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PRENTISS COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2015



Certified Public Accountants

PRENTISS COUNTY

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FINANCIAL SECTION



Certified Public Accountants

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American Institute of Certified Public Accountants
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Mississippi Society of Certified Public Accountants

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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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi, (the County) as of and for the year ended September 30, 2015, and related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Prentiss County, Mississippi, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions 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 an appropriate operational, economic, or historical context. We 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The 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 August 1, 2017, 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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
August 1, 2017

FINANCIAL STATEMENTS

PRENTISS COUNTY
Statement of Net Position
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Prentiss County Development Association
ASSETS				
Cash	\$ 2,678,315	85,964	2,764,279	34,603
Cash and cash equivalents reserved for future industrial and economic development	-	-	-	336,681
Certificates of deposit reserved for future industrial and economic development	-	-	-	410,313
Accrued interest receivable reserved for future industrial and economic development	-	-	-	402
Property tax receivable	4,501,277	-	4,501,277	-
Accounts receivable (net of allowance for uncollectibles of \$1,456,441)	-	136,262	136,262	-
Accounts and other receivables	-	-	-	519
Grant receivable	-	-	-	25,106
Fines receivable (net of allowance for uncollectibles of \$1,050,065)	745,784	-	745,784	-
Due from agency fund	156,228	-	156,228	-
Lease receivable unreserved	-	-	-	25
Lease receivable reserved for future industrial and economic development	-	-	-	75
Intergovernmental receivables	205,091	-	205,091	-
Other receivables	84,642	-	84,642	-
Investment in land option	-	-	-	41,830
Capital assets:				
Land and construction in progress	2,539,720	51,061	2,590,781	-
Other capital assets, net	21,945,048	365,564	22,310,612	4,639
Total Assets	<u>32,856,105</u>	<u>638,851</u>	<u>33,494,956</u>	<u>854,193</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,373,060	169,705	1,542,765	-
Total Deferred Outflows of Resources	<u>1,373,060</u>	<u>169,705</u>	<u>1,542,765</u>	<u>-</u>
LIABILITIES				
Claims payable	185,692	21,248	206,940	3,251
Other accrued liabilities	262,318	32,353	294,671	2,643
Intergovernmental payables	228,055	7,575	235,630	-
Accrued interest payable	63,472	3,710	67,182	-
Amounts held in custody for others	49,922	-	49,922	-
Long-term liabilities				
Net pension liability	7,707,033	952,554	8,659,587	-
Due within one year:				
Capital debt	356,892	69,091	425,983	-
Non-capital debt	285,000	-	285,000	-
Due in more than one year:				
Capital debt	2,563,057	136,359	2,699,416	-
Non-capital debt	2,125,000	-	2,125,000	-
Total Liabilities	<u>13,826,441</u>	<u>1,222,890</u>	<u>15,049,331</u>	<u>5,894</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - property taxes	4,501,277	-	4,501,277	-
Fines for future reporting period	41,240	-	41,240	-
Total Deferred Inflows of Resources	<u>4,542,517</u>	<u>-</u>	<u>4,542,517</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	21,564,819	211,175	21,775,994	-
Restricted:				
Expendable:				
General government	11,416	-	11,416	-
Debt service	613,449	-	613,449	-
Public safety	546,440	-	546,440	-
Public works	901,273	-	901,273	-
Culture and recreation	4,013	-	4,013	-
Economic development	63,806	-	63,806	-
Temporarily restricted	-	-	-	94
Unrestricted:	(7,845,009)	(625,509)	(8,470,518)	-
Operating	-	-	-	100,734
Reserve for future industrial and economic development	-	-	-	747,471
Total Net Position	<u>\$ 15,860,207</u>	<u>(414,334)</u>	<u>15,445,873</u>	<u>848,299</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, 2015

Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Prentiss County Development Association
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,692,628	395,461	1,013,150	-	(2,284,017)		(2,284,017)	
Public safety	2,511,500	692,286	103,927	61,745	(1,653,542)		(1,653,542)	
Public works	2,160,973	-	716,441	1,650,740	206,208		206,208	
Health and welfare	245,595	-	26,494	-	(219,101)		(219,101)	
Culture and recreation	177,110	-	-	-	(177,110)		(177,110)	
Conservation of natural resources	227,556	-	-	-	(227,556)		(227,556)	
Economic development and assistance	230,666	-	-	41,176	(189,490)		(189,490)	
Interest on long-term debt	223,467	-	-	-	(223,467)		(223,467)	
Pension expense	548,666	-	-	-	(548,666)		(548,666)	
Total Governmental Activities	<u>10,018,161</u>	<u>1,087,747</u>	<u>1,860,012</u>	<u>1,753,661</u>	<u>(5,316,741)</u>		<u>(5,316,741)</u>	
Business-type activities:								
Solid waste	<u>1,237,869</u>	<u>1,165,135</u>	<u>61,415</u>	<u>-</u>	<u>-</u>	<u>(11,319)</u>	<u>(11,319)</u>	
Total Primary Government	<u>\$ 11,256,030</u>	<u>2,252,882</u>	<u>1,921,427</u>	<u>1,753,661</u>	<u>(5,316,741)</u>	<u>(11,319)</u>	<u>(5,328,060)</u>	
Component Unit:								
Prentiss County Development Association	\$ 336,190	-	-	-				(336,190)
Total Component Unit	<u>\$ 336,190</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>(336,190)</u>
General revenues								
Property taxes	\$	5,618,205	-		5,618,205	-		-
Road & bridge privilege taxes		298,974	-		298,974	-		-
Grants and contributions not restricted to specific programs		-			12,367	12,367		-
Unrestricted interest income		4,554			107	4,661		3,386
Miscellaneous		186,521			14,936	201,457		-
Loss on sale of assets		-			(2,608)	(2,608)		-
City and town allotments		-			-	-		26,900
County allotment		-			-	-		95,000
Membership dues		-			-	-		25,150
Donated facilities and other contributions		-			-	-		10,800
Banquet ticket sales and sponsorships		-			-	-		6,405
TVA grant		-			-	-		106,977
Prentiss County Board of Supervisors - grant matching funds		-			-	-		25,106
MSDA grant		-			-	-		19,375
Restrictions satisfied by payments		-			-	-		-
Transfers		11,000			(11,000)	-		-
Total General Revenues		<u>6,119,254</u>			<u>13,802</u>	<u>6,133,056</u>		<u>319,099</u>
Changes in Net Position					<u>802,513</u>	<u>2,483</u>	<u>804,996</u>	<u>(17,091)</u>
Net Position - Beginning					19,971,513	313,343	20,284,856	865,390
Prior period adjustment					(4,913,819)	(730,160)	(5,643,979)	-
Net Position - Beginning, as restated					<u>15,057,694</u>	<u>(416,817)</u>	<u>14,640,877</u>	<u>865,390</u>
Net Position - Ending	\$	15,860,207			(414,334)	15,445,873		848,299

