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GREENE COUNTY, MISSISSIPPI

**UNAUDITED FINANCIAL STATEMENTS AND
SPECIAL REPORTS**

FOR THE YEAR ENDED SEPTEMBER 30, 2008



GREENE COUNTY, MISSISSIPPI
Table of Contents

	Page
Financial Audit Report	
Independent Auditor's Report on the Financial Statements and Supplemental Information	1-2
Financial Statements	
Statements of Net Assets	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Assets - Proprietary Fund	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	12
Statement of Cash Flows - Proprietary Fund	13
Statement of Fiduciary Assets and Liabilities	14
Notes to the Financial Statements	15-33
Reports on Compliance and Internal Control	
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	37-39
Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann (1972))	41-44
Schedule of Purchases Not Made From the Lowest Bidder	45
Schedule of Emergency Purchases	46
Schedule of Purchases Made Noncompetively from a Sole Source	47
Limited Internal Control and Compliance Review Management Report	51-56
Schedule of Findings and Questioned Costs	59-63



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Greene County, Mississippi

I was engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Greene County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management.

The financial statements do not include financial data for the county's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data of its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.


Management has not maintained adequate supporting documentation documenting the accuracy of the cash balances reported on the general ledger for the county's two bank accounts included in cash and cash equivalents. These two accounts account for all cash receipts and expenditures for all funds of Greene County, Mississippi and are material to the financial statements of Greene County, Mississippi. Therefore, I was unable to satisfy myself about the amounts at which assets, liabilities, revenues and expenditures were recorded in the accompanying financial statements.

I was unable to obtain an attorney's response from the legal counsel of Greene County, Mississippi as required by generally accepted auditing standards.

Because I was unable to examine adequate supporting documentation for cash and cash equivalents as well as cash transactions reflected in the general ledger, and I was not able to apply other auditing procedures to satisfy myself as to whether the financial statements are presented in accordance with generally accepted accounting principles and because the county's legal counsel also did not provide me with written representations, the scope of my work was not sufficient to enable me to express, and I do not express an opinion on the financial statements as listed in the table of contents.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated October 5, 2009 on my consideration Greene County, Mississippi's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Greene County, Mississippi, has not presented Management's Discussion and Analysis and the Budgetary Comparison Schedule and corresponding notes that are not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board.


Stephen D. Myrick
Certified Public Accountant

Quitman, Mississippi
October 5, 2009

FINANCIAL STATEMENTS

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GREENE COUNTY, MISSISSIPPI
Statement of Net Assets
September 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 2,194,592	\$ 3,700	\$ 2,198,292
Cash with fiscal agent	235,635	-	235,635
Property tax receivable	4,704,856	-	4,704,856
Accounts receivable (net of allowance for uncollectibles of \$112,682)	-	93,221	93,221
Fines receivable (net of allowance for uncollectibles of \$415,590)	166,573	-	166,573
Intergovernmental receivables	73,544	-	73,544
Other receivables	2,698	-	2,698
Internal balances	(1,296)	1,296	-
Capital assets:			
Land and construction in progress	266,998	-	266,998
Other capital assets	10,301,392	-	10,301,392
Other capital assets, net	-	324,629	324,629
Total assets	<u>17,944,992</u>	<u>422,846</u>	<u>18,367,838</u>
LIABILITIES			
Claims payable	124,738	-	124,738
Intergovernmental payables	240,646	-	240,646
Deferred revenue	4,704,856	-	4,704,856
Other payables	3,520	-	3,520
Long-term liabilities			
Due within one year:			
Capital debt	688,067	87,695	775,762
Noncapital debt	136,486	-	136,486
Due in more than one year			
Capital debt	1,288,356	258,349	1,546,705
Noncapital debt	1,606,170	-	1,606,170
Total liabilities	<u>8,792,839</u>	<u>346,044</u>	<u>9,138,883</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,591,967	(21,415)	¹ 8,570,552
Restricted:			
Expendable:			
General government	117,088	-	117,088
Debt service	236,655	-	236,655
Public safety	306,249	-	306,249
Public works	888,126	98,217	986,343
Culture and recreation	(12,730)	-	(12,730)
Economic development	148,669	-	148,669
Unrestricted	(1,123,871)	-	(1,123,871)
Total net assets	<u>\$ 9,152,153</u>	<u>\$ 76,802</u>	<u>\$ 9,228,955</u>

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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,405,028	\$ 550,053	\$ 49,747	\$ -	\$ (2,805,228)	\$ -	\$ (2,805,228)
Public safety	1,322,071	162,702	118,624	-	(1,040,745)	-	(1,040,745)
Public works	2,089,144	-	304,431	13,900	(1,770,813)	-	(1,770,813)
Health and welfare	130,884	-	335,054	-	204,170	-	204,170
Culture and recreation	144,143	-	3,625	-	(140,518)	-	(140,518)
Conservation of natural resources	25,213	-	-	-	(25,213)	-	(25,213)
Economic development and assistance	37,829	-	-	-	(37,829)	-	(37,829)
Interest on long-term debt	208,676	-	-	-	(208,676)	-	(208,676)
Total governmental activities	7,362,988	712,755	811,481	13,900	(5,824,852)	-	(5,824,852)
Business-type activities:							
Solid waste	645,898	551,380	-	-	-	(94,518)	(94,518)
Total business-type activities	645,898	551,380	-	-	-	(94,518)	(94,518)
Total primary government	\$ 8,008,886	\$ 1,264,135	\$ 811,481	\$ 13,900	(5,824,852)	(94,518)	(5,919,370)
General revenues:							
Property taxes					4,410,939	-	4,410,939
Road & bridge privilege taxes					26,651	-	26,651
Grants and contributions not restricted to specific programs					1,163,151	-	1,163,151
Unrestricted interest income					70,456	-	70,456
Insurance loss recoveries					203,058	-	203,058
Miscellaneous					199,654	-	199,654
(Loss) on sale of capital assets					(251,991)	-	(251,991)
Transfers					(84,533)	84,533	-
Total general revenues and transfers					5,737,385	84,533	5,821,918
Change in net assets					(87,467)	(9,985)	(97,452)
Net assets - beginning					9,189,075	86,787	9,275,862
Prior period adjustment					50,545	-	50,545
Net assets - beginning, as restated					9,239,620	86,787	9,326,407
Net assets - ending					\$ 9,152,153	\$ 76,802	\$ 9,228,955

