

BENTON COUNTY, MISSISSIPPI

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

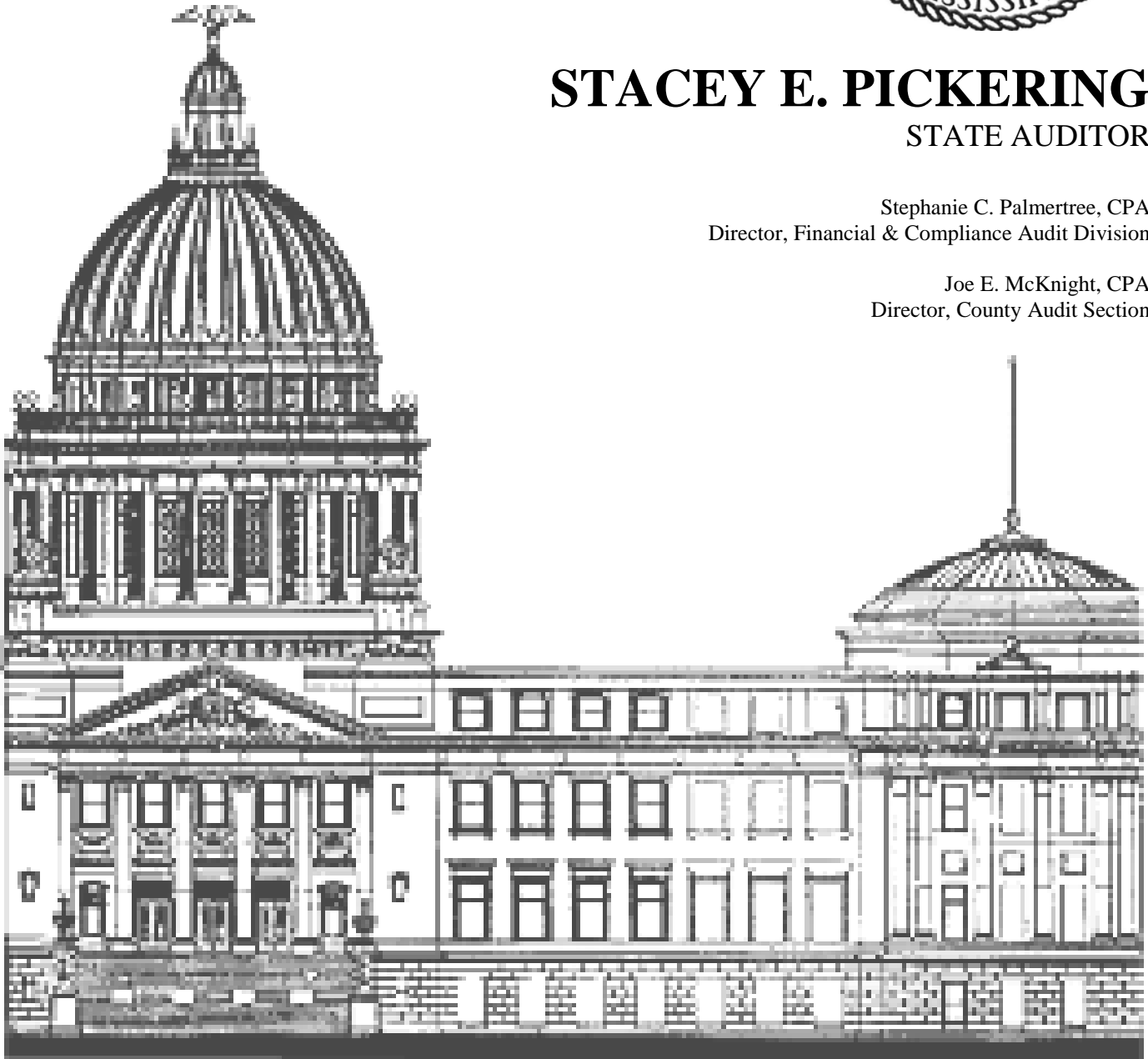


STACEY E. PICKERING

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

September 19, 2017

Members of the Board of Supervisors
Benton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Benton County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed 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.

I appreciate the cooperation and courtesy extended by the officials and employees of Benton County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Benton County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

BENTON COUNTY
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BENTON COUNTY

FINANCIAL SECTION

BENTON COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Benton 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 Benton County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an 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 Benton County, Mississippi, as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Benton County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Other Information

The Budgetary Comparison Schedules, Schedule of Interfund Loans, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the 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 September 19, 2017 on our consideration of Benton County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2017

BENTON COUNTY

FINANCIAL STATEMENTS

BENTON COUNTY

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Benton County
Statement of Net Position - Cash Basis
September 30, 2015

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ <u>5,673,584</u>
Total Assets	<u><u>5,673,584</u></u>
NET POSITION	
Restricted:	
Expendable:	
General government	206,362
Public safety	162,578
Public works	1,921,449
Economic development and assistance	1,946,972
Unrestricted	<u>1,436,223</u>
Total Net Position	\$ <u><u>5,673,584</u></u>

