

BENTON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

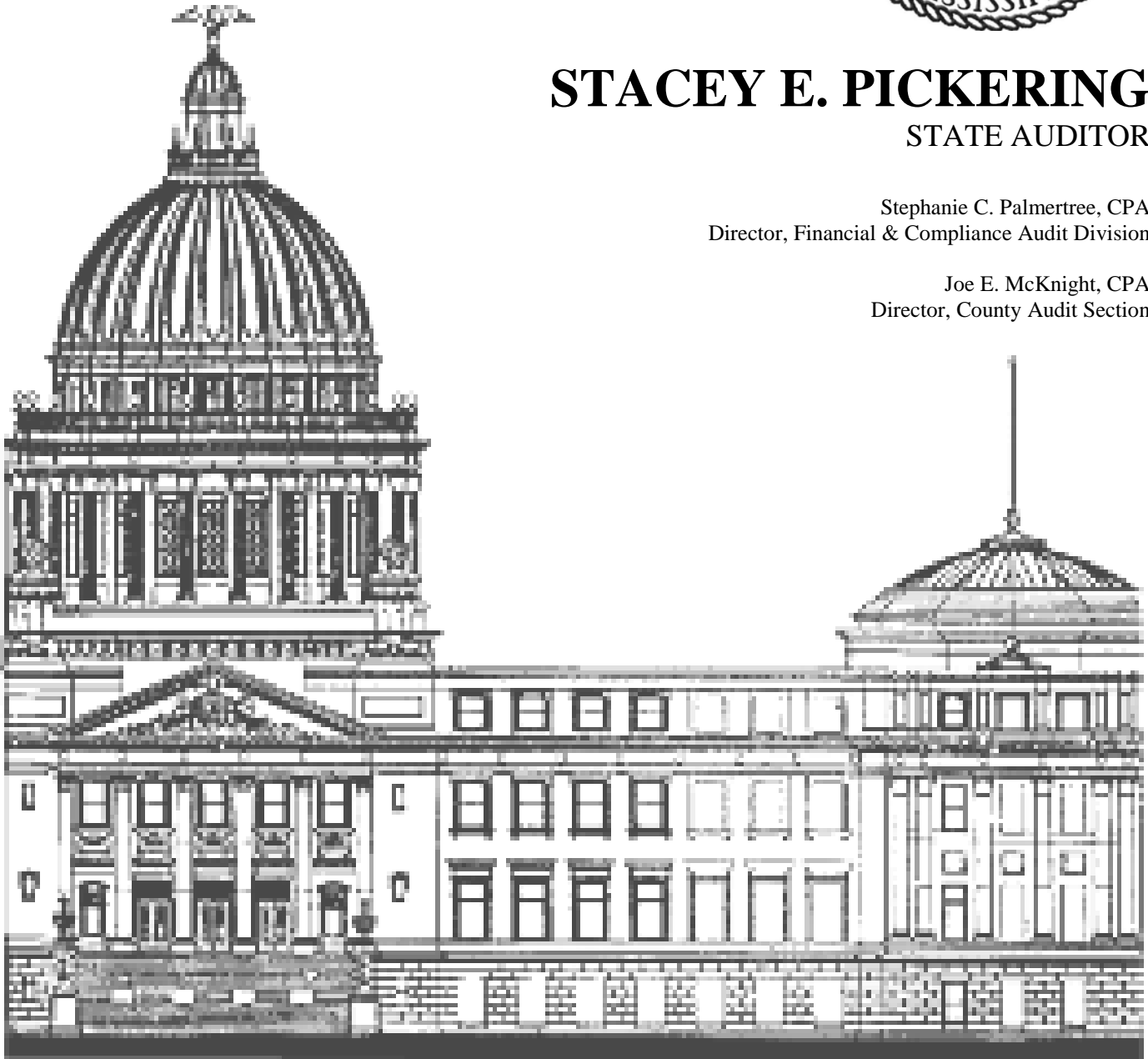


STACEY E. PICKERING

STATE AUDITOR

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

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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

May 15, 2018

Members of the Board of Supervisors
Benton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 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", written in a cursive style.

