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Charles A. Dumas
Mayor

Aldermen
Keith Bridges
Todd Broome
Willard Davis
Mayor Pro Tempore
Randy Stamps
Sylvia Ward

Missy Jones
Clerk

Wes Daughdrill
Attorney

Albert Turnage
Municipal Judge

Alan Buffington
Pros. Attorney

April Taylor
Public Defender

Theresa Hall
Court Clerk

Howard Kelly
Fire Chief

Joe Bullock
Police Chief

Corky Holliman
Water Operator

Don Jones
Public Works Director

May 3, 2016

Office of the State Auditor
P. O. Box 956
Jackson, MS 39205-0956

Gentlemen:

Accompanying this letter are two (2) copies of the annual audit of the Town of Prentiss, MS for the fiscal year ending September 30, 2015. A separate management letter was not written to the town in connection with this audit.

Sincerely,

A handwritten signature in black ink that reads 'Dana M. Jones'. The signature is fluid and cursive, with the first name 'Dana' being the most prominent.

Dana M. Jones
City Clerk

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TOWN OF PRENTISS, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS
And
SPECIAL REPORTS

SEPTEMBER 30, 2015

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TOWN OF PRENTISS, MISSISSIPPI

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TOWN OF PRENTISS, MISSISSIPPI

FINANCIAL SECTION

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Board of Aldermen
Town of Prentiss, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 on the basis of cash receipts and disbursements; 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. We 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

The Town of Prentiss, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Required Supplementary Information

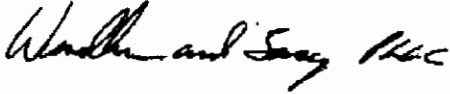
The Schedule of Changes in Long-term Debt, the Schedule of Investments, the Schedule of Surety Bonds, and the Schedule of Capital Assets for the Town of Prentiss, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Requirements Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016, on our consideration of the Town of Prentiss, 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 the 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 the Town of Prentiss, Mississippi's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the Town of Prentiss, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Windham and Lacey, PLLC
March 8, 2016

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TOWN OF PRENTISS, MISSISSIPPI

FINANCIAL STATEMENTS

Town of Prentiss
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2015

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities:							
General government	\$ 260,494	5,368	13,500		(241,626)		(241,626)
Public safety	664,393	71,388	26,251		(566,754)		(566,754)
Public works	386,730	85,166		244,930	(56,634)		(56,634)
Culture and recreation	38,085				(38,085)		(38,085)
Economic development	8,500				(8,500)		(8,500)
Interest on long-term debt	833				(833)		(833)
Total Governmental Activities	1,359,035	161,922	39,751	244,930	(912,432)	0	(912,432)
Business-type Activities:							
Water/Sewer	992,892	356,056		567,326		(69,510)	(69,510)
Total Business-type Activities	992,892	356,056	0	567,326	0	(69,510)	(69,510)
Total Government	\$ 2,351,927	517,978	39,751	812,256	(912,432)	(69,510)	(981,942)
General Receipts							
Taxes:							
Property taxes					\$ 334,776		334,776
Road & bridge privilege taxes					21,979		21,979
Sales tax					429,294		429,294
Homestead exemption reimbursement					18,973		18,973
Franchise taxes					58,462		58,462
Grants and contributions not restricted to specific programs					21,240		21,240
Unrestricted investment income					200	280	480
Proceeds from loan					27,811		27,811
Miscellaneous					27,749		27,749
Total General Receipts					940,484	280	940,764
Change in net position					28,052	(69,230)	(41,178)
Net Position - Beginning					310,974	566,037	877,011
Net Position - Ending					\$ 339,026	496,807	835,833

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Town of Prentiss
Statement of Activities and Net Position - Cash Basis
As of and for the Year Ended September 30, 2015

(Continued)

ASSETS

Cash and cash equivalents
 Restricted cash

\$ 699,719
 136,114

Total Assets

\$ 835,833

NET POSITION

Restricted:

Restricted for capital projects
 Restricted for court bonds and restitution
 Restricted for library
 Restricted for municipal fire
 Restricted for police seizures
 Restricted for debt service
 Restricted for water meter deposits
 Unrestricted

\$ 3,245
 7,678
 4,465
 40,104
 10,170
 1,000
 69,452
 699,719

Total Net Position

\$ 835,833

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

Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2015

	Governmental Activities			Business-type Activities		
	Major Funds			Major Funds		
	General Fund	Capital Projects Airport Improvements	Non-Major Funds	Water/Sewer Fund	Capital Projects Grant Fund	Total
RECEIPTS						
Ad valorem taxes	\$ 319,950		14,826			334,776
Road and bridge tax	21,979					21,979
License and permits	5,368					5,368
Franchise taxes on utilities	58,462					58,462
Grand Gulf payments in lieu of tax	15,590					15,590
Intergovernmental revenues:						
Federal revenues:						
Home program			105,300			105,300
Airport grant		125,628			117,522	117,522
CDBG Water/Sewer Improvement Project						
State shared revenues:						
Sales taxes	429,294					429,294
Homestead exemption reimbursement	18,973					18,973
State airport grant		6,529				6,529
Alcoholic beverage tax	1,800					1,800
General municipal aid	539					539
Gasoline tax	3,311					3,311
Fire insurance rebate			5,882			5,882
Local shared revenues:						
Aid from county	13,500	7,473	13,845			34,818
Charges for services:						
Garbage	85,166					85,166
Water and sewer utility				351,122		351,122
Fines and forfeits	71,388		745			72,133
Interest income	158	12	30	280		200
Miscellaneous revenue	33,528					33,528
Total Receipts	1,079,006	139,642	140,628	351,402	117,522	468,924

Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2015

(Continued)

	Governmental Activities			Business-type Activities		
	Major Funds			Major Funds		
	General Fund	Capital Projects Airport Improvements	Non-Major Funds	Total	Water/Sewer Fund	Capital Projects Grant Fund
DISBURSEMENTS						
General government	260,494			260,494		
Public safety	611,561		2,193	613,754		
Public works	141,817		105,326	247,143		
Culture and recreation	14,587		13,051	27,638		
Economic development	8,500			8,500		
Water and sewer utility:						
Personal services					240,004	240,004
Supplies					64,982	64,982
Utilities					62,794	62,794
Other services and charges					14,521	14,521
Total Disbursements	1,036,959	0	120,570	1,157,529	382,301	382,301
Excess of Receipts over (under) Disbursements	42,047	139,642	20,058	201,747	(30,899)	117,522
						86,623
OTHER CASH SOURCES (USES)						
Proceeds from loan	27,811			27,811		
Capital outlay - equipment	(38,258)			(38,258)	(35,653)	(35,653)
Capital outlay - airport improvements		(139,587)		(139,587)		
Capital outlay - water/sewer improvements						(117,548)
Principal paid on bonds and notes	(22,828)			(22,828)	(2,641)	(2,641)
Interest paid on bonds and notes	(833)			(833)	(11)	(11)
Total Other Cash Sources and (Uses)	(34,108)	(139,587)	0	(173,695)	(38,305)	(155,853)
Excess (Deficiency) of Receipts and Other Cash Sources over Disbursements and Other Cash Uses	7,939	55	20,058	28,052	(69,204)	(69,230)
CASH BASIS FUND BALANCE - Beg. of Year	256,488	3,197	51,289	310,974	565,937	566,037
CASH BASIS FUND BALANCE - End of Year	\$ 264,427	3,252	71,347	339,026	496,733	496,807

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Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and for the Year Ended September 30, 2015