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

GREENE COUNTY, MISSISSIPPI
Balance Sheet
Governmental Funds
September 30, 2008

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 886,455	\$ 1,308,137	\$ 2,194,592
Cash with fiscal agent	-	235,634	235,634
Property tax receivable	2,963,002	1,741,854	4,704,856
Fines receivable (net of allowance for for uncollectibles of \$415,590)	166,573	-	166,573
Intergovernmental receivables	61,927	8,095	70,022
Other receivables	2,698	-	2,698
Due from other funds	172,289	150,814	323,103
Advances to other funds	2,100	128,000	130,100
Total assets	<u>\$ 4,255,044</u>	<u>\$ 3,572,534</u>	<u>\$ 7,827,578</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Claims payable	\$ 61,641	\$ 63,097	\$ 124,738
Intergovernmental payables	227,918	12,728	240,646
Due to other funds	89,129	237,371	326,500
Advances from other funds	128,000	-	128,000
Deferred revenue	3,129,575	1,741,854	4,871,429
Total liabilities	<u>3,636,263</u>	<u>2,055,050</u>	<u>5,691,313</u>
Fund balances:			
Reserved for:			
Debt service	-	236,655	236,655
Advances	-	128,000	128,000
Unreserved - undesignated, reported in:			
General fund	618,781	-	618,781
Special revenue funds	-	1,152,829	1,152,829
Total fund balances	<u>618,781</u>	<u>1,517,484</u>	<u>2,136,265</u>
Total liabilities and fund balances	<u>\$ 4,255,044</u>	<u>\$ 3,572,534</u>	<u>\$ 7,827,578</u>

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

GREENE COUNTY, MISSISSIPPI
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2008

Total fund balance, governmental funds (Exhibit 3)	\$ 2,136,265
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore are not reported in the funds.	10,568,390
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	166,573
Long-term liabilities are not due and payable in the current-period and, therefore are not reported in the funds.	(3,719,079)
Rounding	4
Total net assets - governmental activities (Exhibit 1)	<u>\$ 9,152,153</u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 2,796,063	\$ 1,614,876	\$ 4,410,939
Road and bridge privilege taxes	-	178,547	178,547
Licenses, commissions and other revenue	170,441	4,732	175,173
Fines and forfeitures	244,023	-	244,023
Intergovernmental revenues	606,951	1,331,834	1,938,785
Charges for services	10,589	81,742	92,331
Interest income	66,984	3,472	70,456
Miscellaneous revenues	186,377	63,022	249,399
Total revenues	<u>4,081,428</u>	<u>3,278,225</u>	<u>7,359,653</u>
EXPENDITURES			
Current:			
General government	3,335,882	69,146	3,405,028
Public Safety	865,950	456,121	1,322,071
Public Works	-	2,807,191	2,807,191
Health and welfare	130,884	-	130,884
Culture and recreation	45,069	99,074	144,143
Conservation of natural resources	25,213	-	25,213
Economic development and assistance	37,829	-	37,829
Debt Service:			
Principal	42,583	1,761,992	1,804,575
Interest	8,992	199,684	208,676
Total Expenditures	<u>4,492,402</u>	<u>5,393,208</u>	<u>9,885,610</u>
Excess of revenues over (under) expenditures	<u>(410,974)</u>	<u>(2,114,983)</u>	<u>(2,525,957)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	-	1,007,216	1,007,216
Proceeds from sale of capital assets	914	970,325	971,239
Transfers in	177,504	352,490	529,994
Transfers out	(217,534)	(396,993)	(614,527)
Insurance loss recoveries	190,663	12,395	203,058
Total other financing sources and uses	<u>151,547</u>	<u>1,945,433</u>	<u>2,096,980</u>
Net change in fund balances	<u>(259,427)</u>	<u>(169,550)</u>	<u>(428,977)</u>
Fund balances - beginning	282,424	2,232,273	2,514,697
Prior period adjustments	595,784	(545,239)	50,545
Fund balances - beginning - restated	878,208	1,687,034	2,565,242
Fund balances - ending	<u>\$ 618,781</u>	<u>\$ 1,517,484</u>	<u>\$ 2,136,265</u>

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

GREENE COUNTY, MISSISSIPPI
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds (Exhibit 4) \$ (428,977)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount of net capital outlays of \$718,716 that exceeded depreciation of \$0 in the current period. 718,716

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 assets differs from the change in fund balances by the amount of the net loss of \$251,991 and the proceeds from the sale of \$971,239 in the current period. (1,223,230)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments \$1,804,575 exceeded debt proceeds \$1,007,216. 797,359

Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on Statement of Activities using the full-accrual basis of accounting. 49,332

The amortization of deferred charges related to the issuance of long-term debt. (670)

Rounding 3
 Change in net assets of governmental activities (Exhibit 2) \$ (87,467)

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

GREENE COUNTY, MISSISSIPPI
Statement of Net Assets
Proprietary Fund
September 30, 2008

	<u>Business-type Activities - Enterprise Fund</u> <u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 3,700
Accounts receivable (net of allowance for uncollectibles of \$112,682)	93,221
Due from other funds	1,296
Total current assets	<u>98,217</u>
Noncurrent assets:	
Other capital assets, net	324,629
Total assets	<u>\$ 422,846</u>
LIABILITIES	
Current liabilities:	
Capital debt:	
Capital leases payable	\$ 87,695
Total current liabilities	<u>87,695</u>
Noncurrent liabilities:	
Capital debt:	
Capital leases payable	258,349
Total noncurrent liabilities	<u>258,349</u>
Total liabilities	<u>346,044</u>
NET ASSETS	
Invested in capital assets, net of related debt	(21,415)
Restricted:	
Public works	98,217
Total net assets	<u>\$ 76,802</u>

