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QUITMAN COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2018



QUITMAN COUNTY

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QUITMAN COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Quitman County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements, of the governmental activities, each major fund, and the aggregate remaining fund information of Quitman County, Mississippi (the County), as of and for the year ended September 30, 2018, 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, 2018, 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

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Quitman County, Mississippi's basic financial statements. 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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, 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 statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, 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 effectiveness of Quitman County, 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 Quitman County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 18, 2019

QUITMAN COUNTY

FINANCIAL STATEMENTS

QUITMAN COUNTY
Statement of Net Position – Cash Basis
September 30, 2018

Exhibit 1

	<u>Primary Government Governmental Activities</u>
Assets	
Cash	\$ 3,130,405
Total Assets	<u>3,130,405</u>
Net Position	
Restricted:	
Expendable:	
General government	31,955
Public safety	506,808
Public works	1,374,724
Debt service	168,725
Unrestricted	<u>1,048,193</u>
Total Net Position	<u>\$ 3,130,405</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, 2018

Exhibit 2

Functions/Programs	Cash Disbursements	Charges for Services	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,557,079	186,032	4,156		(2,366,891)
Public safety	1,802,150	54,519	365,414		(1,382,217)
Public works	4,790,143	170,031		1,487,378	(3,132,734)
Health and welfare	104,215				(104,215)
Culture and recreation	76,500				(76,500)
Conservation of natural resources	56,083				(56,083)
Economic development and assistance	1,325,522			932,720	(392,802)
Debt Service:					
Principal	1,006,838				(1,006,838)
Interest	42,433				(42,433)
Total Governmental Activities	\$ 11,760,963	410,582	369,570	2,420,098	(8,560,713)
General receipts:					
Property taxes				\$	6,545,464
Road & bridge privilege taxes					76,369
Grants and contributions not restricted to specific programs					762,771
Unrestricted interest income					25,136
Proceeds from sale of capital assets					489,607
Proceeds from debt issuance					578,000
Miscellaneous					110,776
Total General Receipts					8,588,123
Changes in Net Position					27,410
Net Position - Beginning					3,102,995
Net Position - Ending				\$	3,130,405

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, 2018

Exhibit 3

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	E911 Commission	Road & Bridge Fund	Amtrak Fund		
ASSETS						
Cash	\$ 1,048,193	359,491	1,178,921	-	543,800	3,130,405
Total Assets	<u>1,048,193</u>	<u>359,491</u>	<u>1,178,921</u>	<u>-</u>	<u>543,800</u>	<u>3,130,405</u>
FUND BALANCES						
Restricted for:						
General government					31,955	31,955
Public safety		359,491			147,317	506,808
Public works			1,178,921		195,803	1,374,724
Debt service					168,725	168,725
Unassigned	1,048,193					1,048,193
Total Fund Balances	\$ <u>1,048,193</u>	<u>359,491</u>	<u>1,178,921</u>	<u>-</u>	<u>543,800</u>	<u>3,130,405</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, 2018**

