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Benton County, Mississippi

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018

Fortenberry & Ballard, PC
Certified Public Accountants

Benton County, Mississippi
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FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, the major funds, and the aggregate remaining fund information of the Benton County, Mississippi (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

Unmodified Opinions

In our opinion, the financial statements referred to previously 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 the Benton County, Mississippi, as of September 30, 2018, and the respective changes in cash basis financial position, thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that 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

Other Information

The Budgetary Comparison Schedules, the Schedule of Capital Assets, the Schedule of Changes in Long-Term Debt, the Schedule of Surety Bonds for County Officials, the Schedule of Interfund Loans and Advances and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2019, on our consideration of the 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 5, 2019

Certified Public Accountants

FINANCIAL STATEMENTS

BENTON COUNTY, MISSISSIPPI
Statement of Net Position - Cash Basis
September 30, 2018

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 6,358,559
Total Assets	<u>6,358,559</u>
NET POSITION	
Restricted:	
Expendable:	
General government	205,042
Public safety	182,691
Public works	2,460,723
Unrestricted	<u>3,510,103</u>
Total Net Position	<u>\$ 6,358,559</u>

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

BENTON COUNTY, MISSISSIPPI
Statement of Activities - Cash Basis
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
					Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,684,112	173,191	321,915		(2,189,006)
Public safety	1,459,361	95,254	67,958	50,000	(1,246,149)
Public works	3,072,342	169,700	692,126	48,244	(2,162,272)
Health and welfare	31,855		10,778		(21,077)
Culture and recreation	110,643				(110,643)
Education	1,516,080				(1,516,080)
Conservation of natural resources	58,930				(58,930)
Economic development and assistance	254,153			247,153	(7,000)
Debt service:					
Principal	73,884				(73,884)
Interest	9,079				(9,079)
Total Governmental Activities	<u>9,270,439</u>	<u>438,145</u>	<u>1,092,777</u>	<u>345,397</u>	<u>(7,394,120)</u>
General receipts:					
Property taxes				\$ 2,905,104	
Road & bridge privilege taxes				114,263	
Grants and contributions not restricted to specific programs				192,490	
In-lieu taxes - TVA				4,074,740	
Unrestricted interest income				37,443	
Miscellaneous				123,988	
Proceeds from debt issuance				173,060	
Sale of county property				14,141	
Compensation on loss of county property				373,441	
Other financing sources (uses)				4,413	
Total General Receipts and Other Cash Sources				<u>8,013,083</u>	
Changes in Net Position					<u>618,963</u>
Net Position - Beginning, as previously reported					5,741,087
Prior period adjustment					<u>(1,491)</u>
Net Position - Beginning, as restated					<u>5,739,596</u>
Net Position - Ending					<u>\$ 6,358,559</u>

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

BENTON COUNTY, MISSISSIPPIExhibit 3

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

September 30, 2018

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Road & Bridge Maintenance Fund</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash	\$ 3,510,103	2,290,271	558,185	6,358,559
Total Assets	<u>\$ 3,510,103</u>	<u>2,290,271</u>	<u>558,185</u>	<u>6,358,559</u>
FUND BALANCES				
Restricted for:				
General government	\$		205,042	205,042
Public safety			182,691	182,691
Public works		2,290,271	170,452	2,460,723
Committed to:				
Economic development and assistance	2,310,011			2,310,011
Unassigned	1,200,092			1,200,092
Total Fund Balances	<u>\$ 3,510,103</u>	<u>2,290,271</u>	<u>558,185</u>	<u>6,358,559</u>