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

GREENE COUNTY, MISSISSIPPI
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended September 30, 2008

	<u>Business-type Activities - Enterprise Fund Solid Waste Fund</u>
Operating revenues	
Charges for services	\$ 547,796
Miscellaneous	3,584
Total operating revenues	<u>551,380</u>
Operating expenses	
Personal services	246,112
Contractual services	147,150
Materials and supplies	145,528
Depreciation	87,694
Indirect administrative cost	5,555
Total operating expenses	<u>632,039</u>
Operating income (loss)	<u>(80,659)</u>
Nonoperating revenues (expenses)	
Interest expense	<u>(19,414)</u>
Net nonoperating revenue (expenses)	<u>(19,414)</u>
Net income (loss) before transfers	(100,073)
Transfers in	<u>90,088</u>
Changes in net assets	(9,985)
Total net assets - beginning	<u>86,787</u>
Total net assets - ending	<u>\$ 76,802</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, 2008

	Business-type Activities Enterprise Fund Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 531,973
Payments to suppliers	(323,970)
Payments to employees	(246,112)
Other receipts	3,584
Net cash provided by operating activities	<u>(34,525)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from other funds:	
Operating transfers in	90,088
Interfund loan repayments	41,026
Other Disbursements	(80)
Net cash provided (used) by noncapital financing activities	<u>131,034</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds of long-term debt	223,094
Acquisition and construction of capital assets	(223,094)
Principal paid on long-term debt	(101,218)
Interest paid on long-term debt	(19,414)
Net cash provided (used) by capital and related financing activities	<u>(120,632)</u>
Net increase (decrease) in cash and cash equivalents	(24,123)
Cash and cash equivalents - beginning of year	27,823
Cash and cash equivalents - end of year	<u>\$ 3,700</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (80,659)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	87,694
Provision for uncollectible accounts	(11,959)
(Increase) decrease in accounts receivable	(3,865)
(Increase) decrease in due from other funds	5,635
Increase (decrease) in claims payable	(31,371)
Net cash provided by operating activities	<u>\$ (34,525)</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, 2008

	Agency Funds
ASSETS	
Cash	\$ 34,312
Intergovernmental receivables	(38,674)
Due from other funds	4,946
Other receivables	3,523
Total assets	\$ 4,107
 LIABILITIES	
Amounts held in custody for others	\$ (838)
Due to other funds	2,845
Advances from other funds	2,100
Total liabilities	\$ 4,107

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

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Greene County, Mississippi is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Greene County, Mississippi to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Greene County Rural Health Center

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 Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

Government-wide Financial Statements:

The Statement of Net Assets 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 Assets 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the county.

Fund Financial Statements:

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

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.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

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 county's Proprietary Funds apply all applicable Governmental Accounting Standards (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating 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 sixty days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Fund:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

The county reports the following major Proprietary 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:

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

GOVERNMENTAL FUND TYPES

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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 2005 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.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

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 3 months or less). Investments in governmental securities are stated at fair value. 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 to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. 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. However, the capital assets amount reported in the government activities on the accompanying Statement of Net Assets, is not fairly presented because the county did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets, or records documenting the county's infrastructure or records documenting depreciation on applicable assets. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. 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 have been estimated and the methods of estimation are not readily available.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies Continued.

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. Current year general infrastructure assets are not reported on 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 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 not calculated on governmental activities capital assets in the government-wide financial statements. Depreciation on business-type activities capital assets 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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
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 will correspond with the amounts for the asset classification, as listed above.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

I. 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 Fund Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Since depreciation of capital assets is not recorded in governmental activities, invested in capital assets, net of related debt in governmental activities consists of capital assets including restricted capital assets reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, constructions, or improvements of those assets.

Restricted net assets – Consists of net assets 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 assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

K. 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 collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

L. 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.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(1) Summary of Significant Accounting Policies - Continued.

Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

(2) Prior Period Adjustment

Exhibit 2 – Statement of Activities and Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Explanation</u>	<u>Amount</u>
To adjust cash and cash equivalents to agree to bank reconciliations for unknown differences	\$ 41,806
To write off balance in retainage payable that was paid in a prior year	(80,057)
To record revenue received in prior year that was not properly posted to general ledger	(12,294)
Total prior period adjustment	<u>\$ (50,545)</u>

(3) Deposits.

Deposits:

The carrying amount of the county's total deposits with financial institutions at September 30, 2008, was \$2,232,604, which includes petty cash of \$1,100, and the bank balance was \$3,310,374. 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 Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above the 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.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2008:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Other Governmental Funds	\$ 170,866
General Fund	Agency Funds	1,423
Other Governmental Funds	General Fund	84,309
Other Governmental Funds	Other Governmental Funds	66,505
Solid Waste Fund	General Fund	1,296
Agency Funds	General Fund	3,524
Agency Funds	Agency Funds	1,422
Total		<u>\$ 329,345</u>

The interfund receivable balance consists of the following items:

- Tax revenue collected but not settled until October, 2008.
- Operating loans made from the General Fund to other governmental funds.
- An operating loan made by the Solid Waste Fund to the General Fund.
- Interfund expenses and revenues charged to the incorrect fund.
- Unauthorized uses of cash from certain Road District Funds by other District Road Funds and Agency Funds.