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

Benton County
Statement of Activities - Cash Basis
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,133,680	189,579	28,963		(1,915,138)
Public safety	1,176,753	95,947	9,841		(1,070,965)
Public works	2,530,773	478	572,087	80,160	(1,878,048)
Health and welfare	62,789		17,326		(45,463)
Culture and recreation	96,961			28,150	(68,811)
Education	1,283,844				(1,283,844)
Conservation of natural resources	57,950		39,937	237,032	219,019
Economic development and assistance	7,000			5,001	(1,999)
Debt service:					
Principal	187,190				(187,190)
Interest	17,398				(17,398)
Total Governmental Activities	<u>7,554,338</u>	<u>286,004</u>	<u>668,154</u>	<u>350,343</u>	<u>(6,249,837)</u>
General receipts:					
Property taxes				\$	2,446,191
Road & bridge privilege taxes					107,794
Grants and contributions not restricted to specific programs					24,751
In-lieu taxes -TVA					3,761,298
Unrestricted interest income					25,747
Proceeds from long-term debt issued					67,400
Miscellaneous					104,143
Sale of county property					30,572
Compensation for loss of county property					4,804
Lease Principal Payments					<u>32,799</u>
Total General Receipts, Special Item And Other Cash Sources					<u>6,605,499</u>
Changes in Net Position					<u>355,662</u>
Net Position - Beginning					<u>5,317,922</u>
Net Position - Ending				\$	<u><u>5,673,584</u></u>

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

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

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Road & Bridge</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Maintenance</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 3,383,195	1,849,760	440,629	5,673,584
Total Assets	<u>\$ 3,383,195</u>	<u>1,849,760</u>	<u>440,629</u>	<u>5,673,584</u>
FUND BALANCES				
Restricted for:				
General government			206,362	206,362
Public safety			162,578	162,578
Public works		1,849,760	71,689	1,921,449
Committed to:				
Economic development and assistance	1,946,972			1,946,972
Unassigned	<u>1,436,223</u>			<u>1,436,223</u>
Total Fund Balances	<u>\$ 3,383,195</u>	<u>1,849,760</u>	<u>440,629</u>	<u>5,673,584</u>

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

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

Exhibit 4

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Road & Bridge</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Maintenance</u>	<u>Funds</u>	<u>Funds</u>
RECEIPTS				
Property taxes	\$ 1,867,239	306,477	272,475	2,446,191
Road and bridge privilege taxes		107,794		107,794
Licenses, commissions and other receipts	127,870		2,006	129,876
Fines and forfeitures	72,450		8,426	80,876
In-lieu taxes - TVA	3,761,298			3,761,298
Intergovernmental receipts	258,791	744,520	39,937	1,043,248
Charges for services	7,280		67,972	75,252
Interest income	18,821	5,557	1,369	25,747
Miscellaneous receipts	34,650	11,473	58,020	104,143
Total Receipts	<u>6,148,399</u>	<u>1,175,821</u>	<u>450,205</u>	<u>7,774,425</u>
DISBURSEMENTS				
General government	2,067,855		65,825	2,133,680
Public safety	1,044,009		132,744	1,176,753
Public works		2,195,245	335,528	2,530,773
Health and welfare	62,789			62,789
Culture and recreation	96,961			96,961
Education	1,283,844			1,283,844
Conservation of natural resources	57,950			57,950
Economic development and assistance	7,000			7,000
Debt service:				
Principal	38,580	119,997	28,613	187,190
Interest	4,910	11,399	1,089	17,398
Total Disbursements	<u>4,663,898</u>	<u>2,326,641</u>	<u>563,799</u>	<u>7,554,338</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1,484,501</u>	<u>(1,150,820)</u>	<u>(113,594)</u>	<u>220,087</u>
OTHER CASH SOURCES (USES)				
Long-term capital debt issued		67,400		67,400
Sale of county property	15,400	15,172		30,572
Compensation for loss of capital assets	4,804			4,804
Transfers in	32,802	1,061,288	130,777	1,224,867
Transfers out	(1,192,065)	(32,802)		(1,224,867)
Lease principal payments	32,799			32,799
Total Other Cash Sources and Uses	<u>(1,106,260)</u>	<u>1,111,058</u>	<u>130,777</u>	<u>135,575</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>378,241</u>	<u>(39,762)</u>	<u>17,183</u>	<u>355,662</u>
Cash Basis Fund Balances - Beginning	<u>3,004,954</u>	<u>1,889,522</u>	<u>423,446</u>	<u>5,317,922</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,383,195</u>	<u>1,849,760</u>	<u>440,629</u>	<u>5,673,584</u>

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

BENTON COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2015

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>22,171</u>
Total Assets	\$ <u><u>22,171</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>22,171</u>
Total Liabilities	\$ <u><u>22,171</u></u>

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

BENTON COUNTY

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BENTON COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Benton 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 Benton County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

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

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

BENTON COUNTY

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

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 Maintenance Fund - This fund is used to account for monies from specific sources that are restricted for road and bridge maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPE

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.

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 classification 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 Association.

E. Deposits.

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

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

BENTON COUNTY

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

Unrestricted net position - All other net position not meeting the definition of “restricted.”

Net Position Flow Assumption:

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

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.

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

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

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County’s highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is

BENTON COUNTY

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

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.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$5,695,755, and the bank balance was \$5,837,695. 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 liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

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

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Road and Bridge Maintenance Fund	\$ 32,802
Road and Bridge Maintenance Fund	General Fund	1,061,288
Other Governmental Funds	General Fund	<u>130,777</u>
Total		\$ <u><u>1,224,867</u></u>

The purpose of interfund transfers was to distribute in-lieu taxes, to correct posting errors, and to cover operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(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, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

BENTON COUNTY

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

(5) 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.