	Major Funds					Total Governmental Funds
	General Fund	E911 Commission	Road & Bridge Fund	Amtrak Fund	Other Governmental Funds	
RECEIPTS						
Property taxes	\$ 4,040,311		2,357,728		147,425	6,545,464
Road and bridge privilege taxes			76,369			76,369
Licenses, commissions and other receipts	93,080				2,235	95,315
Fines and forfeitures	90,717					90,717
Intergovernmental receipts	259,809		1,847,903	932,720	512,007	3,552,439
Charges for services		54,519			170,031	224,550
Interest income	24,720				416	25,136
Miscellaneous receipts	64,076		408		46,292	110,776
Total Receipts	4,572,713	54,519	4,282,408	932,720	878,406	10,720,766
DISBURSEMENTS						
General government	2,557,079					2,557,079
Public safety	1,583,820	110,591			107,739	1,802,150
Public works	10,000		4,469,887		310,256	4,790,143
Health and welfare	104,215					104,215
Culture and recreation	76,500					76,500
Conservation of natural resources	56,083					56,083
Economic development and assistance	23,374			1,302,148		1,325,522
Debt service:						
Principal	20,729		616,089		370,020	1,006,838
Interest	681		21,391		20,361	42,433
Total Disbursements	4,432,481	110,591	5,107,367	1,302,148	808,376	11,760,963
Excess of Receipts over (under) Disbursements	140,232	(56,072)	(824,959)	(369,428)	70,030	(1,040,197)
OTHER CASH SOURCES (USES)						
Proceeds from sale of capital assets	23,403		466,204			489,607
Proceeds from long-term debt issuance			578,000			578,000
Transfers in			179,569	418,445	41,873	639,887
Transfers out	(460,318)				(179,569)	(639,887)
Total Other Cash Sources and Uses	(436,915)	-	1,223,773	418,445	(137,696)	1,067,607
Net Changes in Fund Balances	(296,683)	(56,072)	398,814	49,017	(67,666)	27,410
Cash Basis Fund Balances - Beginning, as previously reported	1,336,876	415,563	780,107	-	570,449	3,102,995
Prior Period Adjustment	8,000				(8,000)	-
Fund Reclassification				(49,017)	49,017	-
Cash Basis Fund Balances - Beginning, as restated	1,344,876	415,563	780,107	(49,017)	611,466	3,102,995
Cash Basis Fund Balances - Ending	\$ 1,048,193	359,491	1,178,921	-	543,800	3,130,405

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, 2018

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 8,571
	<hr/>
Total Assets	<u>8,571</u>
LIABILITIES	
Intergovernmental payables	3,876
Amounts held in custody for others	4,695
	<hr/>
Total Liabilities	<u>\$ 8,571</u>

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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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 program

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

receipts identify 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 balances, 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.

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

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

Amtrak Fund- This fund is a capital projects fund used to account for the Amtrak project and related grants.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursements 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 broad 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 (committed, assigned and unassigned) resources are available, and amounts in any of the unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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

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

Restricted fund balance includes 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 (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to spend committed resources first, followed by assigned amounts and then unassigned amounts.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property; however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of 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, 2018, was \$3,138,976, and the bank balance was \$3,341,261. 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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. 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 interfund balances at September 30, 2018:

A. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Amtrak Fund	General Fund	\$ 418,445
Other Governmental Fund	General Fund	41,873
Road & Bridge Fund	Other Governmental Fund	179,569
Total		<u>\$ 639,887</u>

The principal purpose of the transfer in to the Road & Bridge Fund was to consolidate obsolete funds. The principal purpose of the transfers in to other governmental funds was for allocation of funds for payment of notes for capital purchases. The principal purpose of the transfer in to the Amtrak Fund was to cover the County’s portion of the Amtrak construction expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

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, 2018, to January 1, 2019. 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, 2018

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 \$1,522 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.

On May 1, 2017, a lease agreement was updated whereby the County leases a cell tower to AT&T for \$1,500 per month.

The County receives income from property it leases under non-cancellable operating leases. The future minimum lease receivables for these leases are as follows:

<u>Year Ending September 30:</u>		
2019	\$	39,796
2020		9,576
2021		9,576
2022		9,576
2023		9,576
2024-2025		<u>12,768</u>
Total	\$	<u><u>90,868</u></u>

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 party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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 \$129,298 in taxes for maintenance and support in the fiscal year 2018.

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 \$129,298 in taxes for maintenance and support in the fiscal year 2018.

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

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 \$53,231 in taxes to support the district in fiscal year 2018.

Region One Mental Health 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 2018.

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 2018.

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

QUITMAN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) 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, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$419,678, \$406,439, and \$400,570, respectively, equal to the required contributions for each year.

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 18, 2019, (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

SUPPLEMENTARY INFORMATION

QUITMAN COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation			
Passed-through Mississippi Department of Transportation Highway Planning and Construction	* 20.205	STP 0155-00-007	\$ <u>489,720</u>
Total Department of Transportation			<u>489,720</u>
Delta Area Economic Development	90.201	DRA	<u>293,000</u>
Total Delta Area Economic Development			<u>293,000</u>
Department of Homeland Security			
Passed-through Mississippi Emergency Management Association Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	MEMA	347,637
Emergency Management Performance Grants	97.042	MEMA	<u>12,777</u>
Total Department of Homeland Security			<u>360,414</u>
Total Expenditures of Federal Awards			\$ <u><u>1,143,134</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Quitman County under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance 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 Quitman County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Quitman County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual 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 reimbursement.

