>	<u>1,005,919</u>	<u>1,005,919</u>	<u>-</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(145,000)</u>	<u>(429,321)</u>	<u>(429,321)</u>	<u>-</u>
Other Financing Sources (Uses)				
Other financing sources	-	189,551	189,551	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>189,551</u>	<u>189,551</u>	<u>-</u>
Net Change in Fund Balance	(145,000)	(239,770)	(239,770)	-
Fund Balances - Beginning	<u>180,000</u>	<u>266,095</u>	<u>266,095</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 35,000</u>	<u>\$ 26,325</u>	<u>\$ 26,325</u>	<u>\$ -</u>

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

GREENE COUNTY, MISSISSIPPI
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.045771%	0.044758%	0.043401%	0.042950%	0.041460%
County's proportionate share of the net pension liability (asset)	\$ 7,613,077	\$ 7,440,300	\$ 7,752,502	\$ 6,639,222	\$ 5,032,485
County's covered payroll	\$ 2,964,964	\$ 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	256.77%	259.13%	279.22%	243.84%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	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, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 466,982	\$ 452,947	\$ 437,091	\$ 428,836	\$ 394,666
Contributions in relation to the contractually required contribution	<u>466,982</u>	<u>452,947</u>	<u>437,091</u>	<u>428,836</u>	<u>394,666</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,964,964	\$2,875,835	\$2,775,181	\$2,722,768	\$2,505,816
Contributions as a percentage of covered payroll	15.75%	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.

GREENE COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2018

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	District One Road Fund
Budget (Cash Basis)	\$ 56,600	\$ (239,770)
Increase (Decrease):		
Net adjustments for revenue accruals	(33,083)	(1,436)
Net adjustments for expenditure accruals	531,759	(316,155)
Other reconciling items	(548,056)	526,902
GAAP Basis	<u>\$ 7,220</u>	<u>\$ (30,459)</u>

GREENE COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2018

UNAUDITED

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.

2016

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

GREENE COUNTY, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2018**

UNAUDITED

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	36.6 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

OTHER INFORMATION

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GREENE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
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
Tyson Moreno	Comptroller	Ohio Casualty	\$100,000
Michelle Eubanks	Chancery Clerk	Ohio Casualty	\$100,000
Pattie Zehner	Inventory Control Clerk	Ohio Casualty	\$75,000
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
Paschal Walters	Assistant Receiving Clerk	Ohio Casualty	\$75,000
Harvey Grimes	Road Manager	Ohio Casualty	\$50,000
Dorothy Woods	Road Manager	Western Surety	\$75,000
Paschal Walters	Road Manager	Ohio Casualty	\$75,000
Luke Silas	Road Manager	Ohio Casualty	\$75,000
Christine Adcock	Road Manager	Ohio Casualty	\$75,000
Ryan Walley	Constables	Ohio Casualty	\$50,000
Shannon Busby	Constables	Ohio Casualty	\$50,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	\$100,000
Renee Green	Deputy Circuit Clerk	Western Surety	\$75,000
Pertina Benjamin	Deputy Circuit Clerk	Western Surety	\$75,000
Stanley McLeod	Sheriff	Ohio Casualty	\$100,000
L Joe Beard	Justice Court Judge	Ohio Casualty	\$50,000
Jeffrey Wade 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	\$75,000
Tammy Kittrell	Deputy Tax Collector	Western Surety	\$50,000

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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail: stephen@stephenmyrickcpa.com

Member
American Institute of
Certified Public Accountants

Member
Mississippi Society of
Certified Public Accountants

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 were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greene County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 12, 2020. The report is a disclaimer of an opinion on the governmental activities, business-type activities, each major fund and the aggregate remaining fund information because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets and did not maintain adequate records documenting the existence, completeness, and valuation of cash 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 2018-001, 2018-002, 2018-005 and 2018-006 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 2018-003, 2018-004 and 2018-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Responses as items 2018-002, 2018-005 and 2018-006.

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 October 12, 2020, 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.

A handwritten signature in black ink that reads "Stephen D. Myrick CPA LLC". The signature is written in a cursive, flowing style.

Stephen D. Myrick, C.P.A., L.L.C.

