

# PRENTISS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2016



## STACEY E. PICKERING STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

March 2, 2018

Members of the Board of Supervisors  
Prentiss County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Prentiss County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Prentiss County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Prentiss County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



PRENTISS COUNTY  
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*PRENTISS COUNTY*

FINANCIAL SECTION

PRENTISS COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Prentiss County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prentiss County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prentiss County, Mississippi, as of September 30, 2016, 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 County 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 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary and Other Information***

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 March 2, 2018 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 2, 2018

PRENTISS COUNTY

FINANCIAL STATEMENTS

PRENTISS COUNTY

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PRENTISS COUNTY  
Statement of Net Position  
September 30, 2016

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 3,200,514	171,428	3,371,942
Property tax receivable	5,716,425		5,716,425
Accounts receivable (net of allowance for uncollectibles of \$1,326,898)		392,216	392,216
Fines receivable (net of allowance for uncollectibles of \$1,165,379)	900,852		900,852
Intergovernmental receivables	454,876		454,876
Other receivables	75,615	3,674	79,289
Internal balances	15,100	(15,100)	
Capital assets:			
Land and construction in progress	1,497,218	51,061	1,548,279
Other capital assets, net	23,022,986	1,880,488	24,903,474
Total Assets	34,883,586	2,483,767	37,367,353
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,432,707	177,077	1,609,784
Total Deferred Outflows of Resources	1,432,707	177,077	1,609,784
LIABILITIES			
Claims payable	533,504	15,131	548,635
Intergovernmental payables	526,291	43,056	569,347
Accrued interest payable	65,302	2,419	67,721
Amounts held in custody for others	55,234		55,234
Long-term liabilities			
Net pension liability	8,938,757	1,104,789	10,043,546
Due within one year:			
Capital debt	386,986	52,793	439,779
Non-capital debt	260,000		260,000
Due in more than one year:			
Capital debt	2,365,087	83,564	2,448,651
Non-capital debt	1,865,000		1,865,000
Total Liabilities	14,996,161	1,301,752	16,297,913
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	23,753	2,936	26,689
Deferred revenues - property taxes	5,716,425		5,716,425
Fines for future reporting period	59,990		59,990
Total deferred inflows of resources	5,800,168	2,936	5,803,104
NET POSITION			
Net investment in capital assets	21,768,131	1,795,192	23,563,323
Restricted for:			
Expendable:			
General government	36,638		36,638
Public safety	686,368		686,368
Public works	737,501	28,502	766,003
Economic development and assistance	63,835		63,835
Debt service	714,751		714,751
Nonexpendable	5,632		5,632
Unrestricted	(8,492,892)	(467,538)	(8,960,430)
Total Net Position	\$ 15,519,964	1,356,156	16,876,120

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

PRENTISS COUNTY  
Statement of Activities  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,576,672	713,441	1,045,659		(1,817,572)		(1,817,572)
Public safety	2,509,489	668,497	105,675	57,297	(1,678,020)		(1,678,020)
Public works	2,085,409		771,195	508,733	(805,481)		(805,481)
Health and welfare	233,882		18,545		(215,337)		(215,337)
Culture and recreation	174,468				(174,468)		(174,468)
Conservation of natural resources	219,284				(219,284)		(219,284)
Economic development and assistance	150,725				(150,725)		(150,725)
Interest on long-term debt	191,729				(191,729)		(191,729)
Pension expense	1,119,750				(1,119,750)		(1,119,750)
Total Governmental Activities	10,261,408	1,381,938	1,941,074	566,030	(6,372,366)		(6,372,366)
Business-type activities:							
Solid Waste	1,124,449	1,226,455	59,269			161,275	161,275
Wheeler Sewer Utility District	119,416	45,670				(73,746)	(73,746)
Total Business-type Activities	1,243,865	1,272,125	59,269			87,529	87,529
Total Primary Government	\$ 11,505,273	2,654,063	2,000,343	566,030	(6,372,366)	87,529	(6,284,837)
General revenues:							
Property taxes					\$ 5,958,396		5,958,396
Road & bridge privilege taxes					285,262		285,262
Grants and contributions not restricted to specific programs						9,861	9,861
Unrestricted interest income					14,641	291	14,932
Miscellaneous					238,224	13,897	252,121
Transfers					(4,868)	4,868	
Total General Revenues					6,491,655	28,917	6,520,572
Changes in Net Position					119,289	116,446	235,735
Net Position - Beginning, as previously reported					15,860,207	(414,334)	15,445,873
Prior period adjustments					(459,532)	1,654,044	1,194,512
Net Position - Beginning, as restated					15,400,675	1,239,710	16,640,385
Net Position - Ending					\$ 15,519,964	1,356,156	16,876,120

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



PRENTISS COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2016

Exhibit 3

	<u>Major Funds</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash	\$ 643,820	2,556,694	3,200,514
Property tax receivable	4,342,000	1,374,425	5,716,425
Fines receivable (net of allowance for uncollectibles of \$1,165,379)	840,862	59,990	900,852
Intergovernmental receivables	153,213	151,199	304,412
Other receivables	37,763	37,852	75,615
Due from other funds	165,564	48,191	213,755
Advances to other funds	10,218	4,586	14,804
Total Assets	<u>\$ 6,193,440</u>	<u>4,232,937</u>	<u>10,426,377</u>
LIABILITIES			
Liabilities:			
Claims payable	\$ 116,733	416,771	533,504
Intergovernmental payables	198,173		198,173
Due to other funds	297,884	78,425	376,309
Advances from other funds	4,586	10,218	14,804
Amounts held in custody for others	55,234		55,234
Total Liabilities	<u>\$ 672,610</u>	<u>505,414</u>	<u>1,178,024</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	4,342,000	1,374,425	5,716,425
Unavailable revenue - fines	840,862	59,990	900,852
Total deferred inflows of resources	<u>\$ 5,182,862</u>	<u>1,434,415</u>	<u>6,617,277</u>
Fund balances:			
Nonspendable:			
Advances	5,632		5,632
Restricted for:			
Public safety		452,034	452,034
Public works		737,501	737,501
Debt service		780,053	780,053
Committed to:			
General government		36,638	36,638
Public safety		234,334	234,334
Economic development and assistance		63,835	63,835
Unassigned	332,336	(11,287)	321,049
Total Fund Balances	<u>\$ 337,968</u>	<u>2,293,108</u>	<u>2,631,076</u>
Total Liabilities and Fund Balances	<u>\$ 6,193,440</u>	<u>4,232,937</u>	<u>10,426,377</u>

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

Prentiss County  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2016

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 2,631,076
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 \$13,057,899.	24,520,204
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.	840,862
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,877,073)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,938,757)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(65,302)
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	1,432,707
Deferred inflows of resources related to pensions	<u>(23,753)</u>
Total Net Position - Governmental Activities	\$ <u><u>15,519,964</u></u>