All interfund balances are expected to be repaid within one year of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
General Fund	Agency Funds	\$ 2,100
Other Governmental Funds	General Funds	128,000
Total		<u>\$ 130,100</u>

The General Fund receivable of \$2,100 is the payroll for chancery clerk employees. The Other Governmental Funds receivable represents an \$8,000 receivable due the District One Road Fund from fiscal year 2001, as well as, a \$120,000 transfer made to the General Fund in fiscal year 2004.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(4) Interfund Transactions and Balances - Continued.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	General Fund	\$ 35,000
General Fund	Other Governmental Funds	\$ 136,949
General Fund	Solid Waste Fund	\$ 5,555
Other Governmental Funds	General Fund	\$ 92,446
Other Governmental Funds	Other Governmental Funds	\$ 260,044
Solid Waste Fund	General Fund	\$ 90,088
Total		<u>\$ 620,082</u>

The principal purpose of the transfers was to reimburse certain funds for prior year interfund loans that were improper reflected as interfund transfers. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2008 consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative Tag Credit	\$ 61,927
Greene County School District	8,095
Total governmental activities	<u>\$ 70,022</u>

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2008:

Governmental activities:

	Balance 10/1/07	Additions	Deletions	Adjustments	Balance 9/30/08
<u>Non-depreciable capital assets:</u>					
Land	\$ 266,998	\$ -	\$ -	\$ -	\$ 266,998
Total non-depreciable capital assets	266,998	-	-	-	266,998
<u>Depreciable capital assets:</u>					
Buildings	2,767,664	-	-	-	2,767,664
Improvements other than buildings	18,349	-	-	-	18,349
Mobile equipment	4,632,245	430,000	-	-	5,062,245
Furniture and equipment	635,117	-	-	-	635,117
Leased property under capital leases	2,752,531	288,716	1,223,230	-	1,818,017
Total depreciable capital assets	10,805,906	718,716	1,223,230	-	10,301,392
<u>Less accumulated depreciation for:</u>					
Infrastructure	-	-	-	-	-
Buildings	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-
Mobile equipment	-	-	-	-	-
Furniture and equipment	-	-	-	-	-
Leased property under capital leases	-	-	-	-	-
Total accumulated depreciation	-	-	-	-	-
Total depreciable capital assets, net	10,805,906	718,716	1,223,230	-	10,301,392
Governmental activities capital assets, net	\$ 11,072,904	\$ 718,716	\$ 1,223,230	\$ -	\$ 10,568,390

See Note 4(H) for additional discussion regarding governmental activities capital assets.

The adjustments represent a capital lease that was paid off during the year and transferred from "Leased property under capital leases" to "Mobile equipment".

Business-type activities:

	Balance 10/1/07	Additions	Deletions	Adjustments	Balance 9/30/08
<u>Depreciable capital assets:</u>					
Mobile equipment	\$ 276,944	\$ -	\$ -	\$ -	\$ 276,944
Leased property under capital leases	319,706	223,094	-	-	542,800
Total depreciable capital assets	596,650	223,094	-	-	819,744
<u>Less accumulated depreciation for:</u>					
Mobile equipment	249,249	3,202	-	59,646	312,097
Leased property under capital leases	158,172	84,492	-	(59,646)	183,018
Total accumulated depreciation	407,421	87,694	-	-	495,115
Business-type activities capital assets, net	\$ 189,229	\$ 135,400	\$ -	\$ -	\$ 324,629

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(6) Capital Assets – Continued.

Accumulated depreciation was misclassified for capital assets that had been purchased through capital leases and paid off in a prior year.

Depreciation expense was charged to the following function:

Business-type activities:	Amount
Solid waste	<u>\$ 87,694</u>

(7) Claims and Judgments.

Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Worker's 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, 2008, to January 1, 2009. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2008:

Classes of Property	Governmental Activities	Business-type Activities
Mobile equipment	\$ 1,818,017	\$ 542,800
Total	1,818,017	542,800
Less: Accumulated depreciation	-	183,018
Leased Property Under Capital Leases	<u>\$ 1,818,017</u>	<u>\$ 359,782</u>

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(8) Capital Leases – Continued.

The following is a schedule by years of the total payments due as of September 30, 2008:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	451,529	32,769	87,695	11,990
2010	151,395	27,373	91,062	9,552
2011	532,392	11,610	84,262	5,907
2012	74,733	2,451	46,755	2,389
2013	20,068	377	36,270	587
Total	<u>\$ 1,230,117</u>	<u>\$ 74,580</u>	<u>\$ 346,044</u>	<u>\$ 30,425</u>

Capital leases in governmental activities will be retired from the General Fund and Road District Funds. Capital leases in business-type activities will be retired from the Solid Waste Fund.

(9) Long-term Debt.

Debt outstanding as of September 30, 2008, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. Promissory Note:			
Promissory Note, Series 2007 (Hurricane Katrina Refunding Program)	\$ 1,409,018	5.25	8-10
Total General Obligation Bonds	<u>\$ 1,409,018</u>		
B. Capital Leases:			
Motor grader - District 1	133,988	3.49	11-08
Wheel loader - District 4	33,036	3.11	01-09
Wheel loader - District 4	54,590	3.11	01-09
Wheel loader - District 5	33,630	3.11	01-09
Wheel loader - District 5	54,590	3.11	01-09
Two Motor graders	275,178	3.59	11-10
Two Ford Crown Victorias	7,934	6.75	12-08
Wheel loader - District 3	99,959	4.28	06-12
Motor Grader - District 4	102,252	4.35	03-11
Motor Grader - District 2	102,252	4.35	03-11
Motor Grader - District 2	59,689	3.39	02-12
Mack Dump Truck	99,928	3.85	05-11
Computer System	92,335	3.45	09-13
Backhoe	80,755	3.74	05-11
Total Capital Leases	<u>\$ 1,230,117</u>		

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(9) **Long-term Debt - Continued.**

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
C. Other Loans:			
Fire truck loan	6,108	4.65	05-09
Fire truck loan	131,525	3.00	05-12
Loan	55,783	2.00	01-15
Loan	120,286	4.95	07-10
Loan	236,128	5.49	08-11
Loan - land	122,891	5.25	06-12
Loan - Dump Trucks	430,000	4.95	09-12
Total Other Loans	1,102,721		

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
Business-type Activities:			
Capital Leases:			
Garbage truck	\$ 25,930	4.10	03-10
Garbage truck	112,889	4.36	09-11
Garbage truck	68,689	4.29	06-13
Garbage truck	138,536	3.65	06-13
Total Capital leases	\$ 346,044		

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

Year Ending September 30	Promissory Note		Other Loans	
	Principal	Interest	Principal	Interest
2009	-	-	373,024	64,158
2010	1,409,018	61,292	299,168	33,713
2011	-	-	251,733	19,079
2012	-	-	156,732	7,130
2013	-	-	22,064	520
Total	\$ 1,409,018	\$ 61,292	\$ 1,102,721	\$ 124,600

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(9) Long-term Debt - Continued.