Quitman, Mississippi
October 12, 2020

Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail: stephen@stephenmyrickcpa.com

Member
American Institute of
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Mississippi Society of
Certified Public Accountants

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, 2018. 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.

- 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 fifteen 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:

- The list of County capital assets did not agree to the indicated total assets values of the prior years' balances.
- Net capital asset adjustments totaled \$379,942 (governmental activities) to reconcile to available County's inventory listing. Infrastructure is not booked or recorded by the County.
- Capital additions totaling \$33,384 (governmental activities) and \$35,780 (business-type activities) were not included as current year additions.
- Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.
- Capital lease additions were not recorded on the capital asset listing in both governmental activities and business-type activities.

Therefore, the opinions on the Independent Auditor's Report on the governmental activities, business-type activities, each major fund and the aggregate remaining fund information will be disclaimers of an opinion 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 and the Inventory Clerk are working to ensure the asset list is complete with complete and accurate values and depreciation.

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:

- Numerous instances where expenditures did not include all required purchasing documentation such as requisitions, purchase orders, receiving reports or invoices.
- Numerous instances where no documentation was provided to support expenditures.

- Various instances where Mississippi Purchasing Laws were not fulfilled by obtaining the necessary quotes or bids or by not conducting the required reverse auction.
- Several instances where it appeared that purchase orders may have been separated in an effort to avoid obtaining quotes.
- Numerous instances where 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 Board of Supervisors and Purchase Clerk will ensure adequate internal controls are in place for purchasing. Proper documentation will be maintained 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, 2018. The accompanying schedules of (1) Purchases From Other than 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.



Stephen D. Myrick, C.P.A., L.L.C.

Quitman, Mississippi
October 12, 2020

**GREENE COUNTY, MISSISSIPPI
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2018**

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

**GREENE COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2018**

Our tests did not identify any emergency purchases.

**GREENE COUNTY, MISSISSIPPI
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018**

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

Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail: stephen@stephenmyrickcpa.com

*Member
American Institute of
Certified Public Accountants*

*Member
Mississippi Society of
Certified Public Accountants*

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, 2018 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 October 12, 2020, 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 and Comptroller.

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 audit reports, the County did not settle \$41,155 in additional privilege taxes to the County's School District. Instead, these funds were only settled in the County's Road Funds.

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

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

Recommendation: The Board of Supervisors should comply with Miss. Code Section 27-19-11 to ensure all additional privilege taxes received from the Mississippi Tax Commission are settled to the County's School District as if they were ad valorem taxes.

**Views of Responsible
Official(s):**

The Board of Supervisors will ensure all additional privilege taxes are settled to the Greene County School District as if they were ad valorem taxes.

2. Interest income was not properly allocated among funds.

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 year audit reports, 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):**

Interest earned on the combined checking account will be distributed among all funds with cash and will be prorated as required by law.

3. The County spent the avails of the 1-Mill Mandatory levy prior to receiving the approval letter from the Department of Revenue.

Repeat Finding: No

Criteria: Section 27-39-329, Miss. Code Ann. (1972), requires the Board of Supervisors to receive the approval letter from the Mississippi Department of Revenue prior to spending the avails of the 1-Mill Mandatory levy.

Condition: The Board of Supervisors spent the avails of the 1-Mill Mandatory levy prior to receiving approval to do so.

Cause: The County did not comply with state law.

Effect: Failure to do so causes noncompliance with state law.

Recommendation: The avails of the 1-Mill Mandatory levy should not be spent until the approval to do so is received from Mississippi Department of Revenue.

**Views of Responsible
Official(s):**

The avails of the 1-Mill Mandatory levy will not be spent until approved by Department of Revenue.

Board of Supervisors, Comptroller and Clerk of the Board.

4. The County did not prepare a budget of revenues, expenses, and a working cash balance of all funds and did not include a copy of the budget in the minutes of the Board of Supervisors.

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. A copy of this budget should be included in the minutes of the Board of Supervisors.

Condition: As reported in the prior year's audit report, the original budget was not included in the minutes of the Board of Supervisors and was incomplete. For the fiscal year 2017-2018, the original budget was not included in the minutes of the Board of Supervisors and, it did not include the following funds with combined year end cash balances totaling \$11,129.

