OFFICE OF THE STATE AUDITOR REPORT NOTE:

Section 7-7-211, Mississippi Code Annotated (1972) gives the Office of the State Auditor the authority to audit, with the exception of municipalities, any governmental entity in the state. In the case of municipalities, *Section 21-35-31, Mississippi Code Annotated (1972)* requires municipalities to obtain an annual audit performed by a private CPA firm and submit that audit report to the Office of the State Auditor. The Office of the State Auditor files these audit reports for review in case questions arise related to the municipality.

As a result, the following document was not prepared by the Office of the State Auditor. Instead, it was prepared by a private CPA firm and submitted to the Office of the State Auditor. The document was placed on this web page as it was submitted and no review of the report was performed by the Office of the State Auditor prior to finalization of the report. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CITY OF QUITMAN, MISSISSIPPI
QUITMAN, MISSISSIPPI

AUDITED FINANCIAL STATEMENT
SEPTEMBER 30, 2024

CITY OF QUITMAN, MISSISSIPPI

Contents

WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L Stafford, CPA
Harry W. Stevens, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA
Jerry L. Gammel, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA
Dana R. Estes, CPA
April W. Posey, CPA
Lauren M. Bowen, CPA

Independent Auditors' Report

Honorable Mayor and Board of Aldermen
City of Quitman
Quitman, Mississippi

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Cash Receipts and Disbursements of the City of Quitman, Mississippi, for the year ended September 30, 2024, and the related notes to financial statement, as listed in the contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the governmental funds and proprietary funds of the City of Quitman, Mississippi as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with the cash basis of accounting described in Note 1 of the financial statement.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Quitman, Mississippi and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a 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.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Quitman, Mississippi’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 City of Quitman, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Quitman, Mississippi's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprises the City of Quitman, Mississippi's basic financial statement. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of Investments – All Funds, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Schedule of Investments – All Funds, Schedule of Capital Assets, Schedule of Long-Term Debt, and Schedule of Surety Bonds for Municipal Officials are fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026, on our consideration of the City of Quitman, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Quitman, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Quitman, Mississippi's internal control over financial reporting and compliance.

Watkins Ward and Stafford, PLLC

Quitman, Mississippi
March 18, 2026

BASIC FINANCIAL STATEMENT

CITY OF QUITMAN, MISSISSIPPI
Statement of Cash Receipts and Disbursements
For the Year Ended September 30, 2024

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS		
	General Fund	SRF Fund	Other Funds	Total	Water and Sewer Fund	Garbage Collection Fund	Total
RECEIPTS							
Property taxes	$ 792,676	-	-	$ 792,676	$ -	-	$ -
Other county taxes	5,059	-	-	5,059	-	-	-
Licenses and permits	237,029	-	-	237,029	-	-	-
Intergovernmental revenues							
State shared revenues:							
Wastewater System Grant	-	925,220	-	925,220	-	-	-
ARPA Grant	36,721	-	-	36,721	-	-	-
MS Justice Assistance Program	7,760	-	-	7,760	-	-	-
CDBG Grant	-	-	55,100	55,100	-	-	-
Grant funds	2,000	-	-	2,000	-	-	-
Sales taxes	652,718	-	-	652,718	-	-	-
General municipal aid	1,030	-	-	1,030	-	-	-
Motor vehicle tax	6,312	-	-	6,312	-	-	-
Other aid	194,307	-	-	194,307	-	-	-
Liquor tax	1,350	-	-	1,350	-	-	-
Homestead Reimbursement	59,143	-	-	59,143	-	-	-
Fire protection	17,828	-	17,190	35,018	-	-	-
Fines and forfeitures	48,295	-	11,341	59,636	-	-	-
Interest earned	36,579	-	9,002	45,581	72,032	4,227	76,259
Rents	14,945	-	-	14,945	-	-	-
Miscellaneous receipts	13,609	-	-	13,609	-	1,054	1,054
Charges for Governmental Services:							
Sanitation	-	-	-	-	-	270,261	270,261
Water and sewer	-	-	-	-	772,049	-	772,049
Total Receipts	2,127,361	925,220	92,633	3,145,214	844,081	275,542	1,119,623
DISBURSEMENTS							
General government	1,132,069	-	17,507	1,149,576	-	-	-
Public safety	630,574	-	14,743	645,317	-	-	-
Public works	196,388	-	-	196,388	-	-	-
Health and welfare	-	-	41,185	41,185	-	-	-
Culture and recreation	21,585	-	-	21,585	-	-	-
Water and sewer	-	-	-	-	551,209	-	551,209
Sanitation	-	-	-	-	-	218,081	218,081
Debt service:							
Principal on debt service	22,562	-	11,100	33,662	41,793	-	41,793
Interest on debt service	6,111	-	1,018	7,129	9,472	-	9,472
Capital outlay	202,880	925,220	56,430	1,184,530	64,618	-	64,618
Total Disbursements	2,212,169	925,220	141,983	3,279,372	667,092	218,081	885,173
Excess of receipts over (under) disbursements	(84,808)	-	(49,350)	(134,158)	176,989	57,461	234,450
OTHER FINANCING SOURCES (USES)							
Interfund transfers	82,315	-	(76,165)	6,150	40,349	(46,499)	(6,150)
Total Other Financing Sources (Uses)	82,315	-	(76,165)	6,150	40,349	(46,499)	(6,150)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,493)	-	(125,515)	(128,008)	217,338	10,962	228,300
CASH BASIS FUND BALANCE - Beginning of Year	1,231,747	40,100	218,814	1,490,661	1,568,267	118,631	1,686,898
CASH BASIS FUND BALANCE - End of Year	$ 1,229,254	40,100	93,299	$ 1,362,653	$ 1,785,605	129,593	$ 1,915,198

