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PRETISS COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2013

***The Sparks CPA Firm, P.C.
Certified Public Accountants***

PRENTISS COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2-4
FINANCIAL STATEMENTS	5
Statement of Net Position	6
Statement of Activities	7
Balance Sheet – Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Position – Proprietary Fund	12
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	13
Statement of Cash Flows – Proprietary Fund	14
Statement of Fiduciary Assets and Liabilities	15
Notes to Financial Statements	16-32
REQUIRED SUPPLEMENTARY INFORMATION	33
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis):	
General Fund	34
Notes to the Required Supplementary Information	35
OTHER INFORMATION	36
Schedule of Surety Bonds for County Officials	37
SPECIAL REPORTS	38
Independent Auditors' 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 <i>Government Auditing Standards</i>	39-40
Independent Accountants' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972))	41-44
Limited Internal Control and Compliance Review Management Report	45-47
SCHEDULE OF FINDINGS AND RESPONSES	48-55

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Prentiss County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi, ("the County") as of and for the year ended September 30, 2013, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Prentiss County Development Association, component unit, which represents all of the assets, liabilities, net position, revenues and expenses of the governmental component units presented in the financial statements. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component unit, is based solely on the reports of the other auditors. 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 auditors' 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 our audit and the report of other auditors provide a reasonable basis for our opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for all of the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Prentiss County, Mississippi as of September 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Material Departures from Guidelines

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Although our opinion on the basic financial statements is not affected, the following material departure from the prescribed guidelines exists. Management's Discussion and Analysis is not in conformity with the requirements of the Governmental Accounting Standards Board because it is not presented. We do not express an opinion or provide any assurance on the information.

Omission of Required Supplementary Information

Prentiss County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prentiss County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Surety Bonds for County Officials has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of Prentiss County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prentiss County, Mississippi's internal control over financial reporting and compliance.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 16, 2015

FINANCIAL STATEMENTS

PRETISS COUNTY
Statement of Net Position
September 30, 2013

	Primary Government			Prentiss County Development Association
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash	\$ 3,379,514	89,706	3,469,220	36,086
Cash and cash equivalents reserved for future industrial and economic development				214,256
Certificates of deposit reserved for future industrial and economic development				406,959
Accrued interest receivable reserved for future industrial and economic development				1,213
Property tax receivable	4,147,571		4,147,571	
Accounts receivable (net of allowance for uncollectibles of \$1,172,530)		143,050	143,050	
Accounts and other receivables				120
Fines receivable (net of allowance for uncollectibles of \$1,053,515)	849,398		849,398	
Lease receivable unreserved				48,133
Lease receivable reserved for future industrial and economic development				144,397
Intergovernmental receivables	174,161		174,161	
Other receivables	79,105		79,105	
Internal balances	155,532		155,532	
Capital assets:				
Land and construction in progress	2,074,188	51,061	2,125,249	
Other capital assets, net	19,321,375	337,926	19,659,301	3,195
Total Assets	<u>\$ 30,180,844</u>	<u>621,743</u>	<u>30,802,587</u>	<u>854,359</u>
LIABILITIES				
Claims payable	443,940	41,675	485,615	674
Other accrued liabilities	249,864	30,293	280,157	2,389
Intergovernmental payables	223,851	7,098	230,949	
Deferred revenue	4,198,290		4,198,290	
Amounts held in custody for others	37,672		37,672	
Long-term liabilities				
Due within one year:				
Capital debt	362,698	38,638	401,336	
Non-capital debt	313,000		313,000	
Due in more than one year:				
Capital debt	1,118,556	131,242	1,249,798	
Non-capital debt	2,689,000		2,689,000	
Total Liabilities	<u>\$ 9,636,871</u>	<u>248,946</u>	<u>9,885,817</u>	<u>3,063</u>
NET POSITION				
Net investment in capital assets	19,914,309	219,107	20,133,416	
Restricted:				
Expendable:				
General government	12,060		12,060	
Debt service	1,177,108		1,177,108	
Public safety	482,822		482,822	
Public works	971,151	153,690	1,124,841	
Culture and recreation	4,013		4,013	
Economic development	7,199		7,199	
Temporarily restricted				94
Unrestricted:	(2,024,689)		(2,024,689)	
Operating				86,297
Reserve for future industrial and economic development				764,905
Total Net Position	<u>\$ 20,543,973</u>	<u>372,797</u>	<u>20,916,770</u>	<u>851,296</u>

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

PRENTISS COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,733,817	265,850	1,048,625		(2,419,242)		(2,419,242)
Public safety	2,505,505	729,325	116,905	17,050	(1,642,225)		(1,642,225)
Health and welfare	2,487,946		833,115	1,183,104	(471,727)		(471,727)
Culture and recreation	250,400		28,030		(222,370)		(222,370)
Conservation of natural resources	158,367				(158,367)		(158,367)
Economic development and assistance	210,588			461	(210,589)		(210,589)
Interest on long-term debt	387,909				(387,448)		(387,448)
Total Governmental Activities	168,371				(168,371)		(168,371)
Total Governmental Activities	\$ 9,902,904	995,175	2,026,675	1,200,615	(5,680,439)		(5,680,439)
Business-type activities:							
Solid waste	\$ 1,329,958	1,165,818	35,020			(129,120)	(129,120)
Total Primary Government	\$ 11,232,862	2,160,993	2,061,695	1,200,615	(5,680,439)	(129,120)	(5,809,559)
Component Unit:							
Prentiss County Development Association	163,790						(163,790)
Total Component Unit	\$ 163,790						(163,790)
General revenues							
Property taxes					\$ 5,289,340		5,289,340
Road & bridge privilege taxes					280,563		280,563
Grants and contributions not restricted to specific programs					6,454	6,454	6,454
Unrestricted interest income					8,271	149	8,420
Miscellaneous					222,907	12,781	235,688
City and town allotments							
County allotment							
Membership dues							
Donated facilities and other contributions							
Banquet ticket sales and sponsorships							
Miscellaneous reimbursements							
TVA Grant							
Transfers					18,832	(18,832)	
Total General Revenues and Transfers					5,019,913	552	5,820,465
Changes in Net Position					139,474	(128,568)	10,906
Net Position - Beginning					20,404,499	319,183	20,723,682
Prior period adjustment						182,182	182,182
Net Position - Beginning, as restated					20,404,499	501,365	20,905,864
Net Position - Ending					\$ 20,543,973	372,797	20,916,770