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

## PRENTISS COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2016

	<u>Major Funds</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
REVENUES			
Property taxes	\$ 4,516,071	1,442,325	5,958,396
Road and bridge privilege taxes		285,262	285,262
Licenses, commissions and other revenue	324,500	15,097	339,597
Fines and forfeitures	237,526	13,427	250,953
Intergovernmental revenues	790,416	1,716,688	2,507,104
Charges for services	224,614	430,456	655,070
Interest income	14,640	1	14,641
Miscellaneous revenues	140,261	69,616	209,877
Total Revenues	<u>6,248,028</u>	<u>3,972,872</u>	<u>10,220,900</u>
EXPENDITURES			
Current:			
General government	3,136,788	496,947	3,633,735
Public safety	2,284,983	328,672	2,613,655
Public works	78,152	2,329,679	2,407,831
Health and welfare	232,112		232,112
Culture and recreation	118,000	56,530	174,530
Conservation of natural resources	77,763	135,353	213,116
Economic development and assistance	120,410		120,410
Debt service:			
Principal	40,099	616,863	656,962
Interest	7,037	182,861	189,898
Total Expenditures	<u>6,095,344</u>	<u>4,146,905</u>	<u>10,242,249</u>
Excess of Revenues over (under) Expenditures	<u>152,684</u>	<u>(174,033)</u>	<u>(21,349)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	24,182	179,904	204,086
Proceeds from sale of capital assets		16,998	16,998
Transfers in	13,004	94,445	107,449
Transfers out	(84,883)	(27,434)	(112,317)
Total Other Financing Sources and Uses	<u>(47,697)</u>	<u>263,913</u>	<u>216,216</u>
Net Changes in Fund Balances	<u>104,987</u>	<u>89,880</u>	<u>194,867</u>
Fund Balances - Beginning, as previously reported	262,909	2,135,380	2,398,289
Fund reclassification	(67,848)	67,848	
Prior period adjustment	37,920		37,920
Fund Balances - Beginning, as restated	<u>232,981</u>	<u>2,203,228</u>	<u>2,436,209</u>
Fund Balances - Ending	<u>\$ 337,968</u>	<u>2,293,108</u>	<u>2,631,076</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, 2016

Exhibit 4-1

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 194,867
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 \$1,035,671 exceeded capital outlays of \$947,781 in the current period.	(87,890)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Donated Assets	13,500
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 gain of \$14,848 and the proceeds from the sale of assets of \$16,998 in the current period.	(2,150)
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.	136,318
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 repayments of \$656,962 exceeded debt proceeds of \$204,086.	452,876
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 financial 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	(1,830)
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	(1,119,750)
Recording of contributions made in the current fiscal year	533,348
Change in Net Position of Governmental Activities	\$ <u>119,289</u>

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

PRENTISS COUNTY  
Statement of Net Position - Proprietary Funds  
September 30, 2016

Exhibit 5

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Solid Waste Fund</u>	<u>Wheeler Sewer Utility District Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 142,926	28,502	171,428
Accounts receivable (net of allowance for uncollectibles of \$ 1,326,898 )	392,216		392,216
Other receivables	3,674		3,674
Total Current Assets	<u>538,816</u>	<u>28,502</u>	<u>567,318</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	51,061		51,061
Other capital assets, net	320,298	1,560,190	1,880,488
Total Noncurrent Assets	<u>371,359</u>	<u>1,560,190</u>	<u>1,931,549</u>
Total Assets	<u>910,175</u>	<u>1,588,692</u>	<u>2,498,867</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	177,077		177,077
Total Deferred Outflows of Resources	<u>177,077</u>	<u>0</u>	<u>177,077</u>
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	15,131		15,131
Due to other funds	58,156		58,156
Accrued interest payable	2,419		2,419
Capital debt:			
Equipment notes payable	52,793		52,793
Total Current Liabilities	<u>128,499</u>	<u>0</u>	<u>128,499</u>
Noncurrent liabilities:			
Net pension liability	1,104,789		1,104,789
Capital debt:			
Equipment notes payable	83,564		83,564
Total Noncurrent Liabilities	<u>1,188,353</u>	<u>0</u>	<u>1,188,353</u>
Total Liabilities	<u>1,316,852</u>	<u>0</u>	<u>1,316,852</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	2,936		2,936
Total Deferred Inflows of Resources	<u>2,936</u>	<u>0</u>	<u>2,936</u>
<b>NET POSITION</b>			
Net investment in capital assets	235,002	1,560,190	1,795,192
Restricted for:			
Public works		28,502	28,502
Unrestricted	(467,538)		(467,538)
Total Net Position	<u>\$ (232,536)</u>	<u>1,588,692</u>	<u>1,356,156</u>

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

## PRENTISS COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the Year Ended September 30, 2016

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Solid Waste Fund</u>	<u>Wheeler Sewer Utility District Fund</u>	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 1,226,455	45,670	1,272,125
Operating grants	59,269		59,269
Miscellaneous	13,897		13,897
Total Operating Revenues	<u>1,299,621</u>	<u>45,670</u>	<u>1,345,291</u>
Operating Expenses			
Personal services	542,882		542,882
Contractual services	238,678	43,639	282,317
Materials and supplies	141,222	3,451	144,673
Depreciation expense	45,266	72,326	117,592
Indirect administrative cost	15,100		15,100
Pension expense	137,051		137,051
Total Operating Expenses	<u>1,120,199</u>	<u>119,416</u>	<u>1,239,615</u>
Operating Income (Loss)	<u>179,422</u>	<u>(73,746)</u>	<u>105,676</u>
Nonoperating Revenues (Expenses)			
Interest income	188	103	291
Intergovernmental grants	9,861		9,861
Interest expense	(4,250)		(4,250)
Net Nonoperating Revenue (Expenses)	<u>5,799</u>	<u>103</u>	<u>5,902</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	185,221	(73,643)	111,578
Transfers in	17,872		17,872
Transfers out		(13,004)	(13,004)
Changes in Net Position	<u>203,093</u>	<u>(86,647)</u>	<u>116,446</u>
Net Position - Beginning, as previously reported	(414,334)		(414,334)
Prior period adjustment(s)	(21,295)	1,675,339	1,654,044
Net Position - Beginning, as restated	<u>(435,629)</u>	<u>1,675,339</u>	<u>1,239,710</u>
Net Position - Ending	<u>\$ (232,536)</u>	<u>1,588,692</u>	<u>1,356,156</u>

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

PRENTISS COUNTY  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended September 30, 2016

Exhibit 7

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Wheeler Sewer Utility District Fund	Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,024,551	45,670	1,070,221
Payments to suppliers	(398,394)	(47,090)	(445,484)
Payments to employees	(591,857)		(591,857)
Other operating cash receipts	69,397		69,397
Net Cash Provided (Used) by Operating Activities	103,697	(1,420)	102,277
Cash Flows From Noncapital Financing Activities			
Nonoperating grants received	9,861		9,861
Cash received from other funds:			
Operating transfers in	17,872		17,872
Cash paid to other funds:			
Operating transfers out		(13,004)	(13,004)
Net Cash Provided (Used) by Noncapital Financing Activities	27,733	(13,004)	14,729
Cash Flows From Capital and Related Financing Activities			
Principal paid on long-term debt	(69,093)		(69,093)
Interest paid on debt	(5,541)		(5,541)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,634)	0	(74,634)
Cash Flows From Investing Activities			
Interest on deposits	166	103	269
Net Cash Provided (Used) by Investing Activities	166	103	269
Net Increase (Decrease) in Cash and Cash Equivalents	56,962	(14,321)	42,641
Cash and Cash Equivalents at Beginning of Year	85,964	42,823	128,787
Cash and Cash Equivalents at End of Year	\$ 142,926	28,502	171,428
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 179,422	(73,746)	105,676
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	45,266	72,326	117,592
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(255,954)		(255,954)
(Increase) decrease in other receivables	(3,674)		(3,674)
(Increase) decrease in deferred outflows related to pensions	(7,372)		(7,372)
Increase (decrease) in claims payable	(6,117)		(6,117)
Increase (decrease) in other accrued liabilities	(32,353)		(32,353)
Increase (decrease) in interfund payables	58,156		58,156
Increase (decrease) in intergovernmental payables	(7,575)		(7,575)
Increase (decrease) in deferred inflows related to pensions	(18,337)		(18,337)
Increase (decrease) in pension liability	152,235		152,235
Total Adjustments	(75,725)	72,326	(3,399)
Net Cash Provided (Used) by Operating Activities	\$ 103,697	(1,420)	102,277

