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QUITMAN COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2016

QUITMAN COUNTY

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QUITMAN COUNTY

FINANCIAL SECTION



DAVID I. BRIDGERS, JR., CPA
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MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
GOVERNMENT AUDIT QUALITY CENTER

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, 2016, 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 of 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, 2016, 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 State 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, and Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Omission of Required Supplementary Information

Quitman County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quitman County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 13, 2017

QUITMAN COUNTY

FINANCIAL STATEMENTS

QUITMAN COUNTY
Statement of Net Position – Cash Basis
September 30, 2016

Exhibit 1

	<u>Primary Government Governmental Activities</u>
Assets	
Cash	\$ <u>2,962,584</u>
Total Assets	<u><u>2,962,584</u></u>
Net Position	
Restricted:	
Expendable:	
General government	20,934
Public safety	683,583
Public works	1,065,962
Debt service	678,686
Unrestricted	<u>513,419</u>
Total Net Position	\$ <u><u>2,962,584</u></u>

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

QUITMAN COUNTY
Statement of Activities – Cash Basis
For the Year Ended September 30, 2016

Exhibit 2

<u>Functions/Programs</u>	Cash	Program Cash Receipts		Capital Grants and Contributions	Net (Disbursements)
		Disbursements	Charges for Services		Operating Grants and Contributions
					Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,732,364	91,380			(2,640,984)
Public safety	2,567,957	62,455	42,308		(2,463,194)
Public works	2,009,358	173,158	153,260		(1,682,940)
Health and welfare	136,718				(136,718)
Culture and recreation	72,000				(72,000)
Conservation of natural resources	60,687		7,566		(53,121)
Economic development and assistance	5,874				(5,874)
Debt Service:					
Principle	380,702				(380,702)
Interest	18,493				(18,493)
Total Governmental Activities	\$ 7,984,153	326,993	203,134	0	(7,454,026)

General receipts:	
Property taxes	\$ 6,151,701
Road & bridge privilege taxes	78,113
Grants and contributions not restricted to specific programs	1,049,020
Unrestricted investment income	19,485
Miscellaneous	31,368
Proceeds from sale of capital assets	589,360
Proceeds from debt issuance	465,068
Total General Receipts and Other Cash Sources	8,384,115
Changes in Net Position	930,089
Net Position - Beginning	2,032,495
Net Position - Ending	\$ 2,962,584

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

QUITMAN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2016

Exhibit 3

	Major Funds					Total Governmental Funds
	General Fund	E911 Commission	Road & Bridge Fund	2004 Debt Service Refunding	Other Governmental Funds	
ASSETS						
Cash	\$ 513,419	393,335	867,260	397,905	790,665	2,962,584
Total Assets	<u>513,419</u>	<u>393,335</u>	<u>867,260</u>	<u>397,905</u>	<u>790,665</u>	<u>2,962,584</u>
FUND BALANCES						
Restricted for:						
General government					20,934	20,934
Public safety		393,335			290,248	683,583
Public works			867,260		198,702	1,065,962
Debt service				397,905	280,781	678,686
Unassigned	513,419					513,419
Total Fund Balances	\$ <u>513,419</u>	<u>393,335</u>	<u>867,260</u>	<u>397,905</u>	<u>790,665</u>	<u>2,962,584</u>

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

QUITMAN COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements, and Changes in Cash Basis