Note C - Indirect Cost Rate

Quitman County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

* Denotes major federal award program

QUITMAN COUNTY

OTHER INFORMATION

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,729,121	4,040,311	4,040,311	-
Licenses, commissions and other receipts	96,100	93,080	93,080	-
Fines and forfeitures	155,000	90,717	90,717	-
Intergovernmental receipts	220,200	259,809	259,809	-
Charges for services	30,000	-	-	-
Interest income	26,000	24,720	24,720	-
Miscellaneous receipts	27,500	64,076	64,076	-
Total Receipts	4,283,921	4,572,713	4,572,713	-
DISBURSEMENTS				
General government	2,489,500	2,557,079	2,557,079	-
Public safety	1,406,100	1,583,820	1,583,820	-
Public works	10,000	10,000	10,000	-
Health and welfare	117,000	104,215	104,215	-
Culture and recreation	76,500	76,500	76,500	-
Conservation of natural resources	68,100	56,083	56,083	-
Economic development and assistance	17,500	23,374	23,374	-
Debt service	18,200	21,410	21,410	-
Total Disbursements	4,202,900	4,432,481	4,432,481	-
Excess of Receipts over (under) Disbursements	81,021	140,232	140,232	-
OTHER CASH SOURCES (USES)				
Sources	-	23,403	23,403	-
Uses	(25,000)	(460,318)	(460,318)	-
Total Other Cash Sources and Uses	(25,000)	(436,915)	(436,915)	-
Net Change in Fund Balance	56,021	(296,683)	(296,683)	-
Cash Basis Fund Balances - Beginning, as previously stated	493,419	1,336,876	1,336,876	-
Prior Period Adjustment	-	8,000	8,000	-
Cash Basis Fund Balances - Beginning, as restated	493,419	1,344,876	1,344,876	-
Cash Basis Fund Balance - Ending	\$ 549,440	1,048,193	1,048,193	-

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, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,243,878	2,357,728	2,357,728	-
Road and bridge privilege taxes		76,369	76,369	-
Intergovernmental receipts	552,000	1,847,903	1,847,903	-
Miscellaneous receipts	2,000	408	408	-
Total Receipts	<u>2,797,878</u>	<u>4,282,408</u>	<u>4,282,408</u>	<u>-</u>
DISBURSEMENTS				
Public works	2,677,450	4,469,887	4,469,887	-
Debt service	177,480	637,480	637,480	-
Total Disbursements	<u>2,854,930</u>	<u>5,107,367</u>	<u>5,107,367</u>	<u>-</u>
Excess of Receipts over (under) Disbursements	<u>(57,052)</u>	<u>(824,959)</u>	<u>(824,959)</u>	<u>-</u>
OTHER CASH SOURCES (USES)				
Sources	101,000	1,223,773	1,223,773	-
Total Other Cash Sources and Uses	<u>101,000</u>	<u>1,223,773</u>	<u>1,223,773</u>	<u>-</u>
Net Change in Fund Balance	43,948	398,814	398,814	-
Cash Basis Fund Balance - Beginning	867,260	780,107	780,107	-
Cash Basis Fund Balance - Ending	<u>\$ 911,208</u>	<u>1,178,921</u>	<u>1,178,921</u>	<u>-</u>

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

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Basis)
E-911 Commission
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Charges for services	\$ 62,000	54,519	54,519	-
Total Receipts	<u>62,000</u>	<u>54,519</u>	<u>54,519</u>	-
DISBURSEMENTS				
Public safety	34,200	110,591	110,591	-
Total Disbursements	<u>34,200</u>	<u>110,591</u>	<u>110,591</u>	-
Excess of Receipts over (under) Disbursements	<u>27,800</u>	<u>(56,072)</u>	<u>(56,072)</u>	-
Net Change in Fund Balance	27,800	(56,072)	(56,072)	-
Cash Basis Fund Balance - Beginning	<u>438,835</u>	<u>415,563</u>	<u>415,563</u>	-
Cash Basis Fund Balance - Ending	<u>\$ 466,635</u>	<u>359,491</u>	<u>359,491</u>	-