	Governmental Activities			Business-type Activities		
	Major Funds			Major Funds		
	General Fund	Capital Projects Airport Improvements	Non-Major Funds	Water/Sewer Fund	Capital Projects Grant Fund	Total
CASH BASIS ASSETS - End of Year						
Cash and cash equivalents	\$ 256,749		15,614	427,281	74	427,355
Restricted cash	7,678	3,252	55,733	69,452		69,452
Total Cash Basis Assets	\$ 264,427	3,252	71,347	496,733	74	496,807
CASH BASIS FUND BALANCES - End of Year						
Restricted:						
Restricted for capital projects		3,252	(6)			3,246
Restricted for court bonds and restitution	7,678					7,678
Restricted for library			4,465			4,465
Restricted for municipal fire			40,104			40,104
Restricted for police seizures			10,170			10,170
Restricted for debt service			1,000			1,000
Restricted for meter deposits				69,452		69,452
Committed:						
Committed for town and county interlocal	12,550					12,550
Committed for streets			6,405			6,405
Unassigned	244,199		9,209	427,281	74	427,355
Total Cash Basis Fund Balances	\$ 264,427	3,252	71,347	496,733	74	496,807

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

TOWN OF PRENTISS, MISSISSIPPI

Notes to Financial Statements September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The Town of Prentiss, Mississippi, (the Town) was incorporated March 3, 1903. The Town operates under an alderman/mayor form of government and provides all of the rights and privileges provided by statute for municipalities.

The financial statements of the Town have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Government-wide and Fund Financial Statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Town combines the Statement of Activities and Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) receipts from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as *general receipts*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation.

The government-wide financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when collected and expenditures are recorded when cash is spent.

Governmental fund financial statements are reported using the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized as soon as they are collected. Expenditures generally are recorded when cash is spent.

The Town reports the following major Governmental Funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *airport improvements* fund accounts for grants to be used for airport improvements.

The *HOME grant* fund accounts for grants to be used to build or renovate homes for low income families.

TOWN OF PRENTISS, MISSISSIPPI

Notes to Financial Statements September 30, 2015

The Town reports the following major proprietary funds:

The *water and sewer fund* accounts for the activities of the water and sewer system.

The *capital projects grant fund* accounts for grants to be used for capital expenditures and improvements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program receipts* include (1) receipts from customers or applicants for goods, services or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts.

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

The government's cash and cash equivalents are considered to be cash on hand or invested in certificates of deposit.

2. *Net Position.*

Restricted net position - Consists of cash 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".

3. *Fund Balances.*

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The Town has no fund balance reported in this category.

Restricted - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Town has \$136,115 reported as restricted fund balances.

TOWN OF PRENTISS, MISSISSIPPI

Notes to Financial Statements September 30, 2015

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. The Town reported \$18,955 as committed fund balances.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by management other than the highest decision making authority of the Town. The Town has no fund balance reported in this category.

Unassigned - Includes positive fund balance with the General Fund which has not been classified within the abovementioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$835,833 and the bank balance was \$828,089. The collateral for public entities' deposits in financial institutions are 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 Depository Insurance Corporation.

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2015, none of the Town's bank balance of \$828,089 was exposed to custodial risk.

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The Town does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

TOWN OF PRENTISS, MISSISSIPPI

**Notes to Financial Statements
September 30, 2015**

(3) Defined Benefit Pension Plan.

Plan Description: The Town of Prentiss contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, at 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2015, 2014 and 2013 were \$88,121, \$89,459, \$79,193, respectively, which is equal to the required contributions for each year.

