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GREENE COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2019

Greene County, Mississippi
Table of Contents

	<u>Page</u>
Financial Audit Report	
Independent Auditor's Report	1-3
Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances	
- Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances	
of Governmental Funds to the Statement of Activities	12
Statement of Net Position - Proprietary Fund	13
Statement of Revenues, Expenses, and Changes in Net Position	
- Proprietary Fund	14
Statement of Cash Flows - Proprietary Fund	15
Statement of Fiduciary Assets and Liabilities	16
Notes to the Financial Statements	17-37
Required Supplementary Information	
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - General Fund	41
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - ERBR Fund	42
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - State Aid Road Fund	43
Schedule of the County's Proportionate Share of the Net Pension Liability	44
Schedule of County Contributions	45
Notes to the Required Supplementary Information	46-49
Other Information	
Schedule of Surety Bonds for County Officials	53
Special Reports	
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 <i>Government Auditing Standards</i> .	55-56
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))	57-61
Schedule of Purchases From Other Than the Lowest Bidder	62
Schedule of Emergency Purchases	63
Schedule of Purchases Made Noncompetively from a Sole Source	64
Limited Internal Control and Compliance Review Management Report	65-74
Schedule of Findings and Responses	77-86

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Greene County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greene County, Mississippi, (the County) as of and for the year ended September 30, 2019, 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 Qualified Opinions on Governmental Activities, Business-type Activities and the Solid Waste Fund

As discussed in Note 1 (I) to the financial statements, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets in the governmental activities, business-type activities, and solid waste fund. Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness, and valuation of capital assets including the County's capital assets, including infrastructure, and also the depreciation on capital assets, be adequately documented. The amount by which this departure would affect the assets and expenses on the governmental activities, business-type activities, and solid waste fund is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, Business-type Activities and the Solid Waste Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and Solid Waste Fund of Greene County, Mississippi, as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, ERBR Fund, State Aid Road Fund and the aggregate remaining fund information of Greene County, Mississippi, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 opinions on the basic financial statements are 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 September 21, 2021 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
September 21, 2021

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FINANCIAL STATEMENTS

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GREENE COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 2,986,916	\$ 24,685	\$ 3,011,601
Cash with fiscal agent	383,632	-	383,632
Property tax receivable	7,771,061	99,000	7,870,061
Accounts receivable (net of allowance for uncollectibles of \$554,058)	-	196,725	196,725
Fines receivable (net of allowance for uncollectibles of \$494,082)	226,746	-	226,746
Intergovernmental receivable	71,326	-	71,326
Other receivable	4,516	-	4,516
Internal balance	20,426	(20,426)	-
Capital assets:			
Land and construction in progress	133,458	6,040	139,498
Other capital assets, net	49,342,109	281,320	49,623,429
Total Assets	60,940,190	587,344	61,527,534
Deferred Outflows of Resources			
Deferred outflows related to pensions	567,985	36,519	604,504
Total Deferred Outflows of Resources	567,985	36,519	604,504
Liabilities			
Claims payable	153,915	23,800	177,715
Intergovernmental payable	299,864	-	299,864
Accrued interest payable	68,503	-	68,503
Unearned revenue	-	51,532	51,532
Long-term liabilities:			
Net pension liability	7,708,241	504,220	8,212,461
Due within one year:			
Capital debt	1,373,138	69,442	1,442,580
Non-capital debt	100,000	-	100,000
Due in more than one year:			
Capital debt	5,223,805	29,444	5,253,249
Total Liabilities	14,927,466	678,438	15,605,904
Deferred Inflows of Resources			
Deferred inflows related to pension	238,683	15,346	254,029
Deferred revenues - property taxes	7,771,061	99,000	7,870,061
Total Deferred Inflows of Resources	8,009,744	114,346	8,124,090
Net Position			
Net investment in capital assets	42,878,624	188,474	43,067,098
Restricted for:			
General government	100,728	-	100,728
Public safety	66,911	-	66,911
Public works	1,959,693	-	1,959,693
Health and welfare	43,048	-	43,048
Economic development and assistance	100	-	100
Debt service	609,556	-	609,556
Nonexpendable	534,903	-	534,903
Unrestricted	(7,622,598)	(357,395)	(7,979,993)
Total Net Position	\$ 38,570,965	\$ (168,921)	\$ 38,402,044

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,191,599	\$ 357,173	\$ 16,172	\$ -	\$ (2,818,254)	\$ -	\$ (2,818,254)
Public safety	1,644,913	158,123	108,678	-	(1,378,112)	-	(1,378,112)
Public works	6,385,423	-	2,163,592	2,290,079	(1,931,752)	-	(1,931,752)
Health and welfare	59,773	-	-	-	(59,773)	-	(59,773)
Culture and recreation	122,866	-	-	-	(122,866)	-	(122,866)
Education	380,000	-	-	-	(380,000)	-	(380,000)
Conservation of natural resources	165,265	-	-	-	(165,265)	-	(165,265)
Interest on long-term debt	277,066	-	-	-	(277,066)	-	(277,066)
Pension expense	1,109,731	-	-	-	(1,109,731)	-	(1,109,731)
Total Governmental Activities	13,336,636	515,296	2,288,442	2,290,079	(8,242,819)	-	(8,242,819)
Business-type activities:							
Solid waste	702,606	562,849	-	-	-	(139,757)	(139,757)
Total Business-type Activities	702,606	562,849	-	-	-	(139,757)	(139,757)
Total Primary Government	\$ 14,039,242	\$ 1,078,145	\$ 2,288,442	\$ 2,290,079	\$ (8,242,819)	\$ (139,757)	\$ (8,382,576)
General revenues:							
Property taxes					6,596,504	83,358	6,679,862
Road & bridge privilege taxes					91,553	-	91,553
Grants and contributions not restricted to specific programs					560,785	-	560,785
Unrestricted interest income					35,502	-	35,502
Miscellaneous					967,029	(10,829)	956,200
Transfers					(54,056)	54,056	-
Total General Revenues					8,197,317	126,585	8,323,902
Change in Net Position					(45,502)	(13,172)	(58,674)
Net Position - Beginning, as previously reported					2,993,097	(155,749)	2,837,348
Prior period adjustments					35,623,370	-	35,623,370
Net Position - Beginning, as restated					38,616,467	(155,749)	38,460,718
Net Position - Ending					\$ 38,570,965	\$ (168,921)	\$ 38,402,044

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

GREENE COUNTY, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2019

	Major Funds			Other	Total
	General Fund	ERBR Fund	State Aid Road Fund	Governmental Funds	Governmental Funds
Assets					
Cash	\$ 324,064	\$ 1,398,116	\$ -	\$ 1,264,736	\$ 2,986,916
Cash with fiscal agent	-	-	-	383,632	383,632
Property tax receivable	4,048,474	-	-	3,722,587	7,771,061
Fines receivable (net of allowance for uncollectible of \$494,082)	226,746	-	-	-	226,746
Intergovernmental receivable	71,326	-	-	-	71,326
Other receivable	4,516	-	-	-	4,516
Due from other funds	55,000	-	-	106,110	161,110
Advances to other funds	534,903	-	22,399	649,431	1,206,733
Total Assets	<u>\$ 5,265,029</u>	<u>\$ 1,398,116</u>	<u>\$ 22,399</u>	<u>\$ 6,126,496</u>	<u>\$ 12,812,040</u>
Liabilities					
Claims payable	\$ 121,819	\$ -	\$ 2,542	\$ 29,554	\$ 153,915
Intergovernmental payable	222,029	-	-	-	222,029
Due to other funds	136,736	-	-	50,172	186,908
Advances from other funds	362,259	-	-	876,085	1,238,344
Total Liabilities	<u>842,843</u>	<u>-</u>	<u>2,542</u>	<u>955,811</u>	<u>1,801,196</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	4,048,474	-	-	3,722,587	7,771,061
Unavailable revenue - fines	226,746	-	-	-	226,746
Total Deferred Inflows of Resources	<u>4,275,220</u>	<u>-</u>	<u>-</u>	<u>3,722,587</u>	<u>7,997,807</u>
Fund Balances					
Nonspendable:					
Advances	534,903	-	-	-	534,903
Restricted for:					
General government	-	-	-	100,728	100,728
Public safety	-	-	-	66,911	66,911
Public works	-	1,398,116	19,857	641,720	2,059,693
Health and welfare	-	-	-	43,048	43,048
Economic development and assistance	-	-	-	100	100
Debt service	-	-	-	678,059	678,059
Unassigned	(387,937)	-	-	(82,468)	(470,405)
Total Fund Balances	<u>146,966</u>	<u>1,398,116</u>	<u>19,857</u>	<u>1,448,098</u>	<u>3,013,037</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 5,265,029</u>	<u>\$ 1,398,116</u>	<u>\$ 22,399</u>	<u>\$ 6,126,496</u>	<u>\$ 12,812,040</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, 2019

Total Fund Balance - Governmental Funds	\$ 3,013,037
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 \$108,385,765.	49,475,567
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds	226,746
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(6,696,943)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds	(7,708,241)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds	(68,503)
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	567,985
Deferred inflows of resources related to pensions	(238,683)
Total Net Position - Governmental Activities	\$ 38,570,965