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

QUITMAN COUNTY
Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Basis)
Amtrak Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	\$ 950,000	932,720	932,720	-
Total Receipts	950,000	932,720	932,720	-
DISBURSEMENTS				
Economic development and assistance	1,350,000	1,302,148	1,302,148	-
Total Disbursements	1,350,000	1,302,148	1,302,148	-
Excess of Receipts over (under) Disbursements	(400,000)	(369,428)	(369,428)	-
OTHER CASH SOURCES (USES)				
Sources	400,000	418,445	418,445	-
Uses				-
Total Other Cash Sources and Uses	400,000	418,445	418,445	-
Net Change in Fund Balance	-	49,017	49,017	-
Cash Basis Fund Balances - Beginning, as previously reported	-	-	-	-
Fund Reclassification		(49,017)	(49,017)	
Cash Basis Fund Balances - Beginning, as restated	-	(49,017)	(49,017)	-
Cash Basis Fund Balance - Ending	\$ -	-	-	-

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, 2018
UNAUDITED

GOVERNMENTAL ACTIVITIES	Balance			Balance
	Oct. 1, 2017	Additions	Deletions	Sept. 30, 2018
Land	\$ 325,060	-	-	325,060
Construction in progress	-	-	-	-
Infrastructure	2,203,331	1,360,593	-	3,563,924
Buildings	3,679,533	-	-	3,679,533
Improvements other than buildings	659,371	-	-	659,371
Mobile equipment	4,895,539	566,274	275,467	5,186,346
Furniture & equipment	577,732	79,020	2,149	654,603
Capital Leases	-	-	-	-
Total capital assets	\$ <u>12,340,566</u>	<u>2,005,887</u>	<u>277,616</u>	<u>14,068,837</u>

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, 2018
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Governmental activities:								
DESCRIPTION	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Adjustments	Balance Sept. 30, 2018
A. Equipment Notes								
Deporres building	11/19/13	11/19/19	3.00%	\$ 36,462		22,316		14,146
Chips spreader	9/19/14	7/15/19	3.50%	64,489		31,662		32,827
Komatsu excavator	2/25/15	5/25/19	2.29%	30,334		15,001		15,333
(4) 2016 Mack trucks	5/5/16	5/25/21	2.29%	133,715		133,715		-
Motor Graders	11/10/16	11/10/21	2.35%			157,900	827,750	669,850
Dump Truck	11/27/17	11/27/22	2.38%		578,000	324,473		253,527
B. Other Loans								
Capital loan - airport (hangar)	1/2/05	4/1/26	3.00%	72,377		6,908		65,469
Capital improvements revolving loan	7/16/08	8/1/23	3.00%	89,866		14,813		75,053
Flood Loan	6/24/16	12/1/18	2.50%	300,050	-	300,050		-
				<u>\$ 727,293</u>	<u>578,000</u>	<u>1,006,838</u>	<u>827,750</u>	<u>1,126,205</u>