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

PRENTISS COUNTY
Balance Sheet -
Governmental Funds
September 30, 2013

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 611,040	2,768,474	3,379,514
Property tax receivable	3,083,520	1,064,051	4,147,571
Fines receivable, (net of allowance for uncollectibles of \$1,053,515)	798,678	50,720	849,398
Intergovernmental receivables	114,124	60,037	174,161
Other receivables	70,128	8,977	79,105
Due from other funds	155,532	100,135	255,667
Total Assets	<u>\$ 4,833,022</u>	<u>4,052,394</u>	<u>8,885,416</u>
LIABILITIES & FUND BALANCES			
Liabilities:			
Claims payable	\$ 88,255	355,685	443,940
Other accrued liabilities	203,588	46,276	249,864
Intergovernmental payables	213,296	10,555	223,851
Due to other funds	100,135		100,135
Deferred revenue	3,882,198	1,114,770	4,996,968
Amounts held in custody for others	37,672		37,672
Total Liabilities	<u>4,525,144</u>	<u>1,527,286</u>	<u>6,052,430</u>
Fund balances:			
Restricted for:			
Public safety		302,199	302,199
Public works		971,151	971,151
Debt service		1,177,108	1,177,108
Committed to:			
General government	4,188	7,872	12,060
Public safety	109,853	70,770	180,623
Culture and recreation	4,013		4,013
Economic development	6,983	216	7,199
Unassigned	182,841	(4,208)	178,633
Total Fund Balances	<u>307,878</u>	<u>2,525,108</u>	<u>2,832,986</u>
Total Liabilities & Fund Balances	<u>\$ 4,833,022</u>	<u>4,052,394</u>	<u>8,885,416</u>

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

PRETISS COUNTY
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
September 30, 2013

Total Fund Balance - Governmental Funds	\$ 2,832,986
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$8,732,231.	21,395,563
Fines receivables that have accrued at year end but are not available to liquidate liabilities of the current period are not reported in the funds.	798,678
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,483,254)</u>
Total Net Position of Governmental Activities	<u>\$ 20,543,973</u>

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

PRENTISS COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2013

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 3,924,815	1,364,525	5,289,340
Road and bridge privilege taxes		280,563	280,563
Licenses, commissions and other revenue	335,937		335,937
Fines and forfeitures	242,074	12,576	254,650
Intergovernmental revenues	828,758	2,398,529	3,227,287
Charges for services	576,428	140,321	716,749
Interest income	8,251	20	8,271
Miscellaneous revenues	61,723	130,184	191,907
Total Revenues	<u>5,977,986</u>	<u>4,326,718</u>	<u>10,304,704</u>
EXPENDITURES			
Current:			
General government	3,193,950	428,583	3,622,533
Public safety	2,189,646	190,602	2,380,248
Public works	29,741	3,135,521	3,165,262
Health and welfare	248,630		248,630
Culture & recreation	118,000	40,367	158,367
Conservation of natural resources	74,684	116,376	191,060
Economic development and assistance	98,742	477,610	576,352
Debt service:			
Principal	25,224	581,810	607,034
Interest	2,986	165,385	168,371
Total Expenditures	<u>5,981,603</u>	<u>5,136,254</u>	<u>11,117,857</u>
Excess of Revenues over (under) Expenditures	<u>(3,617)</u>	<u>(809,536)</u>	<u>(813,153)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	71,499	88,958	160,457
Long-term non-capital debt issued		970,000	970,000
Proceeds from sale of capital assets	19,100		19,100
Compensation for loss of capital assets			
Transfers in	18,000	76,344	94,344
Transfers out	(74,167)	(1,345)	(75,512)
Total Other Financing Sources and Uses	<u>34,432</u>	<u>1,133,957</u>	<u>1,168,389</u>
Net Changes in Fund Balances	<u>30,815</u>	<u>324,421</u>	<u>355,236</u>
Fund Balances - Beginning	277,063	2,200,687	2,477,750
Fund Balances - Ending	<u>\$ 307,878</u>	<u>2,525,108</u>	<u>2,832,986</u>

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

PRENTISS COUNTY
 Reconciliation of the Statement of Revenues
 Expenditures and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2013

Net Changes in Fund Balances - Governmental Funds	\$	355,236
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation expense of \$832,971 was exceeded by capital outlays of \$1,443,457 in the current period.		610,486
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated Assets		31,000
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of (\$2,564) and the proceeds from the sale of assets of (\$19,100) in the current period.		(21,664)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.		(312,161)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$1,130,457 exceeded debt repayments of \$607,034.		(523,423)
Change in Net Position of Governmental Activities	\$	139,474

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

PRETISS COUNTY
Statement of Net Position -
Proprietary Fund
September 30, 2013

		<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Solid Waste</u> <u>Major Fund</u>
Assets		
Current assets:		
Cash	\$	89,706
Accounts receivable (net of allowance for uncollectibles of \$1,172,530)		143,050
Total Current Assets		<u>232,756</u>
Noncurrent assets:		
Land		51,061
Other capital assets, net		337,926
Total Noncurrent Assets		<u>388,987</u>
Total Assets		<u>621,743</u>
Liabilities		
Current liabilities:		
Claims payable		41,675
Other accrued liabilities		30,293
Intergovernmental payables		7,098
Capital debt:		
Equipment notes payable		38,638
Total Current Liabilities		<u>117,704</u>
Noncurrent Liabilities:		
Capital debt:		
Equipment notes payable		131,242
Total Noncurrent Liabilities		<u>131,242</u>
Total Liabilities		<u>248,946</u>
Net Position		
Net investment in capital assets		219,107
Restricted for:		
Public works		153,690
Total Net Position	\$	<u><u>372,797</u></u>

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

PRETISS COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended September 30, 2013

		Business-type Activities Enterprise Fund Solid Waste Major Fund
Operating Revenues		
Charges for services	\$	1,165,818
Operating grants		35,020
Miscellaneous		12,781
Total Operating Revenues		1,213,619
Operating Expenses		
Personal services		559,643
Contractual services		329,767
Material and supplies		187,420
Depreciation expense		39,816
Bad debt expense		209,795
Total Operating Expenses		1,326,441
Operating Income (Loss)		(112,822)
Nonoperating Revenues (Expenses)		
Interest income		149
Intergovernmental grants		6,454
Interest expense		(3,517)
Net Nonoperating Revenues (Expenses)		3,086
Net Income (Loss) Before Transfers		(109,736)
Transfers out		(18,832)
Change in Net Position		(128,568)
Net Position - Beginning		319,183
Prior period adjustment		182,182
Net Position - Beginning, as restated		501,365
Net Position - Ending	\$	372,797