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, 2019

	Major Funds			Other	
	General Fund	ERBR Fund	State Aid Road Fund	Governmental Funds	Total
Revenues					
Property taxes	\$ 3,401,175	\$ -	\$ -	\$ 3,195,329	\$ 6,596,504
Road and bridge privilege taxes	-	-	-	91,553	91,553
Licenses, commissions, and other revenue	118,458	-	-	4,846	123,304
Fines and forfeitures	226,754	-	-	21,580	248,334
Intergovernmental revenues	153,532	1,398,116	2,290,079	1,297,579	5,139,306
Charges for services	5,132	-	-	119,300	124,432
Interest income	26,891	-	-	8,611	35,502
Miscellaneous revenues	824,842	-	-	148,371	973,213
Total Revenues	4,756,784	1,398,116	2,290,079	4,887,169	13,332,148
Expenditures					
Current:					
General government	3,063,827	-	-	76,990	3,140,817
Public safety	1,016,940	-	-	682,178	1,699,118
Public works	-	-	2,322,092	4,266,885	6,588,977
Health and welfare	59,773	-	-	-	59,773
Culture and recreation	80,354	-	-	38,743	119,097
Education	-	-	-	380,000	380,000
Conservation of natural resources	163,016	-	-	2,249	165,265
Debt service:					
Principal	298,193	-	-	1,094,807	1,393,000
Interest and other fiscal charges	34,628	-	-	240,925	275,553
Total Expenditures	4,716,731	-	2,322,092	6,782,777	13,821,600
Excess of Revenues over (under) Expenditures	40,053	1,398,116	(32,013)	(1,895,608)	(489,452)
Other Financing Sources (Uses)					
Long-term capital debt issued	-	-	-	725,380	725,380
Proceeds from sale of capital assets	4,551	-	-	80,927	85,478
Transfers in	56,867	-	25,563	284,317	366,747
Transfers out	(273,936)	-	-	(146,867)	(420,803)
Total Other Financing Sources (Uses)	(212,518)	-	25,563	943,757	756,802
Net Change in Fund Balances	(172,465)	1,398,116	(6,450)	(951,851)	267,350
Fund Balances - Beginning	319,431	-	26,307	2,399,949	2,745,687
Fund Balances - Ending	\$ 146,966	\$ 1,398,116	\$ 19,857	\$ 1,448,098	\$ 3,013,037

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, 2019

Net Changes in Fund Balances - Governmental Funds \$ 267,350

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 \$986,573 exceeded depreciation of \$891,252 for the current period. 95,321

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 \$26,585 and the proceeds from the sale of \$85,478 in the current period. (112,063)

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. 19,226

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 \$1,393,000 exceeded debt proceeds of \$725,380. 667,620

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	3,311
Amortization of bond discount	(4,823)

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

Recording of pension expense for the current period	(1,109,731)
Recording retirement contributions made during the year	128,287

Change in Net Position of Governmental Activities	\$ (45,502)
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The notes to the financial statements are an integral part of this statement.

GREENE COUNTY, MISSISSIPPI
Statement of Net Position
Proprietary Fund
September 30, 2019

	Business-type Activities Enterprise Fund Solid Waste Fund
Assets	
Current assets:	
Cash	\$ 24,685
Property tax receivable	99,000
Accounts receivable (net of allowance for uncollectibles of \$554,058)	196,725
Due from other funds	1,078
Total Current Assets	<u>321,488</u>
Noncurrent assets:	
Capital assets:	
Land	6,040
Other capital assets, net	281,320
Total Noncurrent Assets	<u>287,360</u>
Total Assets	<u>608,848</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	36,519
Total Deferred Outflows of Resources	<u>36,519</u>
Liabilities	
Current liabilities:	
Claims payable	23,800
Advances from other funds	21,504
Unearned revenue	51,532
Capital debt:	
Capital leases payable	69,442
Total Current Liabilities	<u>166,278</u>
Noncurrent liabilities:	
Net pension liability	504,220
Capital debt:	
Capital leases payable	29,444
Total Noncurrent Liabilities	<u>533,664</u>
Total Liabilities	<u>699,942</u>
Deferred Inflows of Resources	
Deferred inflows related to pension	15,346
Deferred inflows related to property taxes	99,000
Total Deferred Inflows of Resources	<u>114,346</u>
Net Position	
Net investment in capital assets	188,474
Unrestricted	(357,395)
Total Net Position	<u>\$ (168,921)</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, 2019

	Business-type Activities - Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 562,849
Miscellaneous	21
Total Operating Revenues	<u>562,870</u>
Operating Expenses	
Personal services	265,398
Contractual services	187,659
Materials and supplies	118,444
Depreciation expense	54,540
Pension expense	71,350
Total Operating Expenses	<u>697,391</u>
Operating Income (Loss)	<u>(134,521)</u>
Nonoperating Revenues (Expenses)	
Property tax	83,358
Interest expense	(5,215)
Loss on sale of capital assets	(10,850)
Total Nonoperating Revenues (Expenses) Before Transfers	<u>67,293</u>
Transfers in	54,056
Changes in Net Position	<u>(13,172)</u>
Net Position - Beginning	<u>(155,749)</u>
Net Position - Ending	<u><u>\$ (168,921)</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, 2019

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Funds</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 549,193
Payments to suppliers	(299,630)
Payments to employees	(273,646)
Other operating cash receipts	21
Net Cash Provided (Used) by Operating Activities	<u>(24,062)</u>
Cash Flows From Noncapital Financing Activities	
Cash received from property taxes	83,348
Cash received from other funds:	
Operating transfers in	54,056
Net Cash Provided (Used by) Noncapital Financing Activities	<u>137,404</u>
Cash Flows From Capital and Related Financing Activities	
Principal paid on long term debt	(88,541)
Proceeds from sale of capital asset	50
Interest paid on debt	(5,324)
Other receipts	1,094
Net Cash Provided (Used by) Capital and Related Financing Activities	<u>(92,721)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,621
Cash and Cash Equivalents at Beginning of Year	<u>4,064</u>
Cash and Cash Equivalents at Ending of Year	<u><u>\$ 24,685</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used by) Operating Activities:	
Operating income (loss)	<u>\$ (134,521)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	54,540
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(14,967)
(Increase) decrease in deferred outflows of resources	28,135
Increase (decrease) in net pension liability	31,425
Increase (decrease) in claims payable	6,473
Increase (decrease) in deferred inflows of resources	3,542
Increase (decrease) in unearned revenue	1,311
Total adjustments	<u>110,459</u>
Net Cash Provided by (Used) Operating Activities	<u><u>\$ (24,062)</u></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, 2019

	Agency Funds
Assets	
Cash and investments	\$ 2,137
Due from other funds	79,720
Advances to other funds	102,528
Total Assets	<u>\$ 184,385</u>
Liabilities	
Intergovernmental payables	\$ 79,972
Due to other funds	55,000
Advances from other funds	49,413
Total Liabilities	<u>\$ 184,385</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, 2019

(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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

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

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

The County reports the following major Governmental Funds:

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

ERBR Fund – This fund is used to account for monies from specific revenue sources that are restricted for use in repairing bridges.

State Aid Road Fund – This fund is used to account for monies from the State of Mississippi that are restricted for road construction and maintenance.

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

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 from/to 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, 2019

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

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

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 therefore 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 12 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 revenues – 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 12 for additional details.

K. Pensions.

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

L. Long-term Liabilities.

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

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

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, or 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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned or 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 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	\$ 35,623,370
Total prior period adjustment	<u><u>\$ 35,623,370</u></u>

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

(3) Deposits and Cash with Fiscal Agents.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$3,013,738, and the bank balance was \$3,945,144. 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.

Cash with Fiscal Agents:

The carrying amount of the County's cash with fiscal agents held by financial institutions was \$383,632.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 55,000
Other Governmental Funds	General Fund	106,110
Solid Waste	General Fund	1,078
Agency Funds	Other Governmental Funds	50,172
Agency Funds	General Fund	29,548
Total		<u>\$ 241,908</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October 2019, and errors in posting revenue during the year. All interfund balances are expected to be repaid within one year from the date of the financial statements.

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 465,408
General Fund	Solid Waste	21,504
General Fund	Agency Funds	47,991
State Aid Road Fund	General Fund	114
State Aid Road Fund	Other Governmental Funds	22,285
Other Governmental Funds	General Fund	361,845
Other Governmental Funds	Other Governmental Funds	287,586
Agency Funds	General Fund	300
Agency Funds	Other Governmental Funds	100,806
Agency Funds	Agency Funds	1,422
Total		<u>\$ 1,309,261</u>

The interfund advances balances consist of operating loans and errors in posting revenue from previous years.

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 56,867
State Aid Road Fund	General Fund	25,563
Other Governmental Funds	General Fund	194,317
Other Governmental Funds	Other Governmental Funds	90,000
Solid Waste Fund	General Fund	54,056
Total		<u>\$ 420,803</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 66,826
Housing prisoners reimbursement	4,500
Total Governmental Activities	<u>\$ 71,326</u>

(6) Restricted Assets.

Restricted assets are presented as cash with fiscal agents on the financial statements. The balances of the restricted asset accounts in the governmental funds are as follows:

Debt Service Reserve	\$ 379,327
General Account	4,305
Total Restricted Assets	<u>\$ 383,632</u>

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental Activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments *	Balance Sept. 30, 2019
<u>Non-depreciable Capital Assets:</u>					
Land	\$ 133,458	\$ -	\$ -	\$ -	\$ 133,458
Total Non-depreciable Capital Assets	<u>133,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,458</u>
<u>Depreciable Capital Assets:</u>					
Infrastructure	-	-	-	141,882,102	141,882,102
Buildings	6,482,623	-	-	618,000	7,100,623
Mobile Equipment	5,596,051	830,848	150,316	806,755	7,083,338
Furniture & Equipment	651,547	-	15,000	7,501	644,048
Leased Property under Capital Lease	<u>1,005,260</u>	<u>155,725</u>	<u>143,222</u>	<u>-</u>	<u>1,017,763</u>
Total Depreciable Capital Assets	<u>13,735,481</u>	<u>986,573</u>	<u>308,538</u>	<u>143,314,358</u>	<u>157,727,874</u>
<u>Less Accumulated Depreciation for:</u>					
Infrastructure	-	335,872	-	97,975,756	98,311,628
Buildings	-	81,539	-	4,457,407	4,538,946
Mobile Equipment	-	437,454	131,415	3,662,285	3,968,324
Furniture & Equipment	-	8,356	13,500	600,332	595,188
Leased Property under Capital Lease	<u>-</u>	<u>28,031</u>	<u>51,560</u>	<u>995,208</u>	<u>971,679</u>
Total Accumulated Depreciation	<u>-</u>	<u>891,252</u>	<u>196,475</u>	<u>107,690,988</u>	<u>108,385,765</u>
Depreciable Capital Assets, Net	<u>13,735,481</u>	<u>95,321</u>	<u>112,063</u>	<u>35,623,370</u>	<u>49,342,109</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,868,939</u>	<u>\$ 95,321</u>	<u>\$ 112,063</u>	<u>\$ 35,623,370</u>	<u>\$ 49,475,567</u>