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

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The City of Quitman, Mississippi, was formed in 1901. The City of Quitman, Mississippi operates under a five member Board of Aldermen form of government and provides services authorized by its Aldermen.

b. Fund Accounting

The accounts of the City of Quitman, Mississippi are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash on hand, receipts, disbursements, and fund balance. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into fund types and categories as follows:

Governmental Funds

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted for specific expenditures purposes. The Special Revenue Fund is the Clean Water State Revolving Funds account.

Nonmajor Funds- Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

Proprietary Funds

Proprietary Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following proprietary funds:

Water and Sewer Fund -This fund is used to account for the activities associated with the City's water distribution and sewage collection systems.

Garbage Collection Fund-This fund is used to account for the activities associated with the city's disposal of solid waste within the city.

c. Basis of Accounting

The financial statement is prepared on the cash basis in compliance with the requirements of the Office of the State Auditor. Consequently, certain revenues are recognized when received (cash receipts) rather than when earned and certain expenses are recognized when paid (cash disbursements) rather than when the obligation is incurred. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

d. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.

Note 1: Summary of Significant Accounting Policies (Continued)

e. Budgets and Budgetary Accounting

The City of Quitman, Mississippi follows these procedures in establishing the budgetary data:

- Prior to September 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the General and Proprietary Funds.
- Public notice is given of the City of Quitman, Mississippi's budget meetings being open to the public, so that a public hearing is conducted on the budget.
- The budget as submitted is reviewed by the Mayor and Board of Aldermen and necessary revisions are made. Then the budget is approved prior to September 30.
- The budget is formally revised during July of each year or anytime a deficit is indicated.
- Budgetary comparisons are employed by management as a management control device during the year for both the General and Proprietary Fund.
- Appropriations lapse at the end of each fiscal year.

Note 2: Cash and Other Deposits

At the end of the year, the City of Quitman, Mississippi's carrying amount of deposits was $3,277,851 and the bank balance was $3,392,666. The collateral for public entities' deposits in financial institutions is now 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 City of Quitman, Mississippi'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. All of the City's funds eligible to be included in the State's collateral pool program were properly included and fully collateralized as of September 30, 2024.

Custodial Credit Risk – Deposits. Custodial credit risk is a risk that in the event of the failure of a financial institution, the City of Quitman, Mississippi will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City of Quitman, Mississippi does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the City of Quitman, Mississippi. 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 City of Quitman, Mississippi. As of September 30, 2024, none of the City of Quitman, Mississippi's bank balance of $3,392,666 was exposed to custodial risk.