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

PRENTISS COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2016

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 47,161
Due from other funds	<u>371,174</u>
Total Assets	<u>\$ 418,335</u>
LIABILITIES	
Amounts held in custody for others	\$ 25,207
Intergovernmental payables	242,664
Due to governmental funds	<u>150,464</u>
Total Liabilities	<u>\$ 418,335</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, 2016

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

##### A. Financial Reporting Entity.

Prentiss County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. 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 units; 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
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor
- Tax Collector
- Sheriff

##### B. 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### 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, deferred outflows, liabilities, deferred inflows, fund balances, 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.

#### C. 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 able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Fund:

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

The County reports the following major Enterprise Funds:

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

Wheeler Sewer Utility District - This fund is used to account for the County's activities of the Wheeler Sewer Utility District.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

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.

#### D. Account Classifications.

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

#### E. 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.

#### F. Receivables.

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

#### G. 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."

# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### H. Capital Assets.

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

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

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization 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.

### I. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 11 for additional details.

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

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(s) and so will not be recognized as an inflow of resources (revenue) 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 time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 11 for additional details.

#### J. 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.

#### K. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation 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 Funds-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.

#### L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### 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, 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.

*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.

#### M. Property Tax Revenues:

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

#### N. Intergovernmental Revenues in Governmental Funds.

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

#### O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee benefits; however, adequate records are not maintained for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

#### (2) Fund Reclassification.

The Prentiss County Boat Ramp's beginning fund balance of \$4,013 and Economic Development beginning fund balance of \$63,835 was reclassified from the General Fund to a beginning retained earnings in the Other Governmental Funds, because the purpose of these funds is to account for monies specific to maintenance of a county boat ramp and for economic development.

#### (3) Prior Period Adjustments.

A summary of the significant net position/fund balance adjustments is as follows:

#### Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To include Airport account activity	\$ 37,920
To correct error in capital assets, net	111,976
To correct deferred outflows/inflows related to pensions	(609,428)
Total prior period adjustments	<u>\$ (459,532)</u>

# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### Exhibit 2 – Statement of Activities – Business-type Activities.

Explanation	Amount
To correct Solid Waste Accounts Receivable and related balances	\$ 54,028
To include Wheeler Sewer Utility District in the Financial Statements	1,675,339
To correct deferred outflows/inflows related to pensions	(75,323)
Total prior period adjustments	\$ 1,654,044

### Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To include Airport account activity in the General Fund	\$ 37,920
Total prior period adjustment	\$ 37,920

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

Solid Waste Fund:	
To correct Solid Waste accounts receivable and related balances	\$ 54,028
To correct deferred outflows/inflows related to pensions	(75,323)
Total solid waste fund prior period adjustment	(21,295)
Wheeler Sewer Utility District Fund:	
To include Wheeler Sewer Utility District on the Financial Statements	1,675,339
Total prior period adjustments	\$ 1,654,044

### (4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$3,419,103, and the bank balance was \$3,901,820. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.



# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### (5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2016:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Funds	\$ 150,464
General Fund	Solid Waste	15,100
Other Governmental Funds	General Fund	48,191
Agency Funds	General Fund	249,693
Agency Funds	Other Governmental Funds	78,425
Agency Funds	Solid Waste	<u>43,056</u>
Total		\$ <u><u>584,929</u></u>

The amount payable from the Agency Funds represents funds provided to Payroll Clearing account. The payable from the General Fund represents the tax revenue collected but not settled until October 2016. The 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 Agency Fund and is not reflected on Exhibit 3.

#### B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 10,218
Other Governmental Funds	General Fund	<u>4,586</u>
Total		\$ <u><u>14,804</u></u>

The amount payable from the General Fund represents funds advanced to alleviate funding shortages. The amount payable from the Other Governmental Funds represents debt proceeds recorded in the General Fund instead of Wheeler Sewer Fund. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

#### C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 84,883
Enterprise Fund - Solid Waste	Other Governmental Funds	17,872
General Fund	Enterprise Fund - Wheeler Sewer	13,004
Other Governmental Funds	Other Governmental Funds	<u>9,562</u>
Total		\$ <u><u>125,321</u></u>

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

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

(6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2016, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Reimbursement from agency fund	\$ 150,464
Legislative tax credit	104,805
FAA	83,003
Gas Tax	44,958
Reimbursement for Drug Court	18,627
State Motor Vehicle License Priv Tax	15,292
Reimbursement for EMA Expenditures	8,418
Reimbursement for Welfare	8,032
City of Baldwin-Housing Prisoners	4,710
State of MS - Airport project	4,611
MS Election Support Funds	4,464
Prentiss County Schools	3,675
T.R.I.A.D. Grant	1,400
Help MS Vote	1,358
Reimbursement for Youth Court	1,059
Total Governmental Activities	\$ 454,876

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2016:

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments*	Balance Sept. 30, 2016
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,182,795				1,182,795
Construction in progress	1,356,925	550,536		(1,593,038)	314,423
Total non-depreciable capital assets	2,539,720	550,536	-	(1,593,038)	1,497,218
<b>Depreciable capital assets:</b>					
Infrastructure	9,465,811			1,377,817	10,843,628
Buildings	11,019,386				11,019,386
Improvements other than buildings	7,796,465	149,243		323,897	8,269,605
Mobile equipment	5,047,971	254,102	21,500	15,000	5,295,573
Furniture and equipment	544,449	7,400		29,345	581,194
Leased property under capital leases	100,844			(29,345)	71,499
Total depreciable capital assets	33,974,926	410,745	21,500	1,716,714	36,080,885

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments*	Balance Sept. 30, 2016
<u>Less accumulated depreciated for:</u>					
Intrastructure	1,415,353	321,864			1,737,217
Buildings	4,079,358	178,059			4,257,417
Improvements other than buildings	2,110,043	330,793			2,440,836
Mobile equipment	3,956,782	158,631	19,350	11,700	4,107,763
Furniture and equipment	403,319	33,453		26,410	463,182
Leased property under capital leases	65,023	12,871		(26,410)	51,484
Total accumulated depreciation	12,029,878	1,035,671	19,350	11,700	13,057,899
Total depreciable capital assets, net	21,945,048	(624,926)	2,150	1,705,014	23,022,986
Governmental activities capital assets, net	\$ 24,484,768	(74,390)	2,150	111,976	24,520,204

**Business-type activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments*	Balance Sept. 30, 2016
<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>					
Infrastructure	-			2,066,472	2,066,472
Buildings	155,603				155,603
Mobile equipment	848,164				848,164
Furniture and equipment	25,000				25,000
Total depreciable capital assets	1,028,767	-	-	2,066,472	3,095,239
<u>Less accumulated depreciated for:</u>					
Intrastructure	-	72,326		433,956	506,282
Buildings	60,722	3,114			63,836
Mobile equipment	579,981	42,152			622,133
Furniture and equipment	22,500				22,500
Total accumulated depreciation	663,203	117,592	-	433,956	1,214,751
Total depreciable capital assets, net	365,564	(117,592)	-	1,632,516	1,880,488
Business-type activities capital assets, net	\$ 416,625	(117,592)	-	1,632,516	1,931,549

The adjustments in capital assets in the governmental activities consisted of completed capital projects, reclassifying the leased Justice Court computer system that was paid off during the year, and a prior period entry to record assets not included in prior year reports. The adjustments in capital assets in the business-type activities consisted of the addition of the assets related to the Wheeler Sewer enterprise fund.