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

Business-type Activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments *	Balance Sept. 30, 2019
<u>Non-depreciable Capital Assets:</u>					
Land	\$ 6,040	\$ -	\$ -	\$ -	\$ 6,040
Total Non-depreciable Capital Assets	<u>6,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,040</u>
<u>Depreciable Capital Assets:</u>					
Buildings	206,000	-	-	-	206,000
Mobile Equipment	553,439	-	185,000	(331,000)	37,439
Furniture & Equipment	45,000	-	-	23,603	68,603
Leased Property under Capital Lease	23,603	-	-	307,397	331,000
Total Depreciable Capital Assets	<u>828,042</u>	<u>-</u>	<u>185,000</u>	<u>-</u>	<u>643,042</u>
<u>Less Accumulated Depreciation for:</u>					
Buildings	164,800	-	-	-	164,800
Mobile Equipment	164,015	48,240	66,600	(119,160)	26,495
Furniture & Equipment	21,600	6,300	-	23,367	51,267
Leased Property under Capital Lease	23,367	-	-	95,793	119,160
Total Accumulated Depreciation	<u>373,782</u>	<u>54,540</u>	<u>66,600</u>	<u>-</u>	<u>361,722</u>
Depreciable Capital Assets, Net	<u>454,260</u>	<u>(54,540)</u>	<u>118,400</u>	<u>-</u>	<u>281,320</u>
Business-type Activities Capital Assets, Net	<u>\$ 460,300</u>	<u>\$(54,540)</u>	<u>\$ 118,400</u>	<u>\$ -</u>	<u>\$ 287,360</u>

* Adjustments were made to correct errors in recording capital assets or to reclassify capital assets previously in leased property under capital lease to correct classification.

Depreciation expense was charged to the following functions:

Governmental Activities:

General Government	\$ 86,354
Public Safety	34,477
Public Works	766,652
Culture and Recreation	3,769
Total Depreciation Expense - Governmental Activities	<u>\$ 891,252</u>

Business-type Activities:

Solid Waste Fund	<u>\$ 54,540</u>
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(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

(9) Operating Leases.

As Lessor:

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

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

The lease contains two options to renew for an additional ten years each, for a total of twenty years after the initial term at a rental equaling the amount of the initial rent, plus the compounded annual adjustments, which said adjustments (said 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 payment is normally made, all payment obligations shall be pro-rated accordingly.

On November 5, 2018, Greene County voted to approve the renewal of the contract with George Regional Health System for the Greene County Hospital Facility for an additional 10 years.

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 \$2,567 is payable on the first day of the month, for that month's rental, during the term of this lease agreement.

On March 5, 2018, Greene County voted to approve the updated contract between Greene County and George Regional Health System for the laundry building that dictated rent will be \$1,500 per month plus insurance with an annual increase of 3% due to inflation with an effective date of April 1, 2019.

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

The County received income from property it leases under non-cancellable operating leases. Total income from such leases was \$739,638 for the year ended September 30, 2019. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2020	\$ 760,061
2021	766,013
2022	771,994
2023	778,004
2024	784,044
2025-2029	<u>3,043,333</u>
Total Minimum Payments Required	<u>\$ 6,903,449</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, 2019.

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

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

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile Equipment	\$ 963,451	\$ 331,000
Furniture and Equipment	54,312	-
Total	<u>1,017,763</u>	<u>331,000</u>
Less: Accumulated Depreciation	<u>(971,679)</u>	<u>(119,160)</u>
Leased Property Under Capital Leases	<u>\$ 46,084</u>	<u>\$ 211,840</u>

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

The following is a schedule by years of the total payments due as of September 30, 2019:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 674,425	\$ 48,771	\$ 69,442	\$ 1,660
2021	780,578	26,917	29,444	182
2022	355,185	19,469	-	-
2023	130,535	3,080	-	-
Total	<u>\$ 1,940,723</u>	<u>\$ 98,237</u>	<u>\$ 98,886</u>	<u>\$ 1,842</u>

(11) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Katrina Loan Refunding Bonds, Series 2010	\$ 405,000	4.35%	03/2022
General Obligation Bonds, Series 2010 (Justice Court Building)	43,000	3.75%	01/2020
Total General Obligation Bonds	<u>\$ 448,000</u>		
B. Limited Obligation Bonds:			
Taxable Special Obligation Bonds, Construction of Hospital 2011 Bond	<u>\$3,550,000</u>	4.86%	11/2031
Total Limited Obligation Bonds	<u>\$3,550,000</u>		
C. Capital Leases:			
Computer Equipment	\$ 21,530	2.15%	09/2021
2012 Caterpillar 320 DL Excavator	20,265	2.51%	07/2020
Caterpillar 430F Backhoe	91,117	3.43%	12/2020
Caterpillar 140 M3 Motorgrader	224,529	3.20%	08/2020
Dump Truck	114,216	3.59%	05/2023
2020 Mack Granite GR64F Dump Truck	144,389	3.42%	09/2022
Ditcher	58,609	2.84%	06/2022
2012 Caterpillar 320 DL Excavator	20,266	2.51%	07/2020
Caterpillar 12M3 Motorgrader	164,748	1.95%	01/2021
2016 John Deere Tractor	34,964	2.19%	11/2021
Backhoe	21,437	2.84%	05/2021
2019 Mack Dump Truck	140,685	4.11%	04/2023
Caterpillar 430F Backhoe	88,832	3.43%	11/2020
2017 Mack Truck	79,840	2.41%	11/2019
Caterpillar 12M3 Motorgrader	149,950	2.19%	06/2020
Caterpillar 12M3 Motorgrader	153,226	2.19%	08/2020
Caterpillar 12M3 Motorgrader	176,097	1.90%	08/2020
John Deere 410L Backhoe	91,634	2.75%	04/2022
2020 Mack Granite GR64F Dump Truck	144,389	3.42%	09/2022
Total Capital Leases	<u>\$1,940,723</u>		

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
D. Other Loans:			
Promissory Note - Cooper - Tax Building	\$ 11,307	0.00%	07/2021
Loan - District 3 Road Repair	55,781	2.25%	03/2020
Loan - District 2 Equipment Note	16,833	3.60%	08/2020
Loan - District 2 Ford F-150	39,352	4.41%	03/2023
Loan - 2013 Massey Ferguson 5470 Tractor	21,470	4.95%	12/2020
Loan - 2008 & 2013 Massey Ferguson 5465 Tractors	39,351	4.95%	12/2020
Loan - District 3 Road and Bridge Repairs	70,000	3.50%	03/2020
Loan - 2006 International 7400 Dump Truck	24,452	4.95%	09/2020
Loan - District 3 Road and Bridge Repairs	30,000	3.50%	03/2020
Promissory Note - Bridge Loan	336,008	2.84%	05/2023
Promissory Note - JCJC Enlargement	171,536	2.00%	05/2022
Total Other Loans	<u>\$ 816,090</u>		

Business-type Activities:

A. Capital Leases:

Three Freightliner Water Trucks	\$ 98,886	2.47%	02/2021
Total Capital Leases	<u>\$ 98,886</u>		

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
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	-	-	245,000	128,938
2025 - 2029	-	-	1,395,000	476,463
2030 - 2034	-	-	1,015,000	108,414
Total	<u>\$ 448,000</u>	<u>\$ 27,732</u>	<u>\$ 3,550,000</u>	<u>\$ 1,313,890</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2020	\$ 416,236	\$ 21,576
2021	182,271	8,842
2022	154,383	4,217
2023	63,200	670
Total	<u>\$ 816,090</u>	<u>\$ 35,305</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, 2019, the amount of outstanding debt was equal to .66% of the latest property assessments.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 613,900	\$ -	\$ 165,900	\$ 448,000	\$ 172,300
Less:					
Discounts	(62,693)	-	(4,823)	(57,870)	(4,823)
Limited Obligation Bonds	3,760,000	-	210,000	3,550,000	215,000
Capital Leases	2,022,464	443,028	524,769	1,940,723	674,425
Other Loans	1,026,069	282,352	492,331	816,090	416,236
Total	<u>\$7,359,740</u>	<u>\$ 725,380</u>	<u>\$1,388,177</u>	<u>\$6,696,943</u>	<u>\$1,473,138</u>
Business-type Activities:					
	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount Due Within One Year
Capital Leases	\$ 293,942	\$ -	\$ 195,056	\$ 98,886	\$ 69,442
Total	<u>\$ 293,942</u>	<u>\$ -</u>	<u>\$ 195,056</u>	<u>\$ 98,886</u>	<u>\$ 69,442</u>

(12) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

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

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

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, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$497,255, \$466,982, and \$452,947, 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, 2019, the County reported liabilities in the Governmental Activities of \$7,708,241 and the Business-type Activities of \$504,220 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was .046683 percent, which was based on a measurement date of June 30, 2019. This was an increase of .000912 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the Governmental Activities and the Business-type activities recognized pension expense of \$1,109,731 and \$71,350, respectively. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 8,476
Net difference between projected and actual earnings on pension plan investments	-	87,017
Changes in assumptions	86,414	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	381,555	158,536
County contributions subsequent to the measurement date	136,535	-
Total	<u>\$ 604,504</u>	<u>\$ 254,029</u>

\$136,535 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

GREENE COUNTY, MISSISSIPPI

**Notes to the Financial Statements
For the Year Ended September 30, 2019**

<u>Year ending September 30</u>	<u>Amount</u>
2020	\$ 281,288
2021	(86,279)
2022	(18,564)
2023	37,495
Total	<u>\$ 213,940</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 -18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). 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.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

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	\$ 10,795,564	\$ 8,212,461	\$ 6,080,341

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

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
DUI Grant Fund	\$ (14,350)
Forestry Commission Grant - Fuel Reduction Fund	(2,385)
Homeland Security Fund	(22,280)
Law Library Fund	(61,355)
Museum Archives & History Grant Fund	(36,690)
Road District Two	(17,029)
Road District Three	(31,064)
Bridge and Culvert/Two	(61,101)
Total Deficits	<u>\$ (246,254)</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.