The county has been named as a defendant in a lawsuit seeking damages for an incident involving the county jail. The county has excess liability insurance coverage that it believes would cover any judgment against the county up to a limit of \$1,000,000. At the time of the financial statements, an unfavorable outcome for the county is expected; however, no provision has been made in the accompanying financial statements for this contingent liability since the amount of the potential loss cannot be reasonably estimated.

(6) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

The Northeast Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc and Union. The Benton County Board of Supervisors appoints one of the seven members of the Board of Commissioners. The County contributed \$9,668 for the maintenance and support of the commission in fiscal year 2015.

The Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Benton County Board of Supervisors appoints four of the 24 members of the board of directors. The County contributed \$7,000 for the maintenance and support of the district in fiscal year 2015.

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Benton County Board of Supervisors appoints two the 23 members of the college board of trustees. The County contributed \$105,401 for the maintenance and support of the college in fiscal year 2015.

The Northeast Mississippi Regional Solid Waste Authority provides solid waste services to the Counties of Benton, Prentiss and Tippah, along with the Cities of Ashland, Booneville and Ripley. Currently, Benton County does not receive any direct services from the authority, but rather contracts with a private firm for the collection of solid waste. The authority prepared a five-year solid waste plan for the County. Each member of the authority appoints one member of the six-member commission. The County did not contribute any funds to the authority in fiscal year 2015.

The United Community Action Commission, Inc. was created as a nonprofit organization pursuant to federal community action legislation in the mid-1960s. The commission is governed by a 21-member board, 7 of whom are appointed by the Benton County Board of Supervisors. Most of the Commission's operating revenue come from federal sources. The County contributed \$15,000 to the commission in fiscal year 2015.

BENTON COUNTY

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

(7) Defined Benefit Pension Plan.

Plan Description. Benton County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$236,604, \$244,713 and \$227,644, respectively, equal to the required contributions for each year.

BENTON COUNTY

OTHER INFORMATION

BENTON COUNTY

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Benton County
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2015
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,775,278	1,867,239	1,867,239	
Road and bridge privilege taxes				
Licenses, commissions and other receipts	127,493	127,870	127,870	
Fines and forfeitures	104,372	72,450	72,450	
Special assessments	480			
In-lieu taxes -TVA		3,761,298	3,761,298	
Intergovernmental receipts	4,384,900	258,791	258,791	
Charges for services	0	7,280	7,280	
Interest income	5,277	18,821	18,821	
Miscellaneous receipts	34,025	34,650	34,650	
Total Receipts	<u>6,431,825</u>	<u>6,148,399</u>	<u>6,148,399</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,468,337	2,067,855	2,067,855	
Public safety	1,143,044	1,044,009	1,044,009	
Public works				
Health and welfare	98,592	62,789	62,789	
Culture and recreation	101,780	96,961	96,961	
Education	1,519,391	1,283,844	1,283,844	
Conservation of natural resources	59,141	57,950	57,950	
Economic development and assistance	7,000	7,000	7,000	
Debt service:				
Principal	74,052	38,580	38,580	
Interest		4,910	4,910	
Total Disbursements	<u>6,471,337</u>	<u>4,663,898</u>	<u>4,663,898</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(39,512)</u>	<u>1,484,501</u>	<u>1,484,501</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers out		(1,192,065)	(1,192,065)	
Transfers in		32,802	32,802	
Lease principal payments		32,799	32,799	
Other financing sources	30,258	20,204	20,204	
Total Other Cash Sources and (Uses)	<u>30,258</u>	<u>(1,106,260)</u>	<u>(1,106,260)</u>	<u>0</u>
Net Change in Fund Balance	(9,254)	378,241	378,241	
Fund Balances - Beginning	<u>1,911,992</u>	<u>3,004,954</u>	<u>3,004,954</u>	
Fund Balances - Ending	<u>\$ 1,902,738</u>	<u>3,383,195</u>	<u>3,383,195</u>	<u>0</u>

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

Benton County
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road and Bridge Maintenance Fund
 For the Year Ended September 30, 2015
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 285,478	306,477	306,477	
Road and bridge privilege taxes	104,348	107,794	107,794	
Licenses, commissions, and other revenues				
Intergovernmental revenues	651,110	744,520	744,520	
Interest income	1,709	5,557	5,557	
Miscellaneous revenue	8,175	11,473	11,473	
Total Receipts	<u>1,050,820</u>	<u>1,175,821</u>	<u>1,175,821</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	2,844,000	2,195,245	2,195,245	
Debt Service:				
Principal		119,997	119,997	
Interest expense		11,399	11,399	
Total Disbursements	<u>2,844,000</u>	<u>2,326,641</u>	<u>2,326,641</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(1,793,180)</u>	<u>(1,150,820)</u>	<u>(1,150,820)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Long-term debt issued		67,400	67,400	
Proceeds from sale of capital assets		15,172	15,172	
Compensation for loss of county property				
Transfers in		1,061,288	1,061,288	
Transfers out		(32,802)	(32,802)	
Other financing sources	990,169			
Total Other Cash Sources and (Uses)	<u>990,169</u>	<u>1,111,058</u>	<u>1,111,058</u>	<u>0</u>
Net Change in Fund Balance	(803,011)	(39,762)	(39,762)	
Fund Balances - Beginning	<u>1,942,470</u>	<u>1,889,522</u>	<u>1,889,522</u>	
Fund Balances - Ending	<u>\$ 1,139,459</u>	<u>1,849,760</u>	<u>1,849,760</u>	<u>0</u>

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

BENTON COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2015
UNAUDITED

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2015
General Fund	Road & Bridge Maintenance Fund	\$ <u>33,900</u>
Total		\$ <u><u>33,900</u></u>

The amount payable to the General Fund represents equipment purchased for the Road and Bridge Maintenance Fund, which is expected to be repaid within the next year.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2015
General Fund	Road & Bridge Maintenance Fund	\$ <u>90,336</u>
Total		\$ <u><u>90,336</u></u>

The amount payable to the General Fund represents the balance of equipment purchased for the Road and Bridge Maintenance Fund, which is not expected to be repaid within the next year.

