

# BENTON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2016

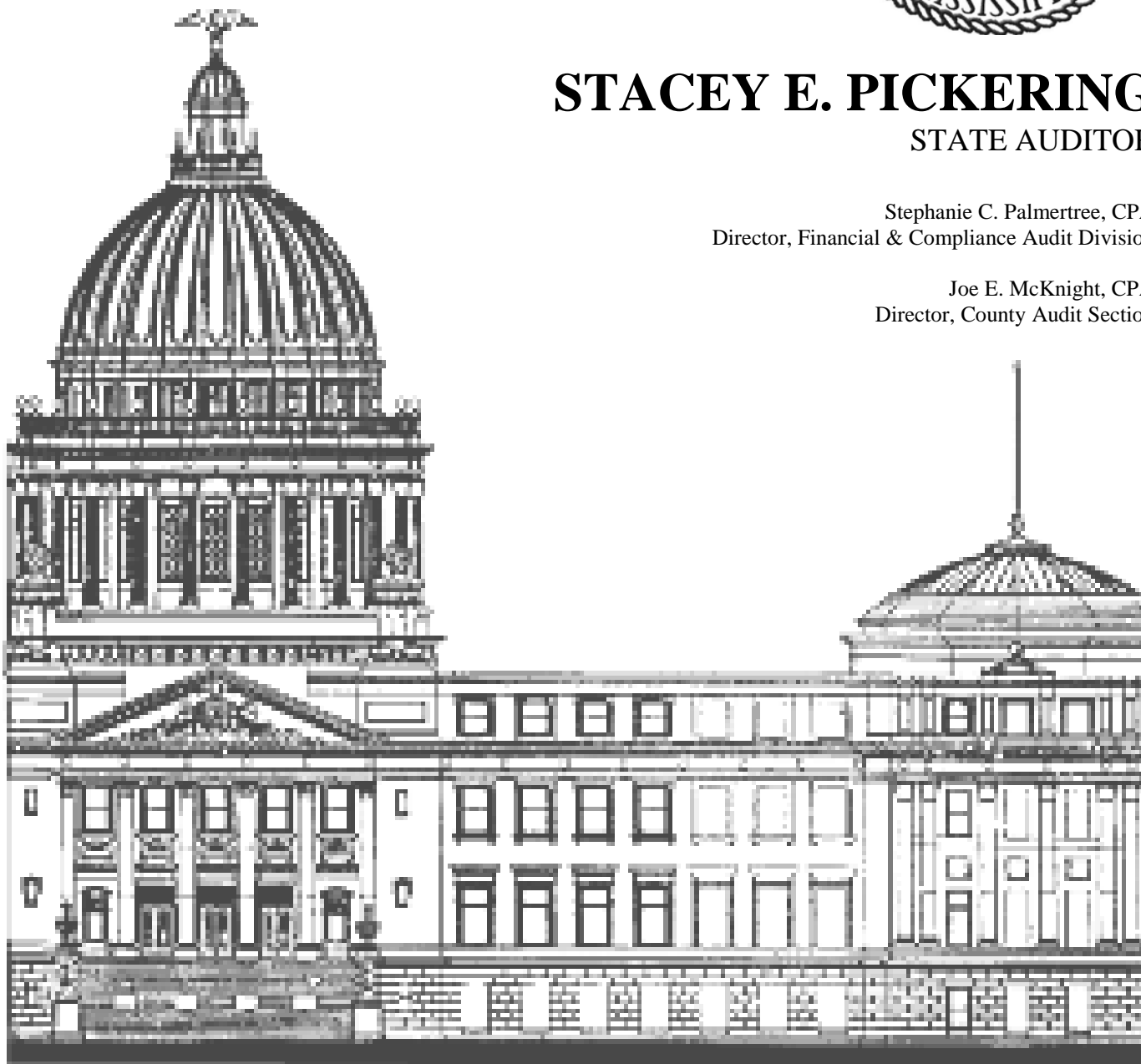


## STACEY E. PICKERING

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

[www.osa.state.ms.us](http://www.osa.state.ms.us)









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

October 11, 2017

Members of the Board of Supervisors  
Benton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 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". The signature is fluid and cursive, with the first name "Stacey" being more prominent.