(15) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of (\$7,622,598) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$128,287 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, 2020. The \$439,698 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4.00 years. The \$238,683 balance of the deferred inflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 3.00 years.

GREENE COUNTY, MISSISSIPPI

Notes to the Financial Statements For the Year Ended September 30, 2019

The business-type activities' unrestricted net position amount of (\$357,395) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$8,248 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, 2020. The \$28,271 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4.00 years. The \$15,346 balance of the deferred inflow of resources related to pensions at September 30, 2019, 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 \$65,000. Complete financial statements for the Pine Forest Regional Library can be obtained from P. O. Box 1208; Richton, MS 39476.

(17) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Greene County Board of Supervisors appoints one of nine members of the board of directors. There is no ongoing financial interest or responsibility for the appointing authorities. The County attributed \$32,354 for support of the district in fiscal year 2019.

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 \$25,000 for support of the district in fiscal year 2019.

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 2019.

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 \$709,202 for maintenance, support and enlargement of the college in fiscal year 2019.

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, 2019**

(18) Tax Abatements.

As of September 30, 2019, 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 2019 totaled \$2,373,985 for the utilities storage facility, \$4,837 for the sawmill facility and \$4,496 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 September 21, 2021 and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2019, 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>
5/4/2020	3.35%	\$272,408	Capital Lease	Ad Valorem Taxes
8/31/2020	3.35%	274,254	Capital Lease	Ad Valorem Taxes
12/28/2020	2.99%	244,877	Capital Lease	Ad Valorem Taxes
3/8/2021	2.20%	246,120	Capital Lease	Ad Valorem Taxes
6/1/2021	2.25%	283,019	Capital Lease	Ad Valorem Taxes
6/7/2021	2.20%	43,028	Other Loan	Ad Valorem Taxes

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REQUIRED SUPPLEMENTARY INFORMATION

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GREENE COUNTY, MISSISSIPPI
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget*	Final Budget*	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,079,600	\$ 3,079,600	\$ 3,397,645	\$ 318,045
Licenses, commissions and other revenue	125,500	125,500	117,921	(7,579)
Fines and forfeitures	209,000	209,000	223,306	14,306
Intergovernmental revenues	241,600	241,600	155,784	(85,816)
Charges for services	10,000	10,000	14,485	4,485
Interest income	5,000	5,000	26,883	21,883
Miscellaneous revenues	832,700	832,700	814,492	(18,208)
Total Revenues	<u>4,503,400</u>	<u>4,503,400</u>	<u>4,750,516</u>	<u>247,116</u>
EXPENDITURES				
Current:				
General government	2,732,266	2,732,266	4,363,669	(1,631,403)
Public safety	885,694	885,694	1,013,976	(128,282)
Health and welfare	656,414	656,414	89,816	566,598
Culture and recreation	78,606	78,606	81,283	(2,677)
Conservation of natural resources	117,107	117,107	163,437	(46,330)
Economic development and assistance	20,000	20,000	-	20,000
Debt service:				
Principal	-	-	297,824	(297,824)
Interest	-	-	34,997	(34,997)
Total Expenditures	<u>4,490,087</u>	<u>4,490,087</u>	<u>6,045,002</u>	<u>(1,554,915)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>13,313</u>	<u>13,313</u>	<u>(1,294,486)</u>	<u>(1,307,799)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	514,975	514,975
Transfers out	-	-	(689,843)	(689,843)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(174,868)</u>	<u>(174,868)</u>
Net Change in Fund Balance	13,313	13,313	(1,469,354)	(1,482,667)
Fund Balances - Beginning	<u>755,600</u>	<u>755,600</u>	<u>73,437</u>	<u>(682,163)</u>
Fund Balances - Ending	<u>\$ 768,913</u>	<u>\$ 768,913</u>	<u>\$ (1,395,917)</u>	<u>\$ (2,164,830)</u>

* Budget amounts were provided by the Comptroller. There was no evidence in the minutes that budgets were approved by the legislative authority. See Findings 7 and 8 on pages 68 and 69.

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)
ERBR Fund
For the Year Ended September 30, 2019
UNAUDITED

	<u>Original Budget*</u>	<u>Final Budget*</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,398,116	\$ 1,398,116
Total Other Financing Sources (Uses)	-	-	1,398,116	1,398,116
Net Change in Fund Balance	-	-	1,398,116	1,398,116
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,116</u>	<u>\$ 1,398,116</u>

* Budget amounts were provided by the Comptroller. There was no evidence in the minutes that budgets were approved by the legislative authority. See Findings 7 and 8 on pages 68 and 69.

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)
State Aid Road Fund
For the Year Ended September 30, 2019
UNAUDITED

	Original Budget*	Final Budget*	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 189,051	\$ 189,051
Total Revenues	-	-	189,051	189,051
EXPENDITURES				
Current:				
Public works	-	-	218,522	(218,522)
Total Expenditures	-	-	218,522	(218,522)
Excess of Revenues Over (Under) Expenditures	-	-	(29,471)	(29,471)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	25,563	25,563
Total Other Financing Sources (Uses)	-	-	25,563	25,563
Net Change in Fund Balance	-	-	(3,908)	(3,908)
Fund Balances - Beginning	-	-	26,307	26,307
Fund Balances - Ending	\$ -	\$ -	\$ 22,399	\$ 22,399

* Budget amounts were provided by the Comptroller. There was no evidence in the minutes that budgets were approved by the legislative authority. See Findings 7 and 8 on pages 68 and 69.

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, 2019
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.046683%	0.045771%	0.044758%	0.043401%	0.042950%	0.041460%
County's proportionate share of the net pension liability (asset)	\$ 8,212,461	\$ 7,613,077	\$ 7,440,300	\$ 7,752,502	\$ 6,639,222	\$ 5,032,485
Covered payroll	\$ 3,067,267	\$ 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	267.75%	256.77%	259.13%	279.22%	243.84%	200.83%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	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, 2019
UNAUDITED

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 497,255	\$ 466,982	\$ 452,947	\$ 437,091	\$ 428,836	\$ 394,666
Contributions in relation to the contractually required contribution	<u>497,255</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 3,067,267	\$ 2,964,964	\$2,875,835	\$ 2,775,181	\$ 2,722,768	\$ 2,505,816
Contributions as a percentage of covered payroll	16.21%	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.

Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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, 2019

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 supplementary information.

C. Budget/GAAP Reconciliation.

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

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

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	ERBR Fund	State Aid Road Fund
Budget (Cash Basis)	\$ (1,469,354)	\$ 1,398,116	\$ (3,908)
Increase (Decrease)			
Net adjustments for revenue accruals	6,268	-	2,101,028
Net adjustments for expenditure accruals	1,328,271	-	(2,103,570)
Other reconciling items	(37,650)	-	-
GAAP Basis	\$ (172,465)	\$ 1,398,116	\$ (6,450)

GREENE COUNTY, MISSISSIPPI

**Notes to the Required Supplementary Information
For the Year Ended September 30, 2019**

UNAUDITED

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

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2019:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 1,644,964
General County Special Fund	3,439
Hospital Fund	81,377
Title III	22,427
MDOT Grant	14,390
Sheriff Grant	28,222
Election Assistance Fund	6,462
Economic Development	4,227
Mapping & Appraisal	37,253
Emergency 911 Fund	117,440
Museum Archive and History Fund	2,540
Employee Split Fund/Health Savings	43,643
Road District One	37,991
Road District Two	210,701
Road District Three	63,023
Bridge and Culvert/Two	47,338
Bridge and Culvert/Five	5,432
2018 Bridge Repair Funds	524,128
State Aid Road Fund	218,522
New Justice Court Building	30,381
Hospital 2011 Fund	369,539

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

E. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2019:

Title III
MDOT Grant
Sheriff Grant
Election Assistance Grant
Economic Development
Employee Split Fund/Health Savings
2018 Bridge Repair Funds
State Aid Road Fund
Hospital 2011 Funds

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

GREENE COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

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%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

GREENE COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

UNAUDITED

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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OTHER INFORMATION

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GREENE COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
UNAUDITED

Name	Position	Company	Bond
Gary L. Dearman	Supervisor District 1	Western Surety	\$ 100,000
William M. Hill	Supervisor District 2	Ohio Casualty	100,000
Jerry Mills	Supervisor District 3	Western Surety	100,000
Wayne Barrow	Supervisor District 4	Ohio Casualty	100,000
Harold Cook	Supervisor District 5	Ohio Casualty	100,000
Tyson Moreno	County Comptroller	Ohio Casualty	100,000
Michelle Eubanks	Chancery Clerk	Ohio Casualty	100,000
Patti Zehner	Deputy Chancery Clerk	Ohio Casualty	75,000
Artensie Edwards	Deputy Chancery Clerk	Western Surety	75,000
Crystal M. Johnson	Deputy Chancery 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
Pascal Walters	Assistant Receiving Clerk	Ohio Casualty	75,000
Patti Zehner	Inventory Control Clerk	Ohio Casualty	75,000
Angela Pearce	Solid Waste Receiving Clerk	Ohio Casualty	75,000
Harvey Grimes	Road Manager	Ohio Casualty	50,000
Dorothy Woods	Road Manager	Western Surety	75,000
Pascal 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	Constable	Ohio Casualty	50,000
Shannon Busby	Constable	Ohio Casualty	75,000
Cecilia Bounds	Circuit Clerk	Ohio Casualty	100,000
Renee Green	Deputy Circuit Clerk	Ohio Casualty	75,000
Pertina Benjamin	Deputy Circuit Clerk	Ohio Casualty	75,000
Stanley McLeod	Sheriff	Ohio Casualty	100,000
James Warrick	Sheriff's Deputy	Ohio Casualty	50,000
Christopher Rounsaville	Sheriff's Deputy	Ohio Casualty	75,000
James A. Kelley	Sheriff's Deputy	Ohio Casualty	75,000
William Anglin	Sheriff's Deputy	Ohio Casualty	50,000
Benjamin Brown	Sheriff's Deputy	Ohio Casualty	75,000
Robert Bundick	Sheriff's Deputy	Ohio Casualty	50,000
William Darr	Sheriff's Deputy	Ohio Casualty	50,000
Wendell Garris	Sheriff's Deputy	Western Surety	50,000
Tommy Henderson	Sheriff's Deputy	Ohio Casualty	50,000
Shaun Jodon	Sheriff's Deputy	Ohio Casualty	75,000
L. Joe Beard	Justice Court Judge	Ohio Casualty	50,000
Jeffrey W. 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
Victoria Moss	Deputy Justice Court Clerk	Ohio Casualty	75,000
Mark Holder	Tax Assessor-Collector	Ohio Casualty	100,000
Melanie J. Hession	Deputy Tax Assessor-Collector	Western Surety	75,000
Vonda Matthews	Deputy Tax Assessor-Collector	Western Surety	75,000
Tammy Kittrell	Deputy Tax Assessor-Collector	Western Surety	75,000
Stanley Mathis	Solid Waste Manager	Western Surety	50,000