Benton County
Schedule of Capital Assets
For the Year Ended September 30, 2015
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Land	\$ 114,027	2,385			116,412
Construction in progress	515,614	168,863		(541,150)	143,327
Infrastructure	9,001,378			541,150	9,542,528
Buildings	2,620,703	70,115	95,715		2,595,103
Improvements other than buildings	584,705				584,705
Mobile equipment	3,877,462	526,343	134,309		4,269,496
Furniture and equipment	425,192	16,199			441,391
Leased property under capital leases	514,075	67,400			581,475
Total capital assets	\$ 17,653,156	851,305	230,024	0	18,274,437

* Adjustment represents reclassification of completed construction in progress to infrastructure.

Benton County
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2015
UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2014	Issued	Principal Payments	Balance Sept. 30, 2015
Governmental Activities:							
A. Capital Leases:							
John Deere motor grader	08/2012	08/2017	2.18%	\$ 109,454		36,747	72,707
District 1 John Deere tractor	08/2012	08/2017	2.19%	22,655		7,605	15,050
District 2 John Deere tractor	08/2012	08/2017	2.19%	23,418		7,861	15,557
District 3 John Deere tractor	08/2012	08/2017	2.19%	22,655		7,605	15,050
District 5 John Deere tractor	08/2013	08/2018	2.17%	33,409		8,850	24,559
Used John Deere tractor	08/2013	08/2016	2.09%	20,102		11,786	8,316
John Deere tractor (used) District 3	11/2013	11/2016	2.19%	27,693		12,618	15,075
John Deere tractor (used) District 3	11/2013	11/2018	2.35%	41,396		9,569	31,827
John Deere tractor (new) District 2	04/2014	04/2019	2.36%	42,159		8,814	33,345
2015 International Dump Trk-District 5	01/2015	01/2020	2.32%		67,400	8,542	58,858
B. Other Loans:							
Capital Improvement loan - factory	12/2008	12/2018	3.00%	289,342		289,342 *	-
911 equipment loan	11/2010	12/2015	2.00%	57,834	0	28,613	29,221
Total				\$ 690,117	67,400	437,952	319,565

* \$250,762 was paid directly to MDA by the factory.

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

Benton County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
UNAUDITED

Name	Position	Company	Bond
Christian Graves Shoup	Supervisor District 1	Greer and White Insurance	\$100,000
James Griffin	Supervisor District 2	Greer and White Insurance	\$100,000
Randy D. Wilburn	Supervisor District 3	Greer and White Insurance	\$100,000
Jimmy Pipkin	Supervisor District 4	Greer and White Insurance	\$100,000
Ricky Wayne Pipkin, Sr.	Supervisor District 5	Greer and White Insurance	\$100,000
Marlene H. McKenzie	Chancery Clerk	Greer and White Insurance	\$100,000
Marlene H. McKenzie	Comptroller	Greer and White Insurance	\$100,000
Marlene H. McKenzie	Purchase Clerk	Greer and White Insurance	\$75,000
Marjorie Jimmerson	Assistant Purchase Clerk	Greer and White Insurance	\$50,000
Lynette Hudspeth	Receiving Clerk	Greer and White Insurance	\$75,000
Joe Harris	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Alonzo Tucker	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Marc Steele	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Ronnie Briscoe	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Lynette Hudspeth	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Margaret Taylor	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Collin Mills	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Shawanda Caldwell	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Cindy Wilson	Assistant Receiving Clerk	Greer and White Insurance	\$50,000
Cindy Wilson	Inventory Control Clerk	Greer and White Insurance	\$75,000
James Williams	Constable	Greer and White Insurance	\$50,000
Albert Wayne Gadd	Constable	Greer and White Insurance	\$100,000
Kathy M Graves	Circuit Clerk	Greer and White Insurance	\$100,000
Lakeisha Fuller	Deputy Circuit Clerk	Greer and White Insurance	\$100,000
Albert Arnold McMullen	Sheriff	Travelers Casualty and Surety Company	\$100,000
Charles Fortner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Joe Batts	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Janice Fortner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Waymon Samples	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Bobby Dickerson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Randy Hobson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Jackie Stanton	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Scott Poff	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
James Williams (Auxillary)	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	\$50,000
Brody Lee Childers	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Gary McBride	Justice Court Judge	Greer and White Insurance	\$100,000
Vicky Everett	Justice Court Clerk	Greer and White Insurance	\$50,000
Felicia Washington	Deputy Justice Court Clerk	Greer and White Insurance	\$50,000
Betty Jean Hobson	Tax Assessor-Collector	Travelers Casualty and Surety Company	\$100,000
Shawanda Hunt Caldwell	Deputy Tax Collector	Greer and White Insurance	\$50,000
Mary Williams	Deputy Tax Collector	Greer and White Insurance	\$50,000
Kenneth P. Geno, Jr.	County Engineer	Travelers Casualty and Surety Company	\$50,000
Collin Mills	Deputy Appraiser	Greer and White Insurance	\$50,000

BENTON COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2015
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary 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.