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

BENTON COUNTY, MISSISSIPPI**Exhibit 4**

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2018

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Road & Bridge Maintenance Fund		
RECEIPTS				
Property taxes	\$ 2,212,465	\$ 367,870	\$ 324,769	\$ 2,905,104
Road and bridge privilege taxes		114,263		114,263
Licenses, commissions and other receipts	128,915		1,845	130,760
Fines and forfeitures	65,005		3,509	68,514
In-lieu taxes - TVA	4,074,740			4,074,740
Intergovernmental receipts	601,281	740,370	289,013	1,630,664
Charges for services			238,871	238,871
Interest income	24,494	9,913	3,036	37,443
Miscellaneous receipts	14,905	3,803	105,280	123,988
Total Receipts	<u>7,121,805</u>	<u>1,236,219</u>	<u>966,323</u>	<u>9,324,347</u>
DISBURSEMENTS				
General government	2,573,694		110,418	2,684,112
Public safety	1,089,827		369,534	1,459,361
Public works		2,359,235	713,107	3,072,342
Health and welfare	31,855			31,855
Culture and recreation	110,643			110,643
Education	1,516,080			1,516,080
Conservation of natural resources	58,930			58,930
Economic development and assistance	7,000		247,153	254,153
Debt service:				
Principal	10,268	63,616		73,884
Interest	589	8,490		9,079
Total Disbursements	<u>5,398,886</u>	<u>2,431,341</u>	<u>1,440,212</u>	<u>9,270,439</u>
Excess (Deficiency) of Receipts over Disbursements	<u>1,722,919</u>	<u>(1,195,122)</u>	<u>(473,889)</u>	<u>53,908</u>
OTHER CASH SOURCES (USES)				
Proceeds of long-term debt	25,000		148,060	173,060
Proceeds from sale of capital assets	9,991	4,150		14,141
Compensation for loss on county property	366,280	7,161		373,441
Transfers in	426,729	1,204,900	396,277	2,027,906
Transfers out	(1,601,177)	(426,729)		(2,027,906)
Other financing sources (uses)	4,413			4,413
Total Other Cash Sources and Uses	<u>(768,764)</u>	<u>789,482</u>	<u>544,337</u>	<u>565,055</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>954,155</u>	<u>(405,640)</u>	<u>70,448</u>	<u>618,963</u>
Cash Basis Fund Balances - Beginning, as previously reported	2,557,288	2,696,011	487,788	5,741,087
Prior period adjustment	(1,340)	(100)	(51)	(1,491)
Cash Basis Fund Balances - Beginning, as restated	<u>2,555,948</u>	<u>2,695,911</u>	<u>487,737</u>	<u>5,739,596</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,510,103</u>	<u>2,290,271</u>	<u>558,185</u>	<u>6,358,559</u>

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

BENTON COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2018

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>25,403</u>
Total Assets	\$ <u><u>25,403</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>25,403</u>
Total Liabilities	\$ <u><u>25,403</u></u>

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

Benton County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2018

Benton County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2018

(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, Mississippi to present these financial statements on the primary government and its component units which have a significant operational or financial relationship with the County.

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 primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Benton County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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 balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting

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

The County reports the following major Governmental Funds:

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

Benton County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2018

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 classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers 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).

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

Benton County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

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 the unrestricted classification 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.

Benton County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2018

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.

(2) Deposits

Primary Government

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$6,358,559 in the governmental funds and \$25,403 in the fiduciary funds. The bank balance was \$6,526,621. 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).

Benton County, Mississippi

Notes to the Financial Statements
For the year ended September 30, 2018

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

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Road & Bridge Maintenance Fund	\$ 426,729
Road & Bridge Maintenance Fund	General Fund	1,204,900
Other Governmental Funds	General Fund	396,277
Total		<u>\$ 2,027,906</u>

(4) Claims and Judgments

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018 to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(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

Benton County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

applicable federal regulations, including the disbursement 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 2018.

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 twenty-four members of the Board of Directors. The County contributed \$7,000 for maintenance and support of the District in fiscal year 2018.

The 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 twenty-three members of the College Board of Trustees. The County contributed \$121,876 for the maintenance and support of the College in fiscal year 2018.

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 2018.

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 twenty-one member board, seven of whom are appointed by the Benton

Benton County, Mississippi

Notes to the Financial Statements

For the year ended September 30, 2018

County Board of Supervisors. Most of the Commission's operating revenue comes from federal sources. The County contributed \$25,000 to the Commission in fiscal year 2018.

(7) Defined Benefit Pension Plan

Plan Description

Benton County 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 of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy

At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$321,197, \$301,884 and \$267,467, respectively, equal to the required contributions for each year.