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

Members of the Board of Supervisors
Greene County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greene County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 21, 2021. The report is qualified on the governmental activities, business-type activities and Solid Waste Fund because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2019-001, 2019-002, 2019-003, 2019-004, 2019-006 and 2019-007 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2019-005, 2019-008, 2019-009, 2019-010 and 2019-011 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 2019-001, 2019-003, 2019-004 and 2019-006.

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 September 21, 2021, 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.



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

Quitman, Mississippi

September 21, 2021

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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, 2019. The Board of Supervisors of Greene County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

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

Inventory Control Clerk.

1. **The County should strengthen internal controls to ensure compliance with state statutes that require adequate capital asset subsidiary records are maintained.**

Repeat Finding: Yes

Criteria: *Section 31-7-107, Miss. Code Ann. (1972), requires the County to develop and maintain an inventory control system over capital assets to ensure that capital assets are properly accounted for.*

Condition:	<p>As reported in the prior 16 years' audit reports, capital asset control procedures were inadequate to ensure compliance with state statutes requiring an accurate capital asset inventory listing or adequate subsidiary records documenting existence, valuation and completeness of capital assets. We observed the following deficiencies in the internal control over capital assets:</p> <ul style="list-style-type: none"> • Internal control procedures were inadequate to ensure that the net book value (\$123,600 in governmental activities) of all buildings were properly included in capital asset subsidiary records and reported in the County's financial statements. • Internal control procedures were inadequate to ensure that all county owned capital assets were identified and properly included in the County inventory listing or subsidiary records. Specifically, our observation of the detailed asset listing included in the County's property and equipment insurance policy identified several assets owned and insured by the County that are not included in the capital asset records of the County and thereby not included in the County's financial statements. • Internal control procedures were inadequate to ensure that the net book values of all capital asset additions (\$248,646 in governmental activities) were included in the County's inventory listing and subsidiary records and included in the County's financial statements. • Internal control procedures were inadequate to ensure that all capital asset deletions (\$91,662 in governmental activities; \$118,400 in business type activities and solid waste) were removed from the County's inventory listing and subsidiary records and removed from the County's financial statements. <p>Therefore, the opinions on the Independent Auditor's Report on the governmental activities, business-type activities, and Solid Waste Fund financial statements are qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets.</p>
Cause:	The County lacks the necessary control procedures to ensure compliance with state statutes requiring the County to maintain an accurate capital asset inventory listing, as well as, related subsidiary ledgers.
Effect:	The failure to maintain an effective internal control system over inventory 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 ensure compliance with state statutes that require the County to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets.
Views of Responsible Official(s):	The Board of Supervisors will continue to establish control procedures to ensure compliance with state statute. This process has begun, and we are continuing to work aggressively toward maintaining accurate inventory records ensuring the existence, valuation, and completeness of capital assets.
2.	<u>The Purchase Clerk and Board of Supervisors should maintain adequate internal controls over purchasing to ensure compliance with various purchasing requirements mandated by state statute.</u>
Repeat Finding:	Yes
Criteria:	<i>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.</i>

Section 31-7-13, Miss. Code Ann. (1972), known as the Mississippi Purchasing Laws requires the County to comply with the purchasing requirements in accordance with state statutes. In addition, management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets.

Condition:

Internal control procedures over purchasing were inadequate to ensure compliance with state laws over purchasing that require accurate purchasing records documenting existence, valuation and completeness of non-payroll expenditures. As a result of our audit procedures on non-payroll expenditures, the following deficiencies were observed where the Purchase Clerk, Receiving Clerk and Board of Supervisors either did not comply with the present internal control system and state laws or the present internal control system was inadequate to ensure compliance with state laws over purchasing:

- Seven instances where there was no documentation provided to support an expenditure.
- Eight instances where a purchase requisition was not properly completed or was absent.
- Seven instances where a purchase order was not properly completed or was absent.
- Seven instances where there was no receiving report for commodities purchased.
- One instance where not all invoices were attached to the paid invoice packet.
- One instance where a check was issued to the wrong vendor and was not properly voided.
- One instance where the invoice received from the vendor that was paid was not in sufficient detail to match to the purchase requisition, purchase order and receiving report included in the paid invoice packet.
- Three instances where purchasing laws were not properly fulfilled by obtaining the required quotes or fulfilling the necessary reverse auction requirements.
- One instance where the County did not obtain comparable quotes in its effort to fulfill purchasing laws.
- Four instances where the County purchased equipment at an auction from another government without advance authorization spread on the board minutes listing the items authorized to be purchased and the maximum bid authorized to be paid for each item.
- One instance where a receiving report was not properly signed by the receiving clerk.
- One instance where an invoice below one thousand five hundred dollars was not signed by authorized personnel.
- One hundred ten instances where the County did not properly assign a unique claim number to a purchase.

Cause:

The County lacks the necessary internal control procedures to ensure compliance with state statutes covering purchasing.

Effect:

Due to an inadequate internal control system in place over purchasing, the County is not in compliance with state laws. Failure to implement an adequate system of internal control over purchasing could result in improper payments to vendors, theft of assets, and/or misappropriation of funds.

Recommendation:

The Purchase Clerk and the Board of Supervisors should strengthen internal controls to ensure compliance with state statutes over purchasing and custody of purchasing documentation as required by law.

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

The Purchase Clerk and the Board of Supervisors will strengthen the internal controls to ensure compliance with statute regarding purchasing and custody of the documentation.

3. **The Purchase Clerk and Board of Supervisors should maintain adequate internal controls over purchasing to ensure compliance with statutes that allow for a levy for the maintenance and/or construction of roads and bridges.**

Repeat Finding: No

Criteria: *Section 27-39-305, Miss. Code Ann. (1972)*, allows the Board of Supervisors to annually impose a levy for the maintenance and/or construction of roads and bridges.

Section 31-7-13, Miss. Code Ann. (1972), also known as the Mississippi Purchasing Laws requires the County to comply with the purchasing requirements in accordance with state statutes.

Condition: The County should strengthen its internal control system to ensure compliance with *Section 27-39-305, Miss. Code Ann. (1972)*. As a result of our audit procedures, we observed that the County paid approximately \$53,345 for the construction of a building from road and bridge funds with another approximately \$83,253 obligated for said building. The purpose of this building does not appear to be for the maintenance and/or construction of roads and bridges. We also determined that it does not appear that state laws over purchasing were complied with through following purchasing laws for construction of assets.

Cause: The County lacks the necessary control procedures to ensure compliance with state laws covering funds levied for the purpose of maintenance and/or construction of roads and bridges.

Effect: Due to an inadequate control system in place over purchasing related to funds levied for the purpose of the maintenance and/or construction of roads and bridges, the County does not appear to be in compliance with state law over the levy of funds on its citizens for the purpose of the maintenance and construction of roads and bridges. Failure to implement an adequate system of internal control over the expenditure of road and bridge funds could result in improper payments to vendors, theft of assets, and/or misappropriation of public funds.

Recommendation: The Purchase Clerk and the Board of Supervisors should strengthen internal controls to ensure compliance with state laws over purchasing and the levy for the maintenance and/or construction of roads and bridges.

Views of Responsible Official(s): The Purchase Clerk and Board of Supervisors will strengthen internal controls to ensure the compliance with state statutes relating to purchasing and the levy for maintenance and/or construction of roads and bridges.

Auditors' Note: These expenditures have been forwarded to the Investigative Division of the Office of State Auditor of Mississippi.

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, 2019.

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.

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

September 21, 2021

Schedule 1

GREENE COUNTY, MISSISSIPPI
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
4/1/2019	Mack Dump Truck	\$ 145,506	Tri-State	\$ 139,421	Buy Back Option

**GREENE COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2019**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
12/2018	Bridge Repair	\$ 171,494	Vice Brothers	Emergency Bridge Repair
01/2019	Road Repair	45,500	Herring Construction	State of Emergency Due to Rain
01/2019	Road Repair	38,043	Magco, Inc.	State of Emergency Due to Flood
03/2019	Bridge Repair	24,436	Vice Brothers	Emergency Bridge Repair
03/2019	Road Repair	10,800	Herring Construction	Emergency Road Repair

GREENE COUNTY, MISSISSIPPI
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2019

Date	Item Purchased	Amount Paid	Vendor
3/15/2019	Express Poll Tablet	\$ 14,014	Election System Software

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

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Mississippi Society of
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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, 2019 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 September 21, 2021, 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:

Comptroller and Board of Supervisors.

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

Repeat Finding: Yes

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

Condition: As reported in the prior year audit reports, the County did not settle \$50,172 in additional privilege taxes to the local school district. Instead, these funds were only settled in the County's road funds.