(2) Long-term Debt Information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was less than 1% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2015, the County issued the following debt obligation(s):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
08/01/2017	2.48% \$	145,284	Capital lease	Ad valorem taxes

BENTON COUNTY

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BENTON COUNTY

SPECIAL REPORTS

BENTON COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

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
Benton 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 Benton County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton 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 Benton County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2015-001, 2015-002, 2015-003 and 2015-004 that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Benton County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated September 19, 2017, included within this document.

Benton County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2017



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Benton County, Mississippi

We have examined Benton County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Benton 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 such 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 Benton County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Board of Supervisors and Purchase Clerk.

1. Purchases over \$5,000 but not over \$50,000 require two quote bids and documentation of the lowest and best bid.

Finding

Section 31-7-13(b), Miss Code Ann. (1972) states that purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids provided at least two competitive written bids are obtained. During our audit, we noted a purchase for the Sheriff's department of a 2014 Ford F150 4x4 with no competitive written quotes. Quotes were later provided to auditors; however, one quote was falsified and not obtained prior to purchase.

Failure to obtain at least two written bid quotes for purchases over \$5,000 but not over \$50,000, and approving the lowest and best bid, could result in the loss of public funds.

Recommendation

The Board of Supervisors and the Purchase Clerk should ensure that purchases over \$5,000, but not over \$50,000 be made from the lowest and best bidder of at least two competitive written bid quotes.

Board of Supervisors' and Purchase Clerk's Responses

We will comply.

Purchase Clerk.

2. The purchase clerk shall be responsible for the maintenance of the central purchasing system of the county.

Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order, and receiving report for all purchases of more than One Thousand Dollars (\$1,000.00) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the county. During the audit, the following deficiencies were noted:

- a) Purchase documentation, specifically the purchase order and/or purchase requisition dates, were not completed in a logical time sequence.
- b) The County purchased a piece of equipment without a vendor invoice. An invoice was later obtained and provided to auditors; however, it was not available at the time of purchase.
- c) Purchase requisitions submitted by the Sheriff's department were not numbered.

Failure to follow state purchasing laws and guidelines could result in the loss of public funds.

Recommendation

The Purchase Clerk should ensure that purchasing documents are properly completed.

Purchase Clerk's Response

We will make every effort to correct and prevent future mistakes within the purchase system.

Inventory Control Clerk.

3. Proper inventory records were not maintained.

Finding

Section 31-1-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. As reported in the prior two years' audit reports, audit procedures noted that some assets were included in the inventory listing in error and some assets that should have been included were omitted. Auditors also noted disposals of assets recorded in the Board of Supervisors' minutes that did not have asset identification numbers. Failure to ensure proper records are maintained could result in the loss of county assets.

Recommendation

The Inventory Control Clerk should ensure all assets are properly accounted for in the county inventory system.

Inventory Control Clerk's Response

I will ensure that all the County's assets be properly documented and disposed.

In our opinion, because of the noncompliance referred to in the preceding paragraph, Benton County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

Benton County's purchasing system was not in compliance with state laws governing central purchasing for fiscal year 2015. The system was retested and as of February 23, 2017, Benton County was in compliance with the central purchasing system.

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.

Benton 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 for use in evaluating the central purchasing system and inventory control system of Benton County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script, reading "Joe E. McKnight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2017

BENTON COUNTY

Schedule 1

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

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

BENTON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2015

Schedule 2

Our tests did not identify any emergency purchases.

BENTON COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2015

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
Board approved 7/6/2015	Fingerprint/Scanner	\$ 17,122.94	AD&S Inc.



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Benton County, Mississippi

In planning and performing our audit of the financial statements of Benton County, Mississippi (the County) for the year ended September 30, 2015, we considered Benton 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 Benton 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 September 19, 2017, on the financial statements of Benton County, Mississippi.

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

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

Board of Supervisors.

1. The County should create a rotation of backups offsite

Finding

The County is currently using an automated system to perform daily back-ups of the data system. Upon clarification of the backup processes, it was determined that the tapes should be taken offsite, as no other copy of the County's data was being stored at an off-site location. Without proper off-site storage of back-up files and applications, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County implement a plan to insure that all back-up files are taken offsite on a regular basis and stored in a safe and secure location. This process should be documented in the County's Disaster Recovery Plan.

It is further recommended that back-up tapes be kept at the secure location for several days (e.g. two weeks), in case of a disaster situation that required recovery and problems in reading recovery tapes were experienced.

Board of Supervisors' Response

We will comply.

2. The County should establish and test a disaster recovery process.

Finding

As noted in prior year's report, we noted that the County has not established a disaster recovery process. As a result, the County cannot fully ensure that the information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. Control Objectives for Information and Related Technology (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

The County is currently creating back-up files, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of a disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's buildings and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Without proper assurance that backup files can be utilized to adequately restore all critical data in a timely manner in the event of disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

Recommendation

We recommend that the County develop, implement, and test a plan to insure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including county personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We also recommend that the County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe, accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

We will comply.

3. The County made a donation to a nonprofit entity without proper authority.

Finding

As noted in prior year's audit report, the County made an unauthorized donation to a nonprofit organization. In fiscal year 2015, the County made a \$37,500 donation for economic development to the Brooks Firm, a nonprofit entity. There is no statutory authority for a donation to a nonprofit entity for economic development. County payments to a nonprofit entity should be governed by a contract or written agreement documenting what specific services and/or goods the County is receiving in exchange for these payments. Making payments to a nonprofit entity without statutory authority or a contract or written agreement documenting what specific services and/or goods that the County is paying for could result in the loss and/or misuse of public funds.