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, 2017, 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, 2017, 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 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 May 15, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Benton County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 15, 2018

BENTON COUNTY

FINANCIAL STATEMENTS

BENTON COUNTY

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Benton County
Statement of Net Position - Cash Basis
September 30, 2017

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 5,741,087
Total Assets	<u>5,741,087</u>
NET POSITION	
Restricted:	
Expendable:	
General government	210,038
Public safety	232,073
Public works	2,741,688
Unrestricted	<u>2,557,288</u>
Total Net Position	<u>\$ 5,741,087</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, 2017

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes In Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,637,354	194,467	18,381		(2,424,506)
Public safety	1,250,328	115,849			(1,134,479)
Public works	3,433,541	78	1,112,317	60,973	(2,260,173)
Health and welfare	33,328		99,595		66,267
Culture and recreation	97,541			19,417	(78,124)
Education	1,316,226				(1,316,226)
Conservation of natural resources	57,200		41,108	39,926	23,834
Economic development and assistance	72,600			15,301	(57,299)
Debt service:					
Principal	117,482				(117,482)
Interest	2,822				(2,822)
Total Governmental Activities	<u>9,018,422</u>	<u>310,394</u>	<u>1,271,401</u>	<u>135,617</u>	<u>(7,301,010)</u>
General receipts:					
Property taxes				\$	2,811,629
Road & bridge privilege taxes					109,090
Grants and contributions not restricted to specific programs					145,516
In-lieu taxes - TVA					3,447,857
Unrestricted interest income					22,665
Miscellaneous					206,931
Proceeds from debt issuance					224,884
Sale of county property					25,147
Compensation for loss of county property					60,543
Total General Receipts and Other Cash Sources					<u>7,054,262</u>
Changes in Net Position					(246,748)
Net Position - Beginning					<u>5,987,835</u>
Net Position - Ending				\$	<u><u>5,741,087</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, 2017

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Road & Bridge Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 2,557,288	2,696,011	487,788	5,741,087
Total Assets	<u>\$ 2,557,288</u>	<u>2,696,011</u>	<u>487,788</u>	<u>5,741,087</u>
FUND BALANCES				
Restricted for:				
General government	\$		210,038	210,038
Public safety			232,073	232,073
Public works		2,696,011	45,677	2,741,688
Committed to:				
Economic development and assistance	1,643,699			1,643,699
Unassigned	913,589			913,589
Total Fund Balances	<u>\$ 2,557,288</u>	<u>2,696,011</u>	<u>487,788</u>	<u>5,741,087</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, 2017

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	\$ 2,142,382	356,408	312,839	2,811,629
Road and bridge privilege taxes		109,090		109,090
Licenses, commissions and other receipts	137,630		1,680	139,310
Fines and forfeitures	72,994		14,927	87,921
In-lieu taxes - TVA	3,447,857			3,447,857
Intergovernmental receipts	843,180	602,646	106,708	1,552,534
Charges for services	14,929		68,234	83,163
Interest income	12,326	8,638	1,701	22,665
Miscellaneous receipts	104,822	22,791	79,318	206,931
Total Receipts	<u>6,776,120</u>	<u>1,099,573</u>	<u>585,407</u>	<u>8,461,100</u>
DISBURSEMENTS				
General government	2,519,871		117,483	2,637,354
Public safety	1,134,279		116,049	1,250,328
Public works		2,827,085	606,456	3,433,541
Health and welfare	33,328			33,328
Culture and recreation	97,541			97,541
Education	1,316,226			1,316,226
Conservation of natural resources	57,200			57,200
Economic development and assistance	7,000		65,600	72,600
Debt service:				
Principal		117,482		117,482
Interest		2,822		2,822
Total Disbursements	<u>5,165,445</u>	<u>2,947,389</u>	<u>905,588</u>	<u>9,018,422</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1,610,675</u>	<u>(1,847,816)</u>	<u>(320,181)</u>	<u>(557,322)</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		224,884		224,884
Sale of county property	12,600	12,547		25,147
Compensation for loss of county property	47,092	13,451		60,543
Transfers in	54,129	1,925,756	261,277	2,241,162
Transfers out	(2,187,033)	(54,129)		(2,241,162)
Total Other Cash Sources and Uses	<u>(2,073,212)</u>	<u>2,122,509</u>	<u>261,277</u>	<u>310,574</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(462,537)</u>	<u>274,693</u>	<u>(58,904)</u>	<u>(246,748)</u>
Cash Basis Fund Balances - Beginning	<u>3,019,825</u>	<u>2,421,318</u>	<u>546,692</u>	<u>5,987,835</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,557,288</u>	<u>2,696,011</u>	<u>487,788</u>	<u>5,741,087</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, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>19,255</u>
Total Assets	\$ <u><u>19,255</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>19,255</u>
Total Liabilities	\$ <u><u>19,255</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, 2017

