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911 Third Street  
P.O. Box 1344  
Prentiss, MS 39474  
601-792-5196  
Fax 601-792-5190

Charles A. Dumas  
Mayor

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

Missy Jones  
Clerk

Wes Daughdrill  
Attorney

Albert Turnage  
Municipal Judge

Alan Buffington  
Pros. Attorney

April Taylor  
Public Defender

Theresa Hall  
Court Clerk

Howard Kelly  
Fire Chief

Joe Bullock  
Police Chief

Corky Holliman  
Water Operator

Don Jones  
Public Works Director

April 11, 2017

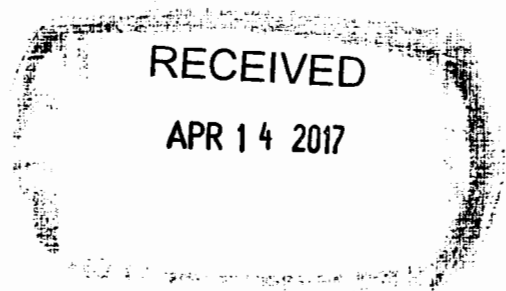
Office of the State Auditor  
P. O. Box 956  
Jackson, MS 39205-0956

Gentlemen:

Accompanying this letter are two (2) copies of the annual audit of the Town of Prentiss, MS for the fiscal year ending September 30, 2016. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Dana M. Jones  
City Clerk





# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

March 10, 2017

To the Board of Aldermen  
Town of Prentiss  
Prentiss, MS

This letter is intended to inform the Board of Aldermen of the Town of Prentiss about significant matters related to the conduct of the annual audit of Town of Prentiss so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Aldermen.

In addition to our report on your financial statements, we have provided a report on internal control over financial reporting, concerning significant deficiencies in internal control, if any, that we noted during our audit of the Town of Prentiss. The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

### **The Auditor's Responsibility Under Generally Accepted Auditing Standards**

Our audit of the financial statements of the Town of Prentiss for the year ended September 30, 2016, was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute assurance about the financial statements. We believe that our audit accomplished that objective.





### **Management Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed me that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the ability to collect receivable accounts and the useful lives of depreciable assets. The Board of Aldermen may wish to monitor throughout the year the process used to compute and record these accounting estimates.

### **Audit Adjustments**

The attachment to this letter represents a summary of adjustments that were identified as a result of our audit procedures.

### **Uncorrected Misstatements**

We also accumulated uncorrected misstatements, which were discussed with management and were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### **Accounting Policies and Alternative Treatments**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town of Prentiss. The Town of Prentiss did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period that should be brought to your attention for approval.

### **Other Information in Documents Containing Audited Financial Statements**

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Town of Prentiss.



### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters, in regard to matters related to audit adjustments, accounting principles, accounting policies and procedures, financial statement disclosures, and financial statement presentation.

### **Major Issues Discussed with Management Prior to Retention**

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

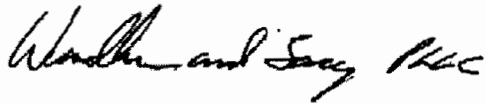
### **Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

### **Closing**

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Town of Prentiss.

This report is intended solely for the information and use of the Board of Aldermen, and management, and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC





