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**Quitman County, Mississippi  
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2013**



**WILLIAMS - PITTS - BEARD, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS**

**Quitman County, Mississippi**  
**Audited Financial Statements**  
**For the Year Ended September 30, 2013**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Quitman County, Mississippi

### Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Quitman County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Note 1, Quitman County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Quitman County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### **Other Matters**

The Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basis financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014 on our consideration of Quitman County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quitman County, Mississippi's internal control over financial reporting and compliance.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC  
Hernando, Mississippi  
November 5, 2014



## FINANCIAL STATEMENTS

Quitman County, Mississippi  
Statement of Net Position – Cash Basis  
September 30, 2013

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 2,791,089
Total Assets	<u>2,791,089</u>
NET POSITION	
Restricted:	
Expendable:	
General government	6,889
Debt service	921,986
Public safety	359,945
Public works	171,635
Unrestricted	<u>1,330,634</u>
Total Net Position	<u>\$ 2,791,089</u>

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

Quitman County, Mississippi  
Statement of Activities – Cash Basis  
For the Year Ended September 30, 2013

**Exhibit 2**

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 1,966,885	\$ 238,743	\$ 632,826	\$ -	\$ (1,095,316)
Public safety	1,281,328	125,536	21,305	-	(1,134,487)
Public works	3,100,274	185,809	-	-	(2,914,465)
Health and welfare	228,399	-	-	-	(228,399)
Culture and recreation	37,000	-	-	-	(37,000)
Conservation of natural resources	25,202	-	-	-	(25,202)
Economic development and assistance	23,500	-	-	-	(23,500)
Debt service:					
Principal	197,845	-	-	-	(197,845)
Interest	26,926	-	-	-	(26,926)
Total Governmental Activities	<u>\$ 6,887,359</u>	<u>\$ 550,088</u>	<u>\$ 654,131</u>	<u>\$ -</u>	<u>(5,683,140)</u>
General receipts:					
Property taxes					\$ 5,266,893
Road & bridge privilege taxes					82,350
Grants and contributions not restricted to specific programs					743,511
Unrestricted interest income					16,341
Miscellaneous					139,098
Insurance Compensation on loss of asset					34,204
Sale of county property					43,121
Total General Revenues					<u>6,325,518</u>
Changes in Net Position					642,378
Net Position - Beginning					<u>2,148,711</u>
Net Position - Ending					<u>\$ 2,791,089</u>

Quitman County, Mississippi  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2013

Exhibit 3

	Major Funds			Other	Total
	General	Road & Bridge	2004 Debt Service	Governmental	Governmental
	Fund	Fund	Refunding	Funds	Funds
ASSETS					
Cash	\$ 1,178,649	\$ 131,787	\$ 396,421	\$ 1,084,232	\$ 2,791,089
Total Assets	<u>\$ 1,178,649</u>	<u>\$ 131,787</u>	<u>\$ 396,421</u>	<u>\$ 1,084,232</u>	<u>\$ 2,791,089</u>
FUND BALANCES					
Restricted for:					
General government	-	-	-	6,889	6,889
Debt service	-	-	396,421	525,565	921,986
Public Safety	-	-	-	359,945	359,945
Public Works	-	131,787	-	39,848	171,635
Assigned to:					
General government	-	-	-	144,082	144,082
Public works	-	-	-	7,903	7,903
Unassigned	1,178,649	-	-	-	1,178,649
Total Fund Balances	<u>\$ 1,178,649</u>	<u>\$ 131,787</u>	<u>\$ 396,421</u>	<u>\$ 1,084,232</u>	<u>\$ 2,791,089</u>

