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Quitman County, Mississippi
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2015



Quitman County, Mississippi
Audited Financial Statements
For the Year Ended September 30, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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, 2015, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that 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. Our opinions are not modified with respect to this matter.

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 December 8, 2016, 2016 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
December 8, 2016

FINANCIAL STATEMENTS

Quitman County, Mississippi
Statement of Net Position – Cash Basis
September 30, 2015

Exhibit 1

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash	<u>\$ 2,032,495</u>
Total Assets	<u>2,032,495</u>
NET POSITION	
Restricted:	
Expendable:	
General government	10,206
Public safety	462,745
Public works	83,880
Debt service	654,384
Unrestricted	<u>821,280</u>
Total Net Position	<u>\$ 2,032,495</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, 2015

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,955,392	103,195	68,578	-	(2,783,619)
Public safety	1,546,923	203,671	2,833	-	(1,340,419)
Public works	4,172,067	172,513	-	-	(3,999,554)
Health and welfare	150,837	-	-	-	(150,837)
Culture and recreation	64,000	-	-	-	(64,000)
Conservation of natural resources	25,951	-	-	-	(25,951)
Economic development and assistance	35,000	-	-	-	(35,000)
Debt service:					
Principal	406,825	-	-	-	(406,825)
Interest	28,555	-	-	-	(28,555)
Total Governmental Activities	<u>\$ 9,385,550</u>	<u>479,379</u>	<u>71,411</u>	<u>-</u>	<u>(8,834,760)</u>
General receipts:					
Property taxes					\$ 5,806,824
Road & bridge privilege taxes					75,696
Grants and contributions not restricted to specific programs					854,018
Unrestricted interest income					20,494
Miscellaneous					79,419
Insurance compensation on loss of asset					158,089
Proceeds from debt issuance					181,000
Sale of county property					461,520
Total General Revenues					<u>7,637,060</u>
Changes in Net Position					<u>(1,197,700)</u>
Net Position - Beginning					<u>3,230,195</u>
Net Position - Ending					<u>\$ 2,032,495</u>

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

Quitman County, Mississippi
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds					
	General Fund	E911 Commission	Road & Bridge Fund	2004 Debt Service Refunding	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	<u>\$ 701,578</u>	<u>359,154</u>	<u>96</u>	<u>397,498</u>	<u>574,169</u>	<u>2,032,495</u>
Total Assets	<u><u>\$ 701,578</u></u>	<u><u>359,154</u></u>	<u><u>96</u></u>	<u><u>397,498</u></u>	<u><u>574,169</u></u>	<u><u>2,032,495</u></u>
FUND BALANCES						
Restricted for:						
General government	\$ -	-	-	-	10,206	10,206
Public safety	-	359,154	-	-	103,591	462,745
Public works	-	-	96	-	83,784	83,880
Debt service	-	-	-	397,498	256,886	654,384
Assigned to:						
General government	-	-	-	-	117,918	117,918
Public works	-	-	-	-	1,784	1,784
Unassigned	<u>701,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>701,578</u>
Total Fund Balances	<u><u>\$ 701,578</u></u>	<u><u>359,154</u></u>	<u><u>96</u></u>	<u><u>397,498</u></u>	<u><u>574,169</u></u>	<u><u>2,032,495</u></u>

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

Quitman County, Mississippi
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2015