Note 3: Interfund Transfers

Interfund transfers during the year were as follows:

	General Fund	Other Funds	Water and Sewer Fund	Garbage Collection Fund	Total Transfers
Transfers In	$ 92,538	10,223	40,349	-	$ 143,110
Transfers Out	(10,223)	(86,388)	-	(46,499)	(143,110)
	$ 82,315	(76,165)	40,349	(46,499)	$ -

Note 4: Report Classifications

Receipts and disbursements were classified according to requirements for small cities in the State of Mississippi in compliance with the requirements of the Office of the State Auditor.

Note 5: Defined Benefit Pension Plan

The City of Quitman, 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 Employee Retirement System, PERS building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS,

Funding Policy

PERS members are required to contribute 9% of their annual covered salary and the City of Quitman, Mississippi is required to contribute at an actuarially determined rate of 17.40% of covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Quitman, Mississippi contributions to PERS for the years ending September 30, 2024, 2023, and 2022 were approximately $217,000, $195,000, and $191,000 respectively, which equal the required contributions for each year.

Note 6: Property Taxes

The City of Quitman, Mississippi uses the county tax rolls for the assessment of its ad valorem tax. Property is assessed in January of each year, and the tax levy is set in September of each year. Property taxes attach as an enforceable lien on property as of January of the next year and are delinquent after February 1. The millage rate for the City of Quitman, Mississippi for the fiscal year ended September 30, 2024 was 32.02 mills for general purposes, 1 mill for the operation of the library and 0.25 mills for the operation of the fire department.

Note 7: Tax Abatements

The City of Quitman, Mississippi enters into property tax abatement agreements with local businesses under the Miss. Code Ann. Sec. 17-21-5 (1). Under the Code, the City has the authority at its discretion to exempt from any or all municipal ad valorem taxes, excluding ad valorem taxes for school districts, for a period of not more than seven years for the purpose of attracting or retaining businesses within its jurisdictions. The City abates the taxes for three business, in the amount of approximately $35,000.

Note 8: Joint Ventures

The City participates in the following joint ventures:

Chickasawhay Natural Gas District - The City is a participant with the City of Waynesboro and the City of Shubuta in a joint venture to operate Chickasawhay Natural Gas District ("The District"), a special governmental unit established by state statute to provide gas service to the residences of the three cities' citizens and as well as to citizens of certain areas of Clarke and Wayne counties. The District is governed by a seven-member board of trustees composed of the mayor of each of the three participating cities, four members elected by the customers, two each from Clarke and Wayne counties. Each of the three cities is not presently obligated by contract to supplement the District's operating revenues. The District's board minutes are silent to a specific formula outlining each participant's claim to joint venture assets, and there is no written joint venture agreement among the participants. Therefore, no explicit and measurable equity interest is deemed to exist. Complete financial statements for the District can be obtained from the District's administrative office at 306 S. Archusa Avenue, Quitman, MS 39355 or call (601) 776-8887.

Note 8: Joint Ventures (Continued)

Criminal Investigation Division – The City is a participant in a joint venture with the Board of Supervisors of Clarke City, Mississippi that operates within Clarke City, Mississippi. It was created to further the pursuit of criminal activity within the City. The board of trustees for this division is composed of the participating governments' sheriff and police chief. The accounting for this joint venture is performed by the City of Quitman and is included as a separate fund in the City's financial accounting system. Fees are collected by the City in the Justice and Circuit courts and are forwarded to the City upon collection. The City also provides one investigator whose salary is paid by the City and accounted for in the City's financial accounting system.

Note 8: Risk Management

The City of Quitman, Mississippi is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City of Quitman, Mississippi purchases coverage of risks of loss related to theft of, damage to and destruction of assets from commercial insurance carriers.

Risk of loss related to workers' compensation for injuries to City employees is covered through the Mississippi Municipal Workers' Compensation Group, a public entity risk pool. The pool was formed on March 28, 1989, by the Mississippi Nonprofit Corporation Act, pursuant to Section 71-3-75, Mississippi Code Annotated (1972), to provide public entities within the State of Mississippi workers' compensation and employers' liability coverage. The City of Quitman, Mississippi pays premiums to the pool for its workers' compensation insurance coverage based on total payroll. The participation agreement provides that the pool will be self-sustaining through member premiums. The risk of loss is remote for claims exceeding the pool's retention liability.