Fund Balances - Governmental Funds

For the Year Ended September 30, 2016

	Major Funds					Total Governmental Funds
	General Fund	E911 Commission	Road & Bridge Fund	2004 Debt Service Fund	Other Governmental Funds	
RECEIPTS						
Property taxes	\$ 3,626,896		2,194,753	407	329,645	6,151,701
Road and bridge privilege taxes			78,113			78,113
Licenses, commissions and other receipts	94,342					94,342
Fines and forfeitures	106,881				2,552	109,433
Intergovernmental receipts	262,992		588,881		262,203	1,114,076
Charges for services	14,358	62,455			184,483	261,296
Interest income	19,349				136	19,485
Miscellaneous receipts	16,655				14,713	31,368
Total Receipts	<u>4,141,473</u>	<u>62,455</u>	<u>2,861,747</u>	<u>407</u>	<u>793,732</u>	<u>7,859,814</u>
DISBURSEMENTS						
General government	2,530,446				201,918	2,732,364
Public safety	1,574,461	28,274			965,222	2,567,957
Public works	10,000		1,999,358			2,009,358
Health and welfare	136,718					136,718
Culture and recreation	72,000					72,000
Conservation of natural resources	60,687					60,687
Economic development and assistance	5,874					5,874
Debt service:						
Principal					380,702	380,702
Interest					18,493	18,493
Total Disbursements	<u>4,390,186</u>	<u>28,274</u>	<u>1,999,358</u>	<u>0</u>	<u>1,566,335</u>	<u>7,984,153</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(248,713)</u>	<u>34,181</u>	<u>862,389</u>	<u>407</u>	<u>(772,603)</u>	<u>(124,339)</u>
OTHER CASH SOURCES (USES)						
Proceeds from sale of capital assets	61,477		4,775		523,108	589,360
Long-term capital debt issued					465,068	465,068
Transfers in					25,000	25,000
Transfers out	(25,000)					(25,000)
Total Other Cash Sources and Uses	<u>36,477</u>	<u>0</u>	<u>4,775</u>	<u>0</u>	<u>1,013,176</u>	<u>1,054,428</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(212,236)</u>	<u>34,181</u>	<u>867,164</u>	<u>407</u>	<u>240,573</u>	<u>930,089</u>
Cash Basis Fund Balances - Beginning, as previously reported	701,578	359,154	96	397,498	574,169	2,032,495
Fund Reclassification	24,077				(24,077)	0
Cash Basis Fund Balances - Beginning, as restated	<u>725,655</u>	<u>359,154</u>	<u>96</u>	<u>397,498</u>	<u>550,092</u>	<u>2,032,495</u>
Cash Basis Fund Balances - Ending	\$ <u>513,419</u>	<u>393,335</u>	<u>867,260</u>	<u>397,905</u>	<u>790,665</u>	<u>2,962,584</u>

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

QUITMAN COUNTY
Statement of Fiduciary Assets and Liabilities – Cash Basis
September 30, 2016

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>7,965</u>
Total Assets	<u><u>7,965</u></u>
LIABILITIES	
Intergovernmental payables	2,654
Amounts held in custody for others	<u>5,311</u>
Total Liabilities	\$ <u><u>7,965</u></u>

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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 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 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 are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

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

The County reports the following major governmental funds:

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

Road and Bridge Fund – This fund is used to account for monies from specific revenue sources that are restricted for road and bridge maintenance.

E911 Commission Fund – This fund is used to account for monies from specific revenue sources that are restricted for E911 emergency services.

2004 Debt Service Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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.

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

Permanent Funds – These funds are used to account for and report resources that are restricted to the extent that only interest received, and not principal, may be used for purposes that support the County's programs.

FIDUCIARY FUND TYPE

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

D. Account Classifications – The account classifications used in the financial statements conform to the board classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Associations.

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, 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 (unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are made for purposes for which unrestricted (unassigned) resources are available, and amounts in the unrestricted classification could be used, it is the County's general policy to spend unassigned amounts.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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:

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

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if 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 (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 (unassigned) resources are available, it is the County’s general policy to spend unassigned amounts.

G. Property Tax Revenues – Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property; however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

NOTE 2 – DEPOSITS.

The carrying amount of the County’s total deposits with financial institutions at September 30, 2016, was \$2,970,549, and the bank balance was \$2,957,249. The collateral for public entities’ deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity’s funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution’s trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

NOTE 3 – INTERFUND TRANSFERS.

The following is a summary of inter-fund balances at September 30, 2016:

A. Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 25,000
Total		\$ 25,000

Inter-fund transfers were to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfers.

NOTE 4 – 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, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 5 – OPERATING LEASES.

As Lessor:

In March 2014, the County entered into a lease agreement with Clarksdale HMA Physician Management, LLC for the purpose of operating a hospital. The lease states the LLC is to pay \$1,521.74 per month.

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 \$1,720 per month with AT&T for a cell tower.

NOTE 6 – CONTINGENCIES.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is part 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.

NOTE 7 – JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Coahoma Community College operates in a district composed of the Counties of Bolivar, Coahoma, Quitman, Tallahatchie and Tunica. The Quitman County Board of Supervisors appoints 2 of the 12 members of the College Board of Trustees. The County levied \$117,381 in taxes for maintenance and support in the fiscal year 2016.

Northwest Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshal, Panola, Quitman, Tallahatchie, Tunica, and Yalobusha. The Quitman County Board of Supervisors appoints one of the 23 members of the College Board of Trustees. The County levied \$117,381 in taxes for maintenance and support in the fiscal year 2016.

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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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.

Yazoo-Mississippi Water Management District operates in a district 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 2 of 21 members of the Board of Commissioners. The County levied \$48,349 in taxes to support the district in fiscal year 2016.

Region I Mental Health-Retardation Center operates in a district composed of the counties of Coahoma, Quitman, Tallahatchie, and Tunica. The Quitman County Board of Supervisors appoints one of the four member board of commissioners. The County appropriated \$25,200 to the Center for support in the fiscal year 2016.

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 the 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 2016.