(8) Prior Period Adjustment

Prior period adjustments, in Exhibit 2 and Exhibit 4, in the amounts of (\$1,340), (\$100) and (\$51) in the General Fund, Road and Bridge Maintenance Fund and Other Governmental Funds, respectively, were for the inclusion of receipts/disbursements differences from the previous audit period.

OTHER INFORMATION

BENTON COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,128,654	\$ 2,212,465	\$ 2,212,465	\$ -
Licenses, commissions and other receipts	131,405	128,915	128,915	-
Fines and forfeitures	79,489	65,005	65,005	-
In-lieu taxes - TVA	1,901,199	4,074,740	4,074,740	-
Intergovernmental receipts	404,880	631,585	601,281	(30,304)
Charges for services	1,800	-	-	-
Interest income	3,460	24,494	24,494	-
Miscellaneous receipts	90,852	14,113	14,905	792
Total Receipts	<u>4,741,739</u>	<u>7,151,317</u>	<u>7,121,805</u>	<u>(29,512)</u>
DISBURSEMENTS				
Current:				
General government	4,186,138	2,589,855	2,573,694	16,161
Public safety	1,132,489	1,089,827	1,089,827	-
Health and welfare	65,102	31,855	31,855	-
Culture and recreation	111,249	110,643	110,643	-
Education	1,519,391	1,516,080	1,516,080	-
Conservation of natural resources	61,680	58,930	58,930	-
Economic development and assistance	507,000	7,000	7,000	-
Debt service:				
Principal	-	-	10,268	(10,268)
Interest	-	-	589	(589)
Total Disbursements	<u>7,583,049</u>	<u>5,404,190</u>	<u>5,398,886</u>	<u>5,304</u>
Excess of Receipts over (under) Disbursements	<u>(2,841,310)</u>	<u>1,747,127</u>	<u>1,722,919</u>	<u>(24,208)</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance	-	-	25,000	25,000
Proceeds from sale of capital assets	12,600	9,991	9,991	-
Compensation for loss on county property	-	366,280	366,280	-
Transfers in	838,068	1,265,588	426,729	(838,859)
Transfers out	75,000	(2,439,244)	(1,601,177)	838,067
Other financing sources (uses)	-	4,413	4,413	-
Total Other Cash Sources (Uses)	<u>925,668</u>	<u>(792,972)</u>	<u>(768,764)</u>	<u>24,208</u>
Net Change in Fund Balance	(1,915,642)	954,155	954,155	-
Cash Basis Fund Balances - Beginning, as previously reported	(1,669,941)	2,557,288	2,557,288	-
Prior period adjustment	-	(1,340)	(1,340)	-
Cash Basis Fund Balances - Beginning as restated	<u>(1,669,941)</u>	<u>2,555,948</u>	<u>2,555,948</u>	<u>-</u>
Cash Basis Fund Balances - Ending	<u>\$ (3,585,583)</u>	<u>\$ 3,510,103</u>	<u>\$ 3,510,103</u>	<u>\$ -</u>

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

BENTON COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road and Bridge Maintenance Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 354,981	\$ 367,870	\$ 367,870	\$ -
Road and bridge privilege taxes	109,813	114,263	114,263	-
Intergovernmental receipts	563,732	740,370	740,370	-
Interest income	7,669	9,913	9,913	-
Miscellaneous receipts	18,612	3,803	3,803	-
Total Receipts	<u>1,054,807</u>	<u>1,236,219</u>	<u>1,236,219</u>	<u>-</u>
DISBURSEMENTS				
Current:				
Public works	2,819,715	2,359,235	2,359,235	-
Debt service:				
Principal	73,785	64,468	63,616	852
Interest	-	7,638	8,490	(852)
Total Disbursements	<u>2,893,500</u>	<u>2,431,341</u>	<u>2,431,341</u>	<u>-</u>
Excess of Receipts over (under) Disbursements	<u>(1,838,693)</u>	<u>(1,195,122)</u>	<u>(1,195,122)</u>	<u>-</u>
OTHER CASH SOURCES (USES)				
Proceeds from sale of capital assets	12,000	4,150	4,150	-
Compensation for loss on county property	1,653	7,161	7,161	-
Transfers in	925,758	1,204,900	1,204,900	-
Transfers out	-	(426,729)	(426,729)	-
Total Other Cash Sources (Uses)	<u>939,411</u>	<u>789,482</u>	<u>789,482</u>	<u>-</u>
Net Change in Fund Balance	(899,282)	(405,640)	(405,640)	-
Cash Basis Fund Balances - Beginning, as previously reported	1,467,448	2,696,011	2,696,011	-
Prior period adjustment	-	(100)	(100)	-
Cash Basis Fund Balances - Beginning, as restated	<u>1,467,448</u>	<u>2,695,911</u>	<u>2,695,911</u>	<u>-</u>
Cash Basis Fund Balances - Ending	<u>\$ 568,166</u>	<u>\$ 2,290,271</u>	<u>\$ 2,290,271</u>	<u>\$ -</u>