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

Cause: The County did not have the necessary controls in place to ensure they complied with state laws and 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. The Comptroller did not submit a copy of the budget to the Board of Supervisors and the Clerk of the Board to be included in the minutes.

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 and include a copy of the budget in the minutes of the Board of Supervisors.

Views of Responsible Official(s): The Board of Supervisors will include the three funds omitted and, a complete budget will be prepared and submitted.

5. 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 2018. 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.

6. The County did not properly advertise for qualifying county depositories.

Repeat Finding: No

Criteria: Section 27-105-305, Miss Code Ann. (1972), requires the Board of Supervisors to give notice at least once every two years to all financial institutions in its county whose accounts are insured by the Federal Deposit Insurance Corporation (or any successor thereto), by publication, that bids will be received from financial institutions at the following January meeting or some subsequent meeting, for the privilege of keeping the county funds, or any part thereof.

Condition: The County did not properly advertise for qualified depositories in January 2017 as required by state statute.

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 County should implement the necessary internal controls to ensure that the Board of Supervisors give notice at least once every two years to all financial institutions in its county whose accounts are insured by the Federal Deposit Insurance Corporation (or any successor thereto), by publication, that bids will be received from financial institutions at the following January meeting or some subsequent meeting, for the privilege of keeping the county funds, or any part thereof.

Views of Responsible Official(s):

The Board of Supervisors will give notice at least once every two years to all financial institutions, who qualify, by publication that bids will be received.

Board of Supervisors and Purchase Clerk.

7. Officials were not properly reimbursed for mileage.

Repeat Finding: Yes

Criteria: Section 25-3-41, Miss. Code Ann. (1972), mandates that officers and employees traveling on official business in their private automobile be reimbursed at the same rate federal employees are reimbursed for official federal business in private automobiles. For the fiscal year being audited, the rate per mile was .545 cents if no county owned vehicle was available and .18 cents if a county owned vehicle was available for use by the officers or employee of the county.

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): The County will ensure that mileage expenses are reimbursed only at the allowable rate.

8. Various officials and employees are not properly bonded as required by Mississippi Statutes.

Repeat Finding: No

Criteria: Various general state statutes within the Miss. Code Ann. (1972).

Condition: Based on our state compliance audit procedures, we observed numerous instances where the County did not properly bond officials or employees in accordance with various Mississippi statutes as follows:

- One instance where the comptroller was not properly bonded for the entire fiscal year.
- One instance where a road manager was not properly bonded for the entire fiscal year.
- One instance where a road manager's bond was not signed.
- One instance where a sheriff deputy's bond was not signed.
- Three instances where sheriff deputies did not have a bond on file.
- One instance where a sheriff deputy's bond was expired.
- Two instances where sheriff deputies bonds expired during the year and were not renewed. However, these deputies appear to still have been employed with the County.
- One instance where an employee, Solid Waste Manager, was not properly bonded as a receiving or assistant receiving clerk.
- Numerous instances where County officials and employees were bonded through a bond continuation rather than individual bonds.

Cause: The County did not comply with state law.

Effect: Failure to comply with state law would limit the amount available for recovery if a loss occurred.

Recommendation: The County should implement additional internal control procedures to ensure that the County fulfills various state statutes requiring County officials and employees to be properly bonded as follows:

- All required County officials and employees are properly bonded for the entire period and not allowed to lapse.
- All required County officials and employees that are required to be bonded are bonded at the time of their hiring, and the surety bond is filed with the Chancery Clerk's office.
- Surety bonds are properly completed and signed by the official or employee being bonded.
- All employees receiving goods on the County's behalf are properly bonded as a receiving or assistant receiving clerk.
- New bonds are required from the bonding company at the beginning of each County official's employee's term.

Views of Responsible Official(s):

Bonds will be renewed to ensure they are correct and comply with state law. Each employee will be properly bonded.

Board of Supervisors and Sheriff.

9. The Board of Supervisors should advertise for bids prior to contracting for the feeding of prisoners.

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 prior to contracting for the feeding of prisoners.