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

PRENTISS COUNTY
Balance Sheet -
Governmental Funds
September 30, 2015

	Major Funds				
	General Fund	Blue Bell Project Fund	State Aid Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 569,256	100	-	2,108,959	2,678,315
Property tax receivable	3,372,932	-	-	1,128,345	4,501,277
Fines receivable, (net of allowance for uncollectibles of \$1,080,092)	704,544	-	-	41,240	745,784
Intergovernmental receivables	129,565	-	7,115	68,411	205,091
Other receivables	39,983	-	-	44,659	84,642
Due from other funds	166,446	-	-	43,297	209,743
Advances to other funds	100	-	-	4,557	4,657
Total Assets	<u>\$ 4,982,826</u>	<u>100</u>	<u>7,115</u>	<u>3,439,468</u>	<u>8,429,509</u>
LIABILITIES					
Liabilities:					
Claims payable	\$ 126,660	-	7,115	51,917	185,692
Other accrued liabilities	203,152	-	-	59,166	262,318
Intergovernmental payables	214,853	-	-	13,202	228,055
Due to other funds	43,297	-	-	10,218	53,515
Advances from other funds	4,557	100	-	-	4,657
Amounts held in custody for others	49,922	-	-	-	49,922
Total Liabilities	<u>\$ 642,441</u>	<u>100</u>	<u>7,115</u>	<u>134,503</u>	<u>784,159</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,372,932	-	-	1,128,345	4,501,277
Unavailable revenue - fines	704,544	-	-	41,240	745,784
Total Deferred Inflows of Resources	<u>\$ 4,077,476</u>	<u>-</u>	<u>-</u>	<u>1,169,585</u>	<u>5,247,061</u>
Fund balances:					
Nonspendable:					
Advances	100	-	-	4,557	4,657
Restricted for:					
Public safety	-	-	-	329,585	329,585
Public works	-	-	-	901,273	901,273
Debt service	-	-	-	676,921	676,921
Committed to:					
General government	-	-	-	11,316	11,316
Public safety	-	-	-	216,856	216,856
Culture and recreation	4,013	-	-	-	4,013
Economic development	59,249	-	-	-	59,249
Unassigned	199,547	-	-	(5,128)	194,419
Total Fund Balances	<u>\$ 262,909</u>	<u>-</u>	<u>-</u>	<u>2,135,380</u>	<u>2,398,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,982,826</u>	<u>100</u>	<u>7,115</u>	<u>3,439,468</u>	<u>8,429,509</u>

PRENTISS COUNTY
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
September 30, 2015

Total Fund Balance - Governmental Funds	\$ 2,398,289
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 \$12,029,878.	24,484,768
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.	704,544
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,329,949)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,707,033)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(63,472)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,373,060
Total Net Position of Governmental Activities	\$ <u>15,860,207</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, 2015