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

PRETISS COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2013

	<u>Business-type Activities Enterprise Fund Solid Waste Major Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,253,420
Payments to suppliers	(721,111)
Payments to employees	(558,071)
Other operating cash receipts	47,801
Net Cash Provided (Used) by Operating Activities	<u>22,039</u>
Cash Flows from Noncapital Financing Activities	
Nonoperating grants received	6,454
Cash paid to other funds:	
Operating transfers out	(18,832)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(12,378)</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds of long-term debt	118,932
Principal paid on long-term debt	(36,886)
Acquisition of capital assets	(118,932)
Interest paid on debt	(3,517)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(40,403)</u>
Cash Flows from Investing Activities	
Interest and dividends on investments	149
Net Cash Provided (Used) by Investing Activities	<u>149</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(30,593)
Cash and Cash Equivalents at Beginning of Year	<u>120,299</u>
Cash and Cash Equivalents at End of Year	<u>\$ 89,706</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(112,822)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	39,816
Provision for uncollectible accounts	209,795
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(170,663)
(Increase) decrease in other receivables	48,470
Increase (decrease) in claims payable	6,125
Increase (decrease) in other accrued liabilities	706
Increase (decrease) in intergovernmental payables	612
Total Adjustments	<u>134,861</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 22,039</u>

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

PRETISS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 578,252
Property tax receivable	527,447
Total Assets	<u>1,105,699</u>
LIABILITIES	
Amounts held in custody for others	75,683
Deferred revenue	527,447
Intergovernmental payables	347,037
Due to governmental funds	155,532
Total Liabilities	\$ <u>1,105,699</u>

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

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Prentiss County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Prentiss County to present these financial statements on the primary government and its component unit, which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data of all of the county's component units necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Altitude Volunteer Fire Department
- Blackland Volunteer Fire Department
- Bunkom Hill Volunteer Fire Department
- Burton Volunteer Fire Department
- Cairo Volunteer Fire Department
- Hobo Station Volunteer Fire Department
- Ingram Volunteer Fire Department
- Jumpertown Volunteer Fire Department
- Marietta Volunteer Fire Department
- New Site Volunteer Fire Department
- Pisgah Volunteer Fire Department
- Thrasher Volunteer Fire Department
- Tuscumbia-New Chandler Volunteer Fire Department
- Wheeler Volunteer Fire Department

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
- Drug Court
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

Prentiss County Development Association (PCDA) is a legally separate entity organized as a Mississippi nonprofit corporation chartered on June 20, 1977. Its purpose is to promote the industrial, agricultural, commercial, civic, education and general interests of Prentiss County, Mississippi. The PCDA is heavily funded by Prentiss County and could not exist without the County's funding. Complete financial statements for the Prentiss County Development Association can be obtained from the Prentiss County Development Association, 401 West Parker Drive, Booneville, MS 38829.

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues 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, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

D. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Fund:

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

The county reports the following major Proprietary Fund:

Solid Waste Fund – This fund is used to account for the county's activities of disposal of solid waste within the county.

Additionally, the county reports the following funds types:

GOVERNMENTAL FUND TYPES

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

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

Capital Projects Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

PROPRIETARY FUND TYPE

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the county has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

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.

E. 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.

F. Deposits and Investments.

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). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

G. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

I. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

J. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Prentiss County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the county's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

K. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligations indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Statement of Net Position.

L. Equity Classifications.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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" or "net investment in capital assets."

Fund Financial Statements:

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

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund. The county did not report any nonspendable fund balance for the current period.

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 expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

When an expenditure is incurred 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 expenditures are incurred 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.

M. Property Tax Revenues.

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.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

N. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires. For the year ending September 30, 2013, Prentiss County recognized no liability.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(2) Prior Period Adjustment.

Exhibit 2 – Statement of Activities.

Explanation	Amount
The adjustment to the Solid Waste Fund was to correct the accounts receivable and deferred revenue balances.	\$ 182,182
	<u>\$ 182,182</u>

Exhibit 6 – Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.

Explanation	Amount
The adjustment to the Solid Waste Fund was to correct the accounts receivable and deferred revenue balances.	\$ 182,182
	<u>\$ 182,182</u>

(3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2013, was \$4,047,472 and the bank balance was \$3,855,639. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary Funds	\$ 155,532
Other Governmental Funds	General Fund	100,135
Total		\$ 255,667

The payables from the General Fund represent the tax revenue collected but not settled until October, 2013 and an interfund loan to Industrial Park I&S Fund . The amount payable from the Fiduciary Funds represents funds provided to Payroll Clearing account. These receivables are expected to be repaid within one year from the date of the financial statements. The difference between the due to/due from other funds and Exhibit 3 is the due to/due from Payroll Clearing, which is a Fiduciary Fund and is not reflected on Exhibit 3.

B. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Solid Waste	\$ 18,000
Other Governmental Funds	Scld Waste	832
Other Governmental Funds	General Fund	74,167
Other Governmental Funds	Other Governmental Funds	1,345
Total		\$ 94,344

The principal purposes of the remaining transfers were to provide funds for operating purposes. All interfund transfers were routine and consistent with activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Governmental Activities:	
State Motor Vehicle License Privilege Tax	\$ 22,525
Gas Tax	18,951
State Aid Road (SAP-59(19)S	18,365
Legislative Tax Credit	86,631
Reimbursement for Drug Court	22,722
Other	4,967
Total Governmental Activities	\$ 174,161