NOTE 8 – DEFINED BENEFIT PENSION PLAN.

General Information about the 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, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$400,570, \$391,356 and \$321,085, respectively, equal to the required contributions for each year.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 9 – SUBSEQUENT EVENTS.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Quitman County evaluated the activity of the County through December 13, 2017, (the date the financial statements were available to be issued), and determined that no subsequent events occurred requiring disclosure in the notes to the financial statements.

QUITMAN COUNTY

OTHER INFORMATION

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2016
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,324,900	3,626,896	3,626,896	0
Licenses, commissions and other receipts	73,100	94,342	94,342	0
Fines and forfeitures	130,000	106,881	106,881	0
Intergovernmental receipts	238,000	262,992	262,992	0
Charges for services		14,358	14,358	0
Interest income	44,650	19,349	19,349	0
Miscellaneous receipts	31,000	16,655	16,655	0
Total Receipts	<u>3,841,650</u>	<u>4,141,473</u>	<u>4,141,473</u>	<u>0</u>
DISBURSEMENTS				
General government	2,245,920	2,530,446	2,530,446	0
Public safety	1,372,630	1,574,461	1,574,461	0
Public works	10,000	10,000	10,000	0
Health and welfare	130,000	136,718	136,718	0
Culture and recreation	72,000	72,000	72,000	0
Conservation of natural resources	60,000	60,687	60,687	0
Economic development and assistance	6,000	5,874	5,874	0
Total Disbursements	<u>3,896,550</u>	<u>4,390,186</u>	<u>4,390,186</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(54,900)</u>	<u>(248,713)</u>	<u>(248,713)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sources	122,000	61,477	61,477	0
Uses	<u>(67,100)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
Total Other Cash Sources and Uses	<u>54,900</u>	<u>36,477</u>	<u>36,477</u>	<u>0</u>
Net Change in Fund Balance	0	(212,236)	(212,236)	0
Fund Balance - Beginning	<u>725,655</u>	<u>725,655</u>	<u>725,655</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 725,655</u>	<u>513,419</u>	<u>513,419</u>	<u>0</u>

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

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
Road and Bridge Fund
For the Year Ended September 30, 2016
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,061,500	2,194,753	2,194,753	0
Road and bridge privilege taxes	75,000	78,113	78,113	0
Intergovernmental receipts	479,000	588,881	588,881	0
Total Receipts	<u>2,615,500</u>	<u>2,861,747</u>	<u>2,861,747</u>	<u>0</u>
DISBURSEMENTS				
Public works	2,615,500	1,999,358	1,999,358	0
Total Disbursements	<u>2,615,500</u>	<u>1,999,358</u>	<u>1,999,358</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>0</u>	<u>862,389</u>	<u>862,389</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sources	2,000	4,775	4,775	0
Uses	0	0	0	0
Total Other Financing Sources and Uses	<u>2,000</u>	<u>4,775</u>	<u>4,775</u>	<u>0</u>
Net Change in Fund Balance	2,000	867,164	867,164	0
Fund Balance - Beginning	<u>96</u>	<u>96</u>	<u>96</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 2,096</u>	<u>867,260</u>	<u>867,260</u>	<u>0</u>

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

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
E911 Commission Fund
For the Year Ended September 30, 2016
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Charges for services	\$ 78,000	62,455	62,455	0
Total Receipts	<u>78,000</u>	<u>62,455</u>	<u>62,455</u>	<u>0</u>
DISBURSEMENTS				
Public safety	32,500	28,274	28,274	0
Total Expenditures	<u>32,500</u>	<u>28,274</u>	<u>28,274</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>45,500</u>	<u>34,181</u>	<u>34,181</u>	<u>0</u>
Net Change in Fund Balance	45,500	34,181	34,181	0
Fund Balance - Beginning	<u>359,154</u>	<u>359,154</u>	<u>359,154</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 404,654</u>	<u>393,335</u>	<u>393,335</u>	<u>0</u>

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

QUITMAN COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2016
UNAUDITED

GOVERNMENTAL ACTIVITIES	Balance				Balance
	Oct. 1, 2015	Additions	Deletions	Adjustments	Sept. 30, 2016
Land	\$ 325,060	-	-	-	325,060
Infrastructure	2,203,331	-	-	-	2,203,331
Buildings	3,679,533	-	-	-	3,679,533
Improvements other than buildings	619,541	39,830	-	-	659,371
Mobile equipment	3,611,068	767,713	360,294	-	4,018,487
Furniture & equipment	465,183	62,874	25,758	-	502,299
Total depreciable capital assets	\$ 10,903,716	870,417	386,052	-	11,388,081

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

QUITMAN COUNTY
Schedule of changes in Long-term Debt
For the Year Ended September 30, 2016
UNAUDITED