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

## Quitman County, Mississippi

## Exhibit 4

**Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2013**

	Major Funds			Other	Total
	General Fund	Road & Bridge Fund	2004 Debt Service Refunding	Governmental Funds	Governmental Funds
<b>RECEIPTS</b>					
Property taxes	\$ 3,098,319	\$ 1,923,667	\$ 5,837	\$ 239,070	\$ 5,266,893
Road and bridge privilege taxes	-	82,350	-	-	82,350
Licenses, commissions and other receipts	96,183	-	-	3,085	99,268
Fines and forfeitures	139,474	-	-	-	139,474
Intergovernmental receipts	215,144	504,552	-	677,949	1,397,645
Charges for services	26,923	-	-	284,421	311,344
Interest income	16,153	-	-	188	16,341
Miscellaneous receipts	34,202	54,055	-	50,841	139,098
Total Receipts	<u>3,626,398</u>	<u>2,564,624</u>	<u>5,837</u>	<u>1,255,554</u>	<u>7,452,413</u>
<b>DISBURSEMENTS</b>					
General government	1,962,799	-	-	4,086	1,966,885
Public safety	1,157,869	-	-	123,460	1,281,329
Public works	10,000	2,165,580	-	924,693	3,100,273
Health and welfare	228,399	-	-	-	228,399
Culture and recreation	37,000	-	-	-	37,000
Conservation of natural resources	25,202	-	-	-	25,202
Economic development and assistance	23,500	-	-	-	23,500
Debt service:					
Principal	-	39,389	-	158,456	197,845
Interest	-	6,325	-	20,602	26,927
Total Disbursements	<u>3,444,769</u>	<u>2,211,294</u>	<u>-</u>	<u>1,231,297</u>	<u>6,887,360</u>
Excess (Deficiency) of Receipts over Disbursements	<u>181,629</u>	<u>353,330</u>	<u>5,837</u>	<u>24,257</u>	<u>565,053</u>
<b>OTHER CASH SOURCES (USES)</b>					
Sale of county property	30,659	12,462	-	-	43,121
Compensation for loss of county property	-	26,506	-	7,698	34,204
Transfers in	-	-	-	136,430	136,430
Transfers out	-	(136,430)	-	-	(136,430)
Total Other Cash Sources and Uses	<u>30,659</u>	<u>(97,462)</u>	<u>-</u>	<u>144,128</u>	<u>77,325</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>212,288</u>	<u>255,868</u>	<u>5,837</u>	<u>168,385</u>	<u>642,378</u>
Cash Basis Fund Balances - Beginning	<u>966,361</u>	<u>(124,081)</u>	<u>390,584</u>	<u>915,847</u>	<u>2,148,711</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,178,649</u>	<u>\$ 131,787</u>	<u>\$ 396,421</u>	<u>\$ 1,084,232</u>	<u>\$ 2,791,089</u>

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

Quitman County, Mississippi  
Statement of Fiduciary Assets and Liabilities – Cash Basis  
September 30, 2013

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 6,869
Total Assets	<u>6,869</u>
LIABILITIES	
Amounts held in custody for others	\$ 6,869
Total Liabilities	<u>\$ 6,869</u>

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

**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

**(1) Summary of Significant Accounting Policies.**

**A. Financial Reporting Entity**

Quitman County, Mississippi ("the County") is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Quitman County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor/Collector
- Sheriff

**B. Basis of Presentation.**

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

**Government-wide Financial Statements:**

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis 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 receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts 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 receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

**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, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

**C. Measurement Focus and Basis of Accounting.**

The Government-wide, Governmental Funds, and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

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

Road and Bridge Fund - This fund is used to account for amounts from specific revenue sources for road and bridge maintenance.

2004 Debt Service Refunding Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing.

Additionally, the County reports the following fund types:

**GOVERNMENTAL FUND TYPES**

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

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

**FIDUCIARY FUND TYPES**

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.



**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

**D. Account Classifications.**

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

**E. Deposits.**

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

**F. Equity Classifications.**

*Government-wide Financial Statements:*

Equity is classified as net position and displayed in two components:

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

Unrestricted net position – All other net position not meeting the definition of "restricted".

*Fund Financial Statements:*

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

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

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by law through a constitutional provision or enabling legislation.

*Assigned fund balance* includes amounts that are constrained by the county's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the County Administrator pursuant to authorization established by the Board of Supervisors.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or

**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**G. Property Tax Receipts.**

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 the original purchase. All property taxes are recognized as receipts when collected.

**(2) Change in Accounting Principle.**

Prior to October 1, 2012, the County's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2013, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

**(3) Deposits.**

The carrying amount of the County's total deposits with financial institutions at September 30, 2013 was \$2,797,958 and the bank balance was \$3,742,294. The collateral for a public entities deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the

**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

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 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.