Exhibit 4

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	E911 Commission	Road & Bridge Fund	2004 Debt Service Refunding		
RECEIPTS						
Property taxes	\$ 3,396,868	-	2,113,730	424	295,802	5,806,824
Road and bridge privilege taxes	-	-	75,696	-	-	75,696
Licenses, commissions and other receipts	100,879	-	-	-	2,316	103,195
Fines and forfeitures	112,452	-	-	-	-	112,452
Intergovernmental receipts	230,552	-	540,915	-	153,962	925,429
Charges for services	16,747	74,472	-	-	172,513	263,732
Interest income	20,266	-	-	-	228	20,494
Miscellaneous receipts	6,670	-	2,717	-	70,032	79,419
Total Receipts	<u>3,884,434</u>	<u>74,472</u>	<u>2,733,058</u>	<u>424</u>	<u>694,853</u>	<u>7,387,241</u>
DISBURSEMENTS						
General government	2,922,308	-	-	-	33,083	2,955,391
Public safety	1,389,890	27,992	-	-	129,041	1,546,923
Public works	10,000	-	3,854,784	-	307,284	4,172,068
Health and welfare	150,837	-	-	-	-	150,837
Culture and recreation	64,000	-	-	-	-	64,000
Conservation of natural resources	25,951	-	-	-	-	25,951
Economic development and assistance	35,000	-	-	-	-	35,000
Debt service:						
Principal	25,414	-	-	-	381,411	406,825
Interest	2,543	-	-	-	26,012	28,555
Total Disbursements	<u>4,625,943</u>	<u>27,992</u>	<u>3,854,784</u>	<u>-</u>	<u>876,831</u>	<u>9,385,550</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(741,509)</u>	<u>46,480</u>	<u>(1,121,726)</u>	<u>424</u>	<u>(181,978)</u>	<u>(1,998,309)</u>
OTHER CASH SOURCES (USES)						
Proceeds from short-term debt issuance	-	-	181,000	-	-	181,000
Sale of county property	76,500	-	385,020	-	-	461,520
Compensation for loss of county property	-	-	158,089	-	-	158,089
Transfers in	-	-	92,317	-	193,566	285,883
Transfers out	-	-	-	-	(285,883)	(285,883)
Total Other Cash Sources and Uses	<u>76,500</u>	<u>-</u>	<u>816,426</u>	<u>-</u>	<u>(92,317)</u>	<u>800,609</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>(665,009)</u>	<u>46,480</u>	<u>(305,300)</u>	<u>424</u>	<u>(274,295)</u>	<u>(1,197,700)</u>
Cash Basis Fund Balances - Beginning	<u>1,366,587</u>	<u>312,674</u>	<u>305,396</u>	<u>397,074</u>	<u>848,464</u>	<u>3,230,195</u>
Cash Basis Fund Balances - Ending	<u>\$ 701,578</u>	<u>359,154</u>	<u>96</u>	<u>397,498</u>	<u>574,169</u>	<u>2,032,495</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, 2015

Exhibit 5

	Agency Funds
ASSETS	
Cash and investments	\$ 7,990
Total Assets	<u>\$ 7,990</u>
LIABILITIES	
Amounts held in custody for others	\$ 4,164
Due to other funds	<u>3,826</u>
Total Liabilities	<u>\$ 7,990</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, 2015

(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, 2015

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.

E-911 Commission – This fund is used to account for amounts from specific revenue sources for 911 emergency services.

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 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.

QUITMAN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

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.”

Net Position Flow Assumption:

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 or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

QUITMAN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

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

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 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.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (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 (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) Net Position Restricted by Enabling Legislation.

The government-wide statement of net position – cash basis reports \$1,211,215 of restricted net position, of which \$296,979 is restricted by enabling legislation.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$2,040,485 and the bank balance was \$2,644,726. 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

QUITMAN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. 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.

(4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2015:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Road and Bridge Fund	Other Governmental	\$ 92,317
Other Governmental	Other Governmental	<u>193,566</u>
Total		<u>\$285,883</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, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Operating Leases.

As Lessor:

In March 2014, the County entered into a lease with Clarksdale HMA Physician Management, LLC for a building owned by the County for the purpose of operating a hospital. The lease states the LLC is to pay \$2,182 per month.

QUITMAN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

On February 1, 2005, the County entered into a lease with Rushing Aviation for rental of an airplane hangar for \$921 per month for the first 10 years and decreasing to \$798 per month for the next 10 years, ending January of 2025.

In August 2014, a lease agreement was updated whereby the County leases a cell tower for \$800 per month with New Cingular Wireless, PCS, LLC for a cell tower.

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

(8) 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 \$125,287 to the college for maintenance and support in fiscal year 2015.

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 \$125,287 to the college for maintenance and support in fiscal year 2015.

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 \$51,555 to support the district in fiscal year 2015.

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 \$23,100 to the center for support in fiscal year 2015.

QUITMAN COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2015

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 2015.