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements which describes that 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 Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton 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 Schedule of Expenditures of Federal Awards 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 taken as a whole.

The Budgetary Comparison Schedules, Schedule of Interfund Loans and Advances, 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 October 11, 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

October 11, 2017

BENTON COUNTY

FINANCIAL STATEMENTS

BENTON COUNTY

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Benton County  
Statement of Net Position - Cash Basis  
September 30, 2016

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 5,987,835
Total Assets	<u>5,987,835</u>
NET POSITION	
Restricted:	
Expendable:	
General government	224,896
Public safety	168,091
Public works	2,575,023
Unrestricted	<u>3,019,825</u>
Total Net Position	<u>\$ 5,987,835</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, 2016

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,950,373	229,342	10,177		(2,710,854)
Public safety	1,272,978	98,674			(1,174,304)
Public works	1,689,962		528,977		(1,160,985)
Health and welfare	44,762		200,014		155,252
Culture and recreation	95,078			27,150	(67,928)
Education	1,283,844				(1,283,844)
Conservation of natural resources	54,240		47,213	236,422	229,395
Economic development and assistance	190,900			5,295	(185,605)
Debt service:					
Principal	153,261				(153,261)
Interest	5,229				(5,229)
Total Governmental Activities	<u>7,740,627</u>	<u>328,016</u>	<u>786,381</u>	<u>268,867</u>	<u>(6,357,363)</u>
General receipts:					
Property taxes				\$ 2,545,436	
Road & bridge privilege taxes				109,378	
Grants and contributions not restricted to specific programs				103,808	
In-lieu taxes -TVA				3,761,298	
Unrestricted interest income				23,336	
Miscellaneous				86,042	
Sale of county property				42,316	
Total General Receipts and Other Cash Sources				<u>6,671,614</u>	
Change in Net Position					314,251
Net Position - Beginning of year					<u>5,673,584</u>
Net Position - Ending				\$	<u>5,987,835</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, 2016

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Road &amp; 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	\$ 3,019,825	2,421,318	546,692	5,987,835
Total Assets	<u>\$ 3,019,825</u>	<u>2,421,318</u>	<u>546,692</u>	<u>5,987,835</u>
FUND BALANCES				
Restricted for:				
General government			224,896	224,896
Public safety			168,091	168,091
Public works		2,421,318	153,705	2,575,023
Committed to:				
Economic development and assistance	1,842,581			1,842,581
Unassigned	1,177,244			1,177,244
Total Fund Balances	<u>\$ 3,019,825</u>	<u>2,421,318</u>	<u>546,692</u>	<u>5,987,835</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, 2016