Recommendation

The Board of Supervisors should ensure that payments to a nonprofit organization are authorized by a statutory authority or that they are governed by a written agreement outlining the services and/or goods being provided by the entity.

Board of Supervisors' Response

We will comply.

4. The County donated real property to a nonprofit entity without proper authority.

Finding

Section 19-3-40 (3) (f) Miss. Code Ann (1972), states the board of supervisors of a county does not have the authority to grant a donation to organizations unless specifically authorized to do so by another statute or law of the State of Mississippi. The Board of Supervisors made a donation of county property, valued at \$51,610, to the Brooks Firm, a nonprofit entity, without statutory authority to do so. Donating county property to a nonprofit entity, not specifically authorized by a statute or law of the State of Mississippi, could result in the Board of Supervisors being held responsible for the loss of asset valuation incurring from such donations.

Recommendation

The Board of Supervisors should only grant donations to organizations that are specifically authorized by a statute or law of the State of Mississippi.

Board of Supervisors' Response

We will comply.

5. No public servant shall be a purchaser, direct or indirect, at any sale of the County for which he is an employee.

Finding

Section 25-4-105 (3) (b), Miss. Code Ann. (1972), says no public servant shall be a purchaser, direct or indirect, at any sale made by the governmental entity of which he is an officer or employee, except in respect to the sale of goods or services when provided as public utilities or offered to the general public on a uniform price schedule. During our audit test work, we noted that the spouse of a county employee was allowed to purchase used County equipment.

Recommendation

The Board of Supervisors should ensure no public servants, as officers or employees of the County, are purchasers, directly or indirectly, at any sale made by the County, pursuant to Section 25-4-105 (3)(b), Miss. Code Ann. (1972).

Board of Supervisors' Response

We will comply.

6. Disposal of County property was not properly spread upon the minutes.

Finding

Section 17-25-25 (5), Miss. Ann. Code (1972), states if the governing authority finds that the fair market value of the personal property or real property is zero and this finding is entered on the minutes of the authority, then the governing authority may dispose of such property in the manner it deems appropriate and in its best interest, but no official or employee of the governing authority shall derive any personal economic benefit from such disposal. Our test work revealed that the County demolished a building/house located on .45 acre of land that was purchased during the fiscal year for \$70,115 as a general government expenditure, without the properly spreading upon the minutes that the building was of no use to the County. Failure to follow proper procedures when disposing of County property increases the potential for the loss of County assets.

Recommendation

The Board of Supervisors should comply with provisions of the law before disposing of real and/or personal property of the County.

Board of Supervisors' Response

The house that was demolished by the County was attached to the building owned by the County and occupied by the Library. Every time it rained, water would pour into the library. We tried several things in an effort to stop the leak, but to no avail. We did put in the minutes that the Board approved to tear down the house, but failed to note the reason why. Since the demolition of the house, there has not been another leak at the Library. We will make every effort to spread upon the minutes the Board's interest on all matter which comes before the Board.

7. Expenditures from road and bridge maintenance funds generated by countywide ad valorem tax levies should be used only for the maintenance and/or construction of roads and bridges.

Finding

Section 27-39-305(1), Miss. Code Ann. (1972) states that the Board of Supervisors may annually impose a countywide ad valorem tax levy or levies for the maintenance and/or construction of roads and bridges. Our test work revealed that wages were paid from Road funds for work performed demolishing a building that was purchased during the fiscal year as a general government expenditure. Failure to use tax levy proceeds for the purpose authorized by law resulted in an illegal diversion of legally restricted funds.

Recommendation

The County should ensure that expenditures made from county road funds are for the maintenance and/or construction of roads and bridges.

Board of Supervisors' Response

We will comply.

8. No public servant shall be a contractor with a governmental entity of which he is an employee.

Finding

Section 25-4-105, Miss Code Ann. (1972), states that no public servant shall be a contractor, subcontractor or vendor with the governmental entity of which he is a member, officer, employee or agent, other than in his contract of employment, or have a material financial interest in any business which is a contractor, subcontractor, or vendor with the governmental entity of which he is a member, officer, employee or agent. During testwork, we noted an approved

lease agreement between the Board of Supervisors and a County employee. Failure to comply with this statute can result in ethics violations in accordance with Sections 25-4-109 and 25-4-111.

Recommendation

The Board of Supervisors should not enter into contracts with employees of the County.

Board of Supervisors' Response

We will comply. The lease has been terminated.

9. The county had an unapproved interfund transfer.

Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. As noted during audit test work, there was one interfund transfer made without board approval spread upon the minutes. Failure to obtain board approval for interfund transfers increases the possibility of the loss or misuse of public funds.

Recommendation

The Board of Supervisors should spread upon its minutes, orders relative to transfers or loans.

Board of Supervisors' Response

We will comply.

10. Internal controls over payroll should be strengthened.

Finding

An effective system of internal controls over the County payroll should include proper authorization, verification and documentation of payroll. Effective internal controls would also include compliance with Section 71-11-3, Miss. Code Ann. (1972) which states that an "employee" is any person or entity that is hired to perform work within the State of Mississippi and to whom a United States Internal Revenue Service Form W-2 or Form 1099 must be issued and that employers in the State of Mississippi shall only hire employees who are legal citizens of the United States of America or are legal aliens. Furthermore, every employer shall register with and utilize the status verification system to verify the federal employment authorization status of all newly hired employees.