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, 2018
UNAUDITED

Name	Position	Surety Company	Amount
Sheridan Boyd	Supervisor District 1	Old Republic Surety Company	100,000.00
Greg Thomas	Supervisor District 2	Western Surety Company	100,000.00
Johnny Tullos	Supervisor District 3	Western Surety Company	100,000.00
Manual Killebrew	Supervisor District 4	Western Surety Company	100,000.00
Jesse G. Ellis	Supervisor District 5	Western Surety Company	100,000.00
Velma Wilson	County Administrator	Western Surety Company	100,000.00
T.H. Butch Scipper	Chancery Clerk	Western Surety Company	100,000.00
Stacie Veal	Deputy Chancery Clerk	Western Surety Company	50,000.00
Michelle Brower	Deputy Chancery Clerk	Western Surety Company	50,000.00
Tracy G. Pinkston	Purchasing Clerk	Western Surety Company	75,000.00
Sheryl S Cole	Assistant Purchasing Clerk	Western Surety Company	50,000.00
Rosie B. Autman Moss	Receiving Clerk	Western Surety Company	75,000.00
Sheryl S Cole	Assistant Receiving Clerk	Western Surety Company	50,000.00
Carol Foster	Assistant Receiving Clerk	Western Surety Company	50,000.00
Stacie Veal	Inventory Control Clerk	Western Surety Company	75,000.00
Brenda Wiggs	Circuit Clerk	Western Surety Company	100,000.00
Bobbie Buggs	Deputy Circuit Clerk	Western Surety Company	50,000.00
Oliver Parker	Sheriff	Western Surety Company	100,000.00
Cedric Holman	Deputy Sheriff	Western Surety Company	50,000.00
Robert Haywood III	Deputy Sheriff	Western Surety Company	50,000.00
Rocky Jaco	Deputy Sheriff	Western Surety Company	50,000.00
Dan Harrell	Deputy Sheriff	Western Surety Company	50,000.00
Terry Williams Sr	Deputy Sheriff	Western Surety Company	50,000.00
Jimmy Mathews, Sr	Deputy Sheriff	Western Surety Company	50,000.00
Carl Brown	Deputy Sheriff	Western Surety Company	50,000.00
Rena Wade	Deputy Sheriff	Western Surety Company	50,000.00
Willie Horhn	Deputy Sheriff	Western Surety Company	50,000.00
Darryl Linzy	Deputy Sheriff	Western Surety Company	50,000.00
Oddie Orange	Deputy Sheriff	Western Surety Company	50,000.00
Ashley Pratcher, Jr	Deputy Sheriff	Western Surety Company	50,000.00
Marvin Pryor	Deputy Sheriff	Western Surety Company	50,000.00
Bennie Christian	Deputy Sheriff	Western Surety Company	50,000.00
Thomas Bryant	Deputy Sheriff	Western Surety Company	50,000.00
Nicholas Turner	Deputy Sheriff	Western Surety Company	50,000.00
Tyrone Survillion	Deputy Sheriff	Western Surety Company	50,000.00
Anthony Cox	Deputy Sheriff	Western Surety Company	50,000.00
Christopher Martin	Deputy Sheriff	Western Surety Company	50,000.00
James McGregory	Deputy Sheriff	Western Surety Company	50,000.00
Stanley Perry	Deputy Sheriff	Western Surety Company	50,000.00
Raymond Thomas	Deputy Sheriff	Western Surety Company	50,000.00
Jason West	Deputy Sheriff	Western Surety Company	50,000.00
Melvin Wilson	Deputy Sheriff	Western Surety Company	50,000.00
Brenda Cook	Justice Court Judge	Western Surety Company	50,000.00
Joe M Brown	Justice Court Judge	Western Surety Company	50,000.00
Gloria Survillion	Justice Court Clerk	Western Surety Company	50,000.00
Lucille Williams	Deputy Justice Court Clerk	Western Surety Company	50,000.00
Alice Smith	Tax Collector/Assessor	Western Surety Company	100,000.00
Sallie M Price	Tax Collector/Assessor Deputy	Western Surety Company	50,000.00
Laura Madison	Tax Collector/Assessor Deputy	Western Surety Company	50,000.00
Tiffany Griffin	Tax Collector/Assessor Deputy	Western Surety Company	50,000.00
Dorothy People	Tax Collector/Assessor Deputy	Western Surety Company	50,000.00
Samantha Pennington	Tax Collector/Assessor Deputy	Western Surety Company	50,000.00
Robert Andrews	Road Manager	Western Surety Company	50,000.00
Tyrone Survillion	Constable	RLI Insurance Company	50,000.00
Thomas Bryant	Constable	RLI Insurance Company	50,000.00

**QUITMAN COUNTY, MISSISSIPPI
NOTES TO OTHER INFORMATION
For the Year Ended September 30, 2018
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, 2018, the amount of outstanding debt was equal to 1.45% of the latest property assessments.

QUITMAN COUNTY

SPECIAL REPORTS

**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 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, 2018, 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 18, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 18, 2019, 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, Baird & Clarke, PLLC

Bridgers, Goodman, Baird, & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 18, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors
Quitman County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Quitman County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Quitman County, Mississippi's major federal program for the year ended September 30, 2018. Quitman County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Quitman County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Quitman County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Quitman County, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Quitman County, 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, 2018.