Cause: The County did not comply with state law relating to the sharing of additional privilege taxes with local school districts.

Effect: Failure to settle the additional privilege taxes to the local school district is a violation of *Section 27-19-11, Miss. Code Ann. (1972)* and could result in the misappropriation of public funds.

Recommendation: The County should strengthen its internal control system to ensure compliance with state law that requires the Comptroller to comply with *Section 27-19-11, Miss. Code Ann. (1972)* to ensure all

additional privilege taxes received from the Mississippi Department of Revenue are settled to the local school district as if they were ad valorem taxes.

Views of Responsible Official(s):

The County will strengthen the internal control system to ensure compliance with statute that requires the Comptroller to comply and settle all additional privilege taxes received from the Mississippi Department of Revenue to the local school district as if they were ad valorem taxes.

2. Interest income earned on the combined checking account 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 did not allocate interest earned in the combined checking account in accordance with state law.

Cause: The Comptroller 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 County should strengthen its internal control system to ensure compliance with state law that requires the County to prorate the interest earned on the combined checking account among certain funds that have cash in the checking account.

Views of Responsible Official(s):

The County will strengthen the internal control system to ensure compliance that requires the County prorate the interest earned on the combined checking account among the certain funds that have cash in the checking account.

3. The avails of the 1-Mill Mandatory levy should not be spent prior to receiving the approval letter from the Department of Revenue.

Repeat Finding: Yes

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: As reported in the prior year audit reports, the Board of Supervisors spent the avails of the 1-Mill Mandatory levy prior to receiving approval to do so.

Cause: The Comptroller transferred the avails of the 1-Mill Mandatory levy prior to receiving the approval letter from the Mississippi Department of revenue and therefore did not comply with state law.

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

Recommendation: The County should strengthen its internal control system to ensure compliance with state law that requires the avails of the 1-Mill Mandatory levy not be spent until the approval is received from Mississippi Department of Revenue.

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

The County will strengthen the internal control system to ensure that the avails on the 1-Mill Mandatory Levy are not spent until the approval is received by the Department of Revenue.

4. Inter-fund transfers were not approved by the Board of Supervisors.

Repeat Finding: No

Criteria: *Section 19-3-27, Miss. Code Ann. (1972)*, requires a complete and correct record be maintained for all proceedings of the Board of Supervisors.

Condition: Seventeen inter-fund transfers in the amount of seven hundred sixty-one thousand seven hundred ten dollars (\$761,710) were made without the board's approval.

Cause: The Comptroller and the Board of Supervisors did not comply with state law.

Effect: The failure to obtain board approval for inter-fund transfers increases the possibility of the loss or misuse of public funds.

Recommendation: All individual inter-fund transfers including the specific amount, purpose and the name of the individual funds where monies are being transferred to and from should be approved by the Board of Supervisors and spread in the board minutes.

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

All individual inter-fund transfers including the amount, purpose, and fund names of where monies are being transferred to and from will be approved by the Board of Supervisors and spread on the minutes.

5. An inter-fund transfer was made from a restricted fund to the General County Fund

Repeat Finding: No

Criteria: *Section 19-9-9, Miss Code Ann. (1972)*, authorizes the Board of Supervisors to annually levy a special tax on all property within the County to pay for the principal and interest of bonds issued by the Board of Supervisors.

Condition: The Comptroller transferred twenty-five thousand dollars (\$25,000) from a debt service fund to the General County Fund.

Cause: The Comptroller did not comply with state law.

Effect: Transfers from a debt service fund to the General County Fund represents an illegal diversion of restricted funds and can result in the misuse of public funds.

Recommendation: The County should not allow inter-fund transfers from restricted debt service levies to the general funds of the County.

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

No inter-fund transfers from restricted debt service levies to the general funds of the County will be allowed.

6. The Board of Supervisors signed warrants without sufficient fund to cover the warrants.

Repeat Finding: No

Criteria: *Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there are sufficient funds available to cover the payment of the warrants.*

Condition: Warrants were issued in the amount of \$46,808 in the General County Fund in excess of available funds to cover those warrants.

Cause: The Comptroller and Board of Supervisors did not comply with state law.

Effect: Failure to have sufficient funds available in the General County Fund prior to issuing warrants resulted in the County using monies from a restricted fund for unintended purposes. This situation could result in the Board of Supervisors being held personally liable for the deficit of said funds.

Recommendation: The Comptroller and the Board of Supervisors should properly monitor cash balances in the individual funds to ensure that no warrants are signed or delivered until monies are sufficient in the individual funds to cover the warrants to be signed or delivered as required by state law.

Views of Responsible Official(s): The Comptroller and the Board of Supervisors will monitor cash balances in the individual funds to ensure no warrants are signed or delivered until monies are sufficient in those individual funds to cover the warrants per statute.

Comptroller, Board of Supervisors and Clerk of the Board.

7. The County did not prepare a budget of revenues, expenditures/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. The original combined and combining budgets for all required funds should be approved by the Board of Supervisors and a copy included in the minutes of the Board of Supervisors.*

Condition: As reported in the prior year audit reports, the original combined and combining budget for the fiscal year 2018-2019 was not approved by the Board of Supervisors and included in the board minutes as required by state law.

For the fiscal year 2018-2019, the original combining budget did not include the following funds with combined expenditures totaling \$1,231,560.

- Greene County Employee Flower Fund
- Greene County MS Fire Board Fund
- Greene County Circuit Clerk Juror Fund
- Title III Fund
- MDOT Grant Fund
- Sheriff Grant Fund
- Election Assistance Fund
- Economic Development Fund
- Employee Split Fund and Health Savings
- 2018 Bridge Repair Fund

- State Aid Road Fund
- Hospital 2011 Fund

Cause: The County did not have the necessary internal control system in place to ensure compliance with state laws. The Comptroller did not prepare an accurate original budget for the Board of Supervisors for approval and submit it to the Clerk of the Board to be included in the minutes of the Board of Supervisors.

Effect: The failure to prepare and submit a complete and accurate budget of revenues, expenditures/expenses, and working cash balances for all funds could result in the misappropriation of public funds if accounts are not properly budgeted and monitored. It could also result in the Board of Supervisors being held personally liable any expenditures approved and paid for in excess of the budgeted expenditures for which the individual supervisor voted in the affirmative.

Recommendation: The County should strengthen the internal control system to ensure compliance with state law that requires the Comptroller prepare and submit to the Board of Supervisors for approval each year a complete combined and combining budget of revenues, expenditures/expenses, and working cash balances for all funds and include a copy of this budget in the minutes of the Board of Supervisors.

Views of Responsible Official(s): The County will ensure the Comptroller prepares and submits to the Board of Supervisors a complete combined and combining budget of revenues, expenditure/expenses, and working cash balances for all funds and that a copy of the budget is placed in the minutes.

8. **The final amended combined and combining budgets were not prepared, approved and included 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 final amended combined and combining budget of revenues, expenditures/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 audit reports, the final amended combined and combining budget for the fiscal year 2018-2019 was not prepared by the Comptroller and approved by the Board of Supervisors and included in the board minutes as required by state law.

For the fiscal year 2018-2019, the final amended combining budget did not include the following funds with combined expenditures totaling \$1,231,560.

- Greene County Employee Flower Fund
- Greene County MS Fire Board Fund
- Greene County Circuit Clerk Juror Fund
- Title III Fund
- MDOT Grant Fund
- Sheriff Grant Fund
- Election Assistance Fund
- Economic Development Fund
- Employee Split Fund and Health Savings
- 2018 Bridge Repair Fund
- State Aid Road Fund
- Hospital 2011 Fund

It also included several other funds where actual expenditures exceeded the final amended budget expenditures/expenses by \$2,281,879.

Cause: The County did not have the necessary internal control system in place to ensure compliance with state laws. The Comptroller did not prepare an accurate final amended budget for approval by the Board of Supervisors and did not submit it to the Clerk of the Board to be included in the board minutes.

Effect: The failure to prepare and submit a complete and accurate final amended budget of revenues, expenditures/expenses, and working cash balances for all funds could result in the misappropriation of public funds if accounts are not properly budgeted and monitored. It could also result in the Board of Supervisors being held personally liable any expenditures approved and paid in excess of the budgeted expenditures for which the individual supervisor voted in the affirmative for.

Recommendation: The County should strengthen its internal control system to ensure compliance with state law that requires the Comptroller prepare and submit to the Board of Supervisors for approval each year a complete and accurate final amended combined and combining budget of revenues, expenditures/expenses, and working cash balances for all funds and include a copy of this budget in the minutes of the Board of Supervisors no later than October 31st, following the close of the fiscal year.

Views of Responsible Official(s): The County will ensure the Comptroller prepares and submits to the Board of Supervisors for approval a final amended combined and combining budget of revenues, expenditure/expenses, and working cash balances for all funds and that a copy of the budget is placed in the minutes no later than October 31st, after the close of the fiscal year.

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

Repeat Finding: Yes

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: As reported in the prior year audit reports, the County did not properly advertise for qualified depositories as required by state statute.

Cause: The County did not have the necessary internal control system in place to ensure compliance with state law.

Effect: Failure to advertise for qualified depositories causes noncompliance with state law.

Recommendation: The County should strengthen its necessary internal control system to ensure compliance with *Section 27-105-305, Miss Code Ann. (1972)* that requires 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 County will give notice at least once every two years to all financial institutions in the county whose accounts are insured by the FDIC by publication and that bids will be received from the institutions at the following January meeting or a subsequent meeting.

Purchase Clerk and Board of Supervisors.

10. 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 .58 cents if no county owned vehicle was available and .18 cents if a county owned vehicle was available for use by the officials or employees of the County.

Condition: As reported in the prior year audit reports, 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: The County did not have the necessary internal control system in place to ensure compliance with state law.

Effect: Improper travel reimbursement resulted in the misuse of County monies.