During our audit of payroll, we noted the employment and salaries of some County employees were not authorized in the Board of Supervisors' minutes and filed in the individual personnel files, and no employment verification (I-9 or E-Verify) had been completed on employees. Furthermore, we noted that not all department heads provide the Payroll Clerk with time sheet documentation for each payroll period. Without proper controls over the payroll function and verification of the work eligibility status of employees, unauthorized or inaccurate payroll checks could be processed and/or paid to individuals who are not legal citizens or legal aliens.

Recommendation

The Board of Supervisors should implement an adequate system of internal controls over the county payroll function that includes verification of employment eligibility status of all newly hired employees, authorization for all payroll and employment status changes spread upon the Board of Supervisors' minutes, retention of such board orders in the personnel files, and properly completed times sheets authorized by department heads for each payroll period.

Board of Supervisors' Response

We will comply.

11. Determination of contract employee vs. independent contractor should be sought for rehired retiree.

Finding

Regulations of the Mississippi Public Employees' Retirement System (PERS) require retired state employees that are employed by a governmental entity covered by PERS, to notify PERS in writing, by completing a form provided by PERS, of the employment, so a determination can be made if the person is still considered a retired employee eligible for retirement benefits.

In 2014, the County contracted with an individual (Referee) for the purpose of confirming his appointment as Youth Court Referee of the County. The contract identified the Referee as having served as Youth Court Referee of the County from 1992 to 2013, having retired in 2013, and having been appointed to serve as Youth Court Referee as a part-time position. No record can be found of the Referee submitting the required completed form to PERS of his re-employment with the County after retirement. Based on the auditors' knowledge of the conditions of employment and a letter from PERS addressed to another County regarding the Referee in the same position, the response to the form PERS uses to determine employee versus independent contractor status indicates the Referee should be considered a contract employee of the County, not an independent contractor.

Failure to properly classify an employee as a contract employee instead of an independent contractor could cause employment taxes and PERS contributions to be underpaid, and retirement benefits from PERS to be drawn in error.

Recommendation

The Board of Supervisors should ensure the Referee contacts the Mississippi Public Employees' Retirement System immediately so an official determination can be made on whether the Referee is an employee of the County or an independent contractor. Documentation of the determination should be provided to the Office of the State Auditor.

Board of Supervisors' Response

The contracted individual has been given the finding and recommendation. The County will follow up with the individual to ensure all documents are provided in a timely manner.

Tax Assessor-Collector.

12. Changes were made in assessments without prior approval from the Board of Supervisors.

Finding

Section 27-35-143 through 27-35-149, Miss. Code Ann. (1972), prescribes the procedures to be followed for making changes in assessments. As noted in the prior year's audit report, changes were made in assessments without prior approval from the Board of Supervisors. One of these changes was for a member of the Board of Supervisors. Failure to follow proper procedures increases the potential for changes in assessments to be made for improper reasons.

Recommendation

The Tax Assessor-Collector should comply with the approval provisions of the law before making assessment changes.

Tax Assessor-Collector's Response

We will comply. We currently seek board approval and this will remain policy.

13. Report of all insolvent and delinquent taxpayers not presented to the Board of Supervisors.

Finding

Section 27-49-1, Miss. Code Ann. (1972), requires the Tax Assessor-Collector to present to the Board of Supervisors at its meeting on the first Monday of October in each year, a report of all insolvent and delinquent taxpayers in the county, with the amount due from each. As noted in the prior year's audit report, the Tax Assessor-Collector did not present the required report to the Board of Supervisors.

Recommendation

The Tax Assessor-Collector should present to the Board of Supervisors the report of insolvent and delinquent taxpayers as required.

Tax Assessor-Collector's Response

I will comply with this.

14. Taxes were not collected on persons and property having escaped taxation.

Finding

Section 27-35-155, Miss. Code Ann. (1972), requires when the assessor shall discover any persons or property that have escaped taxation in any former year or years, or shall discover that any person or property is escaping taxation for the current year, after the final approval of the assessment roll, as provided by Section 27-35-127, Miss. Code Ann. (1972), by reason of not being assessed, he shall make the proper assessment by way of an additional assessment for such year or years, distinctly specifying the property, its location, its value, the name of the owner, if known, and the year or years it has escaped assessment and taxation, separately assessing the person or property for the current year. When such assessments are completed, he shall file the same, under his affidavit, with the clerk of the board of supervisors; and shall at the same time notify the Board of Supervisors, in writing, of the assessment. The power of the assessor to assess property that has escaped taxation by way of additional assessments for a former year or years shall expire at the end of the seven (7) years from the date when his right to do so first accrued.

Section 27-35-157, Miss. Code Ann. (1972), prescribes the procedures to be followed to give notice to persons assessed for former years as well as the appeals process. If the assessment is approved and no appeal be taken, when the same has been finally determined, the clerk shall certify the said assessment to the Tax Collector, setting forth in his certificate the year or years for which such assessment is made and separately the current assessment. Taxes for the current year shall be collected as provided by law for other non-delinquent taxes. The Tax Collector shall proceed forthwith to collect all taxes due on said assessment for the former year or years at the rates fixed by law and, in addition thereto, shall collect as a penalty ten percent (10%) of the amount of the taxes due for each year, together with interest at six percent (6%) per annum computed from the first day of February on which the taxes should have been paid. If the taxes, penalties and interest shall not be paid within thirty (30) days after the final assessment is certified to him, the property, if it be real estate, shall be sold as provided by law, and if it be personal property, the Tax Collector shall proceed to collect by distress, or otherwise, as provided by law.