Note 9: Subsequent Events

Events that occur after the Statement of Cash Receipts and Disbursements date but before the financial statement is available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Cash Receipts and Disbursements date are recognized in the accompanying financial statement. Subsequent events which provide evidence about conditions that existed after the Statement of Cash Receipts and Disbursements date require disclosure in the accompanying notes. Management of the City of Quitman, Mississippi evaluated the activity of the City through March 18, 2026, the date the financial statement was approved by the City of Quitman, Mississippi's management and thereby available to be released, and determined that there were no subsequent events that should be noted in the financial statement.

SUPPLEMENTARY INFORMATION

CITY OF QUITMAN, MISSISSIPPI
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying number	From Direct Awards	From Pass Through Awards	Passed to Sub-Recipients	Federal Expenditures
Environmental Protection Agency						
Capitalization Grants for Clean Water State Revolving Funds (via Mississippi Department of Environmental Quality)	66.458	SRF-C280896-02-02	-	925,220	-	925,220 *
Total Environmental Protection Agency			-	925,220	-	925,220
United States Department of the Treasury						
Coronavirus State and Local Fiscal Recovery Funds - COVID-19 (via Mississippi Department of Environmental Quality)	21.027	ARPA-0210-6J51XU	-	55,082	-	55,082
Total United States Department of the Treasury			-	55,082	-	55,082
United States Department of Justice						
Edward Byrne Memorial Justice Assistance Grant Program (via Mississippi Department of Public Safety)	16.738	22LB3291	-	7,760	-	7,760
Total United States Department of Justice			-	7,760	-	7,760
United States Department of Housing and Urban Development						
Community Development Block Grants/State's Programs (via Mississippi Development Authority)	14.228	23-311-PF-01	-	55,100	-	55,100
Total United States Department of Housing and Urban Development			-	55,100	-	55,100
Total Expenditure of Federal Awards			$ -	1,043,162	-	$ 1,043,162

* Indicates major program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the City of Quitman, Mississippi under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Quitman, Mississippi, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Quitman, Mississippi.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

Note 3: Indirect Cost Rate

The City of Quitman, Mississippi has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Program

The City participated in the Capitalization Grants for Clean Water State Revolving Funds program, ALN 66.458, through the Mississippi Department of Environmental Quality Water Pollution Control Revolving Loan Fund. Assistance under the program included both subsidy amounts that are forgiven and a repayable base loan amount. As of September 30, 2024, the outstanding loan balance subject to continuing compliance requirements was $535,925.

CITY OF QUITMAN
Schedule of Investments- All Funds
For the Year Ended September 30, 2024

The City did not have any investments for the year ended September 30, 2024.

CITY OF QUITMAN
Schedule of Capital Assets
For the Year Ended September 30, 2024

Governmental Activities:

	Balance 10/1/2023	Additions	Deletions	Balance 09/30/2024
Land	$ 402,881	-	-	$ 402,881
Construction in Progress	414,386	(414,386)	-	-
Infrastructure	162,513	100,182	-	262,695
Buildings	409,892	414,386	-	824,278
Improvements Other Than Buildings	805,144	-	-	805,144
Mobile Equipment	1,085,745	123,260	-	1,209,005
Furniture and Equipment	466,094	35,868	-	501,962
Construction in Progress:Infrastructure	-	925,220	-	925,220
Total Capital Assets - Governmental Activities	$ 3,746,655	1,184,530	-	$ 4,931,185

Business-Type Activities:

	Balance 10/1/2023	Additions	Deletions	Balance 09/30/2024
Land	$ 18,591	-	-	$ 18,591
Infrastructure	1,455,585		-	1,455,585
Machinery and Equipment	5,529,082	64,618	-	5,593,700
Mobile Equipment	368,374	-	-	368,374
Total Capital Assets - Business-Type Activities	$ 7,371,632	64,618	-	$ 7,436,250

CITY OF QUITMAN
Schedule of Long-Term Debt
For the Year Ended September 30, 2024

	Balance 09/30/2023	* Adjustment	Adjusted 09/30/2023	Additions	Reductions	Balance 09/30/2024
Governmental Activities:						
Limited Obligation Bonds:						
TIFF Series 2015 - Citizens National Bank	$ 20,163	(9,063)	$ 11,100	-	11,100	$ -
Other Loans						
Mississippi Development Authority- Police Car Conversion	-	3,214	3,214		3,214	-
Loan - City Hall Annex	210,133	3,492	213,625	-	19,348	190,785
Total Governmental Activities Debt	$ 230,296	(2,357)	$ 227,939	-	33,662	$ 190,785
Business-Type Activities:						
Mississippi Development Authority - Automatic Meter Readers	$ 305,141	2,249	$ 307,390	-	28,103	$ 279,287
Mississippi Development Authority - Sewer Rehabilitation	171,708	(2,994)	168,714	-	13,690	155,024
Mississippi Department of Environmental Quality- Wastewater Pollution Control Revolving Loan Fund	-	135,400	135,400	400,525	-	535,925
Total Business-Type Activities Debt	$ 476,849	134,655	$ 611,504	400,525	41,793	$ 970,236