Exhibit 4

	Major Funds		Other	Total
	General	Road & Bridge	Governmental	Governmental
	Fund	Maintenance	Funds	Funds
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 1,938,669	321,732	285,035	2,545,436
Road and bridge privilege taxes		109,378		109,378
Licenses, commissions and other receipts	146,039		2,007	148,046
Fines and forfeitures	94,095		11,542	105,637
In-lieu taxes - TVA	3,761,298			3,761,298
Intergovernmental receipts	321,390	606,553	231,113	1,159,056
Charges for services	7,120		67,213	74,333
Interest income	15,382	6,338	1,616	23,336
Miscellaneous receipts	25,280	5,481	55,281	86,042
Total Receipts	<u>6,309,273</u>	<u>1,049,482</u>	<u>653,807</u>	<u>8,012,562</u>
DISBURSEMENTS				
General government	2,873,057		77,316	2,950,373
Public safety	1,125,752		147,226	1,272,978
Public works	34	1,285,086	404,842	1,689,962
Health and welfare	44,762			44,762
Culture and recreation	95,078			95,078
Education	1,283,844			1,283,844
Conservation of natural resources	54,240			54,240
Economic development and assistance	7,000		183,900	190,900
Debt service:				
Principal		124,040	29,221	153,261
Interest		4,635	594	5,229
Total Disbursements	<u>5,483,767</u>	<u>1,413,761</u>	<u>843,099</u>	<u>7,740,627</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>825,506</u>	<u>(364,279)</u>	<u>(189,292)</u>	<u>271,935</u>
OTHER CASH SOURCES (USES)				
Sale of county property	1,102	41,214		42,316
Transfers in	48,983	928,606	312,855	1,290,444
Transfers out	(1,238,961)	(33,983)	(17,500)	(1,290,444)
Total Other Cash Sources and Uses	<u>(1,188,876)</u>	<u>935,837</u>	<u>295,355</u>	<u>42,316</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(363,370)</u>	<u>571,558</u>	<u>106,063</u>	<u>314,251</u>
Cash Basis Fund Balances - Beginning	<u>3,383,195</u>	<u>1,849,760</u>	<u>440,629</u>	<u>5,673,584</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,019,825</u>	<u>2,421,318</u>	<u>546,692</u>	<u>5,987,835</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, 2016

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 21,360
Total Assets	\$ 21,360
LIABILITIES	
Amounts held in custody for others	\$ 21,360
Total Liabilities	\$ 21,360

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, 2016

(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 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.

BENTON COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2016

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 broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

BENTON COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2016

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 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.

BENTON COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2016

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$6,009,195, and the bank balance was \$6,222,369. 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. 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.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2016:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Road and Bridge Maintenance Fund	\$ 33,983
General Fund	Other Governmental Funds	15,000
Road and Bridge Maintenance Fund	General Fund	926,106
Road and Bridge Maintenance Fund	Other Governmental Funds	2,500
Other Governmental Funds	General Fund	312,855
		<u>\$ 1,290,444</u>

The purpose of interfund transfers was to distribute in-lieu taxes and 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, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(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.



BENTON COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2016

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 judgement against the County. See further disclosure in Note 8.

(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 2016.

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 2016.

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 of the 23 members of the college board of trustees. The County contributed \$109,135 for the maintenance and support of the college in fiscal year 2016.

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 2016.

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, seven 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 2016.

(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, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015 and 2014 were \$267,467, \$236,604 and \$244,713, respectively, equal to the required contributions for each year.

BENTON COUNTY  
Notes to Financial Statements  
For the Year Ended September 30, 2016

(8). Subsequent Events.

As stated in Note 5, the County was a defendant in a lawsuit seeking damages for an incident involving the County jail. Subsequent to year end, this lawsuit has been settled, and the judgement against the County was covered by their excess liability policy

BENTON COUNTY

SUPPLEMENTAL INFORMATION

BENTON COUNTY

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Benton County  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Forest Service			
Passed-through Mississippi State Treasurer's Office			
Schools and Roads - Grants to States	10.665	N/A	<u>161,865</u>
U.S. Department of Housing and Urban Development:			
Office of Community Planning and Development			
Passed-through Mississippi Development Authority			
Home Investment Partnerships Program	14.239	1222-M 14-SG-280-005	<u>183,900</u>
U.S. Department of Transportation:			
Federal Highway Administration			
Passed-through Mississippi Department of Transportation			
Highway Planning and Construction	20.205	BR NBIS 083 (05)	<u>13,070</u>
U.S. Department of Homeland Security:			
Passed-through Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	* 97.036	FEMA-4248-DR-MS	583,928
Passed-through Mississippi Emergency Management Agency			
Emergency Management Performance Grants	97.042	EMA-2016-EP-00005	<u>17,150</u>
Total U.S. Department of Homeland Security			<u>601,078</u>
Total Expenditures of Federal Awards			<u>\$ 959,913</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