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

BENTON COUNTY, MISSISSIPPI
 Schedule of Interfund Loans and Advances
 For the Year Ended September 30, 2018
 UNAUDITED

The following is a summary of interfund balances for the year ended September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2018</u>
General Fund	Road and Bridge Maintenance	\$ 33,882
		<u>\$ 33,882</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.

BENTON COUNTY, MISSISSIPPI
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

Governmental activities:

	Balance <u>Oct. 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance <u>Sept. 30, 2018</u>
Land	\$ 131,412	35,000		70,087	236,499
Construction in progress	64,927				64,927
Infrastructure	9,981,946	112,547		(1,026,025)	9,068,468
Buildings	2,595,103	90,881		11,644	2,697,628
Improvements other than buildings	584,705			(139,218)	445,487
Mobile equipment	4,494,266	317,946	114,259	865,092	5,563,045
Furniture and equipment	848,669		103,129	(274,983)	470,557
Leased property under capital leases	806,359			(464,875)	341,484
Total capital assets	<u>\$ 19,507,387</u>	<u>556,374</u>	<u>217,388</u>	<u>(958,278)</u>	<u>18,888,095</u>

Adjustments were made to correctly present capital assets.

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

BENTON COUNTY, MISSISSIPPI
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2018
UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:							
A. Capital Leases:							
John Deere Tractor - District 5	08/2013	08/2018	2.17%	\$ 5,494	\$	\$ 5,494	\$ -
John Deere Tractor (used) - District 3	11/2013	11/2018	2.35%	12,002		10,267	1,735
Dump Truck - District 5	01/2015	01/2020	2.32%	32,426		13,682	18,744
2018 International Dump Truck - District 1	08/2017	09/2021	2.48%	144,184		13,384	130,800
2018 International Dump Truck - District 2	08/2017	08/2021	2.47%	79,600		20,789	58,811
Total Capital Leases				273,706	-	63,616	210,090
B. Other Loans:							
NE Benton Fire Department Loan	10/2017	11/2021	2.00%		25,000	10,268	14,732
E911 Equipment Loan	05/2018	06/2023	2.00%		148,060		148,060
Total Other Loans				-	173,060	10,268	162,792
Total				\$ 273,706	\$ 173,060	\$ 73,884	\$ 372,882