Governmental activities:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>BALANCE OCTOBER 1, 2015</u>	<u>ISSUED</u>	<u>PRINCIPAL PAYMENTS</u>	<u>BALANCE SEPT. 30, 2016</u>
A. Equipment Notes							
(5) CAT motor graders	7/18/2012	8/15/2016	2.45%	\$ 51,923		51,923	-
Front end loader & excavator	3/18/2013	3/20/2017	2.00%	82,837		41,006	41,831
Deporres building	11/19/2013	11/19/2019	3.00%	70,401		12,957	57,444
Asphalt zipper	3/4/2014	1/15/2017	3.00%	67,434		33,220	34,214
Chips spreader	9/19/2014	7/15/2019	3.50%	124,554		29,542	95,012
(4) Mac dump trucks	12/31/2014	5/25/2019	2.29%	144,492		144,492	-
Komatsu excavator	2/25/2015	5/25/2019	2.29%	59,065		14,021	45,044
(4) 2016 Mack trucks	5/5/2016	5/25/2021	2.29%	-	165,198		165,198
B. Other Loans							
Capital loan - airport (hangar)	1/2/2005	4/1/2026	3.00%	86,178		6,502	79,676
Capital improvements revolving loan	7/16/2008	8/1/2023	3.00%	116,845		13,288	103,557
Fuel System	9/15/2011	8/15/2016	5.00%	33,751		33,751	-
Flood Loan	6/24/2016	12/1/2017	2.50%	-	300,050		300,050
				\$ 837,480	465,248	380,702	922,026

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

QUITMAN COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2016
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Amount</u>
Sheridan Boyd	Supervisor District 1	Old Republic Surety Company	\$ 100,000
Greg Thomas	Supervisor District 2	Western Surety Company	100,000
Johnny Tullos Jr.	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
Velma Benson Wilson	County Administrator	Western Surety Company	100,000
T.H. Butch Scipper	Chancery Clerk	Western Surety Company	100,000
Tracy G. Pinkston	Purchasing Clerk	Western Surety Company	75,000
Sheryl S. Cole	Assistant Purchasing Clerk	Western Surety Company	50,000
T.H. Butch Scipper	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
Brenda Cook	Justice Court Judge	Western Surety Company	50,000
Joe M Brown	Justice Court Judge	Western Surety Company	50,000
Alice Smith	Tax Collector/Assessor	Western Surety Company	100,000
Tyrone Survillion	Constable	RLI Insurance Company	50,000
Thomas Bryant	Constable	RLI Insurance Company	50,000

QUITMAN COUNTY
Notes to the Other Information
For the Year Ended September 30, 2016
UNAUDITED

NOTE 1 - Budgetary Comparison Schedule

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 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 basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

NOTE 2 – LONG-TERM DEBT INFORMATION

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, 2016, the amount of outstanding debt was equal to 1% of the latest property assessments.

QUITMAN COUNTY

SPECIAL REPORTS



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
GOVERNMENT AUDIT QUALITY CENTER

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 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, 2016, 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 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Quitman County, Mississippi's internal control over financial reporting (financial reporting) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

However, we noted certain matters that we reported to the management of Quitman County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 13, 2017, included within this document.

Purpose of this Report

This 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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 13, 2017



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S
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**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
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 Section 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, 2016. 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 control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

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, 2016.

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 Quitman County, Mississippi the central purchasing system and inventory control system, 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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 13, 2017

QUITMAN COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
September 30, 2016

Schedule 1

Our tests did not identify any purchases that were not made from the lowest bidder.

QUITMAN COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2016

Schedule 2

Our test results did not identify any emergency purchases.

QUITMAN COUNTY

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2016**

Schedule 3

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



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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, 2016, 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 13, 2017, 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk

1. Finding

The Chancery Clerk did not make payroll reimbursements to the County in a timely manor. As of September 30, 2016, the Clerk owed the County \$8,000.

Recommendation

The Chancery Clerk should reimburse the County immediately following each payroll cycle. Prior to the issuance of this report, the Clerk had paid the \$8,000 to the County.

Chancery Clerk's Response

In the future, I will reimburse the County immediately after each payroll cycle. The \$8,000 was paid immediately after it was brought to my attention.

Sheriff's Office

1. Finding

As reported in prior audits, Title 19, Chapter 25, Section 73(b), requires that the annual daily cost of feeding prisoners not exceed \$6 per day. The computation of meal cost per prisoner day resulted in a cost of \$9.36 per day.

Recommendation

The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$6 per day limit.

Sheriff's Response

Effort will be made to comply with the \$6 per day food cost on feeding prisoners.

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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 13, 2017

QUITMAN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

QUITMAN COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued on the financial statements | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.