As of September 30, 2013, the amount of the County's deposits with financial institutions that was uncollateralized and exposed to custodial credit risk was \$116,583.

The County held no investments as of September 30, 2013.

**(4) Interfund Transfers.**

The following is a summary of interfund transfers at September 30, 2013:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	Road and Bridge Fund	\$ 136,430
<b>Total</b>		<u><u>\$ 136,430</u></u>

The principal purpose of interfund transfers was to provide funds as budgeted to pay for operations. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**(5) Claims and Judgments.**

**Risk Financing.**

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**(6) 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 disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

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



**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

**(7) Jointly Governed Organizations.**

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Quitman County Board of Supervisors appoints one of the 12 members of the college board of trustees. The County appropriated \$114,540 to the college for maintenance and support in fiscal year 2013.

Northwest Community College operates in a district composed of the counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Quitman County Board of Supervisors appoints one of the 23 members of the college board of trustees. The County appropriated \$114,540 to the college for maintenance and support in fiscal year 2013.

Mid-State Opportunity, Inc. operates in a district composed of the counties of DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Quitman County Board of Supervisors appoints two of the 30 members of the board of directors. The other member counties appoint eight members, in the aggregate. Ten members are appointed from the business sector and ten members are appointed by minority disadvantaged persons who use the services of the organization. Most of the entity's funding comes from federal funds, with less than one percent coming from the counties in the aggregate.

The Yazoo-Mississippi Water Management District is composed of the counties of Bolivar, Carroll, Coahoma, DeSoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Quitman County Board of Supervisors appoints one of the 21 members of the board of commissioners. The County appropriated \$44,584 to support the district in fiscal year 2013.

Region I Mental Health-Retardation Center operates in a district composed of the counties of Coahoma, Quitman, Tallahatchie and Tunica. The Quitman County Board of Supervisors appoints one of the four member board of commissioners. The County appropriated \$25,200 to the center for support in fiscal year 2013.

North Delta Planning and Development District operates in a district composed of the counties of Coahoma, DeSoto, Panola, Quitman, Tallahatchie, Tate and Tunica. The Quitman County Board of Supervisors appoints four of 30 members of the board of directors. The County contributes a small percentage of the district's total revenue. The County appropriated \$17,500 for support of the district in fiscal year 2013.

**(8) Defined Benefit Pension Plan.**

Plan Description – Quitman 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

**QUITMAN COUNTY**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2013**

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 – At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% 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, 2013, 2012 and 2011 were \$273,077, \$220,266 and \$207,131, respectively, equal to the required contributions for each year.

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**OTHER INFORMATION**

**Quitman County, Mississippi**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund**  
**For the Year Ended September 30, 2013**  
**Unaudited**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Property taxes	\$ 2,807,950	\$ 3,035,450	\$ 3,098,319	\$ 62,869
Road and bridge privilege taxes	-	91,714	96,183	4,469
Fines and forfeitures	320,200	139,473	139,474	1
Intergovernmental receipts	207,800	219,084	215,144	(3,940)
Charges for services	80,000	23,617	26,923	3,306
Interest income	-	15,994	16,153	159
Miscellaneous receipts	39,800	37,505	34,202	(3,303)
Total Receipts	<u>3,455,750</u>	<u>3,562,837</u>	<u>3,626,398</u>	<u>63,561</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	1,985,700	1,955,575	1,962,799	(7,224)
Public safety	1,139,800	1,157,868	1,157,869	(1)
Public works	10,000	10,000	10,000	-
Health and welfare	225,050	228,401	228,399	2
Culture and recreation	37,000	37,000	37,000	-
Conservation of natural resources	39,200	25,202	25,202	-
Economic development and assistance	24,000	23,500	23,500	-
Debt service:				
Principal	-	36,750	-	36,750
Total Disbursements	<u>3,460,750</u>	<u>3,474,296</u>	<u>3,444,769</u>	<u>29,527</u>
Excess of Receipts over (under) Disbursements	<u>(5,000)</u>	<u>88,541</u>	<u>181,629</u>	<u>93,088</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property	-	30,658	30,659	1
Transfers in	120,000	-	-	-
Transfers out	(115,000)	-	-	-
Total Other Cash Sources and Uses	<u>5,000</u>	<u>30,658</u>	<u>30,659</u>	<u>1</u>
Net Change in Fund Balance	-	119,199	212,288	93,089
Fund Balances - Beginning	<u>966,361</u>	<u>966,361</u>	<u>966,361</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 966,361</u>	<u>\$ 1,085,560</u>	<u>\$ 1,178,649</u>	<u>\$ 93,089</u>