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

BENTON COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Christopher 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	Purchase Clerk	Travelers Insurance	\$75,000
Marjorie Jimmerson	Assistant Purchase Clerk	Travelers Insurance	\$50,000
Collin Mills	Receiving Clerk	Travelers Insurance	\$75,000
Clarence Kimbrough	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
Marjorie Thompson	Assistant Receiving Clerk	Travelers Insurance	\$50,000
Jerry Estes	Assistant Receiving Clerk	Travelers Insurance	\$50,000
LaShaunda Small	Assistant Receiving Clerk	Travelers Insurance	\$50,000
Cindy Wilson	Inventory Control Clerk	Travelers Insurance	\$75,000
James Williams	Constable	Travelers Insurance	\$50,000
Robert O'Neil Dickerson	Constable	Travelers Insurance	\$50,000
Kathy M. Graves	Circuit Clerk	Travelers Insurance	\$100,000
Lakeisha Fuller	Deputy Clerk	Travelers Insurance	\$50,000
Albert Arnold McMullen	Sheriff	Travelers Insurance	\$100,000
Daniel Ross	Deputy Sheriff*	Travelers Insurance	\$50,000
Bobby Dickerson	Deputy Sheriff*	Travelers Insurance	\$50,000
Jackie Stanton	Deputy Sheriff*	Travelers Insurance	\$50,000
Scott Poff	Deputy Sheriff*	Travelers Insurance	\$50,000
Margaret Taylor	Deputy Sheriff*	Travelers Insurance	\$50,000
Pete Samples	Deputy Sheriff*	Travelers Insurance	\$50,000
Charlie Fortner	Deputy Sheriff*	Travelers Insurance	\$50,000
Randy Hobson	Deputy Sheriff*	Travelers Insurance	\$50,000
Joe Batts	Deputy Sheriff*	Travelers Insurance	\$50,000
Jeff King (Auxiliary)	Deputy Sheriff*	Travelers Insurance	\$50,000
James Williams (Auxiliary)	Deputy Sheriff*	Travelers Insurance	\$50,000
Mark Taylor	Deputy Sheriff*	Travelers Insurance	\$50,000
Brady Lee Childers	Justice Court Judge	Travelers Insurance	\$50,000
Gary McBride	Justice Court Judge	Travelers Insurance	\$50,000
Felicia Washington	Justice Court Clerk	Travelers Insurance	\$50,000
Karen Moody	Deputy Justice Court Clerk	Travelers Insurance	\$50,000
Shannon Wilburn	Tax Collector-Assessor	Travelers Insurance	\$100,000
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

* hired under Section 45-5-9, Miss. Code Ann. (1972)

Benton County, Mississippi

Notes to the Other Information
For the year ended September 30, 2018

(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 replaced washed out or collapsed bridges on the public roads of the county. As of September 30, 2018, the amount of outstanding debt was 0% of the latest property assessments.

Benton County, Mississippi

Notes to the Other Information
For the year ended September 30, 2018

(3) Subsequent Events

Subsequent to September 30, 2018, the County issued the following debt obligation(s):

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/1/2018	3.25%	\$ 4,000,000	Certificates of Participation	TVA, in lieu taxes

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Benton County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Benton County, Mississippi, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 5, 2019.

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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 Finding 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005.

Benton County, Mississippi's Responses to Findings

Benton County's responses to the findings identified in our audit is 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 it.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard PC
September 5, 2019

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
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, 2018. 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 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.

In our opinion, Benton County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 5, 2019

Certified Public Accountants

Benton County, Mississippi

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2018

Date	Item Purchased	Bid Accepted	Vendor	Lowest Bid	Reason for Purchase
1/31/18	911 System	\$ 248,060	RPSS	\$ 216,425	Past history with the client; future expansion and the need for additional equipment.

Benton County, Mississippi
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Date	Item Purchased	Amount Paid	Vendor	Reason for Purchase
10/23/17	Road and bridge repairs	\$ 66,500	True North Earthworks	Washout of roads and bridges due to strong storms

Benton County, Mississippi

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, we considered Benton County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Benton County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 5, 2019, 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 weakness. 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 5, 2019

Certified Public Accountants

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

SCHEDULE OF FINDINGS AND RESPONSES

Benton County, Mississippi

Schedule of Findings and Responses For the Year Ended September 30, 2018

Section I: 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 deficiencies identified? None reported
3. Noncompliance material to the financial statements noted? Yes

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to financial statements that are required to be reported by *Government Auditing Standards*.

Finding 2018-001

Chancery Clerk

Material Weakness and Material Noncompliance

Repeat Finding:

Yes; 2017-001

Criteria:

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

Condition:

As reported in the prior eight audit reports, observations revealed there was 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 review cash disbursements made. The Chancery Clerk reviews bank reconciliations.

Cause:

Unknown.

Effect:

Failure to have an adequate separation of duties could result in a loss of public funds due to the mishandling of funds.

Recommendation:

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

Chancery Clerk's Response:

We will comply.