As noted in prior year's audit report, it was determined that some structures were omitted or incorrectly classified in the assessment records. We also noted that some personal property taxes were not collected as required by law.

Failure to properly assess and collect all taxes as required by law results in the loss of county funds.

Recommendation

We recommend that the Tax Assessor-Collector ensure that all real and personal properties are properly assessed and that all actions required by law are taken by the Tax Assessor-Collector and the Board of Supervisors to collect all taxes from prior years for which the statute of limitations has not yet expired.

Tax Assessor-Collector's Response

We are currently working very hard to identify these and get these on the 2017 tax rolls.

Sheriff.

15. Timely bank deposits should be made.

Finding

An effective system of internal control over cash requires that bank deposits be made on a timely basis. As reported in the prior five years' audit reports the Sheriff failed to make consistent deposits throughout the fiscal year. Failure to make timely bank deposits could result in the loss or misappropriation of public funds.

Recommendation

The Sheriff should implement internal controls to ensure that bank deposits are made on timely basis.

Sheriff's Response

OK.

16. Internal controls over the payroll function within the Sheriff's office are inadequate.

Finding

An effective system of internal control over the payroll function should include proper documentation and implementation of payroll procedures, policies, and leave time. Employees who meet the minimum working hour requirements should be included in the Public Employees' Retirement System (PERS).

During our audit, the following deficiencies were noted within the payroll function of the Sheriff's Department:

- a) The Sheriff's Department appears to be following a 28-day pay period rule for overtime calculations, however, are operating on a calendar month rather than a 28-day period. Such policy must be adopted by the Board of Supervisors and spread upon their minutes.
- b) There is a lack of documentation supporting or tracking leave time for Sheriff Department employees.
- c) Instances of employees who meet the minimum working hour requirements, but are not included in the PERS system, were noted.

The noted deficiencies could cause excessive overtime to be paid by the County, unauthorized payments to employees for invalid leave time, and noncompliance with PERS regulations.

Recommendation

The Sheriff should document adoption and implementation of a policy to use the 28-day work period for law enforcement employees and submit the policy to the Board of Supervisors to be spread upon the minutes, keep records documenting leave time, earned and used, for each employee, and ensure that employees meeting the minimum working hours requirements of PERS are included in the PERS system.

Sheriff's Response

I will comply.

Justice Court Clerk.

17. Justice Court bank deposits should be made timely.

Finding

An effective system of internal control over cash requires that bank deposits be made on a timely basis. During our test of internal controls over Justice Court receipts, we noted a receipt that was held for fourteen days before being deposited.

Recommendation

The Justice Court Clerk should implement internal controls to ensure that bank deposits are made on a timely basis.

Justice Court Clerk's Response

We will comply and work to correct the problems or issues.

Benton 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.

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" being prominent.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

September 19, 2017

BENTON COUNTY

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BENTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

BENTON COUNTY

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BENTON COUNTY

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

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 weakness(es) identified? | Yes |
| b. | Significant deficiency(ies) identified? | No |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Chancery Clerk.

Material Weakness

2015-001. Cash collection and disbursement functions over accounting functions not adequately segregated.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior five years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions. The bookkeeper receipts all funds, makes deposits, enters receipts into the system, reconciles the bank statements, and prepares and prints disbursements. The Chancery Clerk and the Board of Supervisors only review the cash disbursements made and the Chancery clerk also reviews the bank reconciliations. Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation

Accounting functions involving receipts and disbursing of funds, recording transactions and reconciling accounts should be performed by different people or reviewed by someone not completing the duties.

Chancery Clerk's Response

We are a small county therefore making it difficult to have a separate person to perform each duty. We will make every effort to comply.

BENTON COUNTY

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

Circuit Clerk.

Material Weakness

2015-002. Cash collection and disbursement functions are not adequately segregated in the Circuit Clerk's office.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior five years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statement and disburses all funds. Failure to have adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

OK.

Tax Assessor-Collector.

Material Weakness

2015-003. Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated.

Finding

An effective system of internal control over tax collection should include an adequate segregation of duties. Cash collection, recording, and reconciling functions were not adequately segregated for effective internal control. The following deficiencies were noted:

- a. As reported in the prior five years' audit reports, the Tax Assessor-Collector collected money using another deputy clerk's drawer as well as performed recording and disbursing functions.
- b. As reported in the prior five years' audit reports, the Tax Assessor-Collector did not have anyone review the bank reconciliations when she completed it.

Failure to implement adequate controls over the collection, recording and reconciling functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collection, recording and reconciling functions.

Tax Assessor-Collector's Response

I will comply with these recommendations.

BENTON COUNTY

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

Justice Court Clerk.

Material Weakness

2015-004. Cash collections and disbursement functions in the Justice Court Clerk's office are not adequately segregated.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the five prior years' audit reports, cash collection and disbursement functions in the Justice Court office were not adequately separated for effective internal control. The Justice Court Clerk has access to collections, prepares and makes bank deposits, prepares the daily check-up sheets, reconciles the bank statements, posts to the cash journal, makes monthly settlements and writes checks for all disbursements. Failure to have adequate separation of duties could result in the loss or misappropriation of public funds.

Recommendation

The Justice Court Clerk should take steps to ensure that there is an adequate segregation of duties in the collection and disbursement functions of the Justice Court office or that there is external oversight over operations of the Justice Court Office.

Justice Court Clerk's Response

I will comply and try to improve the quality of our office.