	Major Funds			Other	Total
	General	Blue Bell	State Aid	Governmental	Governmental
	Fund	Project	Road	Funds	Funds
		Fund	Fund		
REVENUES					
Property taxes	\$ 4,281,335	-	-	1,336,870	5,618,205
Road and bridge privilege taxes	-	-	-	298,974	298,974
Licenses, commissions and other revenue	312,795	-	-	13,954	326,749
Fines and forfeitures	197,527	-	-	15,031	212,558
Intergovernmental revenues	828,148	-	1,330,152	1,455,373	3,613,673
Charges for services	284,388	-	-	392,867	677,255
Interest income	4,553	-	-	1	4,554
Miscellaneous revenues	89,575	-	-	96,946	186,521
Total Revenues	<u>5,998,321</u>	<u>-</u>	<u>1,330,152</u>	<u>3,610,016</u>	<u>10,938,489</u>
EXPENDITURES					
Current:					
General government	3,090,848	-	-	443,707	3,534,555
Public safety	2,096,605	-	-	338,193	2,434,798
Public works	31,144	1,556,559	1,330,152	1,847,625	4,765,480
Health and welfare	243,825	-	-	-	243,825
Culture & recreation	118,000	-	-	61,667	179,667
Conservation of natural resources	80,638	-	-	129,770	210,408
Economic development and assistance	123,855	-	-	76,496	200,351
Debt service:					
Principal	39,420	-	-	695,102	734,522
Interest	6,716	-	-	153,279	159,995
Total Expenditures	<u>5,831,051</u>	<u>1,556,559</u>	<u>1,330,152</u>	<u>3,745,839</u>	<u>12,463,601</u>
Excess of Revenues over (under) Expenditures	<u>167,270</u>	<u>(1,556,559)</u>	<u>-</u>	<u>(135,823)</u>	<u>(1,525,112)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued	-	1,554,894	-	48,242	1,603,136
Proceeds from sale of capital assets	15,100	-	-	6,375	21,475
Transfers in	64,421	1,665	-	75,918	142,004
Transfers out	<u>(77,447)</u>	<u>-</u>	<u>-</u>	<u>(53,557)</u>	<u>(131,004)</u>
Total Other Financing Sources and Uses	<u>2,074</u>	<u>1,556,559</u>	<u>-</u>	<u>76,978</u>	<u>1,635,611</u>
Net Changes in Fund Balances	169,344	-	-	(58,845)	110,499
Fund Balances - Beginning	93,565	-	-	2,194,225	2,287,790
Fund Balances - Ending	<u>\$ 262,909</u>	<u>-</u>	<u>-</u>	<u>2,135,380</u>	<u>2,398,289</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, 2015

Net Changes in Fund Balances - Governmental Funds \$ 110,499

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 \$965,844 was exceeded by capital outlays of \$3,179,191 in the current period. 2,213,347

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 (\$15,254) and the proceeds from the sale of assets of (\$21,475) in the current period. (36,729)

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. (128,815)

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 \$1,603,136 exceeded debt repayments of \$734,522. (868,614)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:

Accrued interest payable (63,472)

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period (548,666)
Recording of contributions made subsequent to the measurement date 122,355

Capital assets transferred from the proprietary fund are reported as general expenses on the Statement of Activities. Under the modified accrual basis of accounting used in the Governmental Funds, these expenses are not recognized. 2,608

Change in Net Position of Governmental Activities \$ 802,513

PRENTISS COUNTY
Statement of Net Position -
Proprietary Fund
September 30, 2015

Business-type Activities
Enterprise Fund
Solid Waste
Major Fund

ASSETS

Current assets:

Cash	\$ 85,964
Accounts receivable (net of allowance for uncollectibles of \$1,456,441)	136,262
Total Current Assets	<u>222,226</u>

Noncurrent assets:

Land	51,061
Other capital assets, net	365,564
Total Noncurrent Assets	<u>416,625</u>
Total Assets	<u>638,851</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	169,705
Total Deferred Outflows of Resources	<u>169,705</u>

LIABILITIES

Current liabilities:

Claims payable	21,248
Other accrued liabilities	32,353
Intergovernmental payables	7,575
Accrued interest payable	3,710
Capital debt:	
Equipment notes payable	69,091
Total Current Liabilities	<u>133,977</u>

Noncurrent Liabilities:

Net pension liability	952,554
Capital debt:	
Equipment notes payable	136,359
Total Noncurrent Liabilities	<u>1,088,913</u>
Total Liabilities	<u>1,222,890</u>

NET POSITION

Net investment in capital assets	211,175
Unrestricted	(625,509)
Total Net Position	<u>\$ (414,334)</u>

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

PRENTISS COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Fund Solid Waste Major Fund
Operating Revenues	
Charges for services	\$ 1,165,135
Operating grants	61,415
Miscellaneous	14,936
Total Operating Revenues	<u>1,241,486</u>
Operating Expenses	
Personal services	579,874
Pension expense	67,812
Contractual services	220,726
Material and supplies	155,950
Depreciation expense	45,266
Bad debt expense	157,102
Total Operating Expenses	<u>1,226,730</u>
Operating Income (Loss)	<u>14,756</u>
Nonoperating Revenues (Expenses)	
Interest income	107
Intergovernmental grants	12,367
Loss on sale of capital assets	(2,608)
Interest expense	(11,139)
Net Nonoperating Revenues (Expenses)	<u>(1,273)</u>
Net Income (Loss)	13,483
Transfers out	(11,000)
Changes in Net Position	<u>2,483</u>
Net Position - Beginning, as previously reported	313,343
Prior period adjustment	(730,160)
Net Position - Beginning, as restated	<u>(416,817)</u>
Net Position - Ending	<u>\$ (414,334)</u>

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

PRENTISS COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Fund Solid Waste Major Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,166,955
Payments to suppliers	(539,607)
Payments to employees	(595,166)
Other operating cash receipts	76,351
Net Cash Provided (Used) by Operating Activities	<u>108,533</u>
Cash Flows from Noncapital Financing Activities	
Nonoperating grants received	12,367
Cash paid to other funds:	
Operating transfers out	(11,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,367</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	(67,255)
Interest paid on debt	(7,429)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(74,684)</u>
Cash Flows from Investing Activities	
Interest and dividends on investments	107
Net Cash Provided (Used) by Investing Activities	<u>107</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,323
Cash and Cash Equivalents at Beginning of Year	<u>50,641</u>
Cash and Cash Equivalents at End of Year	<u>\$ 85,964</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>14,756</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	45,266
Provision for uncollectible accounts	157,102
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(155,282)
(Increase) decrease in deferred outflows - pensions	(154,798)
Increase (decrease) in claims payable	(5,404)
Increase (decrease) in other accrued liabilities	(469)
Increase (decrease) in intergovernmental payables	(125)
Increase (decrease) in net pension liability	207,487
Total Adjustments	<u>93,777</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 108,533</u>

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

PRENTISS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 596,526
Property tax receivable	558,042
Total Assets	<u>1,154,568</u>
 LIABILITIES	
Amounts held in custody for others	97,532
Deferred revenue	558,042
Intergovernmental payables	342,766
Due to governmental funds	156,228
Total Liabilities	\$ <u>1,154,568</u>

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

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

(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.