\* Denotes major federal award program

BENTON COUNTY

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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, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 1,856,247	1,938,669	1,938,669	
Licenses, commissions and other receipts	127,544	146,039	146,039	
Fines and forfeitures	80,270	94,095	94,095	
In-lieu taxes - TVA	0	3,761,298	3,761,298	
Intergovernmental receipts	3,201,922	321,390	321,390	
Charges for services	0	7,120	7,120	
Interest income	2,054	15,382	15,382	
Miscellaneous receipts	43,900	25,280	25,280	
Total Receipts	<u>5,311,937</u>	<u>6,309,273</u>	<u>6,309,273</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,554,281	2,873,057	2,873,057	
Public safety	1,099,259	1,125,752	1,125,752	
Public works	0	34	34	
Health and welfare	98,592	44,762	44,762	
Culture and recreation	98,249	95,078	95,078	
Education	1,519,391	1,283,844	1,283,844	
Conservation of natural resources	61,680	54,240	54,240	
Economic development and assistance	7,000	7,000	7,000	
Total Disbursements	<u>6,438,452</u>	<u>5,483,767</u>	<u>5,483,767</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(1,126,515)</u>	<u>825,506</u>	<u>825,506</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property		1,102	1,102	
Transfers in		48,983	48,983	
Transfers out		(1,238,961)	(1,238,961)	
Other financing sources	10,582			
Total Other Cash Sources and Uses	<u>10,582</u>	<u>(1,188,876)</u>	<u>(1,188,876)</u>	<u>0</u>
Net Change in Fund Balance	(1,115,933)	(363,370)	(363,370)	
Fund Balances - Beginning	<u>1,004,584</u>	<u>3,383,195</u>	<u>3,383,195</u>	
Fund Balances - Ending	<u>\$ (111,349)</u>	<u>3,019,825</u>	<u>3,019,825</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, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 305,004	321,732	321,732	
Road and bridge privilege taxes	107,899	109,378	109,378	
Intergovernmental receipts	668,921	606,553	606,553	
Interest income	4,844	6,338	6,338	
Miscellaneous receipts	72,582	5,481	5,481	
Total Receipts	<u>1,159,250</u>	<u>1,049,482</u>	<u>1,049,482</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	2,633,750	1,285,086	1,285,086	
Debt service:				
Principal	216,250	124,040	124,040	
Interest		4,635	4,635	
Total Disbursements	<u>2,850,000</u>	<u>1,413,761</u>	<u>1,413,761</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(1,690,750)</u>	<u>(364,279)</u>	<u>(364,279)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		41,214	41,214	
Transfers in	941,703	928,606	928,606	
Transfers out		(33,983)	(33,983)	
Total Other Cash Sources and Uses	<u>941,703</u>	<u>935,837</u>	<u>935,837</u>	<u>0</u>
Net Change in Fund Balance	(749,047)	571,558	571,558	
Fund Balances - Beginning	<u>2,023,643</u>	<u>1,849,760</u>	<u>1,849,760</u>	
Fund Balances - Ending	<u>\$ 1,274,596</u>	<u>2,421,318</u>	<u>2,421,318</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, 2016  
UNAUDITED

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2016</u>
General Fund	Road & Bridge Maintenance Fund	\$ 33,882
Total		\$ 33,882

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>	<u>Balance at Sept. 30, 2016</u>
General Fund	Road & Bridge Maintenance Fund	\$ 56,471
Total		\$ 56,471

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, 2016  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments*	Balance Sept. 30, 2016
Land	\$ 116,412	15,000			131,412
Construction in progress	143,327	1,647		(144,974)	
Infrastructure	9,542,528			144,974	9,687,502
Buildings	2,595,103				2,595,103
Improvements other than buildings	584,705				584,705
Mobile equipment	4,269,496	280,822	95,168		4,455,150
Furniture and equipment	441,391	71,400			512,791
Leased property under capital leases	581,475				581,475
Total capital assets	\$ 18,274,437	368,869	95,168	0	18,548,138

\*The adjustment column includes reclassification of completed constuction projects transferred to infrastructure.