(9) 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 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, 2015, 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, 2015 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, 2015, 2014 and 2013 were \$391,356, \$321,085 and \$273,077, 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, 2015
Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,202,700	3,396,868	3,396,868	-
Licenses, commissions and other receipts	87,400	100,879	100,879	-
Fines and forfeitures	122,000	112,452	112,452	-
Intergovernmental receipts	225,800	230,552	230,552	-
Charges for services	27,500	16,747	16,747	-
Interest income	19,000	20,266	20,266	-
Miscellaneous receipts	69,200	39,344	6,670	(32,674)
Total Receipts	<u>3,753,600</u>	<u>3,917,108</u>	<u>3,884,434</u>	<u>(32,674)</u>
DISBURSEMENTS				
Current:				
General government	2,079,800	2,921,767	2,922,308	(541)
Public safety	1,292,042	1,389,890	1,389,890	-
Public works	10,000	10,000	10,000	-
Health and welfare	153,500	150,837	150,837	-
Culture and recreation	52,000	64,000	64,000	-
Conservation of natural resources	47,100	25,958	25,951	7
Economic development and assistance	24,000	35,000	35,000	-
Debt service:				
Principal	20,000	21,410	25,414	(4,004)
Interest			2,543	(2,543)
Total Disbursements	<u>3,678,442</u>	<u>4,618,862</u>	<u>4,625,943</u>	<u>(7,081)</u>
Excess of Receipts over (under) Disbursements	<u>75,158</u>	<u>(701,754)</u>	<u>(741,509)</u>	<u>(39,755)</u>
OTHER CASH SOURCES (USES)				
Sale of county property	2,000	76,500	76,500	-
Transfers out	<u>(77,158)</u>	<u>(108,000)</u>	<u>-</u>	<u>108,000</u>
Total Other Cash Sources and Uses	<u>(75,158)</u>	<u>(31,500)</u>	<u>76,500</u>	<u>108,000</u>
Net Change in Fund Balance	-	(733,254)	(665,009)	68,245
Fund Balances - Beginning	<u>1,366,586</u>	<u>1,366,586</u>	<u>1,366,587</u>	<u>1</u>
Fund Balances - Ending	<u><u>\$ 1,366,586</u></u>	<u><u>633,332</u></u>	<u><u>701,578</u></u>	<u><u>68,246</u></u>

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

Quitman County, Mississippi
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) Road & Bridge Fund
For the Year Ended September 30, 2015
Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,982,085	2,113,730	2,113,730	-
Road and bridge privilege taxes	75,000	75,696	75,696	-
Intergovernmental receipts	470,000	561,126	540,915	(20,211)
Interest income	-	-	-	-
Miscellaneous receipts	3,000	2,717	2,717	-
Total Receipts	<u>2,530,085</u>	<u>2,753,269</u>	<u>2,733,058</u>	<u>(20,211)</u>
DISBURSEMENTS				
Current:				
Public works	<u>2,565,085</u>	<u>3,854,784</u>	<u>3,854,784</u>	<u>-</u>
Total Disbursements	<u>2,565,085</u>	<u>3,854,784</u>	<u>3,854,784</u>	<u>-</u>
Excess of Receipts over (under) Disbursements	<u>(35,000)</u>	<u>(1,101,515)</u>	<u>(1,121,726)</u>	<u>(20,211)</u>
OTHER CASH SOURCES (USES)				
Proceeds from loan		181,000	181,000	-
Sale of county property	35,000	385,020	385,020	-
Compensation for loss of county property	-	158,089	158,089	-
Transfers out	-	92,317	92,317	-
Total Other Cash Sources and Uses	<u>35,000</u>	<u>816,426</u>	<u>816,426</u>	<u>-</u>
Net Change in Fund Balance	-	(285,089)	(305,300)	(20,211)
Fund Balances - Beginning	<u>305,396</u>	<u>305,396</u>	<u>305,396</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 305,396</u>	<u>20,307</u>	<u>96</u>	<u>(20,211)</u>

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

Quitman County, Mississippi
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) E911 Commission
For the Year Ended September 30, 2015
Unaudited

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Charge for services	\$ 78,000	74,472	74,472	-
Total Receipts	<u>78,000</u>	<u>74,472</u>	<u>74,472</u>	<u>-</u>
DISBURSEMENTS				
Current:				
Public safety	32,500	27,992	27,992	-
Total Disbursements	<u>32,500</u>	<u>27,992</u>	<u>27,992</u>	<u>-</u>
Excess of Receipts over (under) Disbursements	<u>45,500</u>	<u>46,480</u>	<u>46,480</u>	<u>-</u>
Net Change in Fund Balance	45,500	46,480	46,480	-
Fund Balances - Beginning	<u>312,674</u>	<u>312,674</u>	<u>312,674</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 358,174</u>	<u>359,154</u>	<u>359,154</u>	<u>-</u>

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

Quitman County, Mississippi
Schedule of Capital Assets
For the Year Ended September 30, 2015
Unaudited