General obligation bonds will be retired from the Road District Funds. Other loans will be retired from the General Fund, Road District Funds and Volunteer Fire Fund.

Governmental Activities:

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, 2008, the amount of outstanding debt was equal to 1.64% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2008:

	Balance 10/1/07	Additions	Reductions	Adjustments	Balance 9/30/08	Amount due within one year
Governmental Activities:						
Promissory notes	\$ 1,409,018	\$ -	\$ -	\$ -	\$ 1,409,018	\$ -
Capital leases	2,240,386	577,216	1,585,080	(2,405)	1,230,117	451,529
Other loans	889,812	430,000	217,091	-	1,102,721	373,024
Deferred charges	(23,447)	-	(670)	-	(22,777)	-
Total	<u>\$ 4,515,769</u>	<u>\$ 1,007,216</u>	<u>\$ 1,801,501</u>	<u>\$ (2,405)</u>	<u>\$ 3,719,079</u>	<u>\$ 824,553</u>
Business-type Activities:						
Capital leases	<u>\$ 224,167</u>	<u>\$ 223,094</u>	<u>\$ 101,218</u>	<u>\$ 1</u>	<u>\$ 346,044</u>	<u>\$ 87,695</u>

The adjustments column represents a capital lease reflected by the county as still have a balance owed on it; however, the lessor reflected the lease as having been paid off. The remaining item represents a rounding difference.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2008:

Fund	Amount
School COPS Grant	\$ 14,350
Homeland Security Grant #1	2,385
Homeland Security Grant #2	16,882
Museum Archives & History Grant	37,002
Bridge & Culvert/Two	48,506
Bridge & Culvert/Five	3,202
Total	<u>\$ 122,327</u>

(11) 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.

The county and certain of its current and former elected officials are currently under investigation by certain law enforcement agencies regarding its administration of funds received from a Public Assistance Grant used to fund the clean-up costs of Hurricane Katrina.

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 did not provide the auditor with an attorney's letter as required by auditing standards.

(12) Joint Venture.

The county participates in the following joint venture:

Greene County, Mississippi is a participant with the Counties of Covington, Perry and Stone in a joint venture, authorized by section 39-3-9, Miss. Code Ann. (1972), to operate the Pine Forest Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(12) Joint Venture - Continued.

Each county appoints one board member with the appointment of the fifth rotating annually among the counties. By contractual agreement the county's appropriation to the joint venture was \$33,300. Complete financial statements for the Pine Forest Regional Library can be obtained from P. O. Box 1208; Richton, MS 39476.

(13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southeast Mississippi Air Ambulance District provides air ambulance service to the Counties of Covington, Forrest, Greene, Jefferson Davis, Lamar, Marion, Pearl River, Perry 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 contributed \$20,900 for support of the district in fiscal year 2008.

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 contributes a small percentage of the district's total revenue. The county contributed \$37,829 for support of the district in fiscal year 2008.

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 contributed \$24,500 for support of the entity in fiscal year 2008.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Clarke County Board of Supervisors appoints two of the 20 members of the college board of trustees. The county appropriated \$179,131 for maintenance and support of the college in fiscal year 2008.

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.

GREENE COUNTY, MISSISSIPPI
Notes to Financial Statements
For the year Ended September 30, 2008

(13) Jointly Governed Organizations - Continued.

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.

(14) Defined Benefit Pension Plan.

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

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2008 is 11.85% of annual covered payroll. The contribution requirements of PERS members 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, 2008, 2007, and 2006 were \$228,941, \$194,078, and \$190,951 respectively, equal to the required contributions for each year.

(15) Related Party Transactions

Greene County, Mississippi purchased \$427,170 of fuel and repairs parts from Dearman Oil Company, a company owned by the brother of one of the supervisors. Greene County, Mississippi also purchased \$52,020 of purchase services to lay asphalt from D & M Construction, a company owned by the brother of one of the supervisors.

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SPECIAL REPORTS

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

Members of the Board of Supervisors
Greene County, Mississippi

I was engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for Greene County, Mississippi, as of and for the year ended September 30, 2008, which collectively comprise the county's basic financial statements and have issued my report thereon dated October 5, 2009. My report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county issues financial statements for the reporting entity that include the financial data for its component units. Also, I do not express an opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information because management has not maintained adequate supporting documentation documenting the accuracy of the cash balances reported on the general ledger for the county's two bank accounts included in cash and cash equivalents and because I was also unable to obtain a response from the county's legal counsel as required by generally accepted auditing standards

Internal Control Over Financial Reporting

I was engaged to consider Greene County, Mississippi's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the county's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the county's financial statements that is more than inconsequential will not be prevented or detected by the county's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses as 2008-1, 2008-2, 2008-3, 2008-4, 2008-5 and 2008-6 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the county's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 2008-1, 2008-2, 2008-3, 2008-4, and 2008-5 to be material weaknesses.

Compliance and Other Matters

For the reasons described in the first paragraph, I was unable to perform 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 my audit, and accordingly, I do not express such an opinion. The results of my engagement disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that is described in the Schedule of Findings and Responses as item 2008-6.

However, I noted certain material instances of noncompliance or other matters which I have reported to the management of Greene County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 5, 2009 included within this document.

Greene County, Mississippi's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit Greene County, Mississippi's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Stephen D. Myrick
Certified Public Accountant

Quitman, Mississippi
October 5, 2009

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INDEPENDENT AUDITOR'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

I was engaged to make a study and evaluation of the central purchasing system and inventory control system of Greene County, Mississippi, as of and for the year ended September 30, 2008. However, I was unable to examine adequate supporting documentation for the cash balances reported on the general ledger for the county's two bank accounts included in cash and cash equivalents and obtain a response from the county's legal counsel as required by generally accepted auditing standards.

The Board of Supervisors of Greene County, Mississippi, is responsible for 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). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann (1972). 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.