* During the 2024 audit it was noted that the balances as of September 30, 2023 should be adjusted to agree to lender's records.

See accompanying independent auditors' report.

CITY OF QUITMAN
Schedule of Surety Bonds for Municipal Officials
For the Year Ended September 30, 2024

Name	Position	Surety	Bond Amount
Amos S. Watkins Jr.	Mayor	NGM Insurance Company	$ 50,000
Naomi Shepherd	City Clerk	NGM Insurance Company	$ 50,000
Tammy Green	Deputy Clerk	NGM Insurance Company	$ 50,000
Mike McCarra	Police Chief	RLI Insurance Company	$ 50,000
Andy Rese	Street Supervisor	Old Republic Surety Company	$ 50,000
Jonathan Tanner	Water Supervisor	RLI Insurance Company	$ 50,000
Theresa Haire	Court Clerk	RLI Insurance Company	$ 50,000
Ronald Holloway	Alderman	Old Republic Surety Company	$ 50,000
Joe E. Brooks	Alderman	NGM Insurance Company	$ 50,000
Steven W. Neely	Alderman	NGM Insurance Company	$ 50,000
Bridgett Peters	Alderwoman	Old Republic Surety Company	$ 50,000
Harry Wheat	Alderman	Old Republic Surety Company	$ 50,000
Mary J. Bolen	Water Billing Clerk	NGM Insurance Company	$ 50,000
Mary J. Bolen	Court Billing Clerk	NGM Insurance Company	$ 50,000

See accompanying independent auditors' report.

SPECIAL REPORTS

WWS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Board of Aldermen
City of Quitman
Quitman, 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 Statement of Cash Receipts and Disbursements of the City of Quitman, Mississippi for the year ended September 30, 2024, and the related notes to financial statement, which collectively comprise City of Quitman, Mississippi's basic financial statement and have issued our report thereon dated March 18, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Quitman, Mississippi's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Quitman, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Quitman, Mississippi'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 City of Quitman, Mississippi's financial statement 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Quitman, Mississippi's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 that are required to be reported under *Government Auditing Standards*.

City of Quitman, Mississippi's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Quitman, Mississippi's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. City of Quitman, Mississippi's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 results of that testing, and not to provide an opinion on the effectiveness of the City of Quitman, Mississippi'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 City of Quitman, Mississippi's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Ward and Stafford, PLLC

Meridian, Mississippi
March 18, 2026

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Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and Board of Aldermen
City of Quitman
Quitman, Mississippi

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Quitman, Mississippi's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Quitman, Mississippi's major federal program for the year ended September 30, 2024. City of Quitman, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, City of Quitman, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Quitman, Mississippi and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of City of Quitman, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to City of Quitman, Mississippi's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Quitman, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Quitman, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Quitman, Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Quitman, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Quitman, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Meridian, Mississippi
March 18, 2026

Watkins Ward and Stafford, PLLC

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Independent Auditors' Report on Compliance With State Laws and Regulations

Honorable Mayor and Board of Aldermen
City of Quitman
Quitman, Mississippi

We have audited the basic financial statement of the City of Quitman, Mississippi for the year ended September 30, 2024 and have issued our report thereon dated March 18, 2026. We have conducted our audit in accordance with Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Quitman complied with the provisions referred to in the preceding paragraph, except as described below:

Finding 2024-001 – Budget revisions and legal publication

<u>Condition</u>
The City did not comply with Mississippi Code Annotated § 21-35-25 regarding (1) legal publication requirements when budgetary changes of 10% or more are made to a department's budget and/or (2) revising the budget by the regular July meeting when revenues are less than estimated and a deficit is anticipated. In reviewing the budget 7 items were in excess of approved budget including modifications.