10. Meal logs are not presented to the Board of Supervisors monthly.

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: <ul style="list-style-type: none"> • The date and time of incarceration and release for each prisoner. • The hours of the day meals are served • The Sheriff's affidavits as to the correctness of the meal log.
Cause:	The Sheriff did not comply with state law.
Effect:	Failure to maintain a prisoner meal log and presenting it to the Board of Supervisors for payment monthly could result in the misappropriation of public funds by paying for an incorrect number of meals.
Recommendation:	The Sheriff should ensure the meal log is maintained and presented to the Board of Supervisors before meal expenses are approved through the claims docket.
Views of Responsible Official(s):	The Sheriff will maintain and present the meal log and affidavit to the Board of Supervisors.

Board of Supervisors and Payroll Clerk

11. Accurate leave records are not maintained.

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 years' audit reports, the County does not maintain accurate records for compensated absences, specifically:

- The County does not have a uniform system of vacation and sick leave.
- The Payroll Clerk does not maintain leave records for all County employees.
- 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 establish a uniform leave system to report leave and benefits to all employees.

12. Required forms for re-employment should be completed for PERS retirees after retirement.

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:

- Three PERS Form 4Bs were not completed timely with the proper information.
- 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 within the mandated timeframes and maintain evidence of the filing dates of the retiree forms.

Views of Responsible Official(s):

The required PERS Forms 4B will be completed by the County within the prescribed time and evidence of timely filing will be maintained.

Board of Supervisors and Receiving Clerk.

13. Receiving Clerk shall not also serve as the purchase clerk or assistant purchase clerk.

Repeat Finding: Yes

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: As reported in the prior year, we observed that County's receiving clerk also performs the following purchasing duties:

- Pays vendors for amounts of \$1,500 and below.
- Prepares the claims docket for the monthly board meetings.
- Prints checks to pay the monthly claims.

Cause: Due to inadequate controls over purchasing and accounts payable, the County is not in compliance with Miss. Code Section 31-7-101.

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: In order to maintain adequate controls, the receiving clerk should not also serve as the purchase clerk or assistant purchase clerk as required by Miss. Code Section 31-7-101.

Views of Responsible Official(s): The County will ensure the Receiving Clerk does not serve as the Purchase Clerk or Assistant Purchase Clerk.

Board of Supervisors and Purchasing Clerk.

14. Purchasing Clerk shall not also serve as the receiving clerk or assistant receiving clerk.

Repeat Finding: No

Criteria: Section 31-7-101, Miss. Code Ann. (1972), states the purchasing clerk appointed by the Board of Supervisors may not also serve as the receiving clerk or assistant receiving clerk.

Condition: As part of our audit procedures, we observed that County's purchasing clerk also serves as an assistant receiving clerk.

Cause: Due to inadequate controls over cash receipts, the County is not in compliance with Miss. Code Section 31-7-101.

Effect: Failure to maintain custody of receiving records as required by Miss. Code Section 31-7-101 and maintaining adequate controls over receiving could result in improper payments to vendors, theft of assets, and misappropriation of funds.

Recommendation: In order to maintain adequate controls, the purchase clerk should not also serve as the as a receiving clerk or assistant receiving clerk as required by Miss. Code Section 31-7-101.

Views of Responsible Official(s): The County will ensure the Purchase Clerk does not also serve as the Receiving Clerk or Assistant Receiving Clerk.

The 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.

A handwritten signature in black ink that reads "Stephen D. Myrick CPA LLC". The signature is written in a cursive, flowing style.

Stephen D. Myrick, C.P.A., L.L.C.

Quitman, Mississippi
October 12, 2020

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SCHEDULE OF FINDINGS AND RESPONSES

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Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Disclaimer
Business-type activities	Disclaimer
General Fund	Disclaimer
District One Road Fund	Disclaimer
Solid Waste Fund	Disclaimer
Aggregate remaining fund information	Disclaimer

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

2018-001. 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 \$378,726 and \$2,376, 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):**

The County will ensure restricted cash is recorded and that all accounts are reconciled in a timely manner.

Material Weakness

Material Non-Compliance

2018-002. 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, 2018.

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 loan. They will also record the reason for any loan, when it will be repaid and the funding source for payment. They will also ensure that old loans are repaid with the proper documentation.