Finding 2018-002

Circuit Clerk

Material Weakness and Material Noncompliance

Repeat Finding:

Yes; 2017-002

Criteria:

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

Condition:

As reported in the prior eight audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, make deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements monthly and disburses all settlements.

Cause:

Unknown.

Effect:

Failure to have an adequate separation of duties could result in a loss of public funds.

Recommendation:

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

Circuit Clerk's Response:

I will comply.

Finding 2018-003

Tax Assessor-Collector

Material Weakness and Material Noncompliance

Repeat Finding:

Yes; 2017-003

Criteria:

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

Condition:

As reported in the prior eight audit reports, the Tax Assessor-Collector performed some cash collections, and all recording, disbursing and reconciling functions allowing for these functions to not be adequately segregated for effective internal control.

Cause:

Unknown.

Effect:

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

Recommendation:

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

Tax Assessor-Collector's Response:

I will comply.

Finding 2018-004

Tax Assessor-Collector Clerk

Material Weakness and Material Noncompliance

Repeat Finding:

Yes; 2017-004

Criteria:

An effective system of internal controls over the tax collection functions should include reconciliation of the cash journal balance to the bank statement each month.

Condition:

As reported in the prior two audit reports, the Tax Assessor-Collector does not reconcile the bank statements to the cash journal each month.

Cause:

Unknown.

Effect:

Failure to implement adequate controls over the functions of tax collection could result in a loss of public funds.

Recommendation:

The Tax Assessor-Collector should ensure that adequate internal controls are in place over tax collection functions including proper cash reconciliations being performed each month.

Tax Assessor-Collector's Response:

I will comply.

Finding 2018-005

Justice Court Clerk

Material Weakness and Material Noncompliance

Repeat Finding:

Yes; 2017-005

Criteria:

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

Condition:

As reported in the prior eight 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 transactions to the cash journal, makes monthly settlements and writes checks for all settlements.

Cause:

Unknown.

Effect:

Failure to have an adequate separation of duties could result in a loss of public funds.

Recommendation:

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

Justice Court Clerk's Response:

I will comply.

MARLENE MCKENZIE
Clerk of Board
Chancery Clerk

BOARD MEMBERS

District 5
RICKY PIPKIN
President of Board
P.O. Box 261
Hickory Flat, MS 38633

District 2
JAMES GRIFFIN
Vice-President
236 H. Williams Road
Lamar, MS 38642



BENTON COUNTY BOARD OF SUPERVISORS
P.O. Box 218 Ashland, MS 38603
Telephone 662-224-6300 Fax 662-224-6303

BOARD MEMBERS

District 1
CHRIS SHOUP
P.O. Box 171
Ashland, MS 38603

District 3
JAMES LOWRY
690 Hamilton Road
Falkner, MS 38629

District 4
TOMMY FORTNER
125 Hwy. 4 East
Ashland, MS 38603

Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

August 30, 2019

Dear Sirs:

In our recent 2018 Audit, it was noted that in each of our consecutive offices that "An effective system of internal controls should include an adequate separation of duties".

Our county is small in size, therefore funds are limited, which results in small staffing. During our audit, suggestions were made to each of our offices, on ways to provide more of an effective system of internal control.

The Circuit Clerk's Office and the Justice Court Clerk's Office are working together to ensure that the person receiving money is not the same person that makes the deposits.

The Tax Collector and Tax Assessor's Office are working together as well, each taking and signing off on the other office's daily deposits.

The Chancery Clerk's Office, has designated a deputy clerk to take the daily deposits to the bank. She does not receive money. The Chancery Clerk verifies the bank statement reconciliation after the Deputy Clerk has completed the initial reconciliation.

We are making every effort to correct the findings for each of our collective offices.

Sincerely yours,

Marlene McKenzie, Chancery Clerk
Shannon Wilburn, Tax Collector/Assessor
Kathy Graves, Circuit Clerk
Felicia Washington, Justice Court Clerk

Handwritten signatures in blue ink for Marlene McKenzie, Shannon Wilburn, Kathy Graves, and Felicia Washington, each written over a horizontal line.