Because I was unable to obtain the information discussed in the first paragraph, the scope of my work was not sufficient to enable me to express, and I do not express an opinion on Greene County, Mississippi's compliance with state laws governing central purchasing, inventory and bid requirements as of September 30, 2008.

The results of my engagement did, however, disclose instances of noncompliance with the aforementioned code sections. My findings and recommendations and your responses are disclosed below:

Board of Supervisors

1. Finding

Section 31-7-107, Miss. Code Ann. (1972), requires the inventory control clerk to maintain an inventory system of capital assets. As reported in prior years, control procedures are inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of governmental activities capital assets. Records are also not properly maintained documenting the depreciation on these capital assets. Without adequate control procedures in place over inventory of governmental activities capital assets, the risk increases that inaccurate information may be reported and loss or misappropriation of public assets could occur.

Recommendation

The Board of Supervisors should establish adequate control procedures to document the existence, completeness and valuation of capital assets. Also, records should be maintained documenting depreciation on capital assets.

Board of Supervisors' Response

We have hired a financial consultant who has extensive experience in this area, and he is working closely with our Inventory Control Clerk to eliminate these problems.

2. Finding

Sections 31-7-101 to 31-7-127, Miss. Code Ann. (1972), require the county to develop a system of central purchasing that fulfills the requirements for central purchasing established by the Office of State Auditor. As stated in prior years, supporting documentation such as purchase orders, receiving reports and invoices were not always present. Without adequate control procedures in place over central purchasing, the risk increases that inaccurate information may be reported and loss or misappropriation of public funds could occur.

Recommendation

The Board of Supervisors should develop a system that fulfills the requirements for central purchasing.

Board of Supervisors' Response

Our financial consultant will work with our Purchase Clerk to ensure that an adequate system for central purchasing is developed and maintained.

3. Finding

Section 31-7-13(d), Miss. Code Ann. (1972) requires governmental authorities accepting bids other than the lowest bid actually submitted to place on its minutes detailed calculation and a narrative summary showing that the accepted bid was determined to be the lowest and best bid. I observed one instance where a dump truck was purchased from other than the lowest bidder and the required calculation and narrative was not included in the minutes of the Board of Supervisors.

Recommendation

Procedures should be implemented to ensure that each time the Board of Supervisors determines that the best bid received is not the lowest that they include the required calculation and narrative on the minutes as required by state statute.

Response

We will ensure that detailed calculations and narrative summaries are placed on the minutes to show that the purchase was from the best bid, rather than from the lowest bid.

4. Finding

Section 33-15-17(d), Miss. Code Ann. (1972) allows the Board of Supervisors to proclaim a local emergency. The governing body shall review the need for continuing the local emergency at least every 30 days until such local emergency is terminated, and shall proclaim the termination of such local emergency at the earliest possible date that conditions warrant. During a local emergency, the governing body may promulgate orders and regulations necessary to provide for the protection of life and property, including orders or regulations imposing a curfew within designated boundaries and amendments and rescissions thereof shall be in writing and shall be given widespread notice and publicity. I observed that the Board of Supervisors declared three states of emergency where six bridges were repaired or replaced. It does not appear, based my audit procedures, that the Board of Supervisors properly fulfilled all the necessary requirements for proclaiming a local emergency.

Recommendation

The Board of Supervisors should fully adhere to all documentation requirements for a local emergency in the future. They should also consider making future emergency repairs under Section 31-7-13(j), Miss. Code Ann. (1972).

Response

In the future, we will fully adhere to all documentation requirements for a local emergency and make sure that emergency repairs are made in accordance with Sections 31-7-13(j), Miss. Code Ann. (1972).

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules is unaudited for the reasons stated in the first paragraph and I was not able to apply other auditing procedures to satisfy myself as to whether the financial statements are presented in accordance with generally accepted accounting principles. Therefore, the scope of my work was not sufficient to enable me to express, and I do not express an opinion on the financial statements as listed in the table of contents.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Greene County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Stephen D. Myrick
Certified Public Accountant

Quitman, Mississippi
October 5, 2009

GREENE COUNTY, MISSISSIPPI
Schedule of Purchases Made Not From the Lowest Bidder
For the Year Ended September 30, 2008

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Accepting Other than Lowest Bid
1/1/2008	Waste Truck	\$75,536	Hol-Mac	\$68,700	Better Resale Value
3/1/2008	Dump Truck	\$107,500	Tri-State	\$102,560	Better Resale Value

GREENE COUNTY, MISSISSIPPI
Schedule of Emergency Purchases
For the Year Ended September 30, 2008

Date	Item Purchased	Amount Paid	Vendor	Reason for Emergency Purchase
10/7/2008	Bridge #26 Old Avera Road	\$14,834	Ryals Construction	Priority for Travel
10/7/2008	Bridge #3 Minnis Vernal Road	\$26,543	Ryals Construction	Priority for Travel
7/1/2008	Bridge #26 Old Avera Road	\$14,834	Ryals Construction	Priority for Travel
7/1/2008	Bridge #88 MLK Drive	\$28,481	Ryals Construction	Priority for Travel
7/1/2008	Bridge #87 Pat James Road	\$7,501	Ryals Construction	Priority for Travel
7/1/2008	Bridge #85	\$33,017	Ryals Construction	Priority for Travel

GREENE COUNTY, MISSISSIPPI
Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2008

Date	Item Purchased	Amount Paid	Vendor
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My test results did not identify any purchases made noncompetitively from a sole source.

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**LIMITED INTERNAL CONTROL AND COMPLIANCE
REVIEW MANAGEMENT REPORT**

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Greene County, Mississippi

I was engaged to audit the financial statements of Greene County, Mississippi for the year ended September 30, 2008 and to perform limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of State Auditor.

However, I was unable to examine adequate supporting documentation documenting the cash balances reported on the general ledger for the county's two bank accounts included in cash and cash equivalents and I was also unable to obtain a response from the county's legal counsel as required by generally accepted auditing standards.

Because I was unable to obtain the information discussed in the second paragraph, I was unable to perform all the required additional limited internal control and state compliance review procedures as identified in the state legal compliance audit program issued by the Office of State Auditor.