Recommendation: The County should strengthen its internal control system to ensure compliance with *Section 25-3-41, Miss. Code Ann. (1972)* which only allows County officials and employees who have a county owned vehicle available for use to be reimbursed .18 cents per mile.

Views of Responsible Official(s): The County will only reimburse County officials and employees who have a county owned vehicle available for use at the reimbursement rate of .18 cents per mile per statute.

11. County officials and employees are not properly bonded as required by Mississippi Statutes.

Repeat Finding: Yes

Criteria: Various statutes within the Miss. Code Ann. (1972), requires certain employees and public officials to be bonded.

Condition: As reported in the prior year audit report, we observed numerous instances where the County did not properly bond officials or employees in accordance with various Mississippi statutes as follows:

- Four instances where an employee or official's bond was not signed.
- Three instances where sheriff deputies did not have a bond on file.
- One instance where a sheriff deputy was hired in May 2018 but was not bonded until July 2019.
- One instance where an employee, Solid Waste Manager, was not properly bonded as a receiving or assistant receiving clerk.
- One instance where the tax assessor/collector was bonded only as the tax assessor.
- One instance where the receiving clerk is not bonded as a receiving clerk but as a public official.
- Thirty-one instances where county officials or employees were bonded through a bond continuation rather than by individual bonds.

Cause: The County did not have the necessary internal control system in place to ensure compliance with various state laws.

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

Recommendation: The County should strengthen its internal control system to ensure compliance with various state laws requiring public officials and certain employees to be bonded.

Views of Responsible Official(s): The County will ensure compliance with all state laws requiring public officials and certain county employees to be bonded.

Board of Supervisors and Sheriff.

12. **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 audit reports, 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 have the necessary internal control system in place to ensure compliance 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 law.

Recommendation: The County should strengthen internal controls to ensure compliance with state law requiring the County to advertise for bids before contracting for the feeding of prisoners.

Views of Responsible Official(s): The County will strengthen internal controls to ensure compliance with state law requiring advertisement of bids prior to the contracting for the feeding of prisoners.

Payroll Clerk and Board of Supervisors.

13. **Accurate leave records are not maintained in accordance with state law.**

Repeat Finding: Yes

Criteria Section: *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 prior year 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: The necessary internal controls were not in place to ensure compliance with state law.

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 strengthen internal controls to ensure compliance with state law that requires the County to establish a uniform leave system and to properly maintain the accumulation and reporting of leave benefits to all employees on a timely basis.

Views of Responsible Official(s): The County has worked to establish a uniform leave system and will continue to work to ensure compliance with law and properly maintain the accumulation and reporting of leave benefits to all employees on a timely basis.

14. 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)*, requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B "Certificate/Acknowledgement of Re-employment of Retiree" with the PERS office within 5 days from the date of employment of the retiree.

Condition: As reported in prior year audit reports, we observed the following instances of noncompliance with state law related to filing PERS Form 4B:

- One instance where PERS Form 4B was not on file for an employee.
- Two instances where there was no evidence of the filing date on PERS Form 4B.

Cause: The necessary internal controls were not in place to ensure compliance with state law.

Effect: By not completing the required PERS Form 4Bs or not filing them timely with PERS, the County is not in compliance with the state legal requirements.

Recommendation: The County should strengthen internal controls to ensure compliance with state law requiring the County to file the PERS Form 4Bs within the mandated timeframes and maintain evidence of the filing dates of the retiree forms.

Views of Responsible Official(s): The County will ensure compliance per statute requiring PERS Form 4Bs to be filed within the mandated timeframes and maintain evidence of those filing dates of the retiree forms.

Receiving Clerk and Board of Supervisors.

15. 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 prior year audit reports, we observed that the 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, the County is not in compliance with state law.


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

Recommendation: The County should strengthen internal controls to ensure compliance with state law. The receiving clerk is not allowed to also serve as the purchase clerk or assistant purchase clerk.

Views of Responsible Official(s): The County will ensure that the receiving clerk does not also serve as the Purchase clerk or assistant purchase 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.


Stephen D. Myrick, C.P.A., L.L.C.
Quitman, Mississippi
September 21, 2021

SCHEDULE OF FINDINGS AND RESPONSES

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GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Business-type activities	Qualified
General Fund	Unmodified
ERBR Fund	Unmodified
State Aid Road Fund	Unmodified
Solid Waste Fund	Qualified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiencies identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Inventory Control Clerk.

Material Weakness

Material Noncompliance

2019-001. **The County should strengthen internal controls to ensure compliance with state statutes that require adequate capital asset subsidiary records are maintained.**

Repeat Finding: Yes

Criteria: *Section 31-7-107, Miss. Code Ann. (1972), requires the County to develop and maintain an inventory control system over capital assets to ensure that capital assets are properly accounted for.*

Condition: As reported in the prior 16 years' audit reports, capital asset control procedures were inadequate to ensure compliance with state statutes requiring an accurate capital asset inventory listing or adequate subsidiary records documenting existence, valuation and completeness of capital assets. We observed the following deficiencies in the internal control over capital assets:

- Internal control procedures were inadequate to ensure that the net book value (\$123,600 in governmental activities) of all buildings were properly included in capital asset subsidiary records and reported in the County's financial statements.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

- Internal control procedures were inadequate to ensure that all county owned capital assets were identified and properly included in the County inventory listing or subsidiary records. Specifically, our observation of the detailed asset listing included in the County's property and equipment insurance policy identified several assets owned and insured by the County that are not included in the capital asset records of the County and not included in the County's financial statements.
- Internal control procedures were inadequate to ensure that the net book values of all capital asset additions (\$248,646 in governmental activities) were included in the County's inventory listing and subsidiary records and included in the County's financial statements.
- Internal control procedures were inadequate to ensure that all capital asset deletions (\$91,662 in governmental activities; \$118,400 in business type activities and solid waste) were removed from the County's inventory listing and subsidiary records and removed from the County's financial statements.

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

Cause: The County lacks the necessary control procedures to ensure compliance with state statutes requiring the County to maintain an accurate capital asset inventory listing, as well as, related subsidiary ledgers.

Effect: The failure to maintain an effective inventory internal 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 ensure compliance with state statutes that require the County to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets.

Views of Responsible Official(s): The Board of Supervisors is working and will continue to work establishing procedures to ensure compliance per statute requiring the County to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets.

Comptroller and Board of Supervisors.

Material Weakness

2019-002. Internal controls should be strengthened 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.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Condition:	As reported in the prior six 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 \$379,327 and \$4,305, 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 all restricted cash accounts bearing the County's name are recorded and reconciled in a timely manner.

Material Weakness

Material Non-Compliance

2019-003.	<u>Controls over repayment of interfund advances should be strengthened.</u>
Repeat Finding:	Yes
Criteria:	An effective system of internal control over interfund advances should include a timely repayment plan.
Condition:	As reported in the prior year audit reports, the County had interfund loans outstanding as of September 30, 2019 that have been owed for more than one year. These loans represent advances that were made to cover indirect costs due from solid waste, resolve cash flows problems and correct posting errors in recording of cash receipts by county personnel.
Cause:	The County failed to repay outstanding interfund loans.
Effect:	The failure of the Board of Supervisors to ensure repayment of these loans represents an illegal diversion of legally restricted funds.
Recommendation:	The County should strengthen the internal controls to ensure compliance over interfund loans. We specifically recommend that new controls be implemented to ensure that the Board of Supervisors approves all future interfund loans and records the amount and reason of the loan in the minutes of the board. The board resolution should also state when the loan will be repaid and the source of funds for repayment. The County should also implement additional internal control procedures to ensure that all old loans are repaid by approving and recording in the minutes a repayment schedule and subsequently complying with the approved schedule.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Views of Responsible Official(s):

The Board of Supervisors will implement new controls to ensure all future interfund loans are approved and the amount and reason of the loan recorded in the board minutes. The order will also state when the loan will be repaid and the source of funds for repayment. The County will also implement controls to ensure all old loans are repaid by approving and recording in the minutes a repayment schedule and then complying with said schedule.

Material Weakness

Material Non-Compliance

2019-004 The Purchase Clerk and Board of Supervisors should maintain adequate internal controls over purchasing to ensure compliance with various purchasing requirements mandated by state statute.

Repeat Finding:

No

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.

Section 31-7-13, Miss. Code Ann. (1972), known as the *Mississippi Purchasing Laws* requires the County to comply with the purchasing requirements in accordance with state statutes. In addition, management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets.

Condition:

Internal control procedures over purchasing were inadequate to ensure compliance with state laws over purchasing that require accurate purchasing records documenting existence, valuation and completeness of non-payroll expenditures. As a result of our audit procedures on non-payroll expenditures, the following deficiencies were observed where the Purchase Clerk, Receiving Clerk and Board of Supervisors either did not comply with the present internal control system and state laws or the present internal control system was inadequate to ensure compliance with state laws over purchasing:

- Seven instances where there was no documentation provided to support an expenditure.
- Eight instances where a purchase requisition was not properly completed or was absent.
- Seven instances where a purchase order was not properly completed or was absent.
- Seven instances where there was no receiving report for commodities purchased.
- One instance where not all invoices were attached to the paid invoice packet.
- One instance where a check was issued to the wrong vendor and was not properly voided.
- One instance where the invoice received from the vendor that was paid was not in sufficient detail to match to the purchase requisition, purchase order and receiving report included in the paid invoice packet.
- Three instances where purchasing laws were not properly fulfilled by obtaining the required quotes or fulfilling the necessary reverse auction requirements.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

- One instance where the County did not obtain comparable quotes in its effort to fulfill purchasing laws.
- Four instances where the County purchased equipment at an auction from another government without advance authorization spread on the board minutes listing the items authorized to be purchased and the maximum bid authorized to be paid for each item.
- One instance where a receiving report was not properly signed by the receiving clerk.
- One instance where an invoice below one thousand five hundred dollars was not signed by authorized personnel.
- One hundred ten instances where the County did not properly assign a unique claim number to a purchase

Cause: The County lacked the necessary internal control procedures to ensure compliance with state statutes covering purchasing.