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.

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

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

(1) Summary of Significant Accounting Policies (Continued).

C. Basis of Presentation (Continued).

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 as Other Governmental Funds.

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 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 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

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

(1) Summary of Significant Accounting Policies (Continued).

D. Measurement Focus and Basis of Accounting (Continued).

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 Funds:

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

Blue Bell Project Fund – This is a capital project fund that is used to account for financial resources related to the renovation of the Blue Bell Building.

State Aid Road Fund – This is a capital project fund that is used to account for capital projects funded through the Office of State Aid Road Construction.

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.

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.

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

(1) Summary of Significant Accounting Policies (Continued).

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 the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. 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.

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

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

(1) Summary of Significant Accounting Policies (Continued).

J. Capital Assets (Continued).

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. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

(1) Summary of Significant Accounting Policies (Continued).

K. Deferred Outflows/Inflows of Resources (Continued).

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such a time as the revenue becomes available.

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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.

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.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

(1) Summary of Significant Accounting Policies (Continued).

N. 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."

Net Position Flow Assumption:

When an expense 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 expenses 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.

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.

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.

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

(1) Summary of Significant Accounting Policies (Continued).

N. Equity Classifications (Continued).

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.

Fund Balance Flow Assumption:

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.

O. 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.

P. 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.

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

(1) Summary of Significant Accounting Policies (Continued).

Q. 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, 2015, Prentiss County recognized no liability.

R. Changes in Accounting Standards

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposal of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustment.

Exhibit 2 – Statement of Activities.

Explanation	Amount
Implementation of GASB 68 & 71:	
Net Pension Liability as of 9/30/2014	\$ (6,028,274)
Deferred outflows – contributions made during the period from July 1, 2014 through September 30, 2014	120,612
To correct error in capital assets, net	993,843
Total	\$ <u>(4,913,819)</u>

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

Explanation	Amount
Implementation of GASB 68 & 71:	
Net Pension Liability as of 9/30/2014	\$ (745,067)
Deferred outflows – contributions made during the period from July 1, 2014 through September 30, 2014	14,907
Total	\$ <u>(730,160)</u>

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

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$3,360,805 and the bank balance was \$3,328,019. 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.

(4) Interfund Transactions and Balances.

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary Funds	\$ 156,228
General Fund	Other Governmental Funds	10,218
Other Governmental Funds	General Fund	43,297
Total		<u>\$ 209,743</u>

The amount payable from the Fiduciary Funds represents funds provided to Payroll Clearing account. The amount payable from the Other Governmental Funds represent debt proceeds recorded in the General Fund instead of Wheeler Sewer Fund. The payable from the General Fund represent the tax revenue collected but not settled until October, 2015. 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. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Blue Bell Project Fund	\$ 100
Other Governmental Funds	General Fund	4,557
Total		<u>\$ 4,657</u>

The balances represent funds advanced to various funds to alleviate funding shortages. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

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

(4) Interfund Transactions and Balances (Continued).

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 53,421
General Fund	Solid Waste Fund	11,000
Blue Bell Project Fund	General Fund	1,665
Other Governmental Funds	General Fund	75,782
Other Governmental Funds	Other Governmental Funds	136
Total		<u>\$ 142,004</u>

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, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
State Motor Vehicle License Privilege Tax	\$ 26,737
Gas Tax	47,586
Legislative Tax Credit	90,976
Reimbursement for Drug Court	20,826
Reimbursement for Welfare	3,176
T.R.I.A.D. Grant	5,000
STP-0805(21)B Federal Aid	7,115
Other	3,675
Total Governmental Activities	<u>\$ 205,091</u>

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

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2015:

Governmental Activities:	Balance 10/01/14	Additions	Deletions	Adjustments	Balance 09/30/15
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,191,017	-	8,222	-	1,182,795
Construction in progress	617,590	3,045,291	-	(2,305,956)	1,356,925
Total Non-Depreciable Capital Assets	1,808,607	3,045,291	8,222	(2,305,956)	2,539,720
<u>Depreciable capital assets:</u>					
Infrastructure	8,810,927	-	-	654,884	9,465,811
Buildings	7,777,280	-	-	3,242,106	11,019,386
Other improvements	7,796,465	-	-	-	7,796,465
Mobile equipment	4,930,197	123,800	174,186	168,160	5,047,971
Other furniture & equipment	534,349	10,100	-	-	544,449
Leased property under capital leases	100,844	-	-	-	100,844
Total Depreciable Capital Assets	29,950,062	133,900	174,186	4,065,150	33,974,926
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,141,715	273,638	-	-	1,415,353
Buildings	3,287,271	178,059	-	614,028	4,079,358
Other improvements	1,798,179	311,864	-	-	2,110,043
Mobile equipment	3,812,358	141,388	145,679	148,715	3,956,782
Other furniture & equipment	360,577	42,742	-	-	403,319
Leased property under capital leases	46,870	18,153	-	-	65,023
Total Accumulated Depreciation	10,446,970	965,844	145,679	762,743	12,029,878
Total Depreciable Capital Assets, Net	19,503,092	(831,944)	28,507	3,302,407	21,945,048
Governmental Activities Capital Assets, Net	\$ 21,311,699	2,213,347	36,729	996,451	24,484,768
Business-type Activities:	Balance 10/01/14	Additions	Deletions	Adjustments	Balance 09/30/15
<u>Non-depreciable capital assets:</u>					
Land	\$ 51,061	-	-	-	51,061
Total Non-Depreciable Capital Assets	51,061	-	-	-	51,061
<u>Depreciable capital assets:</u>					
Buildings	155,603	-	-	-	155,603
Mobile equipment	874,239	-	-	(26,075)	848,164
Other furniture & equipment	25,000	-	-	-	25,000
Leased property under capital leases	-	-	-	-	-
Total Depreciable Capital Assets	1,054,842	-	-	(26,075)	1,028,767
<u>Less accumulated depreciation for:</u>					
Buildings	57,608	3,114	-	-	60,722
Mobile equipment	561,296	42,152	-	(23,467)	579,981
Furniture & equipment	22,500	-	-	-	22,500
Leased property under capital leases	-	-	-	-	-
Total Accumulated Depreciation	641,404	45,266	-	(23,467)	663,203
Total Depreciable Capital Assets, Net	413,438	(45,266)	-	(2,608)	365,564
Business-type Activities Capital Assets, Net	\$ 464,499	(45,266)	-	(2,608)	416,625

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

(6) Capital Assets (Continued).

The adjustments to capital assets in the governmental activities consisted of completed capital projects, a transfer of an asset from business-type activities, and a prior period entry to record assets not included in prior year reports. The adjustment in the business-type activities consisted of a transfer of an asset to governmental activities from business-type activities.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 204,709
Public safety	171,716
Public works	540,187
Health and welfare	1,770
Conservation of natural resources	17,147
Economic development and assistance	<u>30,315</u>
Total Governmental Activities Depreciation Expense	\$ <u>965,844</u>
Business-type Activities:	
Solid waste	\$ <u>45,266</u>
Total Business-type Activities Depreciation Expense	\$ <u>45,266</u>

The following is a summary of capital assets activity for Prentiss County Development Association for the year ended September 30, 2015:

Component Unit:	<u>Balance 10/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 09/30/15</u>
<u>Depreciable capital assets:</u>				
Office furniture & equipment	\$ 19,097	-	-	19,097
Leasehold improvements	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>4,200</u>
Total Depreciable Capital Assets	<u>23,297</u>	<u>-</u>	<u>-</u>	<u>23,297</u>
<u>Less accumulated depreciation for:</u>				
Office furniture & equipment	17,418	1,240	-	18,658
Leasehold improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>17,418</u>	<u>1,240</u>	<u>-</u>	<u>18,658</u>
Total Depreciable Capital Assets, Net	<u>5,879</u>	<u>(1,240)</u>	<u>-</u>	<u>4,639</u>
Component Unit Capital Assets, Net	\$ <u><u>5,879</u></u>	<u><u>(1,240)</u></u>	<u><u>-</u></u>	<u><u>4,639</u></u>

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

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

(8) Operating Leases.

As Lessor:

On November 23, 1992, Prentiss County entered into a non-cancellable operating lease with the Prentiss County School District for the lease of a building owned by the County for the purpose of providing office space for the Superintendent and the Superintendent's office staff. The operating lease stipulated that the lease would pay approximately \$525 per month in lease payments commencing on December 1, 1992 for a term of 5 years. At the end of the lease, the lessee has the right to renew the lease for an additional three or five year period. The lease is still in effect under the renewal terms. The current renewal period will expire on November 30, 2018. The County receives income from property it leases under non-cancellable operating leases. Total income from such leases was \$6,300 for the year ended September 30, 2015. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2016	\$ 6,300
2017	6,300
2018	1,050
Total Minimum Payments Required	\$ <u>13,650</u>

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

Classes of Property	Governmental Activities	Business-type Activities
Furniture & Equipment	\$ 100,844	-
Less: Accumulated depreciation	<u>(65,023)</u>	<u>-</u>
Leased Property Under Capital Leases	\$ <u>35,821</u>	<u>-</u>

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

(9) Capital Leases (Continued).

The following is a schedule by years of the total payments due as of September 30, 2015:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2016	\$ 20,620	890
2017	14,702	434
2018	10,088	106
Total	<u>\$ 45,410</u>	<u>1,430</u>

(10) Defined Benefit Pension Plan.

General Information about the 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.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

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

(10) Defined Benefit Pension Plan (Continued).

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$551,221, \$537,283 and \$490,169, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2015, the County reported a liability of \$8,659,587 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.056020 percent, which was an increase of 0.000218% from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$616,478. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 133,267
Net difference between projected and actual earnings on pension plan investments	506,678
Changes of assumptions	745,994
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	19,348
County contributions subsequent to the measurement date	<u>137,478</u>
Total	<u>\$ 1,542,765</u>

\$137,478 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2016	\$ 457,040
2017	457,040
2018	364,537
2019	126,670

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

(10) Defined Benefit Pension Plan (Continued).

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34.00 %	5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

(10) Defined Benefit Pension Plan (Continued).

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 11,414,129	8,659,587	6,373,832

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(11) Long-term Debt.