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental Activities:	Balance 10/01/12	Additions	Deletions	Adjustments	Balance 09/30/13
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,191,017				1,191,017
Construction in progress	1,161,977	1,163,354		(1,442,160)	883,171
Total Non-Depreciable Capital Assets	<u>2,352,994</u>	<u>1,163,354</u>		<u>(1,442,160)</u>	<u>2,074,188</u>
<u>Depreciable capital assets:</u>					
Infrastructure	6,807,880			875,241	7,683,121
Buildings	7,150,361			566,919	7,717,280
Other improvements	7,796,465				7,796,465
Mobile equipment	4,224,983	195,632	107,739		4,312,876
Other furniture & equipment	404,048	43,972	5,000		443,020
Leased property under capital leases	98,834	71,499	69,489		100,844
Total Depreciable Capital Assets	<u>26,482,571</u>	<u>311,103</u>	<u>182,228</u>	<u>1,442,160</u>	<u>28,053,606</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	219,771	166,656			386,427
Buildings	3,062,065	112,003			3,174,068
Other improvements	1,174,451	311,864			1,486,315
Mobile equipment	3,252,364	183,475	93,524		3,342,315
Other furniture & equipment	278,069	40,820	4,500		314,389
Leased property under capital leases	73,104	18,153	62,540		28,717
Total Accumulated Depreciation	<u>8,059,824</u>	<u>832,971</u>	<u>160,564</u>		<u>8,732,231</u>
Total Depreciable Capital Assets, Net	<u>18,422,747</u>	<u>(521,868)</u>	<u>21,664</u>	<u>1,442,160</u>	<u>19,321,375</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,775,741</u>	<u>641,486</u>	<u>21,664</u>		<u>21,395,563</u>
<u>Business-type Activities:</u>					
	Balance 10/01/12	Additions	Deletions	Adjustments	Balance 09/30/13
<u>Non-depreciable capital assets:</u>					
Land	\$ 51,061				51,061
Total Non-Depreciable Capital Assets	<u>51,061</u>				<u>51,061</u>
<u>Depreciable capital assets:</u>					
Buildings	155,603				155,603
Mobile equipment	649,095	118,932		98,843	866,870
Other furniture & equipment	25,000				25,000
Leased property under capital leases	98,843			(98,843)	
Total Depreciable Capital Assets	<u>928,541</u>	<u>118,932</u>			<u>1,047,473</u>
<u>Less accumulated depreciation for:</u>					
Buildings	51,380	3,114			54,494
Mobile equipment	506,894	36,702		88,957	632,553
Furniture & equipment	22,500				22,500
Leased property under capital leases	88,957			(88,957)	
Total Accumulated Depreciation	<u>669,731</u>	<u>39,816</u>			<u>709,547</u>
Total Depreciable Capital Assets, Net	<u>258,810</u>	<u>79,116</u>			<u>337,926</u>
Business-type Activities Capital Assets, Net	<u>\$ 309,871</u>	<u>79,116</u>			<u>388,987</u>

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

The adjustments to capital assets in the governmental and business-type activities were for completed projects and leased property moved to mobile equipment, respectively.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 211,304
Public safety	184,141
Public works	388,834
Health and welfare	1,770
Conservation of natural resources	19,529
Economic development and assistance	27,393
Total Governmental Activities Depreciation Expense	\$ 832,971
Business-type Activities:	
Solid waste	\$ 39,816
Total Business-type Activities Depreciation Expense	\$ 39,816

The following is a summary of capital assets activity for Prentiss County Development Association for the year ended September 30, 2013:

Component Unit:	Balance 10/01/12	Additions	Deletions	Balance 09/30/13
<u>Depreciable capital assets:</u>				
Office furniture & equipment	\$ 19,097			19,097
Total Depreciable Capital Assets	19,097			19,097
<u>Less accumulated depreciation for:</u>				
Office furniture & equipment	14,695	1,207		15,902
Total Accumulated Depreciation	14,695	1,207		15,902
Total Depreciable Capital Assets, Net	4,402	(1,207)		3,195
Component Unit Capital Assets, Net	\$ 4,402	(1,207)		3,195

(7) **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 Worker's 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, 2013 to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(8) Operating Leases.

As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$5,250 for the year ended September 30, 2013. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2014	\$ 6,300
2015	6,300
2016	6,300
2017	6,300
2018	<u>1,050</u>
 Total Minimum Payments Required	 \$ <u><u>26,250</u></u>

(9) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Furniture & Equipment	\$ 100,844	
Less: Accumulated depreciation	<u>28,717</u>	
Leased Property Under Capital Leases	<u>\$ 72,127</u>	

The following is a schedule by years of the total payments due as of September 30, 2013:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 19,629	1,866
2015	20,133	1,362
2016	20,648	846
2017	14,730	407
2018	<u>10,005</u>	<u>85</u>
Total	<u>\$ 85,145</u>	<u>4,566</u>

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(10) Long-term Debt.

Debt outstanding as of September 30, 2013 consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
District 2 Road and Bridge 2001	\$ 85,000	4.40/6.25	03-16
G.O. Refunding, 2003	345,000	1.15/4.20	06-15
Courthouse Renovation	705,000	3.80/5.00	06-19
District 4 Road and Bridge 2004	25,000	4.50	10-14
District 5 Road and Bridge 2004	20,000	4.50	10-14
District 1 Road and Bridge 2006	120,000	3.90/5.25	04-18
District 3 Road and Bridge 2008	150,000	4.125	04-20
District 5 Road and Bridge 2008	150,000	4.125	04-20
District 2 Road and Bridge 2006	190,000	3.90/5.50	04-21
District 1 Road and Bridge 2010	240,000	3.75	07-22
District 2 Road and Bridge 2010	240,000	3.75	07-22
District 4 Road and Bridge 2010	200,000	3.75	07-22
District 5 Road and Bridge 2012	280,000	3.75	06-24
District 3 Road and Bridge 2012	332,000	3.75	02-27
District 1 Road and Bridge 2013	250,000	2.90/3.00	05-28
District 2 Road and Bridge 2013	360,000	3.25/3.30	05-28
District 4 Road and Bridge 2013	360,000	3.25/3.30	05-28
Total General Obligation Bonds	<u>\$ 4,052,000</u>		
B. Equipment Notes:			
District 3 JD 310J Backhoe	\$ 4,640	3.44	03-14
District 4 JD Tractor & Spreader	30,480	3.55	05-17
District 5 JD Tractor	24,620	3.75	08-17
District 1 Kubota Tractor & Bush hog	40,416	3.75	03-17
District 2 John Deere Tractor	23,201	3.19	12-15
District 2 Tractor & Rhino Blades	65,757	2.13	03-18
Total Equipment Notes	<u>\$ 189,114</u>		
C. Capital Leases			
Justice Court Computer System	18,165	3.19	08-16
IBM Courthouse Computer System	66,980	2.26	06-18
Total Capital Leases	<u>\$ 85,145</u>		
D. Other Loans:			
Blue Bell Building	\$ 82,848	4.15	02-18
Chancery Building Roof Repair	74,147	2.00	03-20
Total Other Loans	<u>\$ 156,995</u>		