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 206,909
Public safety	163,071
Public works	616,459
Health and welfare	1,770
Culture and recreation	17,147
Economic development and assistance	<u>30,315</u>
Total governmental activities depreciation expense	<u>\$ 1,035,671</u>
	<u>Amount</u>
<b>Business-type activities:</b>	
Solid waste	\$ 45,266
Wheeler Sewer Utility District	<u>72,326</u>
Total business-type activities depreciation expense	<u>\$ 117,592</u>

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
LSBP-59(24)	\$ 44,030	02/2017
SAP-59(73)	844,509	12/2017
LSBP-59(25)	408,698	12/2017
LSBP-59(26)	383,525	12/2017
SAP-59(9)M	<u>229,527</u>	12/2018
Total:	<u>\$ 1,910,289</u>	

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### (9) Operating Leases.

##### As Lessor:

On November 23, 1992 Prentiss County entered into a non-cancellable operating lease agreement 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 December 1, 1992 for a term of 5 years. At the end of the lease term, the lessee has the right to renew 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.

On May 18, 2016, Prentiss County entered into a non-cancellable operating lease with the Mississippi Department of Human Services (MDHS) for the lease of the newly renovated "Blue Bell" building owned by the County for the purpose of providing office space for the MDHS office staff. The operating lease stipulates that the lease would pay the rate of use allowance of the stated cost of the building per year multiplied by the percentage of the total square footage occupied by MDHS programs, the product of which will determine the amount that will be claimed as administrative expenditure for public assistance purposes, subject to the availability of federal funds. The approximate estimate equals \$16,702 per year in lease payments commencing on October 1, 2015 for a term of 50 years. At the commencement of the lease, MDHS occupied 13,564 square feet which accounted for 49.34% of the total building square footage. The amount of the reimbursement received by the County for use allowance will fluctuate according to the percentage of square footage in the facility occupied by MDHS programs and the percentage of federal match available for the various MDHS programs. Space occupancy will be determined annually by the Fact Sheet(s) submitted by the County Director reflecting the occupancy of the building for the year for which the federal reimbursement payment on use allowance is being calculated. It is expressly understood and agreed that the obligation of MDHS to proceed under the lease agreement is conditioned upon the availability of funds, the appropriation of funds by the Mississippi Legislature, and the receipt of state and/or federal funds. If, at any time, the funds anticipated for fulfillment of this lease agreement are not forthcoming or insufficient, either through the failure of the federal government to provide funds or of the State of Mississippi to appropriate funds or discontinuance or material alteration of the program under which funds were provided, or if funds are not otherwise available to MDHS for the performance of this lease agreement, MDHS shall have the right, upon written notice to the Board of Supervisors, to immediately terminate this agreement without damage, penalty, cost, or expense to MDHS of any kind whatsoever. The effective date of termination shall be as specified in the notice of termination. MDHS agrees to remit to the Prentiss County Chancery Clerk annually the amount of federal funds available for reimbursement of construction or alteration costs based on the use allowance for the calendar year.

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, 2016. The future minimum lease receivables for these leases are as follows:

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

<u>Year Ending September 30</u>		<u>Amount</u>
2017	\$	23,002
2018		17,852
2019		16,702
2020		16,702
2021		16,702
2022 - 2026		83,510
2027 - 2031		83,510
2032 - 2036		83,510
2037 - 2041		83,510
2042 - 2046		83,510
2047 - 2051		83,510
2052 - 2056		83,510
2057 - 2061		83,510
2062 - 2066		83,510
Total Minimum Payments Required	\$	<u>842,550</u>

(10) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>		<u>Governmental Activities</u>
Furniture and equipment	\$	71,499
Less: Accumulated depreciation		<u>(51,484)</u>
Leased Property Under Capital Leases	\$	<u>20,015</u>

The following is a schedule by years of the total payments due as of September 30, 2016:

<u>Year Ending September 30</u>		<u>Governmental Activities</u>	
		<u>Principal</u>	<u>Interest</u>
2017	\$	14,702	434
2018		<u>10,087</u>	<u>106</u>
Total	\$	<u>24,789</u>	<u>540</u>

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

## PRENTISS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

**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.

**Contributions.** At September 30, 2016, 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, 2016 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, 2016, 2015 and 2014 were \$569,645, \$551,221 and \$537,283, 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, 2016, the County reported a liability of \$10,043,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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. The County's proportionate share used to calculate the September 30, 2016 net pension liability was 0.056227 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.000207 percent from its proportionate share used to calculate the September 30, 2015 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$1,119,750 for governmental activities and \$137,051 for business-type activities. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,604	-
Net difference between projected and actual earnings on pension plan investments	682,735	-
Changes of assumptions	471,732	26,689
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	35,111	-
County contributions subsequent to the measurement date	-	-
	140,602	-
Total	\$ 1,609,784	26,689

\$140,602 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, 2017. 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	\$ 505,258
2017	382,788
2018	356,032
2019	198,415
Total	\$ 1,442,493

Actuarial Assumptions. The total pension liability in the June 30, 2016 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, 2016 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.



# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, 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	100.00 %	

**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.

**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	\$ 12,878,078	10,043,546	7,691,804

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

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

(12) Long-term Debt.

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Blue Bell Building Bonds 2015	\$ 1,422,553	3.50%	04/2035
Courthouse Renovations	375,000	3.80/5.00%	06/2019
District 1 Road and Bridge 2006	50,000	3.90/5.25%	04/2018
District 3 Road and Bridge 2008	90,000	4.13%	04/2020
District 5 Road and Bridge 2008	90,000	4.13%	04/2020
District 2 Road and Bridge 2006	130,000	3.90/5.50%	04/2021
District 1 Road and Bridge 2010	165,000	3.75%	07/2022
District 2 Road and Bridge 2010	165,000	3.75%	07/2022
District 4 Road and Bridge 2010	140,000	3.75%	07/2022
District 5 Road and Bridge 2012	215,000	3.75%	06/2024
District 3 Road and Bridge 2012	275,000	3.75%	02/2027
District 1 Road and Bridge 2013	205,000	2.90/3.00%	05/2028
District 2 Road and Bridge 2013	300,000	3.25/3.30%	05/2028
District 4 Road and Bridge 2013	300,000	3.25/3.30%	05/2028
Total General Obligation Bonds	\$ 3,922,553		
B. Equipment Notes:			
District 1 Kubota Tractor & Bush hog	\$ 10,672	3.75%	03/2017
District 4 JD Tractor & Spreader	8,068	3.55%	05/2017
District 5 JD Tractor	6,495	3.75%	08/2017
District 2 Tractor & Rhino Blades	26,866	2.13%	03/2018
District 4 Backhoe	42,042	2.14%	10/2018
District 1 John Deere Backhoe	41,597	2.74%	05/2019
District 3 John Deere 5100 Tractor	29,479	2.74%	05/2019
District 5 John Deere Backhoe	47,761	2.74%	05/2019
District 1 John Deere Road Grader	39,118	2.74%	04/2020
District 1 2015 Ford F-150	25,247	2.84%	03/2020
District 4 Ford F-150 Crew Cab	21,657	2.04%	04/2019
District 2 John Deere Backhoe	85,258	2.84%	08/2021
Total Equipment Notes	\$ 384,260		
C. Capital Leases:			
IBM Courthouse Computer System	\$ 24,789	2.26%	06/2018
Total Capital Leases	\$ 24,789		
D. Other Loans:			
Blue Bell Building	\$ 35,227	4.15%	02/2018
E-911 Dispatch Console System	54,464	2.92%	05/2019
Chancery Building Roof Repair	44,311	2.00%	03/2020
Wheeler Sewer MDEQ Loan	190,398	1.75%	09/2033
Blue Bell/Ag Center/Annex Parking Lot	221,071	2.00%	09/2030
Total Other Loans	\$ 545,471		