The accompanying notes to the Other Information are an integral part of this statement.



**Quitman County, Mississippi**  
**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – Road & Bridge Fund**  
**For the Year Ended September 30, 2013**  
**Unaudited**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Property taxes	\$ 1,796,400	\$ 1,923,667	\$ 1,923,667	\$ -
Road and bridge privilege taxes		82,350	82,350	-
Intergovernmental receipts	540,000	504,552	504,552	-
Interest income	-	1	-	(1)
Miscellaneous receipts	6,000	54,055	54,055	-
Total Receipts	<u>2,342,400</u>	<u>2,564,625</u>	<u>2,564,624</u>	<u>(1)</u>
<b>DISBURSEMENTS</b>				
Public works	2,342,400	2,356,735	2,211,294	145,441
Total Disbursements	<u>2,342,400</u>	<u>2,356,735</u>	<u>2,211,294</u>	<u>145,441</u>
Excess of Receipts over (under) Disbursements	<u>-</u>	<u>207,890</u>	<u>353,330</u>	<u>145,440</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property	-	12,462	12,462	-
Premiums on bonds issued	-	-	-	-
Compensation for loss of county property	-	26,506	26,506	-
Transfers out	-	(10,488)	(136,430)	(125,942)
Total Other Cash Sources and Uses	<u>-</u>	<u>28,480</u>	<u>(97,462)</u>	<u>(125,942)</u>
Net Change in Fund Balance	-	236,370	255,868	19,498
Fund Balances - Beginning	-	(124,081)	(124,081)	-
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 112,289</u>	<u>\$ 131,787</u>	<u>\$ 19,498</u>

The accompanying notes to the Other Information are an integral part of this statement.

**Quitman County, Mississippi**  
**Schedule of Capital Assets**  
**For the Year Ended September 30, 2013**  
**Unaudited**

	<u>Balance at Sept. 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Balance at Sept. 30, 2013</u>
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 325,060	\$ -	\$ -	\$ -	\$ 325,060
Infrastructure	2,203,331	-	-	-	2,203,331
Buildings and improvements	3,920,228	-	30,000	-	3,890,228
Improvements other than buildings	269,541	-	-	-	269,541
Mobile equipment	2,644,594	429,374	94,204	-	2,979,764
Furniture and equipment	489,525	53,136	9,500	(148,921)	384,240
Total Capital Assets	<u>\$ 9,852,279</u>	<u>\$ 482,510</u>	<u>\$ 133,704</u>	<u>\$ (148,921)</u>	<u>\$ 10,052,164</u>

The accompanying notes to the Other Information are an integral part of this statement.

**Quitman County, Mississippi**  
**Schedule of Changes in Long-term Debt**  
**For the Year Ended September 30, 2013**  
**Unaudited**

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct.1, 2012</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2013</u>
Capital loan - airport	1/1/2005	1/1/2015	3.00%	\$ 4,540	\$ -	\$ 1,469	\$ 3,071
Capital loan - airport (hangar)	1/2/2005	4/1/2026	3.00%	107,575	-	7,884	99,691
Capital improvements revolving loan	7/16/2008	8/1/2023	3.00%	154,402	-	12,146	142,256
Fueling System	9/15/2011	8/15/2016	5.00%	126,513	-	29,463	97,050
(5) CAT Motor Graders	7/18/2012	8/15/2016	2.45%	339,687	-	93,584	246,103
2012 Dump Trucks	4/19/2012	4/25/2016	2.35%	180,000	-	43,428	136,572
2008 Kubota Tractor	5/7/2009	8/15/2013	3.41%	9,871	-	9,871	-
Front End Loader & Excavator	3/18/2013	3/20/2017	2.00%	-	162,445	-	162,445
				<u>\$ 922,588</u>	<u>\$ 162,445</u>	<u>\$ 197,845</u>	<u>\$ 887,188</u>

The accompanying notes to the Other Information are an integral part of this statement.