<u>Recommendation</u>
The City should implement procedures to (1) monitor departmental budget amendments for changes of 10% or more and ensure required legal publication is made, and (2) revise the budget by the regular July meeting when a deficit is anticipated, in accordance with Mississippi Code Annotated § 21-35-25. The City should also retain supporting documentation and evidence of publication with the official minutes.

<u>Response</u>
The City will follow Mississippi Code Annotated § 21-35-25 for all future budget amendments, including completing required legal publication for applicable changes and revising the budget by the regular July meeting when necessary.

Finding 2024-002 – Municipal vehicle markings (fire trucks)

<u>Condition</u>
During our testing of municipal vehicles for required markings, we noted that 3 of 3 fire trucks did not have rear marking, as required by Mississippi Code Sections 25-1-87 and 27-19-27.

<u>Recommendation</u>
The City should ensure all municipal vehicles, including fire trucks, display the required markings (including rear markings) and should perform and document a periodic compliance check.

<u>Response</u>
The City will add the required rear markings to the fire trucks and will implement procedures to verify that all municipal vehicles maintain proper markings going forward.

Finding 2024-003 – Timely contracting for annual audit

Condition
The City did not contract with a Certified Public Accountant or an auditor approved by the State Auditor for the fiscal year ended September 30, 2024 within twelve months after year end, as required by Mississippi Code Annotated § 21-35-31. The City did not execute the audit contract until October 2025.

Recommendation
The City should establish and follow an annual audit procurement/engagement timeline to ensure the audit contract is executed within twelve months of fiscal year end in accordance with Mississippi Code Annotated § 21-35-31.

Response
The City will contract with an auditor within twelve months of fiscal year end in accordance with Mississippi Code Annotated § 21-35-31 and will implement procedures to ensure timely engagement in future years.

Finding 2024-004 – Annual inventory and fixed asset records

Condition
The City did not conduct an annual inventory of its assets in accordance with guidelines established by the Office of the State Auditor Mississippi Municipal Audit and Accounting Guide. In addition, fixed assets were not properly tagged, and the City's underlying fixed asset subledger did not agree to the amounts reported on the supplemental schedule.

Recommendation
The City should (1) perform and document an annual inventory of assets in accordance with Mississippi Municipal Audit and Accounting Guide, (2) ensure all fixed assets are properly tagged, and (3) reconcile the fixed asset subledger to the supplemental schedule at year end (and periodically throughout the year) with documented review and approval.

Response
The City will perform and document an annual inventory in accordance with Mississippi Municipal Audit and Accounting Guide, tag fixed assets, and reconcile the fixed asset subledger to the supplemental schedule to ensure completeness and accuracy going forward.

With respect to items not tested, nothing came to our attention that caused us to believe that the City of Quitman had not complied with state laws and regulations.

This report is intended for the information of the City of Quitman, Mississippi's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Meridian, Mississippi
March 18, 2026

Watkins Ward and Stafford, PLLC

Prior Year Financial Statement Findings:

2023-001 - Internal controls over cash receipts should be strengthened

Deficiency:	Significant Deficiency
Prior Year Condition:	Daily cash counts/reconciliations were not consistently performed or documented; deposits were not consistently timely; receipt documentation was incomplete in certain instances.
Status:	Partially corrected.
Current Status:	The City implemented certain improvements; however, prior year finding was not fully corrected during the current year. Remaining errors relate to approval of write-offs, but do not rise to the level of significant deficiency.

2023-002 - Internal controls over payroll and payroll disbursements should be strengthened.

Deficiency:	Significant Deficiency/ Other Noncompliance
Prior Year Condition:	Timecards lacked employee and/or supervisory approval; pay rate approvals were not consistently documented; retirement withholding was not correctly applied in one instance.
Status:	Partially corrected.
Current Status:	The City implemented certain improvements; however, prior year finding was not fully corrected during the current year. We noted continued instance where required retirement contributions were not withheld or remitted for an eligible employee. Remaining errors do not rise to the level of significant deficiency.

2023-003 - Internal controls over non-payroll cash disbursements should be strengthened.