Benton County  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Principal Payments	Balance Sept. 30, 2016
<b>Governmental Activities:</b>						
A. Capital Leases:						
John Deere motor grader	8/2012	8/2017	2.18%	72,707	37,556	35,151
District 1 John Deere tractor	8/2012	8/2017	2.19%	15,050	7,773	7,277
District 2 John Deere tractor	8/2012	8/2017	2.19%	15,557	8,035	7,522
District 3 John Deere tractor	8/2012	8/2017	2.19%	15,050	7,773	7,277
District 5 John Deere tractor	8/2013	8/2018	2.17%	24,559	9,806	14,753
Used John Deere tractor	8/2013	8/2016	2.09%	8,316	8,316	
John Deere tractor (used) District 3	11/2013	11/2016	2.19%	15,075	12,898	2,177
John Deere tractor (used) District 3	11/2013	11/2018	2.35%	31,827	9,796	22,031
John Deere tractor (new) District 2	4/2014	4/2019	2.36%	33,345	9,024	24,321
Dump Truck District 5	1/2015	1/2020	2.32%	58,858	13,063	45,795
B. Other Loans:						
911 equipment loan	11/2010	12/2015	2.00%	29,221	29,221	
Total				\$ 319,565	153,261	166,304

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

Name	Position	Company	Bond
Christian Graves Shoup	Supervisor District 1	HUB International Insurance	\$100,000
James Griffin	Supervisor District 2	HUB International Insurance	\$100,000
James Lowry	Supervisor District 3	HUB International Insurance	\$100,000
Tommy Fortner	Supervisor District 4	HUB International Insurance	\$100,000
Ricky Wayne Pipkin, Sr.	Supervisor District 5	HUB International Insurance	\$100,000
Marlene McKenzie	Comptroller	HUB International Insurance	\$100,000
Marlene McKenzie	Chancery Clerk	HUB International Insurance	\$100,000
Marlene McKenzie	Purchase Clerk	HUB International Insurance	\$100,000
Marjorie Jimmerson	Assistant Purchase Clerk	HUB International Insurance	\$50,000
Collin Mills	Receiving Clerk	HUB International Insurance	\$75,000
Joe Harris	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Alonzo Tucker	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Marc Steele	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Ronnie Briscoe	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Margaret Taylor	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Cindy Wilson	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Pearlie Thompson	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Margorie Thompson	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Jerry Estes	Assistant Receiving Clerk	HUB International Insurance	\$50,000
Cindy Wilson	Inventory Control Clerk	HUB International Insurance	\$75,000
James Williams	Constable	HUB International Insurance	\$50,000
Robert O'Neil Dickerson	Constable	HUB International Insurance	\$50,000
Larry Hobson	Coroner	HUB International Insurance	\$50,000
Kathy M. Graves	Circuit Clerk	HUB International Insurance	\$100,000
Lakeisha Fuller	Deputy Circuit Clerk	HUB International Insurance	\$100,000
Albert Arnold McMullen	Sheriff	HUB International Insurance	\$100,000
Janice Fortner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000
Bobby Dickerson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000
Jackie Stanton	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000
Scott Poff	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000
James Williams (Auxiliary)	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000
Margaret Taylor	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	HUB International Insurance	\$50,000

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

Name	Position	Company	Bond
	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))		
Pete Samples		HUB International Insurance	\$50,000
Johnny Stanton	Jailor	HUB International Insurance	\$10,000
James Couch	Jailor	HUB International Insurance	\$10,000
Leon Crawford	Jailor	HUB International Insurance	\$10,000
Stacey Duncan	Jailor	HUB International Insurance	\$10,000
Willie Brown	Jailor	HUB International Insurance	\$10,000
Daniel Phillips	Jailor	HUB International Insurance	\$10,000
Clark McCollem	Jailor	HUB International Insurance	\$10,000
Roger Elliot	Jailor	HUB International Insurance	\$10,000
Brody Lee Childers	Justice Court Judge	HUB International Insurance	\$100,000
Gary McBride	Justice Court Judge	HUB International Insurance	\$100,000
Felicia Washington	Justice Court Clerk	HUB International Insurance	\$50,000
Karen Moody	Deputy Justice Court Clerk	HUB International Insurance	\$50,000
Shannon Wilburn	Tax Assessor-Collector	HUB International Insurance	\$100,000
Rhonda Reno	Deputy Tax Collector	HUB International Insurance	\$50,000
Pearlie Thompson	Deputy Tax Collector	HUB International Insurance	\$50,000
Stanley Poff	Deputy Tax Collector	HUB International Insurance	\$50,000
Collin Mills	Deputy Tax Collector	HUB International Insurance	\$50,000
Kenneth P. Geno, Jr.	County Engineer	HUB International Insurance	\$50,000