Significant Deficiency

2018-003. 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:

- The comptroller prepares the deposit, as well as takes the funds to the bank.
- Receipt warrants are posted to the general ledger by the comptroller, who maintains the general ledger.
- 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 will implement internal controls and policies for segregation of duties.

Board of Supervisors and Payroll Clerk

Significant Deficiency

2018-004. Internal 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:	<p>As reported in the prior year's audit report, during test work, we noted the following:</p> <ul style="list-style-type: none"> • Management did not approve all solid waste accounts receivable adjustments or the dollar amounts of each adjustment. • The Solid Waste Clerk is not making deposits in a timely manner. • The Solid Waste Clerk is not completing or maintaining daily check-up sheets.
Cause:	Due to the absence of controls over solid waste collections, the County did not approve all accounts receivable adjustments, make deposits in a timely manner, and complete and maintain daily check-up sheets.
Effect:	Failure to properly approve solid waste accounts receivable adjustments, make timely deposits, and complete and maintain daily check-up sheets could result in the loss or misappropriation of public funds.
Recommendation:	The Solid Waste Clerk should submit all solid waste adjustments for approval by the Board of Supervisors and ensure that the dollar amounts of each adjustment are documented and spread across the minutes. In addition, deposits should be made in a timely manner and daily check-up sheets should be completed and maintained.
Views of Responsible Official(s):	The Solid Waste Clerk will submit all adjustments to the Board of Supervisors for approval and spread on the minutes. Deposits and daily check-ups will be completed and maintained daily.

Board of Supervisors and Comptroller

Material Weakness

Material Noncompliance

2018-005. Internal Controls over reconciling cash should be strengthened.

Repeat Finding:	No
Criteria:	An effective system of internal control over cash and cash equivalents includes reconciling cash and cash equivalents each month to the bank statements received from the bank.
Condition:	<p>The Comptroller did not reconcile cash reported on the general ledger as of September 30, 2018 to the general account or the payroll account.</p> <p>Therefore, the Independent Auditor's Report on the governmental activities, business-type activities, general fund, each major fund and the aggregate remaining fund information opinions are disclaimed because we were unable to satisfy ourselves as to the fair presentation of the County's cash.</p>
Cause:	Internal controls should be strengthened to ensure that cash and cash equivalents are fully reconciled.
Effect:	The failure to reconcile cash and cash equivalents each month could result in the possibility of the loss or misappropriation of public funds and reporting of inaccurate amounts.
Recommendation:	The Board of Supervisors should strengthen internal controls to ensure that cash and cash equivalents reported on the general ledger are fully reconciled each month to the bank statements.
Views of Responsible Official(s):	The Board of Supervisors will ensure cash and cash equivalents are fully reconciled each month to the bank statements.

Inventory Control Clerk

Material Weakness

Material Noncompliance

2018-006. 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 fifteen 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:

- The list of County capital assets did not agree to the indicated total assets values of the prior years' balances.
- Net capital asset adjustments totaled \$379,942 (governmental activities) to reconcile to available County's inventory listing. Infrastructure is not booked or recorded by the County.
- Capital additions totaling \$33,384 (governmental activities) and \$35,780 (business-type activities) were not included as current year additions.
- Depreciation expense is not recorded for governmental activities and the maintenance of depreciation is inconsistent with state guidelines.
- Capital lease additions were not recorded on the capital asset listing in both governmental activities and business-type activities.

Therefore, the Independent Auditor's Report on the governmental activities, business-type activities, and the solid waste fund opinions are disclaimed 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 is working to ensure the assets and inventory list is complete with accurate values and depreciation.

Payroll Clerk

Significant Deficiency

2018-007. 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 the supervisor/department head.

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

- The Payroll Clerk does not maintain all original timesheets in the payroll office. Some departments within the County do not keep timesheets for each day of the week.

- Timesheets that are turned into the Payroll Clerk are not signed by both the employee and the department head.
- Employees are paid in advance to hours worked. In some cases, the payroll checks are issued several days before the payroll cycle has ended for the entire audit.
- Payroll check dates in the County's records are not the date in which the checks are issued to employees.
- Payroll checks are inserted into 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 established policies to ensure that payroll is accurate and done according to policy.