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TOWN OF PRENTISS, MISSISSIPPI

REQUIRED SUPPLEMENTARY INFORMATION

**Town of Prentiss
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
General property taxes	\$ 297,800	297,800	319,950	22,150
Road and bridge tax	55,000	55,000	21,979	(33,021)
License and permits	4,250	4,250	5,368	1,118
Franchise taxes on utilities	47,000	47,000	58,462	11,462
Grand Gulf payments in lieu of tax	15,000	15,000	15,590	590
General municipal aid	3,500	3,500	539	(2,961)
Sales taxes	450,000	450,000	429,294	(20,706)
Homestead exemption			18,973	18,973
Gasoline tax			3,311	3,311
Alcoholic beverage tax	1,800	1,800	1,800	
Aid from county	13,500	13,500	13,500	
Garbage	85,000	85,000	85,166	166
Fines and forfeits	120,000	120,000	71,388	(48,612)
Interest income	500	500	158	(342)
Miscellaneous revenue	26,200	26,200	33,528	7,328
Total Revenue	<u>1,119,550</u>	<u>1,119,550</u>	<u>1,079,008</u>	<u>(40,542)</u>
EXPENDITURES				
General government	337,150	339,301	260,494	78,807
Public safety	644,250	648,586	611,561	37,025
Public works	167,500	168,040	141,817	26,223
Culture and recreation	26,500	32,500	14,587	17,913
Economic development	8,500	8,500	8,500	
Total Expenditures	<u>1,183,900</u>	<u>1,196,927</u>	<u>1,036,959</u>	<u>159,968</u>
Excess of Revenue over (under) Expenditures	<u>(64,350)</u>	<u>(77,377)</u>	<u>42,049</u>	<u>119,426</u>
OTHER CASH SOURCES (USES)				
Proceeds from loan			27,811	27,811
Capital outlay			(38,258)	(38,258)
Loan payment principal			(22,828)	(22,828)
Interest expense			(833)	(833)
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>(34,108)</u>	<u>(34,108)</u>
Net Change in Cash Basis Fund Balance	<u>(64,350)</u>	<u>(77,377)</u>	<u>7,939</u>	<u>85,318</u>
Cash Basis Fund Balances - Beginning	<u>85,000</u>	<u>85,000</u>	<u>256,488</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 20,650</u>	<u>7,623</u>	<u>264,427</u>	<u>85,318</u>

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

TOWN OF PRENTISS, MISSISSIPPI

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

A. Budgetary Information.

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes 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 Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared 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 adopted budget, the final 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.

C. Budget Reconciliation.

As discussed in Note 1, the financial statements are prepared on the basis of cash receipts and disbursements which is the same as the basis used for budget preparation.

TOWN OF PRENTISS, MISSISSIPPI

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Prentiss, Mississippi
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2015

Definition and Purpose	Balance Outstanding October 1, 2014	Transactions During Fiscal Year		Balance Outstanding September 30, 2015
		Issued	Redeemed	
CDBG loan - Prentiss Complex	\$ 457,000			457,000
MDECD loan 9-308-CP-01 (GMS 50276)	2,641		2,641	
Regions promissory note	17,154		17,154	
2 Tahoes purchased in 2012 - \$50,000				
Regions promissory note		27,811	5,674	22,137
Police package truck in 2015 - \$27,811				
Total	\$ <u>476,795</u>	<u>27,811</u>	<u>25,469</u>	<u>479,137</u>

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Town of Prentiss, Mississippi
Schedule of Investments - All Funds
September 30, 2015

	<u>Balance</u>
General Fund:	
.05% Certificate of Deposit, dated September 20, 2014, due 90 days after date (Allocated*)	\$ 46,807
Total General Fund investments	<u>46,807</u>
Municipal Fire Fund:	
.05% Certificate of Deposit, dated September 20, 2014, due 90 days after date (Allocated*)	<u>1,178</u>
Total Municipal Fire Fund investments	<u>1,178</u>
Water and Sewer Fund:	
.05% Certificate of Deposit, dated September 20, 2014, due 90 days after date (Allocated*)	<u>321,040</u>
Total Water and Sewer Fund investments	<u>321,040</u>
Total All Funds	\$ <u>369,025</u>

NOTE: One certificate of deposit in the amount of \$369,025, at .05%, dated September 20, due 90 days after date, is allocated for the amounts indicated between the funds.