BENTON COUNTY

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## BENTON COUNTY

### Notes to the Other Information For the Year Ended September 30, 2016

(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, 2016, the amount of outstanding debt was equal to 0% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2016, the County issued the following debt obligation:

<u>Date</u>	<u>Rate</u>		<u>Amount</u>	<u>Financing</u>	<u>Source of Financing</u>
8/1/2017	2.48%	\$	145,284	Capital lease	Ad valorem taxes
10/11/2017	2.00%		25,000	Other Loan	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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 11, 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 describe in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2016-001, 2016-002, 2016-003 and 2016-005 to be material weaknesses.

*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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned costs as 2016-004 to be a significant deficiency.

**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 October 11, 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 Questioned Costs. 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

October 11, 2017



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

**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  
Benton County, Mississippi

**Report on Compliance for the Major Federal Program**

We have audited Benton 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 Benton County, Mississippi's major federal program for the year ended September 30, 2016. Benton 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 Benton 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 Benton 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 Benton County, Mississippi's compliance.

***Opinion on the Major Federal Program***

In our opinion, Benton 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, 2016.

## Report on Internal Control over Compliance

Management of Benton 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 Benton 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

October 11, 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, 2016. 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.

Repeat Finding                      Yes

Criteria	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.
----------	--

Condition	During our audit, we noted a purchase for the Sheriff's department of a 2016 Ford F150 4x4 with no competitive written quotes. As reported in the prior year audit report, quotes were later provided to auditors; however, one quote was falsified and not obtained prior to purchase. Also, the County purchased a 2015 Ford F150 with no competitive written quotes or bids.
Cause	Unknown
Effect	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 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.
Views of Responsible Official(s)	We will comply.

#### Purchase Clerk

##### 2. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the county.

Repeat Finding	Yes
Criteria	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.
Condition	As reported in the prior year's audit report, we noted that purchase documentation, specifically the purchase order and/or purchase requisition dates, were not completed in a logical time sequence.
Cause	Unknown
Effect	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.
Views of Responsible Official(s)	We will comply.

#### Inventory Control Clerk

##### 3. County assets should be marked with an inventory control number.

Repeat Finding	No
Criteria	Section 31-7-107, Miss. Code Ann. (1972), requires the county to establish and maintain an inventory control system.
Condition	During physical inspection, we noted that three vehicles in the Sheriff's office were not marked with an asset number.
Cause	Unknown
Effect	Failure to properly identify assets could result in loss or misappropriation of public assets.

Recommendation      The Inventory Control Clerk should ensure that asset numbers are being attached to county vehicles.

Views of

Responsible Official(s)      I have a system in place where they sign for asset numbers when they are picked up as proof that Official(s) they are received.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Benton County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

October 11, 2017

Benton County  
Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2016

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
1/26/2016	Debris Removal Services	\$ 11,755	Looks Great	\$ 1,308	Each company was evaluated by a proposal rating sheet with emphasis on years of experience, pricing, credentials, availability, and knowledge of scope of work. Looks Great received 400 points.

Benton County  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

Our test did not identify any emergency purchases.

## BENTON COUNTY

Schedule 3Schedule of Purchases Made Noncompetively From a Sole Source  
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
8/3/2016	Single flight for imagery	\$	156,198	Pictometry



**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, 2016, 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 October 11, 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 had unapproved interfund transfers.