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Business-type Activities:</b>			
A. Equipment Notes:			
2013 Internation Garbage Truck	\$ 49,659	3.19%	02/2018
Case 150M Bulldozer	<u>86,698</u>	2.14%	12/2018
Total Equipment Notes	<u>136,357</u>		

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

**Governmental Activities:**

Year Ending September 30	General Obligation Bonds		Equipment Notes	
	Principal	Interest	Principal	Interest
2017	\$ 433,973	140,639	\$ 129,375	10,255
2018	441,860	123,960	106,819	6,634
2019	439,816	107,415	95,730	3,856
2020	332,840	90,421	34,296	1,313
2021	290,934	78,043	18,040	326
2022 - 2026	1,003,745	263,620	-	-
2027 - 2031	598,261	118,828	-	-
2032 - 2035	<u>381,124</u>	<u>33,922</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,922,553</u>	<u>956,848</u>	<u>\$ 384,260</u>	<u>22,384</u>

Year Ending September 30	Other Loans	
	Principal	Interest
2017	\$ 68,936	11,793
2018	70,893	9,843
2019	53,923	7,928
2020	36,518	6,628
2021	25,223	5,892
2022 - 2026	133,498	22,074
2027 - 2031	131,033	8,877
2032 - 2036	<u>25,447</u>	<u>561</u>
Total	<u>\$ 545,471</u>	<u>73,596</u>

**Business-type Activities:**

Year Ending September 30	Equipment Notes	
	Principal	Interest
2017	\$ 52,793	3,480
2018	54,036	2,074
2019	<u>29,528</u>	<u>640</u>
Total	<u>\$ 136,357</u>	<u>6,194</u>

# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

**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, 2016, the amount of outstanding debt was equal to 4.12% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

	Balance			Balance	Amount due
	Oct. 1, 2015	Additions	Reductions	Sept. 30, 2016	within one
					year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 4,374,700		452,147	3,922,553	433,973
Equipment notes	357,404	146,086	119,230	384,260	129,375
Capital leases	45,410		20,621	24,789	14,702
Other loans	552,435	58,000	64,964	545,471	68,936
Total	\$ 5,329,949	204,086	656,962	4,877,073	646,986

	Balance		Balance	Amount due
	Oct. 1, 2015	Reductions	Sept. 30, 2016	within one
				year
<b>Business-type Activities:</b>				
Equipment notes	\$ 205,450	69,093	136,357	52,793
Total	\$ 205,450	69,093	136,357	52,973

PRENTISS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2016

<u>Fund</u>	<u>Deficit Amount</u>
Agri-Center Operating	\$ 15,300
4th District Bridge & Culvert	1,661
State Aid Road Fund	175,327
Solid Waste	232,536

(14) 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 a material adverse effect on the financial condition of the County.

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$8,492,892) and the business-type activities' unrestricted net position (deficit) amount of (\$467,538) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$140,602 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. The \$1,469,182 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 4 years. The \$26,689 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3 years.

(16) Joint Ventures.

The County participates in the following joint ventures:

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 2016. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Filmore Street, Corinth, MS 38834.

(17) 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 2016.

Northeast Mississippi Planning and Development District operates in a district composed of Alcorn, Benton, Marshall,

# PRENTISS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

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 2016.

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 fifteen members of the college board of trustees. The County appropriated \$689,758 for maintenance and support of the college in fiscal year 2016.

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 2016. User governments will be billed on the volume of solid waste from each government.

### (18) 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 March 2, 2018, (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.

Subsequent to September 30, 2016, the County issued the following debt obligation(s):

<u>Issue Date</u>	<u>Issue Rate</u>	<u>Issue Date</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/01/2017	2.47%	\$ 43,500	Intallment Loan	Ad Valorem Taxes
07/24/2017	3.35%	30,284	Intallment Loan	Ad Valorem Taxes
08/02/2017	3.35%	47,363	Intallment Loan	Ad Valorem Taxes
			General Obligation Road	
02/05/2018	4.45%	400,000	Bond	Ad valorem taxes
			General Obligation Road	
02/05/2018	4.45%	400,000	Bond	Ad valorem taxes
			General Obligation Road	
02/05/2018	4.45%	425,000	Bond	Ad valorem taxes
			General Obligation Road	
02/05/2018	4.45%	250,000	Bond	Ad valorem taxes
			General Obligation Road	
02/20/2018	4.45%	350,000	Bond	Ad valorem taxes

PRENTISS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

PRENTISS COUNTY

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PRENTISS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,296,100	4,504,033	4,504,033	
Road and bridge privilege taxes				
Licenses, commissions and other revenue	310,600	323,947	323,947	
Fines and forfeitures	186,000	236,488	236,488	
Intergovernmental revenues	776,300	767,138	767,138	
Charges for services	153,500	260,404	260,404	
Interest income	5,000	20,187	20,187	
Miscellaneous revenues	55,000	74,158	74,158	
Total Revenues	<u>5,782,500</u>	<u>6,186,355</u>	<u>6,186,355</u>	<u>0</u>
EXPENDITURES				
General government	2,946,400	3,169,041	3,169,041	
Public safety	2,039,400	2,260,204	2,260,204	
Public works	25,000	49,144	49,144	
Health and welfare	245,125	231,447	231,447	
Culture and recreation	93,000	93,000	93,000	
Education	25,000	25,000	25,000	
Conservation of natural resources	79,050	80,387	80,387	
Economic development and assistance	118,700	114,414	114,414	
Debt service:				
Principal	34,000	30,529	30,529	
Interest	-	2,604	2,604	
Total Expenditures	<u>5,605,675</u>	<u>6,055,770</u>	<u>6,055,770</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>176,825</u>	<u>130,585</u>	<u>130,585</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	86,553	86,553	
Transfers out	(172,000)	(87,172)	(87,172)	
Total Other Financing Sources and Uses	<u>(172,000)</u>	<u>(619)</u>	<u>(619)</u>	<u>0</u>
Net Change in Fund Balance	4,825	129,966	129,966	
Fund Balances - Beginning	<u>862,391</u>	<u>693,526</u>	<u>693,526</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 867,216</u>	<u>823,492</u>	<u>823,492</u>	<u>0</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, 2016  
UNAUDITED

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.056227%	0.056020%
County's proportionate share of the net pension liability (asset)	\$ 10,043,546	8,659,587
County's covered-employee payroll	\$ 3,596,951	3,499,816
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at 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, 2016  
UNAUDITED

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 569,645	551,221
Contributions in relation to the contractually required contribution	<u>569,645</u>	<u>551,221</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
County's covered-employee payroll	\$ 3,616,794	3,499,816
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

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# PRENTISS COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2016

### UNAUDITED

#### A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor 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 and each major Special Revenue 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>Governmental Fund Types</u>	
	<u>General</u>	
	<u>Fund</u>	
Budget (Cash Basis)	\$	129,966
Increase (Decrease)		
Net adjustments for revenue accruals		(273,874)
Net adjustments for expenditure accruals		248,895
GAAP Basis	\$	<u>104,987</u>

PRENTISS COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2016

UNAUDITED

Pension Schedules

A. Changes in assumptions

In 2016, and later, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

B. Valuation date

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and maximum rate of five percent.