Debt outstanding as of September 30, 2015 consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
District 2 Road and Bridge 2001	\$ 30,000	4.40/6.25	03-16
Blue Bell Building Bonds 2015	1,474,700	3.50	04-35
Courthouse Renovation	490,000	3.80/5.00	06-19
District 1 Road and Bridge 2006	75,000	3.90/5.25	04-18
District 3 Road and Bridge 2008	110,000	4.13	04-20
District 5 Road and Bridge 2008	110,000	4.13	04-20
District 2 Road and Bridge 2006	150,000	3.90/5.50	04-21
District 1 Road and Bridge 2010	190,000	3.75	07-22
District 2 Road and Bridge 2010	190,000	3.75	07-22
District 4 Road and Bridge 2010	160,000	3.75	07-22
District 5 Road and Bridge 2012	240,000	3.75	06-24
District 3 Road and Bridge 2012	295,000	3.75	02-27
District 1 Road and Bridge 2013	220,000	2.90/3.00	05-28
District 2 Road and Bridge 2013	320,000	3.25/3.30	05-28
District 4 Road and Bridge 2013	320,000	3.25/3.30	05-28
Total General Obligation Bonds	\$ <u>4,374,700</u>		

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

(11) Long-term Debt (Continued).

B. Equipment Notes:

District 2 John Deere Tractor	\$	7,980	3.19	12-15
District 1 Kubota Tractor & Bush hog		20,962	3.75	03-17
District 4 JD Tractor & Spreader		15,798	3.55	05-17
District 5 JD Tractor		12,760	3.75	08-17
District 2 Tractor & Rhino Blades		39,883	2.13	03-18
District 4 Backhoe		55,466	2.14	10-18
District 1 John Deere Backhoe		54,716	2.74	05-19
District 3 John Deere 5100 Tractor		38,776	2.74	05-19
District 5 John Deere Backhoe		62,824	2.74	05-19
District 1 John Deere Road Grader		48,239	2.74	04-20
Total Equipment Notes	\$	<u>357,404</u>		

C. Capital Leases

Justice Court Computer System	\$	6,249	3.19	08-16
IBM Courthouse Computer System		39,161	2.26	06-18
Total Capital Leases	\$	<u>45,410</u>		

D. Other Loans:

Blue Bell Building	\$	51,753	4.15	02-18
E-911 Dispatch Console System		71,787	2.92	05-19
Chancery Building Roof Repair		54,256	2.00	03-20
Wheeler Sewer MDEQ Loan		199,932	1.75	09-33
Blue Bell (Addtl Financing)		174,707	2.00	09-30
Total Other Loans	\$	<u>552,435</u>		

Business-type Activities:

A. Equipment Notes:

2007 John Deere 120C Excavator	\$	17,656	3.95	04-16
2013 International 4400 Garbage Truck		73,423	3.19	02-18
Case 1150M Bulldozer		114,371	2.14	12-18
Total Equipment Notes	\$	<u>205,450</u>		

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

(11) Long-term Debt (Continued)

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
2016	\$ 452,147	157,552	\$ 105,322	9,868
2017	433,972	140,642	100,142	6,818
2018	441,861	123,961	76,828	3,969
2019	439,816	107,413	64,930	2,000
2020	332,840	90,420	10,182	284
2021 – 2025	1,112,120	302,122	-	-
2026 – 2030	693,455	141,974	-	-
2031 – 2035	468,489	50,319	-	-
Total	<u>\$ 4,374,700</u>	<u>1,114,403</u>	<u>\$ 357,404</u>	<u>22,939</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2016	\$ 63,803	12,412
2017	65,586	10,629
2018	67,469	8,747
2019	50,579	6,901
2020	32,488	5,671
2021-2025	112,122	20,880
2026-2030	122,548	10,454
2031-2033	37,840	1,172
Total	<u>\$ 552,435</u>	<u>76,866</u>

Business-type Activities:

Year Ending September 30	Equipment Notes	
	Principal	Interest
2016	\$ 69,091	5,139
2017	52,793	3,480
2018	54,198	2,075
2019	29,368	641
Total	<u>\$ 205,450</u>	<u>11,335</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2015, the amount of outstanding debt was equal to 4.13% of the latest property assessments.

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

(11) Long-term Debt (Continued)

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

	Balance 10/01/14	Additions	Reductions	Adjustments	Balance 09/30/15	Amount due within one year
Governmental Activities:						
General obligation bonds	\$ 3,469,000	1,380,187	569,000	94,513	4,374,700	452,147
Equipment notes	402,672	48,242	93,510	-	357,404	105,322
Capital leases	65,516	-	20,106	-	45,410	20,620
Other loans	524,147	174,707	51,906	(94,513)	552,435	63,803
Total	\$ 4,461,335	1,603,136	734,522	-	5,329,949	641,892
Business-type Activities:						
Equipment notes	\$ 272,705	-	67,255	-	205,450	69,091
Total	\$ 272,705	-	67,255	-	205,450	69,091

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2015:

Fund	Deficit Amount
Agri-Center Operating Fund	5,126

(13) 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.

(14) 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 2015. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Filmore Street, Corinth, MS 38834.

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

(15) 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 2015.

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 2015.

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 \$657,622 for maintenance and support of the college in fiscal year 2015.

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 2015. 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 \$56,707 for support of the district in fiscal year 2015.

(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 August 1, 2017, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements.

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

(16) Subsequent Events (Continued).