(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 constitutes its assets, fund balances, receipts and disbursements. Funds are organized into governmental and

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 TYPES

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

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, 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, 2017

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, 2017

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.

H. Changes in Accounting Standards.

The County implemented the following standard issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures*. The provisions of this standard have been incorporated into the financial statements and notes. However, the County had no tax abatement agreements in place as of and for the year ended September 30, 2017; therefore, no further disclosure is necessary.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$5,760,342, and the bank balance was \$5,923,429. 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, 2017:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Road and Bridge Maintenance Fund	\$ 54,129
Road and Bridge Maintenance Fund	General Fund	1,925,756
Other Governmental Funds	General Fund	<u>261,277</u>
Total		\$ <u><u>2,241,162</u></u>

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

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(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, 2017, to January 1, 2018. 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.

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.

(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 2017.

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 2017.

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 \$118,512 for the maintenance and support of the college in fiscal year 2017.

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 2017.

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 \$25,000 to the commission in fiscal year 2017.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$301,884, \$267,467 and \$236,604 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, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 1,937,777	2,142,382	2,142,382	
Licenses, commissions and other receipts	145,467	137,630	137,630	
Fines and forfeitures	107,867	72,994	72,994	
In-lieu taxes - TVA		3,447,857	3,447,857	
Intergovernmental receipts	1,238,615	843,180	843,180	
Charges for services		14,929	14,929	
Interest income	4,594	12,326	12,326	
Miscellaneous receipts	28,665	104,822	104,822	
Total Receipts	<u>3,462,985</u>	<u>6,776,120</u>	<u>6,776,120</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	4,190,338	2,519,871	2,519,871	
Public safety	1,120,351	1,134,279	1,134,279	
Health and welfare	68,552	33,328	33,328	
Culture and recreation	98,249	97,541	97,541	
Education	1,519,391	1,316,226	1,316,226	
Conservation of natural resources	61,680	57,200	57,200	
Economic development and assistance	7,000	7,000	7,000	
Total Disbursements	<u>7,065,561</u>	<u>5,165,445</u>	<u>5,165,445</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(3,602,576)</u>	<u>1,610,675</u>	<u>1,610,675</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		12,600	12,600	
Compensation for loss of county property		47,092	47,092	
Transfers in		54,129	54,129	
Transfers out		(2,187,033)	(2,187,033)	
Other financing sources	848,835			
Total Other Cash Sources and Uses	<u>848,835</u>	<u>(2,073,212)</u>	<u>(2,073,212)</u>	<u>0</u>
Net Change in Fund Balance	(2,753,741)	(462,537)	(462,537)	
Fund Balances - Beginning	<u>1,083,800</u>	<u>3,019,825</u>	<u>3,019,825</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (1,669,941)</u>	<u>2,557,288</u>	<u>2,557,288</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, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 319,459	356,408	356,408	
Road and bridge privilege taxes	109,497	109,090	109,090	
Intergovernmental receipts	718,448	602,646	602,646	
Interest income	5,509	8,638	8,638	
Miscellaneous receipts	3,867	22,791	22,791	
Total Receipts	<u>1,156,780</u>	<u>1,099,573</u>	<u>1,099,573</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	2,847,000	2,827,085	2,827,085	
Debt service:				
Principal		117,482	117,482	
Interest		2,822	2,822	
Total Disbursements	<u>2,847,000</u>	<u>2,947,389</u>	<u>2,947,389</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(1,690,220)</u>	<u>(1,847,816)</u>	<u>(1,847,816)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt		224,884	224,884	
Sale of county property		12,547	12,547	
Compensation for loss of county property		13,451	13,451	
Transfers in		1,925,756	1,925,756	
Transfers out		(54,129)	(54,129)	
Other financing sources	966,970			
Total Other Cash Sources and Uses	<u>966,970</u>	<u>2,122,509</u>	<u>2,122,509</u>	<u>0</u>
Net Change in Fund Balance	(723,250)	274,693	274,693	
Fund Balances - Beginning	<u>2,190,698</u>	<u>2,421,318</u>	<u>2,421,318</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,467,448</u>	<u>2,696,011</u>	<u>2,696,011</u>	<u>0</u>