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Governmental Activities:					
Land	\$ 325,060	-	-	-	325,060
Infrastructure	2,203,331	-	-	-	2,203,331
Buildings	3,679,533	-	-	-	3,679,533
Improvements other than buildings	269,541	350,000	-	-	619,541
Mobile equipment	3,481,113	967,014	837,059	-	3,611,068
Furniture and equipment	420,322	44,861	-	-	465,183
Total capital assets	<u>\$ 10,378,900</u>	<u>1,361,875</u>	<u>837,059</u>	<u>-</u>	<u>10,903,716</u>

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

Quitman County, Mississippi
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2015
Unaudited

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2014</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2015</u>
Governmental Activities:							
A. Equipment Notes:							
(5) CAT motor graders	07/18/12	08/15/16	2.45%	\$ 150,201	-	98,278	51,923
2012 dump trucks	04/19/12	04/25/16	2.35%	92,113	-	92,113	-
Front end loader & excavator	03/18/13	03/20/17	2.00%	123,044	-	40,207	82,837
Deporres building	11/19/13	11/19/19	3.00%	95,542	-	25,141	70,401
Asphalt zipper	03/04/14	01/15/17	3.00%	100,070	-	32,636	67,434
Chips spreader	09/19/14	07/15/19	3.50%	154,050	-	29,496	124,554
(4) Mac dump trucks	12/31/14	05/25/19	2.29%	-	181,050	36,558	144,492
Komatsu excavator	02/25/15	05/25/19	2.29%	-	59,065	-	59,065
B. Other Loans:							
Capital loan - airport (hangar)	01/02/05	04/01/26	3.00%	93,036	-	6,858	86,178
Capital improvements revolving loan	07/16/08	08/01/23	3.00%	129,741	-	12,896	116,845
Fueling system	09/15/11	08/15/16	5.00%	66,234	-	32,483	33,751
				<u>\$1,004,031</u>	<u>240,115</u>	<u>406,666</u>	<u>837,480</u>

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

Quitman County, Mississippi
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
Unaudited

Name	Position	Company	Bond
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
Manual Killebrew	Supervisor District 4	Western Surety Company	\$100,000
Jesse G. Ellis	Supervisor District 5	Western Surety Company	\$100,000
T. H. Butch Skipper	County Administrator	Western Surety Company	\$100,000
T. H. Butch Skipper	Chancery Clerk	Western Surety Company	\$100,000
Tracy G. Pinkston	Purchase Clerk	Western Surety Company	\$ 75,000
Sheryl S. Cole	Assistant Purchasing Clerk	Western Surety Company	\$ 50,000
T. H. Butch Skipper	Assistant Purchasing Clerk	Western Surety Company	\$ 50,000
Rosie B. Autman Moss	Receiving Clerk	Western Surety Company	\$ 75,000
Sheryl S. Cole	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Stacie Veal	Inventory Control 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's Deputies	Western Surety Company	\$ 50,000
Brenda Cook	Justice Court Judge	Western Surety Company	\$ 50,000
Joe M. Brown	Justice Court Judge	Western Surety Company	\$ 50,000
Willie E. Holley	Tax Assessor-Collector	Western Surety Company	\$100,000
Sallie M. Price	Tax Assessor-Collector	Hartford Insurance Company	\$100,000
Kymberly H. Bell	Former Tax Assessor-Collector	Western Surety Company	\$100,000
Tyrone Survillion	Constable	RLI Insurance Company	\$ 50,000
Thomas Bryant	Constable	RLI Insurance Company	\$ 50,000

Quitman County, Mississippi
Notes to the Other Information
For the Year Ended September 30, 2015
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-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 receipt, each general item of disbursement, 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.

C. Excess of Actual Disbursements Over Budget in Individual Funds.

The following funds had an excess of actual disbursements over budget for the year ended September 30, 2015:

<u>Fund</u>	<u>Excess</u>
General Fund	\$7,081

The General Fund is in violation of Section 19-11-17, Miss. Code Ann. (1972). However, the County has no obligation associated with this violation.

(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, 2015, the amount of outstanding debt was less than 1% of the latest property assessments.

SPECIAL REPORTS

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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 8, 2016.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-001 and 2015-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quitman County, Mississippi'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*.

We also noted certain matters which we have reported to the management of Quitman County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 8, 2016, included within this document.