Report on Internal Control Over Compliance

Management of Quitman County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Quitman County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird, & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 18, 2019

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MISSISSIPPI SOCIETY OF CPAs
AMERICAN INSTITUTE OF CPAs
GOVERNMENT AUDIT QUALITY CENTER

**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, 2018. 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, 2018.

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's 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, Baird & Clarke, PLLC

Bridgers, Goodman, Baird, & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 18, 2019

QUITMAN COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2018

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, 2018

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, 2018

Schedule 3

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

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, 2018, 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 18, 2019, 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:

Sheriff's Office

1. Establish and maintain compliance with allowable prisoner meal cost per day.

Repeat Finding: Yes

Criteria: The Sheriff is responsible for complying with the requirements of Section 19-25-73, Miss Code Ann. (1972), which limits the amount to be expended for feeding prisoners to six dollars per prisoner per day.

Condition:	The Sheriff failed to comply with Section 19-25-73, Miss Code Ann. (1972), which limits the amount to be expended for feeding prisoners to six dollars per prisoner per day. We calculated the cost per day of feeding prisoners and found the cost to be \$7.58 per day above the allowable cost of six dollars per day.
Cause:	The Sheriff has not established internal control policy and procedures to monitor and make adjustments to the cost of feeding prisoners to comply with the state statute.
Effect:	The Sheriff is not in compliance with the required state statute.
Recommendation:	The Sheriff should establish internal control policies and procedures to ensure that costs to feed prisoners does not exceed six dollars a day as required by Section 19-25-73, Miss Code Ann. (1972).
Sheriff's Response	The Sheriff will seek bids from private food vendors and will secure the lowest and best bid to make the necessary changes in food procurement and preparation in order to comply with the \$6.00 per day limit.

Chancery Clerk's Office

2.	<u>Chancery Clerk's Office is not performing bank reconciliations accurately.</u>
Repeat Finding	No
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work we found that bank reconciliations had not been prepared accurately and timely.
Cause	Cash accounts were not reconciled properly.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
Recommendation	The Chancery Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
Chancery Clerk's Response	I will comply and have implemented procedures to ensure compliance in the future.

3.	<u>Chancery Clerk's Office is not making deposits timely.</u>
Repeat Finding	Yes
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	During the course of our test work, we found that the deposits are not being made in a timely manner. Failure to implement controls over cash could result in the loss or misappropriation of public funds, delay in the timely reconciliation of bank accounts, and settlement of funds to the County.
Cause	This is due to inadequate internal controls surrounding the depositing of revenue collected in the Chancery Clerk's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in theft of assets and improper revenue recognition.
Recommendation	The Chancery Clerk should ensure that the deposits are being made in a timely manner.
Chancery Clerk's Response	I am currently complying and will continue to comply.
4.	<u>Overpayment of payroll expense.</u>
Repeat Finding	No
Criteria	Although advanced payroll payments are permissible, one is not permitted to claim the entire amount on the annual report as an expense until the expense is incurred.
Condition	During the course of our test work, we found that the chancery clerk was improperly expensing advanced payroll payments on the annual report.
Cause	The entire amount of the advanced payroll payment was claimed as an expense when only a portion had been incurred during the year.
Effect	Overstatement of expenses for the year in the annual report.
Recommendation	The Chancery Clerk should establish and maintain an effective internal control system over payroll payments to the County to ensure that expenses are charged on the annual report in the proper period.

**Chancery Clerk 's
Response**

I have amended my annual report to reflect the actual amount of payroll expenses and made a transfer from the Chancery Internal Fund to the General Fund for the amount of the advance payment. Going forward any advance payroll payments will not be reported as an expense on the annual report.

Circuit Clerk's Office

5. Circuit Clerk's Office is not performing bank reconciliations accurately.

Repeat Finding No

Criteria An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our test work we found that bank reconciliations had not been prepared accurately and timely.

Cause Cash accounts were not reconciled properly.

Effect A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.

Recommendation The Circuit Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.

Circuit Clerk 's
Response I shall comply.

6. Circuit Clerk's Office is not making deposits timely.

Repeat Finding No

Criteria Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.