Subsequent to September 30, 2015, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/16/15	2.04%	29,000	Installment Loan	Ad Valorem Taxes
12/30/15	2.84%	31,511	Installment Loan	Ad Valorem Taxes
06/30/16	2.00%	58,000	Installment Loan	Ad Valorem Taxes
08/12/16	2.84%	85,000	Installment Loan	Ad Valorem Taxes
03/01/17	2.47%	43,500	Installment Loan	Ad Valorem Taxes

Other Items to Note:

- The County entered into an operating lease with Mississippi Department of Human Services for the use of the renovated Blue Bell Building in the amount of \$835,103 for a period of 50 years beginning October 1, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,231,375	4,279,520	4,279,520	-
Licenses, commissions and other revenue	321,100	329,837	329,837	-
Fines and forfeitures	224,500	196,336	196,336	-
Intergovernmental revenues	794,800	828,433	828,433	-
Charges for services	253,500	521,124	521,124	-
Interest income	7,000	4,275	4,275	-
Miscellaneous revenues	54,500	158,589	158,589	-
Total Revenues	<u>5,886,775</u>	<u>6,318,114</u>	<u>6,318,114</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,033,950	3,072,877	3,072,877	-
Public safety	1,970,700	2,280,214	2,280,214	-
Public works	25,000	35,955	35,955	-
Health and welfare	245,625	243,410	243,410	-
Culture and recreation	93,000	93,000	93,000	-
Education	25,000	25,000	25,000	-
Conservation of natural resources	77,800	80,638	80,638	-
Economic development and assistance	111,200	121,855	121,855	-
Debt service:				
Principal	34,000	46,780	46,780	-
Interest	-	5,688	5,688	-
Total Expenditures	<u>5,616,275</u>	<u>6,005,417</u>	<u>6,005,417</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>270,500</u>	<u>312,697</u>	<u>312,697</u>	<u>-</u>
OTHER FINANCING SOURCES/USES				
Operating transfers in	-	138,339	138,339	-
Operating transfers out	(270,500)	(203,996)	(203,996)	-
Total Other Financing Sources and Uses	<u>(270,500)</u>	<u>(65,657)</u>	<u>(65,657)</u>	<u>-</u>
Net Change in Fund Balance	-	247,040	247,040	-
Fund Balances - Beginning	<u>862,391</u>	<u>446,486</u>	<u>446,486</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 862,391</u>	<u>693,526</u>	<u>693,526</u>	<u>-</u>

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

PRENTISS COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.056020%	0.055802%
County's proportionate share of the net pension liability (asset)	\$ 8,659,587	6,773,341
County's covered-employee payroll	\$ 3,499,816	3,411,321
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.43%	198.55%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

PRENTISS COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2015

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 551,221	537,283
Contributions in relation to the contractually required contribution	<u>551,221</u>	<u>537,283</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 3,499,816	3,411,321
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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, 2015
UNAUDITED

Budgetary Comparison Schedule

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)	\$ 247,040
Increase (Decrease)	
Net adjustments for revenue accruals	(319,793)
Net adjustments for expenditure accruals	174,366
Net adjustments for other financing sources(uses)	<u>67,731</u>
GAAP Basis	\$ <u><u>169,344</u></u>

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

Pension Schedules

A. Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

SUPPLEMENTAL INFORMATION

PRENTISS COUNTY
Schedule of Expenditures of Federal Awards
For The Year Ended September 30, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Direct Programs			
U.S. Department of Agriculture			
Community Facilities Loans and Grants (Community Programs)	* 10.780	N/A	\$ 1,380,187
Total U.S. Department of Agriculture			<u>1,380,187</u>
Federal Aviation Administration			
Airport Improvement Program	20.106	3-28-008-015-2014	189,177
Total Federal Aviation Administration			<u>189,177</u>
U.S. Environmental Protection Agency			
Congressionally Mandated Projects	66.202	XP-96461307-0	41,173
Total U.S. Environmental Protection Agency			<u>41,173</u>
Total Direct Programs			<u>1,610,537</u>
U.S. Department of Justice			
Passed-through Mississippi Department of Public Safety			
Bulletproof Vest Partnership Program	16.607	N/A	2,628
Total passed-through the Mississippi Department of Public Safety			<u>2,628</u>
Passed through the U.S. Corps of Engineers			
Public Safety Partnership and Community Policing Grants	16.710	1278-12-P-0123	4,939
Total passed-through the U.S. Corps of Engineers			<u>4,939</u>
Passed-through Mississippi Department of Public Safety			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	13LB1591	3,752
Total passed-through the Mississippi Department of Public Safety			<u>3,752</u>
Total U.S. Department of Justice			<u>11,319</u>
U.S. Department of Transportation			
Passed-through the Mississippi Department of Transportation			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	BR-NBIS 079 B(59)	31,870
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STP-0805(21)B	26,067
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	APL-0059(41)B	1,072
Total passed-through Mississippi Department of Transportation			<u>59,009</u>
Total U.S. Department of Transportation			<u>59,009</u>
Total Expenditures of Federal Awards			<u>\$ 1,680,865</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

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

Note B - Community Facilities Loans and Grants (Community Programs)

The value of federal awards expended in the form of loans made to Prentiss County as of September 30, 2015, is \$1,474,700.