Quitman County's Responses to Findings

Quitman 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 and Beard, PLLC
Hernando, Mississippi
December 8, 2016



DANNY L. WILLIAMS
JERRY W. PITTS
REBECCA A. BEARD
KRISTOPHER A. WHITTEN

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HERNANDO, MISSISSIPPI 38632
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**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(AS 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, 2015. The Board of Supervisors of Quitman County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing 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 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 system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Quitman County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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
December 8, 2016

Quitman County, Mississippi
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

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

**Quitman County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2015**

Schedule 2

Our examination did not identify any emergency purchases.

Quitman County, Mississippi
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

Schedule 3

Our examination 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, 2015, we considered Quitman County Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Quitman County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 8, 2016, on the financial statements of Quitman County, Mississippi.

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

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

Board of Supervisors

1. 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.

Board of Supervisors' Response

Quitman County shall work to get our current cafeteria plan approved by the State Auditor.

2. Finding

Quitman County used a cafeteria plan provider that was not approved by the Mississippi State Auditor as required by MS Code Section 25-17-9.

Recommendation

The County should use a cafeteria plan provider what is approved by the State Auditor.

Board of Supervisors' Response

Quitman County shall comply.

3. Finding

Quitman County has no system to track independent contractors who are covered under the PERS system. MS Code Section 25-11-127 requires PERS to be notified when any current retiree of PERS is hired by the county as either an employee or true independent contractor.

Recommendation

The County should implement a control procedure to ensure compliance with required PERS reporting regarding true independent contractors.

Board of Supervisors' Response

Quitman County shall comply.

4. Finding

Inventory reports were not forwarded to the Office of the State Auditor by October 15th as required by MS Code Section 31-7-107.

Recommendation

The County should ensure inventory reports are forwarded to the office of the State Auditor by October 15th.

Board of Supervisors' Response

Quitman County shall comply.

5. Finding

Travel procedures for the Board of Supervisors are not followed according to MS Code Section 25-3-41. Invoices for hotel charges were not provided.

Recommendation

Members of the Board of Supervisors should provide all travel receipts to support credit card charges or when requesting reimbursement from the County.

Board of Supervisors' Response

Quitman County shall comply.

6. Finding

The previous year's audit synopsis has not been published in accordance with MS Code Section 7-7-221 with the purchasing information with it required by MS Code Section 31-7-115.

Recommendation

The county should comply with MS Code Sections 7-7-221 and 31-7-118.

Board of Supervisors' Response

Quitman County shall comply.

7. 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 schedules on pages 20 and 21 for expenditures in excess of budget appropriations. The excess was due to a loan payment being netted with rental income, both related to the Deporres Medical Building.

Recommendation

The County should ensure no revenue or expenses are netted in order to properly present expenses for board approval and budget management.

Board of Supervisors' Response

Quitman County shall comply.

Circuit Clerk

1. Finding

The Circuit Clerk is not reconciling the cash book balance on the bank reconciliation to the cash balance in the fee journal.

Recommendation

The Circuit Clerk should ensure the cash book balance on the bank reconciliation agrees to the fee journal.

Circuit Clerk's Response

The Circuit Clerk shall comply.

2. Finding

Fee/commission is not properly posted to the fee journal. Found one instance that a fee was recorded in the settlement report but was not posted in the fee journal.

Recommendation

Circuit Clerk should ensure all fees/commission are posted in the fee journal.

Circuit Clerk's Response

The Circuit Clerk shall comply.

Quitman 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

December 8, 2016

SCHEDULE OF FINDINGS AND RESPONSES

Quitman County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2015

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	<u>None Reported</u>
3. Noncompliance material to the financial statements noted?	<u>No</u>

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2015-001. 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 verifiable approval of journal entries and inadequate segregation of duties in recording receipts and disbursements.

Effect: Because of the internal control deficiencies, 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 observable documentation of approval of journal entries; two people involved in verifying that the total checks received by the county are recorded in the general ledger; two people involved in verifying that all disbursements paid have been approved by the board of supervisors by tracking all claim numbers; signature stamp locked and used in the presence of 2 employees.

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

2015-002. Criteria: Effective internal control over financial reporting includes the ability to produce financials statements in accordance with the cash basis of accounting. Management is responsible for insuring that all items are correctly reported on the County's financial statements.

Condition: The County does not have the personnel or procedures in place to provide for the preparation of external financial statements and related disclosures in accordance with the cash basis of accounting.

Quitman County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2015

Effect: The external auditors discovered and proposed material adjustments to the financial statements which were approved by management.

Recommendation: The County should develop internal control procedures to ensure all material adjustments are reflected in the financial statements. Also, the County should evaluate the costs and benefits of providing for the preparation of the external financial statements and related disclosures by an outside party.

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