Deficiency:	Significant Deficiency/ Other Noncompliance
Prior Year Condition:	Supporting documentation was not consistently retained; evidence of Board approval prior to payment was incomplete; department manager approval of invoices was not consistently documented; travel charges lacked adequate support in an instance.
Status:	Partially corrected.
Current Status:	Supporting documentation is generally maintained; however, documented department manager approval is still not consistently evidenced, and travel related charges lacked adequate supporting documentation. Deficiency remains as significant deficiency 2024-02.

2023-004. Internal controls over the general ledger should be strengthened.

Deficiency:	Material Weakness
Prior Year Condition**:**	Certain funds in the general ledger were out of balance due to posting/carryforward errors and incomplete balancing procedures.
Status:	Partially corrected.
Current Status:	Procedures were implemented to ensure funds balance and to identify and correct out-of-balance conditions timely. Only minor reconciling items noted which impacted the audit of the Statement of Cash Receipts and Disbursements. However, support for journal entries was not maintained to ensure appropriate documentation and approval for all manual journal entries. Due to corrections, deficiency is now classified as significant deficiency 2024-1.

Section 1: Summary of Auditors' Results

Financial Statement

1.	Type of auditors' report issued on the primary government financial statement:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified that are not considered to be material weaknesses?	Yes
3.	Noncompliance material to the financial statement?	No

Federal Awards

4.	Internal control over major programs:	
	a. Material weakness(es) identified? (Yes/No)	No
	b. Significant deficiency(ies) identified? (Yes/None reported)	None reported
5.	Type of auditors' report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with Section 200.511 of the Uniform Guidance? (Yes/No)	No
7.	Identification of major programs:	

Assistance Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

8.	Dollar threshold used to distinguish between type A and type B programs:	$750,000
9.	Auditee qualified as low-risk auditee? (Yes/No)	No

Section 2: Financial Statement Finding

Significant Deficiencies

2024-001 – Internal controls over the general ledger, including manual journal entries, should be strengthened

Repeat Finding: Yes- This finding is a repeat finding of prior year finding 2023-004.

Questioned Costs: None.

Criteria: An effective internal control system requires that manual journal entries be supported with adequate documentation and evidence of appropriate review/approval to help ensure transactions are accurate, authorized, and properly recorded. In addition, accounting records should remain in balance under double-entry accounting principles.

Condition:	The City implemented procedures to ensure funds balance and to identify and correct out-of-balance conditions timely, and only minor reconciling items were noted that impacted the audit of the Statement of Cash Receipts and Disbursements. However, support for journal entries was not maintained to ensure appropriate documentation and approval for all manual journal entries.
Cause:	Journal entry documentation and approval procedures were not consistently performed and retained.
Effect:	Lack of adequate journal entry support and approval increases the risk of errors or unauthorized entries, which could result in misstatements and inaccurate financial reporting to those responsible for governance.
Recommendation:	The City should implement and consistently enforce procedures requiring that all manual journal entries include sufficient supporting documentation (purpose, calculations, and source documents) and evidence of supervisory review and approval, and that this support be retained.
Response:	Management indicated procedures were implemented to ensure funds balance and to identify and correct out-of-balance conditions timely, and they will continue to strengthen documentation and approval practices for manual journal entries.

2024-002 – Internal controls over non-payroll cash disbursements should be strengthened

Repeat Finding:	Yes- This finding is a repeat finding of prior year finding 2023-002.
Questioned Costs:	None.
Criteria:	Mississippi Code Annotated (1972) Sections 21-35-11 and 21-39-13 require retention of supporting documentation for purchases and approval of claims prior to payment. Effective controls also include documented supervisory/department head review prior to payment.
Condition:	Supporting documentation is generally maintained; however, controls were not consistently evidenced. 151 of 181 invoices tested lacked documented department head approval, 175 of 181 invoices were not marked paid, and 44 of 84 credit card charges tested lacked adequate supporting documentation, including travel-related charges.
Cause:	Internal control procedures were not consistently performed and documented.
Effect:	Increases the risk of errors, duplicate payments, and potential misappropriation, and may result in noncompliance with state requirements.
Recommendation:	Implement and consistently enforce written policies requiring (1) documented department head approval prior to payment, (2) invoices marked paid (date/number) upon payment, and (3) complete supporting documentation for all credit card and travel-related charges.
Response:	Management stated they are continuing to implement additional internal controls to ensure compliance with state statutes and strengthen internal controls over non-payroll disbursements.

Section 3: Federal Award Findings

None