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Business-type Activities:			
A. Equipment Notes:			
2007 John Deere 120C Excavator	\$ 50,948	3.95	04-16
2013 International 4400 Garbage Truck	<u>118,932</u>	3.19	02-18
Total Equipment Notes	<u>\$ 169,880</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Equipment Notes	
	Principal	Interest	Principal	Interest
2014	\$ 583,000	149,826	47,833	5,115
2015	569,000	128,674	43,906	4,355
2016	400,000	105,938	45,296	2,965
2017	380,000	90,853	38,500	1,514
2018	386,000	76,061	13,579	289
2019 – 2023	1,210,000	193,816		
2024 – 2028	<u>524,000</u>	<u>47,206</u>		
Total	<u>\$ 4,052,000</u>	<u>792,374</u>	<u>189,114</u>	<u>14,238</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2014	\$ 25,237	5,093
2015	26,080	4,250
2016	26,950	3,560
2017	27,855	2,475
2018	28,852	1,515
2019 – 2020	<u>22,021</u>	<u>890</u>
Total	<u>\$ 156,995</u>	<u>17,783</u>

Business-type Activities:

Year Ending September 30	Equipment Notes	
	Principal	Interest
2014	\$ 38,638	5,834
2015	40,004	4,469
2016	41,416	3,056
2017	24,518	1,594
2018	<u>25,304</u>	<u>807</u>
Total	<u>\$ 169,880</u>	<u>15,760</u>

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

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, 2013, the amount of outstanding debt was equal to 3.55% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013 :

	Balance 10/01/12	Additions	Reductions	Balance 09/30/13	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 3,610,000	970,000	528,000	4,052,000	583,000
Equipment notes	139,368	88,958	39,212	189,114	47,833
Capital leases	28,925	71,499	15,279	85,145	19,629
Other loans	181,538		24,543	156,995	25,237
Total	\$ 3,959,831	1,130,457	607,034	4,483,254	675,698
Business-type Activities:					
Equipment notes	\$ 66,640	118,932	15,692	169,880	38,638
Capital leases	21,194		21,194		
Total	\$ 87,834	118,932	36,886	169,880	38,638

(11) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2013:

Fund	Deficit Amount
Agri-Center Operating	\$ 4,208
Reappraisal/Mapping	1,886

(12) 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 expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

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 material adverse effect on the financial condition of the county.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

(13) Joint Venture.

The county participates in the following joint venture:

Prentiss County is a participant with Alcorn, Tippah and Tishomingo Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to furnish a regional library for the area and is governed by a board consisting of four members with each entity appointing one member. By contractual agreement, the county's appropriation to the joint venture was \$93,000 in fiscal year 2013. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Filmore Street, Corinth, MS 38834.

(14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Region IV Mental Health Mental Retardation Commission operates in a district composed of the Counties of Alcorn, Prentiss, Tippah and Tishomingo. The Prentiss County Board of Supervisors appoints four of the 24 Members of the board of directors. The county appropriated \$42,000 for the support of the district in fiscal year 2013.

Northeast Mississippi Planning and Development District operates in a district composed of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Prentiss County Board of Supervisors appoints one of the four members of the board of commissioners. The county appropriated \$13,200 for the support of the district in fiscal year 2013.

Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo and Union. The Prentiss County Board of Supervisors appoints six of the 15 members of the college board of trustees. The county appropriated \$632,098 for maintenance and support of the college in fiscal year 2013.

Northeast Mississippi Solid Waste Management Authority operates in a district composed of the Counties of Benton, Prentiss and Tippah, and the Cities of Ashland, Booneville and Ripley. The Prentiss County Board of Supervisors appoints one of the six members of the authority's board. The county did not appropriate any funds to the authority in fiscal year 2013. User governments will be billed on the volume of solid waste from each government.

Tombigbee River Valley Water Management District operates in a district composed of the counties of Alcorn, Chickasaw, Clay, Itawamba, Kemper, Lee, Lowndes, Monroe, Noxubee, Pontotoc, Prentiss, and Tishomingo. The board of directors is comprised of 31 total board members. Prentiss County appoints two of the board members. The county appropriated \$56,470 for support of the district in fiscal year 2013.

(15) Defined Benefit Pension Plan.

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

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2013

Funding Policy. At September 30, 2013, PERS members were required to contribute 9.00% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2013 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, 2013, 2012 and 2011 were \$490,169, \$417,709, and \$374,486 respectively, equal to the required contributions for each year.

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Prentiss County evaluated the activity of the county through November 16, 2015, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2013, the county issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
Oct. 2013	3.59%	\$ 1,474,700	Line of Credit	Econ. Dev. Ad Valorem Taxes
Nov. 2013	2.14%	\$ 141,235	Installment Loan	Landfill Ad Valorem Taxes
Dec. 2013	2.14%	\$ 68,605	Installment Loan	District Four Ad Valorem Taxes
Apr. 2014	2.92%	\$ 90,000	Installment Loan	E911 Ad Valorem Taxes
May 2014	2.74%	\$ 67,484	Installment Loan	District One Ad Valorem Taxes
May 2014	2.74%	\$ 77,484	Installment Loan	District Five Ad Valorem Taxes
April 2015	2.74%	\$ 48,242	Installment Loan	District One Ad Valorem Taxes