**Quitman County, Mississippi**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2013**  
**Unaudited**

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Sheridan Boyd	Supervisor District 1	Western Surety Company	\$ 100,000
Bobby E. Turner	Supervisor District 2	Western Surety Company	\$ 100,000
Alex Brooks Earnest	Supervisor District 3	Western Surety Company	\$ 100,000
Mual Killebrew	Supervisor District 4	Western Surety Company	\$ 100,000
Jesse G. Ellis	Supervisor District 5	Western Surety Company	\$ 100,000
T. H. Butch Scipper	County Administrator	Western Surety Company	\$ 100,000
T. H. Butch Scipper	Chancery Clerk	Western Surety Company	\$ 100,000
Tracy G. Pinkston	Purchase Clerk	Western Surety Company	\$ 75,000
Sheryl S. Cole	Asst. Purchasing Clerk	Western Surety Company	\$ 50,000
T. H. Butch Scipper	Asst. Purchasing Clerk	Western Surety Company	\$ 50,000
Rosie B. Autman Moss	Receiving Clerk	Western Surety Company	\$ 75,000
Sheryl S. Cole	Asst. Receiving Clerk	Western Surety Company	\$ 50,000
Stacie Veal	Inventory Clerk	Western Surety Company	\$ 75,000
Brenda Wiggs	Circuit Clerk	Western Surety Company	\$ 100,000
Oliver Parker	Sheriff	Western Surety Company	\$ 100,000
Sheriff Deputies	Sheriff Deputies	Western Surety Company	\$ 50,000
Brenda Cook	Justice Court Judge	Western Surety Company	\$ 10,000
Joe M. Brown	Justice Court Judge	Western Surety Company	\$ 50,000
Kymberly H. Bell	Tax Assessor/Collector	Hartford Insurance Company	\$ 100,000
Tyrone Survillion	Constables	RLI Insurance Company	\$ 50,000
Thomas Bryant	Constables	RLI Insurance Company	\$ 50,000

**Quitman County, Mississippi**  
**Notes to the Other Information**  
**For the Year Ended September 30, 2013**  
**Unaudited**

**(1) Budgetary Comparison Information**

**A. Budgetary Information.**

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

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

**B. Basis of Presentation.**

The Budgetary Comparison Schedule – Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

**(2) Long-term Debt Information**

**A. 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, 2013, the amount of outstanding debt was equal to 0% of the latest property assessments.

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## **SPECIAL REPORTS**

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DANNY L. WILLIAMS  
JERRY W. PITTS  
REBECCA A. BEARD  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Supervisors  
Quitman County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Quitman County, Mississippi ("the County") as of and for the year ended, September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 5, 2014.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-001, 2013-002 and 2013-003 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However we noted certain matters that we have reported to the management of Quitman County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedule and the Limited Internal Control and Compliance Review Management Report dated November 5, 2014 included within this document.

#### **Quitman County's Responses to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Quitman County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However this report is a matter of public record and its distribution is not limited.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts and Beard, PLLC  
Hernando, Mississippi  
November 5, 2014



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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  
Quitman County, Mississippi

We have examined Quitman County, Mississippi's ("the County") compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of the County is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

General

1. Finding

Miss. Code Ann. (1972), Section 31-7-13, requires that all agencies and governing authorities follow the State of Mississippi purchase laws. Out of a sample expenditure test of 15 purchases, 2 of them did not follow the correct bidding practices.

Recommendation:

The governing authorities of Quitman County should ensure that no expenditures are made that do not comply with State of Mississippi purchase laws as required in Section 31-7-13, Miss. Code Ann. (1972).

Response:

Quitman County shall comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, the County complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Quitman 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.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC

Hernando, Mississippi

November 5, 2014

**Quitman County, Mississippi**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2013**

**Schedule 1**

Our test results did not identify any purchases not made from the lowest bidder.