* Denotes major federal award program

OTHER INFORMATION

Prentiss County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2015
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	Asst Purch Clerk	Travelers Casualty & Surety of America	\$ 50,000
Amber Lancaster	Receiving Clerk	Travelers Casualty & Surety of America	\$ 75,000
Linda Fisher	Asst Rec Clerk - Sheriff's Dept.	Travelers Casualty & Surety of America	\$ 50,000
Kenneth Stevens	Asst Rec Clerk - District 1	Travelers Casualty & Surety of America	\$ 50,000
Billy Plaxico	Asst Rec Clerk - District 2	Travelers Casualty & Surety of America	\$ 50,000
Larry W. Powell	Asst Rec Clerk - District 3	Travelers Casualty & Surety of America	\$ 50,000
Dennis Moreland	Asst Rec Clerk - District 4	Travelers Casualty & Surety of America	\$ 50,000
Curtis Roy	Asst Rec Clerk - District 5	Travelers Casualty & Surety of America	\$ 50,000
Jacky Taylor	Asst Rec Clerk - Landfill	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	Travelers Casualty & Surety of America	\$ 50,000
Rusty McCoy	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Terry H. Owens	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Bryant Cunningham	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Jeffery D. Jones	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Joshua Davis	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Bobby J. Tolar	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
David Gosse	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Monica Daniels	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Reed Sparks	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Sandra Stevenson	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Tyler Reese	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Dustin Underwood	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Douglas Crow	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Corie Robbins	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Rusty Burroughs	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Paul Duval	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Justin Underwood	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Michael Moore	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Doug Rakestraw	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Jason Cinicola	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Bradley James	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Phillip Owens	Sheriff's Deputy	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

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

Name	Position	Company	Bond
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
Misty Harris	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
Monica Daniels	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	Travelers Casualty & Surety of America	\$ 10,000
Loretta Beasley	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$ 10,000
Markrissa Thornton	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$ 10,000
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
Charlotte Stanley	Deputy Tax Collector	-	-
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, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 1, 2017. 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. The financial statements of the Prentiss County Development Association were not audited in accordance with *Government Auditing Standards*. This report does not include 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.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

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control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-002, 2015-003, 2015-005 and 2015-007 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 Questioned Costs as 2015-004, 2015-006, 2015-008 and 2015-009 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 also noted certain matters which we have reported to the management of Prentiss County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 1, 2017, 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 Questioned Costs. 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

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



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
August 1, 2017



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Prentiss County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Prentiss County, Mississippi's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2015. Prentiss County, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Prentiss County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Prentiss County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Prentiss County, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Prentiss County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

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Report on Internal Control Over Compliance

Management of Prentiss County, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Prentiss County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



The Sparks CPA Firm, P.C.
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August 1, 2017



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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, 2015. 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, 2015.

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, and in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating Prentiss County, Mississippi's compliance with the aforementioned requirements, 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.
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August 1, 2017

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PRENTISS COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2015

Schedule 1

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

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

Our test results did not identify any emergency purchases.

PRENTISS COUNTY

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

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



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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, 2015, 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 August 1, 2017 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.

Florence, Alabama
Phone: (256)764-0991

Red Bay, Alabama
Phone: (256)356-9375

Muscle Shoals, Alabama
Phone: (256)314-5082

Booneville, Mississippi
Phone: (662)728-6172

Corinth, Mississippi
Phone: (662)286-7082

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

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

The former Tax Assessor was not available for response.

4. Finding

The former Tax Assessor issued an expired exemption granted under Miss. Code Ann. (1972), Section 27-31-109 without the proper documentation.

Recommendation

The Tax Assessor should not grant an exemption on a parcel without the proper exemption resolution as required under Miss. Code Ann. (1972), Section 27-31-109.

Tax Assessor's Response

The former Tax Assessor was not available for response.

Chancery Clerk.

5. Finding

The Chancery Clerk did not record a surety bond for a Deputy Tax Collector 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

We purchased a bond for the Deputy Tax Collector on January 4, 2016. I will ensure that all Deputy Tax Collectors are bonded in the future.

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
August 1, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 1: Summary of Auditors' Results

Financial Statements:

- | | | |
|----|--|------------|
| 1. | Type of auditors' report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Business-type activities | Unmodified |
| | Aggregate discretely presented component unit | Unmodified |
| | Major funds: | |
| | General Fund | Unmodified |
| | Blue Bell Project Fund | Unmodified |
| | State Aid Road Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major program: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None Reported |
| 5. | Type of auditors' report issued on compliance for major federal program: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____ .510(a) of OMB Circular A-133? | No |
| 7. | Identification of major federal program: | |
| | a. Community Facilities Loans and Grants (Community Programs)
CFDA #10.780 | |
| 8. | Dollar threshold used to distinguish between Type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness.

2015-001 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.

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.

2015-002 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.

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Effect

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.

2015-003 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.

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.

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Significant Deficiency.

2015-004 Criteria

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

Condition

The director at the Prentiss County Agri-Center prepares the deposits and handles large amounts of cash with little oversight. An inventory system of items sold should be initiated.

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 director collects cash and prepares the deposits himself. The director does not utilize a cash register or other form of accountability to ensure that sales of goods reconcile to the cash collected on a daily basis.

Recommendation

The director should initiate a cash register system to use at each event at the Agri-Center. He should also maintain an inventory system. Furthermore, the deposits should be verified by another employee of the Agri-Center or Prentiss County to ensure that all monies are being deposited timely and accurately.

Board of Supervisors' Response

We are currently considering different options for inventory management and an accounting system for the Agri-Center and are in the process of providing further oversight.

Chancery Clerk

Material Weakness.

2015-005 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.

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

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.

2015-006 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 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.

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

Material Weakness.

2015-007 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.

Justice Court Clerk

Significant Deficiency.

2015-008 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.

PRENTISS COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

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.

2015-009 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 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.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.