PRENTISS COUNTY

OTHER INFORMATION

PRENTISS COUNTY

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PRENTISS COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2016  
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 Kesler	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
Michael R. Kelley	Circuit Clerk	Travelers Casualty & Surety of America	\$100,000
Mary Lou Bullard	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
Linda White	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
H.W. "Rusty" Cole	Tax Collector	Travelers Casualty & Surety of America	\$100,000
Bob Maddox	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
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 Gray	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Callie Stanley	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Aneshia B. Davis	Deputy Tax Collector	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
Debra Moore	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Richard Tollison	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Angela White Pounds	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Trent Moore	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
Monica Daniels	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Kristin M. Lambert	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Amy Monts	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Meka Matthews	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Harry Allen	Constable	Travelers Casualty & Surety of America	\$50,000
Sammy Henderson	Constable	Travelers Casualty & Surety of America	\$50,000
Glen David Pounds	Purchase Clerk	Travelers Casualty & Surety of America	\$75,000
Shelba Walker	Assistant Purchase Clerk	Travelers Casualty & Surety of America	\$50,000
Amber Lancaster	Receiving Clerk	Travelers Casualty & Surety of America	\$75,000
Linda Fisher	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Kenneth Stevens	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Billy Plaxico	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Larry W. Powell	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Dennis Moreland	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Curtis Roy	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Jennifer Cummings	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Jacky Taylor	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Buddy Lindsey	Inventory Clerk	Travelers Casualty & Surety of America	\$75,000
Kenneth Shackelford	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000

PRENTISS COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2016  
UNAUDITED

Name	Position	Company	Bond
Rusty McCoy	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Phillip Owens	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Bryant Cunningham	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Jeffery D. Jones	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Joshua Davis	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Bobby J. Tolar	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
David Gosse	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Reed Sparks	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Tyler Reece	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Justin Underwood	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Douglas Crow	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Corie Robbins	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Rusty Burroughs	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Paul Duval	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Dustin Underwood	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Michael Moore	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Justin Moreland	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Devin Blake Burress	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Eric Lambert	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
William Blake Kelly	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Jason Cinicola	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Marsenio Nunn	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Keith Lovell	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
James Bradley	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
Douglas Rakestraw	Deputy Sheriff	Travelers Casualty & Surety of America	\$50,000
David Senter	Solid Waste Deputy	Travelers Casualty & Surety of America	\$25,000
Mary Elaine Armstrong	Solid Waste Coordinator	Travelers Casualty & Surety of America	\$25,000
Nancy Lynn Farrar	Deputy Solid Waste Coordinator	Travelers Casualty & Surety of America	\$25,000
Rhonda Taylor	Deputy Solid Waste Coordinator	Travelers Casualty & Surety of America	\$25,000

## PRENTISS COUNTY

## SPECIAL REPORTS

PRENTISS COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

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

Members of the Board of Supervisors  
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 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 major fund, and the aggregate remaining fund information of Prentiss County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 2, 2018.

**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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 Responses, 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 control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-001, 2016-002, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008 and 2016-010 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2016-003 and 2016-009 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Prentiss County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement

amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Prentiss County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 2, 2018, included within this document.

### **Prentiss County's Responses to Findings**

Prentiss County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Prentiss County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first and last names being more prominent.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 2, 2018



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. 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 such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of 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.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

**Board of Supervisors and Purchase Clerk.**

1. Emergency purchases shall be documented on the minutes of the Board.

**Repeat Finding** No

**Criteria** Section 31-7-13(k), Miss. Code Ann (1972), requires the Board of Supervisors to approve and document emergency purchases on its minutes at the next board meeting following the emergency purchase. The documentation should include a description of the commodity purchased, the price thereof and the nature and reason for the emergency.

**Condition** The Board of Supervisors did not document the approval of an emergency purchase on its minutes.

<b>Cause</b>	Unknown
<b>Effect</b>	Failure to properly document approval of an emergency purchase on the minutes of the Board results in noncompliance with state statute.
<b>Recommendation</b>	The Board of Supervisors should approve and document on their minutes all emergency purchases or repairs, in accordance with Section 31-7-13(k).
<b>Views of Responsible Officials</b>	I will comply.
<b>Purchase Clerk.</b>	
<b>2.</b>	<u>Purchases over \$5,000 but not over \$50,000 require two quote bids and documentation of the lowest and best bid.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-13(b), Miss. Code Ann (1972) specifies that purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained.
<b>Condition</b>	The following deficiencies were noted during our test of expenditures: <ul style="list-style-type: none"> <li>a) The County purchased a Ford F150 that was purported to be on state contract, but did not follow state contract price and specifications. Add-ons were purchased that were not included on the state contract which exceeded \$5,000, therefore, at least two quote bids should have been obtained for that portion of the purchase.</li> <li>b) The County made four other purchases of equipment for which two competitive quotes for purchases over \$5,000 were not obtained.</li> </ul>
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to obtain at least two competitive written bid quotes for purchases over \$5,000 but not over \$50,000 could result in the loss of public funds.
<b>Recommendation</b>	The Purchase Clerk should ensure that purchases over \$5,000 but not over \$50,000 be made from the lowest and best bidder of at least two competitive written bid quotes.
<b>Views of Responsible Official</b>	I will comply.
<b>3.</b>	<u>The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the County.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-103, Miss. Code Ann. (1972), requires the Purchase Clerk to maintain the central purchasing system of the County. Purchasing guidelines require board approval for purchases that require quotes.
<b>Condition</b>	A vendor invoice for a purchase of a Chevy Tahoe was dated prior to the purchase requisition, purchase order and receiving report dates; further, no board approval of the purchase was noted.
<b>Cause</b>	Unknown



**Effect** Failure to follow state purchasing guidelines could result in the loss of public funds.

**Recommendation** The Purchase Clerk should ensure that purchase requisitions are signed by the appropriate department head, disapprove any purchase requisitions which, in his/her opinion, are not in compliance with the purchasing laws of the state, initiate purchase orders for no more than \$5,000 following board and department policies and good business practices, and under written board authority, accept the lowest and best competitive written quote for purchases greater than \$5,000 and not more than \$50,000.

**Views of Responsible Official** I will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Prentiss County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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 in relation to that examination.

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 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 2, 2018

PRENTISS COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2016

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

PRENTISS COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
10/27/2015	Sewer Repairs	\$ 8,000	Bud Plaxico Dozer Service	Sewer Line Break

## PRENTISS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source  
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item</u> <u>Purchased</u>	<u>Amount</u> <u>Paid</u>	<u>Vendor</u>
6/21/2017	Drug testing supplies	\$ 44,736	Drug Testing Program Mgmt.