***REQUIRED SUPPLEMENTARY
INFORMATION***

PRENTISS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,896,000	3,910,952	3,910,952	
Licenses, commissions and other revenue	290,600	334,177	334,177	
Fines and forfeitures	225,000	241,096	241,096	
Intergovernmental revenues	826,000	816,019	816,019	
Charges for services	508,000	563,815	563,815	
Interest income	8,500	7,752	7,752	
Miscellaneous revenues	70,500	73,124	73,124	
Total Revenues	<u>5,824,600</u>	<u>5,946,935</u>	<u>5,946,935</u>	
EXPENDITURES				
Current:				
General government	2,907,550	3,077,688	3,077,688	
Public safety	2,045,800	2,172,542	2,172,542	
Public works	24,800	29,728	29,728	
Health and welfare	253,050	248,630	248,630	
Culture and recreation	93,000	93,000	93,000	
Education	25,000	25,000	25,000	
Conservation of natural resources	74,000	74,684	74,684	
Economic development and assistance	101,700	98,742	98,742	
Debt service:				
Principal	33,500	25,259	25,259	
Interest		2,951	2,951	
Total Expenditures	<u>5,558,400</u>	<u>5,848,224</u>	<u>5,848,224</u>	
Excess of Revenues over (under) Expenditures	<u>266,200</u>	<u>98,711</u>	<u>98,711</u>	
OTHER FINANCING SOURCES/USES				
Proceeds from sale of capital assets		19,100	19,100	
Operating transfers in		190,492	190,492	
Operating transfers out	(174,900)	(187,807)	(187,807)	
Total Other Financing Sources and Uses	<u>(174,900)</u>	<u>21,785</u>	<u>21,785</u>	
Net Change in Fund Balance	91,300	120,496	120,496	
Fund Balances - Beginning	<u>751,541</u>	<u>564,469</u>	<u>564,469</u>	
Fund Balances - Ending	<u>\$ 842,841</u>	<u>684,965</u>	<u>684,965</u>	

The accompanying notes to the required supplementary information are an integral part of this schedule.

PRENTISS COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2013

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, Tax Assessor, and Tax 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 revenue, each general item of expenditure, 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 (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

	<u>General Fund</u>
Budget (Cash basis)	\$ 120,496
Increase (Decrease)	
Net adjustments for revenue accruals	31,051
Net adjustments for expenditure accruals	(133,379)
Net adjustments for other financing sources(uses)	<u>12,647</u>
GAAP Basis	<u>\$ 30,815</u>

OTHER INFORMATION

Prentiss County
 Schedule of Surety Bonds for County Officials
 For the Year Ended September 30, 2013
 UNAUDITED

Name	Position	Company	Bond
James Ray Plaxico	Supervisor District 1	Travelers Casualty & Surety of America	\$ 100,000
Matt Murphy	Supervisor District 2	Travelers Casualty & Surety of America	\$ 100,000
Gary Michael Kelser	Supervisor District 3	Travelers Casualty & Surety of America	\$ 100,000
Mike Huddleston	Supervisor District 4	Travelers Casualty & Surety of America	\$ 100,000
Larry Lambert	Supervisor District 5	Travelers Casualty & Surety of America	\$ 100,000
Glen David Pounds	Chancery Clerk	Travelers Casualty & Surety of America	\$ 100,000
Angela Jourdan	Bookkeeper	Travelers Casualty & Surety of America	\$ 75,000
Glen David Pounds	Purchase Clerk	Travelers Casualty & Surety of America	\$ 75,000
Shelba Walker	Assistant Purchase Clerk	Travelers Casualty & Surety of America	\$ 50,000
Amy Martin	Receiving Clerk	Travelers Casualty & Surety of America	\$ 75,000
Linda Fisher	Assistant Receiving Clerk - Sheriff's Dept.	Travelers Casualty & Surety of America	\$ 50,000
Kenneth Stevens	Assistant Receiving Clerk - District 1	Travelers Casualty & Surety of America	\$ 50,000
Billy Plaxico	Assistant Receiving Clerk - District 2	Travelers Casualty & Surety of America	\$ 50,000
Larry W. Powell	Assistant Receiving Clerk - District 3	Travelers Casualty & Surety of America	\$ 50,000
Dennis Moreland	Assistant Receiving Clerk - District 4	Travelers Casualty & Surety of America	\$ 50,000
Curtis Roy	Assistant Receiving Clerk - District 5	Travelers Casualty & Surety of America	\$ 50,000
David Senter	Inventory Control Clerk	Travelers Casualty & Surety of America	\$ 75,000
Harry Allen	Constable	Travelers Casualty & Surety of America	\$ 50,000
Sammy Henderson	Constable	Travelers Casualty & Surety of America	\$ 50,000
Michael R. Kelley	Circuit Clerk	Travelers Casualty & Surety of America	\$ 100,000
Mary Lou Ballard	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$ 50,000
Pam Keeton	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$ 50,000
Catherine Shelton	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$ 50,000
Randy Tolar	Sheriff	Travelers Casualty & Surety of America	\$ 100,000
Linda Fisher	Sheriff's Assistant	Travelers Casualty & Surety of America	\$ 50,000
Kenneth Shackelford	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Rusty McCoy	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Terry H. Owens	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Bryant Cunningham	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Jeffery D. Jones	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Joshua Davis	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Bobby J. Tolar	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
David Gosse	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Jerry Bridges	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Reed Sparks	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Larry Grooms	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Donald Thomas	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Jerry Peeks	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Douglas Crow	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Bryon Parker	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Rusty Burroughs	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
David Austin	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Justin Underwood	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$ 50,000
Greg Sparks	Coroner	Travelers Casualty & Surety of America	\$ 50,000
Debra Moore	Justice Court Judge	Travelers Casualty & Surety of America	\$ 50,000
Angela White Pounds	Justice Court Judge	Travelers Casualty & Surety of America	\$ 50,000
Donna Inman	Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
Lula M. Jumper	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
Ashley Hurt	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
Steve Eaton	Tax Assessor	Travelers Casualty & Surety of America	\$ 50,000
Wendy Lewellen	Deputy Tax Assessor	\$ -	\$ -
Loretta Beasley	Deputy Tax Assessor	\$ -	\$ -
Markrissa Thornton	Deputy Tax Assessor	\$ -	\$ -
H.W. "Rusty" Cole	Tax Collector	Travelers Casualty & Surety of America	\$ 100,000
Janis L. Furtick	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Teresa Jo Young	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Heather Lane Roberts	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Terri Haire	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Aneshia B. Davis	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
David Senter	Solid Waste Deputy	Travelers Casualty & Surety of America	\$ 25,000
Mary Elaine Armstrong	Solid Waste Secretary	Travelers Casualty & Surety of America	\$ 10,000
Shelia Reeves	Solid Waste Secretary	Travelers Casualty & Surety of America	\$ 25,000

SPECIAL REPORTS

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**INDEPENDENT AUDITORS' 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
Prentiss County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi, as of and for the year ended September 30, 2013, which collectively comprise the county's basic financial statements and have issued our report thereon dated November 16, 2015. Our report includes a reference to another auditor. The other auditor audited the financial statements of the Prentiss County Development Association, as described in our report on Prentiss County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by the other auditor. However, this report, insofar as it relates to the results of the other auditor, is based solely on the reports of the other auditor. The financial statements of the Prentiss County Development Foundation were not audited in accordance with *Government Auditing Standards*. Our report also includes an adverse opinion on the aggregate discretely presented component units due to the omission of a majority of the discretely presented component units, which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prentiss County, Mississippi's internal control over financial reporting 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-1, 2013-2, 2013-3, 2013-4, 2013-5 and 2013-7 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-6, 2013-8, and 2013-9 to be significant deficiencies.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the management of Prentiss County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated November 16, 2015, included within this document.