Town of Prentiss, Mississippi
Schedule of Surety Bonds for Municipal Officials and Employees
September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Coverage</u>
Keith Bridges	Alderman	Old Republic Surety Company	\$ 25,000
Todd Broome	Alderman	Old Republic Surety Company	25,000
Willard Davis	Alderman	Old Republic Surety Company	25,000
Randy Stamps	Alderman	Old Republic Surety Company	25,000
Sylvia Ward	Alderman	Old Republic Surety Company	25,000
Charles A. Dumas	Mayor	Old Republic Surety Company	25,000
Dana Jones	Municipal Clerk	Western Surety Company	50,000
Kimberly Mason	Office Clerk/Deputy Municipal Clerk	Western Surety Company	50,000
Kathy A. Johnson	Deputy Municipal Court Clerk	Western Surety Company	50,000
Theresa Hall	Municipal Court Clerk	Western Surety Company	50,000
Joseph W. Bullock	Police Chief	Western Surety Company	50,000
Casandra Lumpkin	Police Officer	Western Surety Company	50,000
David Marshall	Police Officer	Western Surety Company	50,000
Stephen L. Jones	Police Officer	Western Surety Company	50,000
Joseph Stevens	Fire Dispatcher	Western Surety Company	50,000
Christopher C. Griffith	Police Officer	Western Surety Company	50,000
John C. Jones	Police Officer	Western Surety Company	50,000

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Town of Prentiss
Schedule of Capital Assets
For the Year Ended September 30, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 63,000			63,000
Construction in progress		139,587		139,587
Buildings	1,490,157			1,490,157
Machinery, equipment and vehicles	722,192	38,258	29,324	731,126
Total Governmental Activities Capital Assets	\$ 2,275,349	177,845	29,324	2,423,870
Business-type Activities				
Capital Assets:				
Land	\$ 17,000			17,000
Construction in progress	332,282	117,548		449,830
Buildings	175,105	4,700		179,805
Machinery, equipment and vehicles	128,178	30,953	1,450	157,681
Water tanks, treatment plants and lines	3,633,412			3,633,412
Total Business-type Activities Capital Assets	\$ 4,285,977	153,201	1,450	4,437,728

TOWN OF PRENTISS, MISSISSIPPI

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

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

Honorable Mayor and
Members of the Board of Aldermen
Town of Prentiss, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the town's basic financial statements and have issued our report thereon dated March 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Prentiss, Mississippi's internal control to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the town's internal control. Accordingly, we do not express an opinion on the effectiveness of the town's internal control.

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

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

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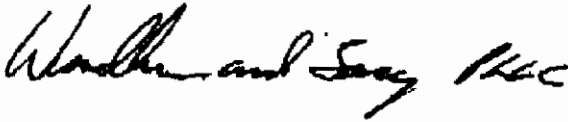
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Prentiss, 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*.

Purpose of this Report

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



Windham and Lacey, PLLC
March 8, 2016

Windham and Lacey, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

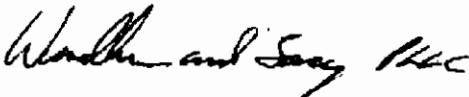
Honorable Mayor and
Members of the Board of Aldermen
Town of Prentiss, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2015, and have issued our report thereon dated March 8, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. 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.

With respect to the items tested, the results of those procedures and our audit of the basic financial statements disclosed no instances of noncompliance with state laws and regulations.

This report is intended solely for the information and use of management and the Office of the State Auditor 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.



Windham and Lacey, PLLC
March 8, 2016

TOWN OF PRENTISS, MISSISSIPPI

SCHEDULE OF FINDINGS AND RESPONSES

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TOWN OF PRENTISS, MISSISSIPPI

**Schedule of Findings and Responses
For the Year Ended September 30, 2015**

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the primary government financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.