Effect: Due to an inadequate internal control system in place over purchasing, the County did not in comply with state laws. Failure to implement an adequate system of internal control over purchasing could result in improper payments to vendors, theft of assets, and/or misappropriation of funds.

Recommendation: The Purchase Clerk and the Board of Supervisors should strengthen internal controls to ensure compliance with state statutes over purchasing and custody of purchasing documentation as required by law.

Views of Responsible Official(s): The Purchase Clerk and The Board of Supervisors will ensure compliance with state statutes over purchasing and custody of purchasing documentation as required by law.

Significant Deficiency

2019-005. **Internal controls should be strengthened to include adequate segregation of duties for the County's cash and cash receipt functions.**

Repeat Finding: Yes

Criteria: An effective system of internal control should include adequate segregation of duties among accounting personnel.

Condition: As reported in the prior year audit reports, the County's accounting system is not adequately segregated to assure a proper internal control structure. We observed a weakness in internal control due to the lack of segregation of duties because the Comptroller was responsible for performing all of the following duties:

- Prepared deposit slips.
- Deposited funds into the bank.
- Prepared receipt warrants.
- Posted receipt warrants to the general ledger.
- Reconciles the bank statements.

Cause: The County lacks the necessary control procedures to ensure adequate segregation of duties.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Effect:	The lack of segregation of duties could result in unrecorded transactions, undetected errors, or misappropriation of funds.
Recommendation:	The County should strengthen internal controls over cash and cash receipts to ensure that more than one employee is involved in performing the above duties.
Views of Responsible Official(s):	Internal controls over cash and cash receipts will be strengthened to ensure that more than one employee is involved in performing the duties.

Material Weakness

Material Noncompliance

2019-006.	<u>Internal controls over cash should be strengthened to ensure that cash is reconciled each month on a timely basis.</u>
Repeat Finding:	Yes
Criteria:	An effective system of internal control over cash includes reconciling cash reported on the general ledger to the bank statements each month in a timely manner.
Condition:	As reported in the prior year, we observed that the Comptroller did not reconcile cash reported on the general ledger to the bank statements.
Cause:	The Comptroller did not comply with the current internal control system. The current internal control system is not sufficient to ensure that if cash is not reconciled to the bank accounts that it is brought to the attention of the Board of Supervisors.
Effect:	The failure to reconcile cash each month could result in the possibility of the loss or misappropriation of public funds and reporting of inaccurate amounts to those charged with governance.
Recommendation:	The County should strengthen internal controls to ensure that cash reported on the general ledger is reconciled each month to the bank statements in a timely manner and that these bank reconciliations are reviewed each month by the Board of Supervisors.
Views of Responsible Official(s):	The County will ensure cash reported on the general ledger is reconciled each month to the bank statements in a timely manner and that the reconciliations are reviewed each month by the Board of Supervisors.

Material Weakness

2019-007.	<u>Internal controls over cash receipts should be strengthened to ensure that cash receipts are receipted and posted timely to the general ledger in the period in which the receipts were received.</u>
Repeat Finding:	No

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Criteria:	An effective system of internal control over recording of cash receipts and disbursements will ensure that all cash receipts are properly recorded and that they are posted in the proper period.
Condition:	<p>We observed the following internal control weaknesses related to cash receipts:</p> <ul style="list-style-type: none">• The Comptroller did not properly post cash receipts totaling one million seven hundred twenty-four thousand three hundred seven dollars (\$1,724,307) of receipts to the general ledger.• The Comptroller did not post cash receipts to the general ledger until the deposit was posted to the bank accounts.
Cause:	A weakness in the current internal control system allowed the Comptroller to not post all cash receipts and not post receipts in the proper period.
Effect:	Failure to properly and timely post receipts could result in unrecorded transactions, undetected errors, or misappropriation of funds.
Recommendation:	The County should strengthen internal controls to ensure that all cash receipts are posted timely and accurately to the general ledger.
Views of Responsible Official(s):	The County will ensure all cash receipts are posted timely and accurately to the general ledger.

Significant Deficiency

2019-008. **Internal Controls over cash and cash disbursements should be strengthened to ensure that all checks issued in error are properly voided in the system as soon as possible.**

Repeat Finding:	No
Criteria:	An effective system of internal control over cash disbursements should include requirements that all checks issued in error due to incorrect terms such as vendor, address or amount be immediately voided upon issuance of a corrected check.
Condition:	As a result of our audit procedures, we observed that the Comptroller had not properly voided checks contained in the "Void" check folder and that these checks remained outstanding on the Comptroller's list of outstanding checks.
Cause:	The County lacks the necessary internal controls to ensure that checks issued in error due to incorrect terms such as vendor, address or amount are immediately voided and a corrected check issued.
Effect:	Failure to immediately void checks issued in error could lead to the misstatement of cash or the misappropriation of cash.
Recommendation:	The County should strengthen internal controls over cash disbursements to ensure that all checks that are issued in error are immediately voided and a corrected check issued.

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Views of Responsible

Official(s): The County will strengthen controls over cash disbursements to ensure that all checks issued in error are immediately voided and a corrected check issued.

Significant Deficiency

2019-009. **Internal controls should be strengthened to ensure that all debt and debt service activity is properly and timely posted to the general ledger.**

Repeat Finding: No

Criteria: An effective system of internal control would ensure that complete and accurate records are maintained to ensure that all debt and debt service transactions are properly recorded in the general ledger of the County.

Condition: As a result of our audit procedures, we noted the following internal control weaknesses related to the debt and debt services transactions:

- Four hundred thirty thousand six hundred twenty-eight dollars (\$430,628) of loans and capital leases were issued by the County during the fiscal year and neither the debt nor the related expenditure was recorded in the general ledger.
- Three thousand three hundred thirty dollars (\$3,330) of debt service payments were incorrectly posted to non-debt service expenditure accounts.
- Eight thousand seventy-three dollars (\$8,073) of debt service payments were paid on three capital leases or loans that had already been paid-off. Specifically, on one capital lease or loan three additional payments were made and on another 2 additional payments were made.

Cause: Due to the absence of controls over debt and debt service activity not all transactions were completely and accurately posted to the accounting records of the County.

Effect: The failure to establish the proper internal control system over debt and debt service activity could result in unauthorized debt activity and increases the possibility of misappropriation or loss of public funds.

Recommendation: The County should strengthen internal controls to ensure that all debt and debt service activity is properly posted to the general ledger.

Views of Responsible

Official(s): The County will ensure that all debt and debt service activity is properly posted to the general ledger.

Board of Supervisors, Comptroller and Solid Waste Clerk

Significant Deficiency

2019-010. **Internal Controls over solid waste collections should be strengthened.**

Repeat Finding: Yes

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

Criteria:	An effective system of internal control over solid waste collections should include management's approval of all solid waste accounts receivable adjustments including the dollar amount. 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 audit reports, we noted the following internal control weaknesses related to the solid waste system:</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 did not perform daily check-ups that document and reconcile the daily receipt report printed from the solid waste system to the deposit slips and funds received.• The Comptroller did not receipt credit card payments posted directly to the bank account by the bank.
Cause:	Due to the absence of controls over solid waste adjustments and 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 County should strengthen internal controls to ensure that the Solid Waste Clerk submits all solid waste adjustments for approval to the Board of Supervisors. This will ensure that the dollar amounts of each adjustment are approved by the board and documented in the minutes, that deposits are made in a timely manner and that daily check-ups are completed that reconcile the daily receipt report from the solid waste system to the funds received and the deposit slip. The Comptroller should initial the daily check-up each day when receipting the funds into the accounting system to document his review and to verify the check-up's accuracy.
Views of Responsible Official(s):	The County will ensure the Solid Waste Clerk submits all solid waste adjustments for approval to the Board of Supervisors. The Board of Supervisors will approve the dollar amount and document same in the minutes. Deposits will be made in a timely manner with daily check-up being maintained which reconcile the daily receipt report from the solid waste system to the funds received and the deposit slip. The Comptroller will initial the daily check-up sheet each day when receipting the funds into the accounting system for verification of the check-up's accuracy and his review.

Payroll Clerk and Board of Supervisors

Significant Deficiency

2019-011. Internal controls over the payroll function should be strengthened.

Repeat Finding: Yes

GREENE COUNTY, MISSISSIPPI

Schedule of Findings and Responses For the Year Ended September 30, 2019

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 current employee handbook compensation policy, paychecks or compensation for work performed in the pay period and all timesheets should be signed by both the employee and the supervisor/department head.
Condition:	<p>As reported in the prior year audit reports, we observed the following weaknesses in the internal control system over payroll transactions selected for audit:</p> <ul style="list-style-type: none">• Instances where original timesheets/timecards could not be located for a payroll transaction.• Instances where neither originals nor copies of timesheets/timecards could be located for a payroll transaction.• Instances where timesheets/timecards were not signed by both the employee and/or the department head.• Instances where payroll was released prior to the payroll date.• Instances where employees were paid in advance of hours worked.• Instances where there was no documentation of board approval of employees' pay rates.• Instances where there was no authorization on file for voluntary deductions• Instances where there was no withholding where an employee had authorized the voluntary withholding.• Instances where there was withholding occurring for voluntary deductions but employee had rejected benefit.• Instances where federal, state and/or PERS Form-1 withholding authorizations were missing.
Cause:	The County lacks the necessary internal control procedures to ensure that payroll is properly documented, accurately calculated and released timely.
Effect:	The failure to establish the proper internal control system over all payroll functions 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 strengthen internal controls to ensure that current policies as found in the County's employee handbook are followed and implement any new policies as considered necessary to ensure that payroll is accurate, authorized, complete and issued only on the authorized pay date.
Views of Responsible Officials(s):	The Board of Supervisors will strengthen controls to ensure handbook policies are followed and will implement any new policies as necessary to ensure payroll is accurate, authorized, complete and issued only on the authorized pay date. In an effort to correct some of these issues the County has initiated direct deposit for payroll, and payroll is paid on a set schedule of every two weeks.