BENTON COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2017
UNAUDITED

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2017
General Fund	Road and Bridge Maintenance Fund	\$ <u>33,882</u>
Total		\$ <u><u>33,382</u></u>

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

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2017
General Fund	Road and Bridge Maintenance Fund	\$ <u>22,589</u>
Total		\$ <u><u>22,589</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, 2017
UNAUDITED

Governmental activities:

	Balance			Balance
	Oct. 1, 2016	Additions	Deletions	Sept. 30, 2017
Land	\$ 131,412	-	-	131,412
Construction in progress	-	64,927	-	64,927
Infrastructure	9,687,502	294,444		9,981,946
Buildings	2,595,103	-		2,595,103
Improvements other than buildings	584,705	-		584,705
Mobile equipment	4,455,150	232,892	193,776	4,494,266
Furniture and equipment	512,791	350,638	14,760	848,669
Leased property under capital leases	581,475	224,884		806,359
Total capital assets	\$ 18,548,138	1,167,785	208,536	19,507,387

Benton County
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2017
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2016	Issued	Principal Payments	Balance Sept. 30, 2017
Governmental Activities:							
A. Capital Leases:							
John Deere motor grader	08/2012	08/2017	2.18%	35,151		35,151	
District 1 John Deere tractor	08/2012	08/2017	2.19%	7,277		7,277	
District 2 John Deere tractor	08/2012	08/2017	2.19%	7,522		7,522	
District 3 John Deere tractor	08/2012	08/2017	2.19%	7,277		7,277	
District 5 John Deere tractor	08/2013	08/2018	2.17%	14,753		9,259	5,494
John Deere tractor (used) District 3	11/2013	11/2016	2.19%	2,177		2,177	
John Deere tractor (used) District 3	11/2013	11/2018	2.35%	22,031		10,029	12,002
John Deere tractor (new) District 2	04/2014	04/2019	2.36%	24,321		24,321	
Dump Truck District 5	01/2015	01/2020	2.32%	45,795		13,369	32,426
2018 International Mac Truck-District 1	08/2017	09/2021	2.48%		145,284	1,100	144,184
2018 International Dump Truck-District 2	08/2017	08/2021	2.47%		79,600		79,600
Total				\$ 166,304	224,884	117,482	273,706