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Prentiss County, Mississippi

In planning and performing our audit of the financial statements of Prentiss County, Mississippi for the year ended September 30, 2016, 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 March 2, 2018, 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:

**Board of Supervisors.**

1. County signed warrants without sufficient funds.

**Repeat Finding** No

**Criteria** Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

**Condition** Warrants were issued on funds which did not have sufficient cash balances. The following funds had a negative cash balance during fiscal year 2016:

- General County Fund
- Baldwin Industrial Park Access Road Improvement Fund
- P.C. Government Annex Parking Lot
- Reappraisal / Mapping Fund
- Agri-Center Operating Fund

- Sheriff Canteen Fund
- 1<sup>st</sup> District Road Work Fund
- State Aid Road Bond Fund
- 5<sup>th</sup> District Road Bond, I & S Fund
- Airport Project #3-28-0008-015-2014 Fund
- Airport Project #3-28-0008-016-2015 Fund
- Solid Waste Fund
- Payroll Clearing Fund

**Cause** Unknown

**Effect** Failure to have sufficient cash balances in county funds prior to writing checks on these funds resulted in other funds' cash being used for purposes other than their intended purpose. These types of transactions could result in the Board of Supervisors being held personally liable for such amounts.

**Recommendation** The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.

**Views of Responsible Officials** We will comply.

#### **Board of Supervisors and Tax Collector.**

2. The Tax Collector shall not issue or renew a motor vehicle tag for any individual having delinquent solid waste fees.

**Repeat Finding** Yes

**Criteria** 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 ninety days after they become due. Upon receipt of said 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. Payment of all delinquent garbage fees shall be deemed a condition of receiving a motor vehicle road and privilege license tag. Section 19-5-22 uses the term "shall" and thus the language of the statute is mandatory, not discretionary.

**Condition** Our audit test work revealed that the Tax Collector allows individuals with delinquent solid waste fees to purchase their motor vehicle tag by paying a partial payment up front with the intent to repay the remainder of the delinquent balance over the next 12 months, which is expressly prohibited by statute.

**Cause** Unknown

**Effect** Allowing the renewal or issuance of a motor vehicle road and bridge privilege license by a person who is delinquent in the payment of garbage fees is in direct violation of State statute, resulting in noncompliance by the Tax Collector.

**Recommendation** The Tax Collector should mark motor vehicle tags related to persons delinquent in the payment of garbage fees as nonrenewable or non-issuable until all delinquent garbage fees are paid in full. The County cannot enter into a written agreement with any person delinquent in their garbage fees to accept a partial payment on delinquent garbage fees up front and then the remainder in installments in exchange for releasing the hold on the motor vehicle tag.

**Views of Responsible**

<b>Officials</b>	We will comply.
<b>Chancery Clerk.</b>	
<b>3.</b>	<u>Railcar and rental car tax payments shall be apportioned and distributed between municipalities and other taxing districts.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Pursuant to Section 27-35-519, Miss. Code Ann. (1972), Clerks of the Board of Supervisors shall apportion a County's payment of railcar tax to the municipalities and other taxing districts, in proportion to the number of miles of railroad in the municipality or other taxing districts, to the number of miles of railroad in the entire county. Furthermore, per Section 27-65-231(3), Miss. Code Ann. (1972), a County receiving proceeds of rental car tax shall apportion and distribute such tax proceeds among the county, municipality and school district of the situs from which the taxes were derived, in the same manner as motor vehicle ad valorem taxes.
<b>Condition</b>	During fiscal year 2016, the County received a payment of \$38,555 for railroad car tax and \$2,575 of rental car tax revenues. The Clerk failed to disburse the aforementioned tax monies to municipalities and other taxing districts, in accordance with State statutes.
<b>Cause</b>	Unknown
<b>Effect</b>	The Clerk's failure to disburse railcar tax and rental car monies resulted in noncompliance with Sections 27-35-519 and 27-65-231(3).
<b>Recommendation</b>	The Clerk of the Board should take necessary steps to ensure that appropriate settlements are being made to the appropriate taxing districts, in accordance with statutes.
<b>Views of Responsible Official</b>	I will comply.
<b>4.</b>	<u>Deposit accounts shall only deposit funds in the county depository approved by the Board.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	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.
<b>Condition</b>	All county officials should ensure that funds are deposited into the county depository. As noted during our review of cash, the County had accounts in a bank that was not the Board-approved county depository.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to use the county depository approved by the Board of Supervisors could lead to the loss of public funds.
<b>Recommendation</b>	All county officials should ensure that funds are deposited into the county depository.
<b>Views of Responsible Official</b>	I will comply.

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 parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 2, 2018



PRENTISS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

PRENTISS COUNTY

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PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |            |
|---|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting:                   |            |
| a. Material weaknesses identified?                              | Yes        |
| b. Significant deficiencies identified?                         | Yes        |
| 3. Noncompliance material to the financial statements noted?    | No         |

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**2016-001.** Controls over financial statement preparation should be strengthened.

**Repeat Finding** No

**Criteria** An effective system of internal control over financial statement presentation and reporting in accordance with generally accepted accounting principles should include all disclosures in the notes to the financial statements, proper classification of revenues and expenditures, inclusion of all assets, liabilities, revenues and expenditures of the County and proper posting of transactions.

**Condition** We noted the following deficiencies in the financial statement preparation and reporting:

- a. Agency fund assets were overstated and liabilities were understated by \$55,554.
- b. Claims payable were understated by \$52,269 for General fund and \$198,658 for Other Governmental funds.
- c. Funds with cash totaling \$63,262 were reclassified from General fund to Other Governmental funds.
- d. Intergovernmental receivables and revenues for Other Governmental funds were understated by \$106,241.
- e. Solid Waste Enterprise fund cash was understated by \$102,916.
- f. The Wheeler Sewer District fund was not included in the County's financial report, which understated assets by \$1,588,692.
- g. Land and construction in progress was understated by \$115,655.

Audit adjustments to correct these errors were proposed to management and made to the financial statements with management approval.

**Cause** Unknown

**Effect** Failure to properly report assets, liabilities, fund balances, revenues, expenditures, transfers, note Disclosures and properly present funds in accordance with GASB Statement No. 34 could result in inaccurate financial statements.

PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

<b>Recommendation</b>	The Board of Supervisors should implement a system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles that includes presentation of the required note disclosures, proper classifications of revenues and expenditures, inclusion of all assets, liabilities, revenues and expenditures in the financial statements and the proper posting of transactions.
<b>Views of Responsible Officials</b>	We will comply.
<b>Material Weakness</b>	
<b>2016-002.</b>	<u>Internal controls over payroll should be strengthened.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control should include an adequate segregation of duties and centralized tracking of employee leave time.
<b>Condition</b>	The maintenance of the general ledger, processing of payroll and other payroll duties are not adequately segregated for effective internal control. The payroll clerk/bookkeeper writes all checks, completes all deposits, posts all entries to the general ledger, handles all aspects of the payroll function, and reconciles the bank statements. In addition, our audit test work revealed there is no centralized system to track employee leave time.
<b>Cause</b>	Unknown.
<b>Effect</b>	A lack of proper controls could result in unauthorized or inaccurate payroll checks being processed and the loss of public funds.
<b>Recommendation</b>	The Board of Supervisors should implement a system of internal control that will ensure that proper segregation of duties exists with respect to control of the general ledger, the processing of payroll and other payroll duties, as well as centralized documentation for tracking employee leave time earned and used.
<b>Views of Responsible Officials</b>	We will comply.
<b>Significant Deficiency</b>	
<b>2016-003.</b>	<u>Cash collection functions are not adequately segregated in the Agri-Center department.</u>
<b>Repeat Finding</b>	Yes; 2015-004
<b>Criteria</b>	An effective system of internal control should include an adequate separation of duties.
<b>Condition</b>	As noted in prior year audit report, the director at the Prentiss County Agri-Center prepares the deposits, handles large amounts of cash, and oversees the purchase and subsequent sale of concession goods with no oversight.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to have an adequate segregation of duties could result in the loss of public funds or misappropriation of County assets or goods.

PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

<b>Recommendation</b>	The Board of Supervisors should take steps to either ensure that there is an adequate segregation of duties in the collection of cash and oversight of inventory in the Agri-center department or that external oversight of the operations in that department is implemented.
<b>Views of Responsible Officials</b>	We will comply.
<b>Chancery Clerk.</b>	
<b>Material Weakness</b>	
<b>2016-004.</b>	<u>Cash collection and disbursement functions over accounting functions not adequately segregated.</u>
<b>Repeat Finding</b>	Yes; 2015-005
<b>Criteria</b>	An effective system of internal control should include an adequate separation of duties.
<b>Condition</b>	As noted in prior years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions. The bookkeeper maintains the general ledger, collects cash, writes all county checks, completes all deposits, and reconciles all county bank statements.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.
<b>Recommendation</b>	Accounting functions involving receipts and disbursing of funds, recording transactions and reconciling accounts should be performed by different people or reviewed by someone not completing the duties.
<b>Views of Responsible Officials</b>	I, along with the Board of Supervisors, will review the processes in place and make changes as necessary.
<b>Material Weakness</b>	
<b>2016-005.</b>	<u>Internal controls over accounting functions should be strengthened.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal control over the recording of transactions should include the proper and consistent recording of all revenues to facilitate the preparation of accurate financial statements.
<b>Condition</b>	Interest income has not been reported in the financial statements of the County for one fund since 1998.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to properly record and report all revenues of the County could lead to a material misstatement in the County's financial statements.
<b>Recommendation</b>	The Chancery Clerk should implement procedures to ensure all revenues of the County are properly recorded in the County's general ledger and reported in the financial statements in a timely manner.

PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

**Views of Responsible  
Official**

I will comply.

**Tax Collector.**

**Material Weakness**

**2016-006.**

The Tax Collector shall not issue or renew a motor vehicle tag for any individual having delinquent solid waste fees.

**Repeat Finding**

Yes; 2015-007

**Criteria**

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 ninety days after they become due. Upon receipt of said 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. Payment of all delinquent garbage fees shall be deemed a condition of receiving a motor vehicle road and privilege license tag. Section 19-5-22 uses the term "shall" and thus the language of the statute is mandatory, not discretionary.

**Condition**

Our audit test work revealed that the Tax Collector allows individuals with delinquent solid waste fees to purchase their motor vehicle tag by paying a partial payment up front with the intent to repay the remainder of the delinquent balance over the next twelve months, which is expressly prohibited by statute.

**Cause**

Unknown

**Effect**

Allowing the renewal or issuance of a motor vehicle road and bridge privilege license by a person who is delinquent in the payment of garbage fees is in direct violation of State statute, resulting in noncompliance by the Tax Collector.

**Recommendation**

The Tax Collector should mark motor vehicle tags related to persons delinquent in the payment of garbage fees as nonrenewable or non-issuable until all delinquent garbage fees are paid in full. The County cannot enter into a written agreement with any person delinquent in their garbage fees to accept a partial payment on delinquent garbage fees up front and then the remainder in installments in exchange for releasing the hold on the motor vehicle tag.

**Views of Responsible  
Official**

We will comply.

**Justice Court Clerk.**

**Material Weakness**

**2016-007.**

Internal controls in the Justice Court office should be strengthened.

**Repeat Finding**

No

**Criteria**

An effective system of internal control over the accounting procedures within the Justice Court department should include timely bank reconciliations.

**Condition**

When performing a cash count in the Justice Court office, auditors noted that bank reconciliations were not being done by the Justice Court Clerk.

PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

<b>Effect</b>	The failure to reconcile the bank accounts in a timely manner could result in the loss of public funds.
<b>Recommendation</b>	The Justice Court Clerk should implement procedures to ensure bank accounts are reconciled in a timely manner for each month.
<b>Views of Responsible Official</b>	All bank reconciliations have been completed and are current as of today, November 13, 2017.
<b>Material Weakness</b>	
<b>2016-008.</b>	<u>Cash collection and disbursement functions in the Justice Court Clerk's office are not adequately segregated.</u>
<b>Repeat Finding</b>	Yes; 2015-008
<b>Criteria</b>	An effective system of internal controls should include an adequate segregation of duties.
<b>Condition</b>	Cash collection and disbursement functions in the Justice Court office were not adequately separated for effective internal control. The Justice Court Clerk has access to collections, prepares and makes bank deposits, prepares the daily check-up sheets, reconciles the bank statements, posts to the cash journal, makes monthly settlements and writes checks for all disbursements.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to have adequate separation of duties did result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Justice Court Clerk should take steps to ensure that there is an adequate segregation of duties in the collection and disbursement functions of the Justice Court office or that there is external oversight over operations of the Justice Court Office.
<b>Views of Responsible Official</b>	I will comply.
<b>Sheriff.</b>	
<b>Significant Deficiency</b>	
<b>2016-009.</b>	<u>Segregation of duties in the Sheriff's office should be strengthened.</u>
<b>Repeat Finding</b>	Yes; 2015-009
<b>Criteria</b>	An effective system of internal controls should include an adequate segregation of duties.
<b>Condition</b>	Cash collection, disbursement and reconciliation functions are not adequately segregated for effective internal controls. The bookkeeper prepares and makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds.
<b>Cause</b>	Unknown.
<b>Effect</b>	Failure to implement adequate segregation of duties could result in the loss of public funds.

PRENTISS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

<b>Recommendation</b>	The Sheriff should take steps to ensure adequate segregation of duties in the collection, disbursement and reconciliation functions of the Sheriff's office are implemented or take steps to see that a system of external oversight over operating procedures of the Sheriff's office is implemented.
<b>Views of Responsible Official</b>	I will comply.
<b>Solid Waste Clerk.</b>	
<b>Material Weakness</b>	
<b>2016-010</b>	<u>Segregation of duties in the Solid Waste department should be strengthened.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of internal controls should include an adequate segregation of duties.
<b>Condition</b>	The Solid Waste Clerk accepts cash, makes adjustments to accounts, makes the deposits, picks up the bank statement from the bank and prepares bank reconciliations without any oversight.
<b>Cause</b>	Unknown.
<b>Effect</b>	Failure to implement adequate segregation of duties could result in the loss of public funds.
<b>Recommendation</b>	The Solid Waste Clerk should take steps to ensure adequate segregation of duties in the collection, disbursement and reconciliation functions of the Solid Waste office are implemented or take steps to see that a system of external oversight over operating procedures of the Solid Waste office is implemented.
<b>Views of Responsible Official</b>	We will comply.