**Quitman County, Mississippi  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2013**

**Schedule 2**

Our test results did not identify any emergency purchases.

**Quitman County, Mississippi**  
**Schedule of Purchases Made Noncompetitively From a Sole Source**  
**For the Year Ended September 30, 2013**

**Schedule 3**

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



## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Quitman County, Mississippi

In planning and performing our audit of the financial statements of Quitman County, Mississippi ("the County") for the year ended September 30, 2013, we considered the County's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to the County's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 5, 2014, on the financial statements of the County.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiently. Our findings, recommendations and your responses are disclosed below:

### General

1. Finding

Section 19-11-17, Miss. Code Ann. (1972) requires that no expenditures should be made, or liabilities incurred in excess of budget estimates. See the budgetary comparison schedule on page 20 for expenditures in excess of budgeted appropriations.

Recommendation

The County should ensure no expenditures exceed the final adopted budget.

Response

Quitman County shall comply.

2. Finding

Miss. Code Ann. (1972), Section 27-105-5 requires that each bank (public depository) notify the County of all of the County's deposit balances within 30 days following the county's year-end. "Any discrepancy found in the confirmation process shall be reconciled within sixty (60) days of the public depository's (county's) year end." The county was under collateralized by \$114,802 at September 30, 2013 which was not corrected until 212 days after the County's year end.



Recommendation

The County should review the annual bank deposit report and collect any discrepancies within 60 days of year end.

Response

Quitman County shall comply.

3. Finding:

Unclaimed checks over five years old have not been transferred to the State as prescribed by Miss. Code Ann. (1972), Section 89-12-14.

Recommendation

The County should periodically (at least annually) review outstanding checks, and transfer those amounts greater than five years old to the State Treasurer.

Response

We shall comply and regularly review outstanding checks, and transfer those amounts greater than five years old to the State Treasurer.

4. Finding:

Documentation for travel expenses was not maintained by the County in accordance with Miss. Code Ann. (1972), Section 25-3-41.

Recommendation

Proper documentation should be obtained and maintained by the County for travel expenses in accordance with applicable laws.

Response

We shall comply with Miss. Code Ann. (1972), Section 25-3-41 with proper documentation.

5. Finding:

Payments were made directly to members of the Board of Supervisors for their Medicare supplement, rather than paying the insurance company directly, as prescribed by Miss. Code Ann. (1972), Section 25-15-101. Additionally, the County paid for a Board member's spouse's policy, which is not allowed under the code.

Recommendation

Payments for Board member's Medicare supplement should only be for the Board member, and should be made directly to the insurance company.

Response

Quitman County shall comply.

6. Finding:

Two purchasing clerks, a receiving clerk, and an inventory clerk were not bonded as prescribed by Miss. Code Ann. (1972), Section 31-7-124.

Recommendation

The County should ensure employees are properly bonded.

Response

Quitman County shall comply.

7. Finding:

One retiree was paid more than their allowable wages as prescribed by Miss. Code Ann. (1972), Section 25-11-127.

Recommendation

The County should monitor retirees that are employed by the County to ensure compliance with the applicable code.

Response

Quitman County shall comply.

Justice Court

8. Finding

Justice Court Judges and Constables were not bonded as prescribed by the Miss. Code Ann. (1972), Sections 9-11-7 and 19-19-3.

Recommendation

The County should ensure employees are properly bonded.

Response

Justice Court Judges are now properly bonded as prescribed by the Miss. Code Ann. (1972), Sections 9-11-7 and 19-19-3.

9. Finding

Payments were made to Constables with handwritten notes delivered by the Constables as supporting documentation.

Recommendation

Documentation for payments should not come from the person asking for payment.

Response

We shall comply and require proper documentation before payment.

Circuit Clerk

10. Finding

The Circuit Clerk is not maintaining the expense side of the fee journal. Additionally, the bank balance is not reconciled to the fee journal.

Recommendation

The Circuit Clerk's fee journal is inaccurate and may result in improper settlement to the County.

Response

The Circuit Clerk shall comply and will reconcile the bank balance to the fee journal.