Prentiss County's Responses to Findings

Prentiss County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Prentiss 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

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 16, 2015

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**INDEPENDENT ACCOUNTANTS' 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
Prentiss County, Mississippi

We have examined Prentiss 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, 2013. The Board of Supervisors of Prentiss 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 Prentiss County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

In our opinion, Prentiss County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Prentiss 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.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 16, 2015

PRETISS COUNTY
 Schedule of Purchases Not Made From the Lowest Bidder
 For the Year Ended September 30, 2013

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/03/12	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
11/05/12	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
12/04/12	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
01/04/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
02/05/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
03/05/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
04/03/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
05/02/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
06/04/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
07/02/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
08/02/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
09/05/13	Crusher run gravel	\$10.20 per ton	\$8.50 per ton	The lowest bidder does not deliver and Districts One and Three do not have a truck to haul gravel.
08/30/13	Clay gravel	\$3.00 per ton	\$2.25 per ton	Purchasing from the alternate bidder was more efficient due to the fact that the gravel pit is closer to District 5 shop and, therefore, would save on fuel expenses.
09/05/13	DBST and Reseal	\$0.49 per sq. yd	\$0.45 sq. yd	District 5 Supervisor had been dissatisfied in the past with the quality of work from the low bidder.

PRENTISS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

PRETISS COUNTY
Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Schedule 3

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

**LIMITED INTERNAL CONTROL
AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors
Prentiss County, Mississippi

In planning and performing our audit of the financial statements of Prentiss County, Mississippi for the year ended September 30, 2013, we considered Prentiss 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 Prentiss 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 November 16, 2015 on the financial statements of Prentiss County, Mississippi.

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

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Clerk of the Board.

1. Finding

Section 27-105-371, Miss. Code Ann. (1972), states that all county officials who receive funds under the authority of their office shall deposit such funds into a county depository. The county has several checking accounts not located at the county depository. The failure of the county to ensure compliance with the county depository could result in misappropriation of public funds.

Recommendation

All county officials should ensure that funds are deposited into the county depository.

Clerk of the Board's Response

The cost of reordering checks for bank accounts located at banks other than the county depository outweighs the benefit of moving the funds.

Tax Collector.

2. Finding

Section 19-5-22, Miss. Code Ann. (1972), provides that the Board of Supervisors may notify the Tax Collector of any unpaid fees assessed under Section 19-5-21 within 90 days after they become due. Upon receipt of a delinquency notice, the Tax Collector shall not issue or renew a motor vehicle road and bridge privilege license for any motor vehicle owned by a person who is delinquent in the payment of the fees until these fees in addition to any other taxes or fees assessed against the motor vehicle are paid.

Recommendation

The Tax Collector should flag the car tags of any account that is delinquent, and not issue or renew a motor vehicle road and bridge privilege license to anyone who has an outstanding delinquency pursuant to orders issued by the Board of Supervisors.

Tax Collector's Response

I will make the necessary changes to ensure that all delinquent accounts are properly coded.

Tax Assessor.

3. Finding

The Tax Assessor failed to remove an expired exemption granted under Miss. Code Ann. (1972), Section 27-31-109 for three parcels.

Recommendation

The Tax Assessor should check the tax rolls before submitting to the State to ensure that all exempt properties are included as well as expired exemptions are removed.

Tax Assessor's Response

I have prepared the proper forms to increase the assessments for the aforementioned parcels in order to collect the lost revenue. I will implement appropriate control procedures to ensure that this does not happen in the future.

Chancery Clerk.

4. Finding

Section 27-105-5, Miss. Code Ann. (1972), gives the responsibility to the State Treasurer for the collateralization of public deposits. However, the county is required to perform certain duties. The quarterly reports received from the State Treasurer were not reconciled to the county's bank records. Without accurate and timely reconciliation of the quarterly reports, the risk increases that the county's total deposits may not be properly collateralized.

Recommendation

The Chancery Clerk should ensure that the reconciliation is prepared quarterly.

Chancery Clerk's Response

I am aware of the importance of reviewing and reconciling the quarterly reports from the State Treasurer. I will ensure that the above finding is corrected in the future.

5. Finding

The Chancery Clerk did not record a surety bond for the Deputy Tax Assessors as required by Miss. Code Ann. (1972), Section 27-1-3.

Recommendation

The Chancery Clerk should ensure the recording of all surety bonds as required.

Chancery Clerk's Response

The Deputy Tax Assessors were bonded on October 28, 2014. I will ensure that all Deputy Tax Assessors are bonded in the future.

6. Finding

The Chancery Clerk had an expense on his annual financial report that was unallowable resulting in his income exceeding the salary cap by an additional \$200.00.

Recommendation

The Chancery Clerk should repay the amount that he exceeded the salary cap.

Chancery Clerk's Response

I have written check number 2580 in the amount of \$200 00 back to the County. The County's receive warrant number is 18514 dated November 24, 2015.

Prentiss County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
November 16, 2015

***SCHEDULE OF FINDINGS
AND RESPONSES***

PRENTISS COUNTY
 Schedule of Findings and Responses
 For the Year Ended September 30, 2013

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditors' report issued on the financial statements: | |
| | Governmental activities | Unqualified |
| | Business-type activities | Unqualified |
| | Aggregate discretely presented component unit | Adverse |
| | General Fund | Unqualified |
| | Aggregate remaining fund information | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness.

2013-1 Criteria

A critical aspect of effective financial management is the preparation of accurate financial statements.

Condition

The County's accounting records are maintained on a cash basis and the auditors assisted in the preparation of accrual entries and the financial statements. However, the County has made all management decisions including approving the accrual entries, designating an individual with a basic understanding of the financial statements and related note disclosures to oversee the financial statement preparation, evaluating the adequacy and results of the services performed, and accepting responsibility for the results of the services.