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

Benton County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

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

Benton County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
Adam Zellner	Jailor	Travelers Insurance	10,000
James Couch	Jailor	Travelers Insurance	10,000
Leon Crawford	Jailor	Travelers Insurance	10,000
Darius Dukes	Jailor	Travelers Insurance	10,000
Stacey Duncan	Jailor	Travelers Insurance	10,000
Willie Brown	Jailor	Travelers Insurance	10,000
Daniel Phillips	Jailor	Travelers Insurance	10,000
Stanley Warren	Jailor	Travelers Insurance	10,000
Roger Elliot	Jailor	Travelers Insurance	10,000
Brody Lee Childers	Justice Court Judge	Travelers Insurance	100,000
Gary McBride	Justice Court Judge	Travelers Insurance	100,000
Felicia Washington	Justice Court Clerk	Travelers Insurance	50,000
Karen Moody	Deputy Justice Court Clerk	Travelers Insurance	50,000
Shannon Wilburn	Tax Assessor/Collector	Travelers Insurance	100,000
Rhonda Reno	Deputy Tax Collector	Travelers Insurance	50,000
Pearlie Thompson	Deputy Tax Collector	Travelers Insurance	50,000
Stanley Poff	Deputy Tax Collector	Travelers Insurance	50,000
Collin Mills	Deputy Tax Collector	Travelers Insurance	50,000
Kenneth P. Geno, Jr.	County Engineer	Travelers Insurance	50,000

BENTON COUNTY

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BENTON COUNTY

Notes to the Other Information
For the Year Ended September 30, 2017

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, 2017, the amount of outstanding debt was equal to 0% of the latest property assessments.

C. Subsequent Events.

Subsequent to September 30, 2017, 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>
		-		
05/16/2018	2.00%	\$ 100,000	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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 15, 2018.

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.

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 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-002, 2017-003, 2017-004 and 2017-005 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 dated May 15, 2018, 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

May 15, 2018



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, 2017. 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 finding and recommendation and your response 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) specifies 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 with no competitive written quotes.
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 and 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.
Views of Responsible Officials	We will comply.

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, 2017.

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 response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

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

May 15, 2018

BENTON COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2017

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, 2017

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/14/2017	2016 Freightliner	\$ 132, 000	Pac Mac	Due to mechanical issues associated with existing truck in the Sanitation Department, the truck would be out of service for two weeks. Therefore, daily operations would be halted in the garbage collection services.

BENTON COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
12/5/2016	Time Clock	\$ 18,508	Delta Harris Computer
5/15/2017	Fingerprint Machine	11,447	AD & S

BENTON COUNTY

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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, 2017, 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 May 15, 2018, on the financial statements of Benton County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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.

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, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 15, 2018

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, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Chancery Clerk.

Material Weakness 2017-001	<u>Cash collection and disbursement functions over accounting functions not adequately segregated.</u>
Repeat Finding	Yes; 2016-001
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the prior seven 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
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	We will comply.

Circuit Clerk.

Material Weakness 2017-002	<u>Cash collection and disbursement functions are not adequately segregated in the Circuit Clerk's office.</u>
Repeat Finding	Yes; 2016-002
Criteria	An effective system of internal control should include an adequate separation of duties.

BENTON COUNTY

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Condition	As reported in the prior seven 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.
Recommendation	The Circuit Clerk should implement a system for review of the accounting records by another person.
Views of Responsible Official	I will comply.

Tax Assessor-Collector.

Material Weakness 2017-003	<u>Cash collection, recording, and reconciling functions in the Tax Assessor-Collector's office are not adequately segregated.</u>
Repeat Finding	Yes; 2016-003
Criteria	An effective system of internal control over tax collection should include an adequate segregation of duties.
Condition	As reported in the prior seven 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
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 Official	We will comply to the above. Will find new methods.
Material Weakness 2017-004	<u>Internal controls over tax collection functions should be strengthened.</u>
Repeat Finding	Yes; 2016-004
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 reported in the prior year's audit report, the Tax Assessor-Collector does not reconcile the bank statements to the cash journal each month.
Cause	Unknown

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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 proper bank reconciliations each month.
Views of Responsible Official	I will comply. Looking into new ways to improve.

Justice Court Clerk.

Material Weakness 2017-005	<u>Cash collections and disbursement functions in the Justice Court Clerk's office are not adequately segregated.</u>
Repeat finding	Yes; 2016-005
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the seven 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.
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	I would comply.