The results of my engagement did identify certain immaterial instances of noncompliance with state laws and regulations and other matters that are opportunities for strengthening internal controls and operating efficiency. My findings and recommendations and your responses are disclosed below:

Former Chancery Clerk

1. Finding

As a result of my audit procedures on statutory fees, it appears that the former chancery clerk received a net overpayment of \$9,888.75 for fees earned.

Recommendation

The county should seek immediate reimbursement from the former chancery clerk.

Former Chancery Clerk's Response

The former chancery clerk was unavailable for response.

Sheriff

2. Finding

Sections 99-3-39 and 7-7-60, Miss. Code Ann. (1972), allows the Board of Supervisors to authorize petty cash for the purpose of purchasing information and/or evidence. Currently, the sheriff has been paying confidential informants from the regular petty cash fund without maintaining the required information.

Recommendation

The sheriff should request authorization from the Board of Supervisors for a separate petty cash fund used to purchase information from confidential informants. The sheriff should also complete the required documentation for this type of petty cash fund.

Response

I have met with the Board of Supervisors and secured a separate petty cash fund for drug intelligence and buys. I have been made aware of the proper procedure in disbursement of these funds and fully intend to complete the required information to be in compliance with Section 99-3-39 and 7-7-60, Miss. Code Ann. (1972).

Board of Supervisors

3. Finding

The county made an interfund transfer from the Greene County School Bond fund to the General County fund. Funds collected by the tax collector on behalf of the Greene County School Bond fund are from a legally separate levy that is restricted by statute for use in the fund that it was levied for only. Failure of the Board of Supervisors to ensure repayment of this transfer is an illegal diversion of legally restricted funds.

Recommendation

Any collection of funds received from the tax levy set by the Board of Supervisors for the repayment of school bonds after the said bonds have been paid off should be remitted to the Greene County School District.

Board of Supervisors' Response

We are planning on remitting these funds to the Greene County School District after proper advertisement of surplus funds has been made.

4. Finding

Section 27-39-329, Miss. Code Ann. (1972), does not allow the Board of Supervisors to spend the avails of the one mill special levy until the Mississippi State Tax Commission approval is obtained. As stated in prior years, I observed that the Board of Supervisors spent the avails of the one mill levy prior to the approval by the Mississippi State Tax Commission.

Recommendation

The avails of the one mill special levy should not be spent by the Board of Supervisors until approval for expenditure has been obtained from the Mississippi State Tax Commission.

Board of Supervisors' Response

In the future, we will not spend the avails of the one mill special levy until proper approval has been received from the Mississippi State Tax Commission.

5. Finding

Section 27-39-317, Miss. Code Ann. (1972) states that in making the levy of taxes, the Board of Supervisors shall specify, in its order the levy for each specific purpose. As stated in the prior year, the Board of Supervisors did not prepare and approve a board order that listed all individual levies with the statutory references for the individual levies.

Recommendation

The Board of Supervisors should comply with Section 27-39-317, Miss. Code Ann. (1972) that requires the board order approving the tax levy to include the individual levies and the specific statutory authority for the said levy.

Board of Supervisors' Response

We will comply with this law, and approve a board order to include individual levies and the specific statutory authority for said levy.

6. Finding

Section 19-11-11, Miss. Code Ann. (1972) requires the Board of Supervisors, by resolution, to approve and adopt the budget and enter the same at length and in detail in its official minutes. As reported in prior years, the Board of Supervisors did not include the original and final amended budgets in its minutes that fulfill state statutory requirements.

Recommendation

The Board of Supervisors should include the original and final amended budgets at length and in detail in its official minutes as established by state statutes.

Board of Supervisors' Response

We will include the original and final amended budgets at length and in detail in our minutes in the future.

7. Finding

Section 19-3-68, Miss. Code Ann. (1972) allows the use of credit cards by members of the Board of Supervisors and county employees for travel in or out of the state in the performance of their duties. Only certain credit cards, which have been approved for use by the Department of Finance and Administration, are allowable. The county, currently, makes purchases using a Walmart Community card. This credit card is not a credit card approved for use under the procurement card program established by the Department of Finance and Administration.

Recommendation

The Board of Supervisors should cancel the Walmart Community card immediately and obtain a procurement card that has been approved by the Department of Finance and Administration under its procurement card program.

Board of Supervisors' Response

The account for the Walmart Community Card has already been cancelled.

8. Finding

Section 7-7-221, Miss. Code Ann. (1972) requires that the previous year's audit synopsis be published. Based on my audit procedures performed, it does not appear that this synopsis was published as required.

Recommendation

The required audit synopsis should be published as soon as possible after the audit has been issued each year.

Board of Supervisors' Response

We will inform our Chancery Clerk to publish the required audit synopsis after the audit has been issued.

9. Finding

Based on my audit procedures related to the surety bonding of certain county officials, I observed one instance where the tax collector was not adequately bonded for a two month period during the fiscal year. I also observed five other instances where certain officials that are required to be bonded did not have a bond on file with the Chancery Clerk as required by state statute.

Recommendation

The county should ensure that county officials are adequately bonded and that a copy of their bond is file in the Chancery Clerk's office.

Board of Supervisors' Response

We will discuss this matter with our Chancery Clerk, and make sure that all surety bonds are on file in her office.

Tax Collector

10. Finding

Section 25-1-53, Miss. Code Ann. (1972) states that it shall be unlawful for any person elected, appointed or selected in any manner whatsoever to any state, county, district or municipal office, or for any board of trustees of any state institution, to appoint or employ, as an officer, clerk, stenographer, deputy or assistant who is to be paid out of the public funds, any person related by blood or marriage within the third degree computed by the rule of civil law, to the person or any member of the board of trustees having the authority to make such appointment or contract such employment as employer. As a result of my audit procedures, I determined that the tax collector's niece was employed as a deputy clerk in the tax collector's office.

Recommendation

The tax collector should contact the Office of State Auditor immediately to determine the appropriate course of action in this matter.