Effect

The Board of Supervisors chose not to prepare the financial statements and related notes:

Cause

The Board of Supervisors did not assign the preparation of the financial statements to accounting personnel.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that the financial statements and note disclosures are prepared in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We understand that we are responsible for reviewing, approving, and accepting the financial statements, including the required disclosures to the financial statements, prior to their issuance.

Material Weakness.

2013-2 Criteria

There should be a system of adequate controls in place for the collection and remittance of cash for solid waste user fees.

Condition

The County is responsible for the collection and remittance of cash for solid waste fees.

Effect

As reported in the last eight years' audit reports, weak controls existed over the collection and remittance of cash for solid waste user fees. This lack of controls could lead to a misappropriation of funds that would not be timely discovered.

Cause

Procedures are not in place to ensure that the collection and remittance of cash for solid waste user fees is handled properly.

Recommendation

The Board of Supervisors should implement procedures to ensure that all cash collected and remitted are handled properly.

Board of Supervisors' Response

We will comply.

Material Weakness.

2013-3 Criteria

The County should ensure the collection of accounts receivable in the Solid Waste Fund.

Condition

The County is responsible for the collection and maintenance of accounts receivable in the Solid Waste Fund. The County has allowed a large amount of accounts receivable to accumulate over the past several years resulting in lost revenue to the county.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Effect

The County's accounts receivable balance has accumulated to an amount where the majority of the balance is deemed as uncollectible.

Cause

Procedures are not in place to ensure that the accounts receivable balances outstanding are paid by the customers.

Recommendation

The Board of Supervisors should implement procedures to ensure customers that have outstanding balances are making payments on their account.

Board of Supervisors' Response

We will comply.

Material Weakness.

2013-4 Criteria

Generally accepted accounting principles require the financial data of the county's component units to be reported with the financial data of the county's primary government unless the county also issued financial statements for the financial reporting unit that include the financial data of its component units.

Condition

The financial statements do not include the financial data of the county's volunteer fire departments which are considered component units of the county.

Cause

The volunteer fire department component units of the county do not have audited financial statements.

Effect

The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The Board of Supervisors should provide the audited financial data for its discretely presented component units for inclusion in the county's financial statements.

Board of Supervisors' Response

The Board of Supervisors feels it would be cost prohibitive to require the 14 volunteer fire departments to have audited financial statements prepared.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Chancery Clerk

Material Weakness.

2013-5 Criteria

A segregation of duties is considered necessary to insure that financial data is initiated, recorded, and processed consistent with the assertions of management in the financial statements.

Condition

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Effect

The County bookkeeper maintains the general ledger, collects cash, writes and signs checks and handles certificates of deposit transactions. This lack of segregation of duties could result in misappropriation of funds that would not be timely discovered.

Cause

Lack of segregation of duties could result in misappropriation of funds that would not be timely discovered.

Recommendation

The County should have a segregation of duties among accounting functions; however, we recognize that the expense of acquiring the additional employees might be prohibitive. The situation dictates that the Chancery Clerk and the Board of Supervisors be involved in the financial affairs of the County to provide oversight and independent review functions to mitigate the lack of segregation of duties.

Chancery Clerk's Response

I am aware of the lack of segregation of duties due to the small office staff. As a result, the Board of Supervisors and I are involved in the financial affairs of the County and provide oversight and independent review functions.

Tax Collector

Significant Deficiency.

2013-6 Criteria

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

Condition

Bank statements should be received and reviewed by a responsible person other than the person who reconciles the bank account before being submitted for reconciliation.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Effect

The lack of segregation of duties creates an internal control deficiency so that a material misstatement may not be prevented or detected in a timely manner.

Cause

The same deputy clerk opens the bank statement and prepares the reconciliation without any other responsible person reviewing the bank statement.

Recommendation

The Tax Collector should take steps to ensure that there is an adequate segregation of duties in the preparation of the bank reconciliation.

Tax Collector's Response

I will review the bank statements before the reconciliation is prepared.

Material Weakness.

2013-7 Criteria

The Tax Collector shall not issue or renew a motor vehicle road and bridge privilege license for any motor vehicle owned by a person who is delinquent in the payment of the fees until these fees in addition to any other taxes or fees assessed against the motor vehicle are paid.

Condition

The Tax Collector issued car tags to taxpayers that had delinquent solid waste accounts.

Effect

The lack of controls over flagging delinquent taxpayers results in the loss of tax revenue for the County.

Cause

The Tax Collector does not flag the delinquent taxpayers in the computer system thereby allowing the taxpayers to receive their renewal or issuance of car tags against state law.

Recommendation

The Tax Collector should flag the car tags of any account that is delinquent, and not issue or renew a motor vehicle road and bridge privilege license to anyone who has an outstanding delinquency pursuant to orders issued by the Board of Supervisors..

Tax Collector's Response

I will instruct my deputy clerks to make the appropriate corrections to ensure car tags are not issued to taxpayers with delinquent solid waste accounts.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Justice Court Clerk

Significant Deficiency.

2013-8 Criteria

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

Condition

Bank statements should be received and reviewed by a responsible person other than the person who reconciles the bank account before being submitted for reconciliation.

Effect

The lack of segregation of duties creates an internal control deficiency so that a material misstatement may not be prevented or detected in a timely manner.

Cause

The same deputy clerk opens the bank statement and prepares the reconciliation without any other responsible person reviewing the bank statement.

Recommendation

The Justice Court Clerk should take steps to ensure that there is an adequate segregation of duties in the preparation of the bank reconciliation.

Justice Court Clerk's Response

I will have a deputy clerk review the bank statements before the reconciliation is prepared.

Sheriff

Significant Deficiency.

2013-9 Criteria

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

Condition

Bank statements should be received and reviewed by a responsible person other than the person who reconciles the bank account before being submitted for reconciliation.

Effect

The lack of segregation of duties creates an internal control deficiency so that a material misstatement may not be prevented or detected in a timely manner.

Cause

The same deputy clerk opens the bank statement and prepares the reconciliation without any other responsible person reviewing the bank statement.

PRETISS COUNTY
Schedule of Findings and Responses
For the Year Ended September 30, 2013

Recommendation

The Sheriff should take steps to ensure that there is an adequate segregation of duties in the preparation of the bank reconciliation.

Sheriff's Response

I will review the bank statements before the reconciliation is prepared.