Chancery Clerk

11. Finding

The Chancery Clerk incorrectly included lunacy fees in payroll. Per an Attorney General's opinion to Roy Noble Lee, Jr. on March 10, 2000, lunacy fees should be excluded from payroll and should instead be included on the claims docket.

Recommendation

The Chancery Clerk should comply with the Attorney General's opinion and include lunacy fees on the claims docket.

Response

The Chancery Clerk shall comply.

12. Finding

The Chancery Clerk's annual report does not agree to the fee journal.

Recommendation

The Chancery Clerk should ensure agreement between the fee journal and the annual report.

Response

The Chancery Clerk shall comply.

13. Finding

Loans were being made by the Chancery Clerk to County employees, and payroll deductions were made to repay the debt to the County.

Recommendation

The County should never make any loans to any employees.

Response

The Chancery Clerk shall comply.

The County's responses to the findings included in this report were not audited and accordingly we express no opinion on them. This report is intended solely for the information and use of management, the Board of Supervisors and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

*Williams, Pitts & Beard, PLLC*

Williams, Pitts & Beard, PLLC

Hernando, Mississippi

November 5, 2014

## **SCHEDULE OF FINDINGS AND RESPONSES**

**Quitman County, Mississippi**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2013**

Section 1: Summary of Auditors' Results

Financial Statements:

(1) Type of auditors' report issued on the financial statements	<u>Unmodified</u>
(2) Internal Control over financial reporting:	
(a) Material weakness identified?	<u>Yes</u>
(b) Significant deficiency identified that is not considered to be a material weakness?	<u>None Reported</u>
(3) Noncompliance material to the financial statements noted:	<u>No</u>

Section 2: Financial Statement Findings

Material Weaknesses

2013-001. Criteria: Effective internal control over financial reporting includes robust oversight and monitoring, proper documentation of transactions and adequate segregation of duties.

Condition: Audit procedures identified lack of management oversight, including insufficient monitoring, insufficient documentation and improper segregation of duties. The following are examples discovered through audit procedures performed:

- Cash accounts not reconciled timely. No review of reconciliations.
- No approval of journal entries.
- Signature plate for checks maintained by those with access to blank check stock.
- No review of handwritten checks.
- Handwritten checks not on the docket, and therefore not approved by the Board of Supervisors.
- Supporting documentation was not provided for some expenses selected for testing.

Effect: Because of the internal control deficiencies noted above, there is a more than remote likelihood that a material misstatement of the County's financial statements will not be prevented or detected.

Recommendation: The County should implement significant improvements to their internal control structure, primarily related to daily oversight and review of transactions and reconciliations.

Response: The Board of Supervisors and the County Administrator shall implement more internal controls.

2013-002. Criteria: Effective internal control over financial reporting includes the ability to properly produce financial statements in accordance with generally accepted accounting principles. Management is responsible for insuring that all items are correctly reported on the County's financial statements.

**Quitman County, Mississippi**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2013**

Condition: The County does not have the personnel or procedures in place to provide for the preparation and review of external financial statements and related disclosures in accordance with generally accepted accounting principles. Additionally, the County does not have the personnel or procedures in place to detect material misstatements in the external financial statements or the financial statement disclosures.

Effect: The external auditors discovered and proposed material adjustments to the financial statements.

Recommendation: The County should evaluate the costs and benefits of providing for the preparation of the external financial statements and related disclosures.

Response: The Board of Supervisors shall contract with an independent outside entity to provide the necessary financial statements.

2013-003. Criteria: Effective internal control over financial reporting includes adequate segregation of duties.

Condition: The Tax Assessor/Collector had access to the general ledger and had the ability to post entries.

Effect: The Tax Assessor/Collector should not have the ability to post entries to the County's books. Unnecessary access to the general ledger provides an opportunity for a material misstatement to the County's financial statements.

Recommendation: The County should periodically assess who has access to the general ledger and limit access to only essential personnel.

Response: The Board of Supervisors and the County Administrator have had access to the general ledger restricted to only personnel who are required to have access for normal bookkeeping operations. All passwords to the computerized financial records have been changed and personnel with access will be periodically assessed and passwords changed on a regular basis.