Tax Collector's Response

The deputy clerk was dismissed immediately upon finding this out by the county auditor. It was recommended the State Auditor's Office that I dismiss the clerk and upon their recommendation I did immediately dismiss her and she is no longer employed by this office.

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

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exceptions and dispositions are as follows:

Exception Issued On/Demand Issued On:

Latricia Cornelson, Chancery Clerk

Nature of Exception/Demand:

See Chancery Clerk Finding #1 described in this report.

Amount of Exception/Demand:

\$9,888.75

Disposition of Exception/Demand:

This matter has been turned over to the Investigative Division of the Office of State Auditor.

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



Stephen D. Myrick
Certified Public Accountant

Quitman, Mississippi
October 5, 2009

SCHEDULE OF FINDINGS AND RESPONSES

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Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued on the primary government financial statements: | |
| Governmental activities | Disclaimer |
| Business-type activities | Disclaimer |
| Discretely presented component unit | Adverse |
| General Fund | Disclaimer |
| Aggregate remaining fund information | Disclaimer |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the primary government financial statements? | Yes |

Section 2: Financial Statement Findings

Material Weaknesses

2008-1. Finding

As reported in prior years', internal control procedures are inadequate for maintaining an accurate inventory or adequate subsidiary records documenting the existence, valuation and completeness of governmental activities capital assets. Records are also not properly maintained documenting depreciation for governmental activities capital assets. Without adequate controls in place over inventory of governmental activities capital assets, the risk increases that inaccurate information may be reported and loss or misappropriation of public assets could occur.

Recommendation

The board of supervisors should establish adequate internal control procedures to document the existence, completeness and valuation for capital assets. In addition, records should be maintained documenting depreciation on these capital assets.

Board of Supervisors' Response

We have hired a financial consultant who has extensive experience in this area, and he is working closely with our Inventory Control Clerk to eliminate these problems.

2008-2. Finding

As stated in prior years, internal control procedures are inadequate to ensure the accuracy of payroll, payroll benefits and the related accounting for those transactions. Failure to properly maintain the county's financial accounting and payroll systems could result in the loss or misappropriation of public funds. Specifically, the payroll clearing bank account is not reconciled monthly in a timely manner. The payroll liability accounts are also not reconciled each month to applicable payroll reports or other documentation to determine the accuracy of the balances reported in the general ledger.

Recommendation

The county should develop internal control procedures to ensure the accuracy of payroll, payroll benefits and the related accounting for those transactions. Specifically, the payroll clearing bank account should be reconciled monthly in a timely manner and all general ledger liability accounts should be reconciled to payroll reports or other documentation each month to ensure the accuracy of the balances reported in the payroll clearing agency fund.

Board of Supervisors' Response

We have hired a financial consultant who is working closely with our Payroll Clerk to ensure that these problems are eliminated.

2008-3. Finding

As stated in the prior year, internal control procedures are inadequate to ensure the accuracy of the financial accounting system, the related records and supporting documentation. Specifically, the general checking account should be reconciled monthly in a timely manner. Revenues and expenditures should also be posted and charged to the correct general ledger accounts. Failure to properly maintain the county's financial accounting system as well as the related records and supporting documentation could result in the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should implement internal control procedures that ensure bank accounts are reconciled timely and that revenues and expenditures are posted and charged to the correct general ledger accounts.

Board of Supervisors' Response

The general checking account has now been reconciled to a current status by our financial consultant. Our Comptroller will be working closely with our financial consultant to ensure that revenues and expenditures are posted and charged to the correct general ledger accounts.

2008-4. Finding

As stated in the prior year, a critical aspect of effective financial management is the preparation of accurate financial statements. Management did not have personnel that possessed the necessary expertise to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the county personnel lacked expertise to apply generally accepted accounting principles in preparing its financial statements, the auditor was relied upon to perform these tasks. Without adequate controls in place over the preparation of financial statements in accordance with generally accepted accounting principles, the risk increases that inaccurate information may be reported.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial statements are presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We determined it to be more cost effective for the CPA who is conducting our annual audit to prepare the financial statements.

2008-5. Finding

As stated in the prior year, generally accepted accounting principles require the financial data for the county's component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The financial statements do not include the financial data for the county's legally separate component units.

Recommendation

The county should provide the financial data for its discretely presented component units for the inclusion in the county's financial statements.

Board of Supervisors' Response

We determined it to be more cost effective to exclude the discretely presented component units from our financial statements.

Significant Deficiencies

2008-6. Finding

Section 19-11-17, Miss. Code Ann. (1972) states that no expenditures shall be made, liabilities incurred or warrants issued in excess of the budget estimates as finally determined by the Board of Supervisors. This statute also states that any violation of the provisions of this section shall make the members of the Board of Supervisors voting for the same and the surety upon their official bonds, liable for the full amount of the claim allowed or contract entered into or public work provided for. As stated in prior years, I observed several funds where actual expenditures exceeded budgeted expenditures by \$2,294,191; I also observed several funds with total expenditures of \$155,135 that were not budgeted. Failure to properly maintain the county's budgetary system could result in the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should comply with Section 19-11-17, Miss. Code Ann. (1972) that states that no expenditures shall be made, liabilities incurred or warrants issued in excess of the budget estimates as finally determined by the Board of Supervisors.

Board of Supervisors' Response

In the future, we will ensure that the county's budgetary system is properly maintained and that proper budget amendments are made if justified.

2008-7. Finding

Internal control procedures are inadequate to ensure the accuracy of accounts receivable for solid waste, its subsequent collection and the related accounting for those transactions. Currently, daily check-ups are not completed reconciling the cash received from collections to the daily receipts report. Also, approximately eighty-six percent (86%) of the accounts receivable balance as of September 30, 2008 was past due. Failure to properly maintain the county's solid waste system could result in the loss or misappropriation of public funds.

Recommendation

Internal control procedures should be established requiring daily check-ups similar to those performed for Justice Court office. Stronger collection procedures should also be established to ensure the timely collection of solid waste receivables.

Response

We will implement internal control procedures that require daily check-ups, and ensure that timely collections of solid waste receivables are made.