Repeat Finding	Yes
Criteria	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.
Condition	As noted in the prior year's audit report, there were interfund transfers made without board approval spread upon the minutes.
Cause	Unknown
Effect	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.

Views of  
Responsible Official(s) I will comply.

Sheriff.

2. Timely bank deposits should be made.

Repeat Finding Yes

Criteria An effective system of internal control over cash requires that bank deposits be made on a timely basis.

Condition As reported in the prior six years' audit reports, the Sheriff failed to make consistent deposits throughout the fiscal year.

Cause Unknown

Effect 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.

Views of  
Responsible Official(s) We will comply.

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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

October 11, 2017



BENTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BENTON COUNTY

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# BENTON COUNTY

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2016

### Section 1: Summary of Auditor's Results

#### ***Financial Statements:***

- |   |            |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting:                   |            |
| a. Material weakness(es) identified?                            | Yes        |
| b. Significant deficiency(ies) identified?                      | Yes        |
| 3. Noncompliance material to the financial statements noted?    | No         |

#### ***Federal Awards:***

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs:                            | Unmodified    |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. Identification of major federal programs:  |               |
| a. CFDA 97.036, Disaster Grants - Public Assistance (Presidentially Declared Disasters)                 |               |
| 8. Dollar threshold used to distinguish between type A and type B program                               | \$750,000     |
| 9. Auditee qualified as low-risk auditee?   | No            |

### Section 2: Financial Statement Findings

Chancery Clerk.

Material Weakness

2016-001                      Cash collection and disbursement functions over accounting functions not adequately segregated.

Repeat Finding              Yes; 2015-001

Criteria                      An effective system of internal control should include an adequate separation of duties.

Condition                      As reported in the prior six 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.

Cause                          Unknown

BENTON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

Effect	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.
Views of Responsible Official(s)	We will comply.
Circuit Clerk.	
Material Weakness	
2016-002	<u>Cash collection and disbursement functions are not adequately segregated in the Circuit Clerk's office.</u>
Repeat Finding	Yes; 2015-002
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the prior six 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.
Cause	Unknown
Effect	Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.
Recommendation	The Circuit Clerk should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	Please give me a plan, we'd be glad to comply.
Tax Assessor-Collector.	
Material Weakness	
2016-003	<u>Cash collection, recording, and reconciling functions in the Tax Assessor-Collector's office are not adequately segregated.</u>
Repeat Finding	Yes; 2015-003
Criteria	An effective system of internal control over tax collection should include an adequate segregation of duties.
Condition	As reported in the prior six years' audit reports, the Tax Assessor-Collector performed some cash collections, and all recording, disbursing and reconciling functions. Cash collection, recording, and reconciling functions were not adequately segregated for effective internal control.
Cause	Unknown

BENTON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

Effect	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.
Views of Responsible Officials	I will comply.
Significant Deficiency	
2016-004	<u>Internal controls over tax collection functions should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of internal control over the functions of tax collection should include reconciliations of the cash journal balance to the bank statement each month.
Condition	As noted during our testwork, the Tax Assessor-Collector did not maintain a cash journal which prohibited the reconciliation of the bank statement to the cash journal balance each month.
Cause	Unknown
Effect	Failure to implement adequate controls over the functions of tax collection could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should ensure that adequate internal controls are in place over tax collection functions, which would include maintaining a cash journal and proper bank reconciliations each month.
Views of Responsible Official(s)	I will comply.
Justice Court Clerk.	
Material Weakness	
2016-005	<u>Cash collections and disbursement functions in the Justice Court Clerk's office are not adequately segregated.</u>
Repeat finding	Yes; 2015-004
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the six 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.
Cause	Unknown
Effect	Failure to have adequate separation of duties could result in the loss or misappropriation of public funds.

BENTON COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2016

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.
Views of Responsible Official(s)	I will comply with the necessary improvements and recommendations.

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.