Condition During the course of our test work, we found that the deposits are not being made in a timely manner. Failure to implement controls over cash could result in the loss or misappropriation of public funds, delay in the timely reconciliation of bank accounts, and settlement of funds to the County.

Cause This is due to inadequate internal controls surrounding the depositing of revenue collected in the Circuit Clerk's Office.

Effect	Inadequate controls surrounding the deposits of revenue collections could result in theft of assets and improper revenue recognition.
Recommendation	The Circuit Clerk should ensure that the deposits are being made in a timely manner.
Circuit Clerk's Response	I shall comply.
7.	<u>Circuit Clerk's Deputy is not Bonded.</u>
Repeat Finding	No
Criteria	Section 9-7-123 (2), Miss Code Ann. (1972), requires deputy circuit clerks to be bonded in the amount equal to 3 percent of prior year's taxes with a minimum of \$50,000 and a maximum of \$100,000.
Condition	During the course of our test work, we found that one of the deputy Circuit Clerks is not bonded.
Cause	The Circuit Clerk failed to appropriately bond a deputy clerk.
Effect	In the event of loss or misappropriation of funds by the deputy clerk the County would not be able to recover the funds.
Recommendation	The Circuit Clerk should ensure that all deputy clerks are bonded as required by Section 9-7-123 (2), Miss Code Ann. (1972).
Circuit Clerk's Response	Deputy clerk is being bonded.
8.	<u>Circuit Clerk's Office is not making restitution settlements timely.</u>
Repeat Finding	No
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	During the course of our test work, we found that the restitution settlements are not being made in a timely manner. A delay in settlements could result in the loss or misappropriation of public funds.
Cause	The Circuit Clerk has not settled restitution since April 2018. Currently the restitution account has a balance of \$3,943.

Effect	Inadequate controls surrounding the settlement of revenue collections could result in theft of assets and improper revenue recognition.
Recommendation	The Circuit Clerk should ensure that the settlements are being made in a timely manner.
Circuit Clerk's Response	I shall comply.

General County

9. Improper use of credit cards

Repeat Finding	No
Criteria	Section 19-3-68, Miss. Code Ann. (1972), allows the Board of Supervisors to acquire one or more credit cards which may be used by members of the Board of Supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in performance of their official duties.
Condition	During the course of our test work we noted multiple instances where credit cards were being used for every day purchases which is in contradiction to state purchasing laws.
Cause	The individuals responsible for reviewing credit card statements did not have adequate knowledge of Section 19-3-68, Miss. Code Ann. (1972).
Effect	The County is circumventing state purchasing laws and Section 19-3-68, Miss. Code Ann. (1972) by using credit cards for purchases not related to travel.
Recommendation	The County should follow Section 19-3-68, Miss. Code Ann. (1972), and restrict the use of credit cards for travel.
Response	Copies of the MS Code 19-3-68 have been reviewed and given to Key staff personnel regarding the proper use of County's credit cards. These copies are posted in their work areas. The Purchasing Clerk in conjunction with Account Receivable Clerk will monitor all credit card purchases on a monthly basis to ensure the County credit cards are restricted to travel.

10. Employee files documentation

Repeat Finding	No
Criteria	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
Condition	During the course of our test work, we noted multiple instances of employee files with incomplete or missing employment verification documents and withholding documents.
Cause	The employee files are not being reviewed regularly to identify any forms that are missing or incomplete.

Effect	The employee files are not being maintained in accordance with State and Federal employee documentation laws.
Recommendation	The County should maintain a complete employee file system which would ensure that the County is in compliance with State and Federal employee documentation laws.
Response	The County Purchase Clerk will review the standards in accordance to State and Federal Laws and develop a checklist for proper documentation and maintaining employee files. The Clerk will review employee files for incomplete or missing documentation and update files that are incomplete. The review process will be ongoing and monitored by the County Administrator.

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, Baird & Clarke, PLLC

Bridgers, Goodman, Baird, & Clarke, PLLC
 Certified Public Accountants
 Vicksburg, Mississippi

December 18, 2019

QUITMAN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

QUITMAN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

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 deficiencies identified? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness identified | No |
| b. Significant deficiencies identified | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs | |
| CFDA #20.205, Highway Planning and Construction | |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | 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*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.