Entry #	Status	Account/Code	Description	workpaper	Misstate	Debit	Credit
AJE 1	Posted	001-000-190	FUND BALANCE	A8		169.00	
		001-000-004	CASH IN BANK/MONEY MKT				169.00
		008-000-190	FUND BALANCE			1.00	
		008-000-004	MONEY MKT ACCT				1.00
		400-000-190	FUND BALANCE			444.00	
		400-000-004	CASH IN BANK/MONEY				444.00
		003-000-190	FUND BALANCE			24,977.00	
		003-000-001	CASH IN BANK				24,977.00
		200-000-190	FUND BALANCE			25,500.00	
		200-000-140	DUE TO OTHER FUNDS				25,500.00
		001-000-050	DUE FROM OTHER FUNDS			25,500.00	
		001-000-190	FUND BALANCE				25,500.00
		001-000-190	FUND BALANCE			54,510.00	
		001-000-116	FINES ASSESSMENTS				54,510.00
		001-000-190	FUND BALANCE			481.00	
		001-000-144	DUE TO 1998 BOND FUND				481.00
		008-000-135	DUE TO AP CLEARING			12,061.00	
		008-000-190	FUND BALANCE				12,061.00
		010-000-135	DUE TO ACCTS PAY CLEARING			3,129.00	
		010-000-190	FUND BALANCE				3,129.00
		010-000-190	FUND BALANCE			4,799.00	
		010-000-135	DUE TO ACCTS PAY CLEARING				4,799.00
		407-000-050	DUE FROM OTHER FUNDS			332,282.00	
		407-000-190	FUND BALANCE				332,282.00
To record FY14 AJE's not made on Town's books							
AJE 2	Posted	400-000-105	DUE FROM OTHER FUNDS	C1.2		30,000.00	
		400-000-004	CASH IN BANK/MONEY				30,000.00
To correct incorrect coding of deposit							
AJE 3	Posted	001-000-004	CASH IN BANK/MONEY MKT	A8		1.00	
		001-000-190	FUND BALANCE				1.00
		400-000-004	CASH IN BANK/MONEY			36.00	
		400-000-190	FUND BALANCE				36.00
		001-000-012	CASH POLICE FUND RAISING			6,524.00	
		001-000-190	FUND BALANCE				6,524.00
		001-000-001	CASH IN BANK-GEN GUND			9,372.00	
		001-000-190	FUND BALANCE				9,372.00
		001-000-001	CASH IN BANK-GEN GUND			19,202.00	
		001-000-105	DUE TO OTHER FUNDS				19,202.00
		001-000-136	DUE TO MUNIC FIRE FUND			5,882.00	
		001-000-105	DUE TO OTHER FUNDS				5,882.00
		407-000-050	DUE FROM OTHER FUNDS			117,522.00	
		407-000-190	FUND BALANCE				117,522.00
		611-000-050	DUE FROM OTHER FUNDS			63,994.00	
		611-000-001	CASH IN BANK				63,994.00
		001-000-190	FUND BALANCE			7,456.00	
		001-000-001	CASH IN BANK-GEN GUND				7,456.00
		001-000-011	CASH MUNICIPAL COURT			4,293.00	
		001-000-190	FUND BALANCE				4,293.00
To record FY15 AJE's not made on Town's books							
AJE 4	Posted	001-040-627	SERVICE/ MUNICIPAL COURT	B8		2,923.00	
		001-000-011	CASH MUNICIPAL COURT				2,920.00
		001-000-340	INTEREST EARNINGS				3.00
		001-000-190	FUND BALANCE				
To adjust municipal court cash account to bank balance							
AJE 5	Posted	001-000-190	FUND BALANCE	B6.6		2,563.00	
		001-000-001	CASH IN BANK-GEN GUND				2,563.00
To correct cash balance for deposits that are not outstanding as of 9/30/16							
AJE 6	Posted	003-000-202	FEDERAL FUNDS	B6.20		21,160.00	
		003-000-001	CASH IN BANK				21,160.00
To reverse duplicate receipt posted							
AJE 7	Posted	001-000-012	CASH POLICE FUND RAISING	B7.1		1,152.00	
		001-000-336	POLICE FUND RAISING REVENUE				1,152.00
To book change in cash balance from FY15 to FY16. New account in FY15, not setup in Town's GL.							
AJE 8	Posted	001-100-740	VEHICLES	N2.3		4,768.00	
		001-000-001	CASH IN BANK-GEN GUND				4,768.00
To reverse debit and credit due to incorrectly booked debt service payments							

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TOWN OF PRENTISS  
Journal Entries Report : Adjusting Entries  
September 30, 2016

Page: 2  
Prepared by: MT  
Reviewed by:

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 9	Posted	001-100-800	DEBT REPAYMENT	N2.3		13,880.00	
		001-100-805	INTEREST EXPENSE			424.00	
		001-000-001	CASH IN BANK-GEN GUND				4,768.00
		001-100-740	VEHICLES				9,536.00
		To post loan payments & reclassify payments to principal and interest					
AJE 10	Posted	400-650-800	DEBT PRINCIPAL PAYMENT	N2.9		7,553.00	
		400-650-805	DEBT INTEREST PAYMENT			625.00	
		400-650-730	EQUIPMENT				8,178.00
		To reclassify payment to principal and interest					
AJE 11	Posted	400-650-730	EQUIPMENT	N2.9		46,975.00	
		400-000-383	OTHER MISCELLANEOUS				46,975.00
		To bring on expense and revenue for new lease purchased Excavator of \$46,975					
AJE 12	Posted	400-650-730	EQUIPMENT	I4.28		6,500.00	
		400-000-105	DUE FROM OTHER FUNDS				6,500.00
		400-650-730	EQUIPMENT			12,440.00	
		400-000-105	DUE FROM OTHER FUNDS				12,440.00
		To reclassify purchase of trailer and tractor from Due from to Equipment Expense					
AJE 13	Posted	001-000-105	DUE TO OTHER FUNDS	B6.54		113,138.00	
		001-000-001	CASH IN BANK-GEN GUND				113,138.00
		407-000-001	CASH IN BANK			113,138.00	
		407-000-396	CDBG INCOME				113,138.00
		To move \$113,137.87 CDBG income deposited into General Fund Bank Acct from Fund 001 to Fund 407					
AJE 14	Posted	001-000-116	FINES ASSESSMENTS				99,347.00
		001-000-330	POLICE FINES			46,845.00	
		001-000-190	FUND BALANCE			52,502.00	
		To					
TOTALS						1,194,721.00	1,194,721.00



**TOWN OF PRENTISS, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
And  
SPECIAL REPORTS**

**SEPTEMBER 30, 2016**



**TOWN OF PRENTISS, MISSISSIPPI**

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**TOWN OF PRENTISS**

**FINANCIAL SECTION**



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### **INDEPENDENT AUDITOR'S REPORT**

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

#### **Report on the Financial Statements**

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

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

Management is responsible for the preparation and fair presentation of these financial statements on the basis of cash receipts and disbursements; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## **Other Matters**

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

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

### *Other Required Supplementary Information*

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

## **Other Reporting Requirements Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of the Town of Prentiss, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Prentiss, Mississippi's internal control over financial reporting and compliance.

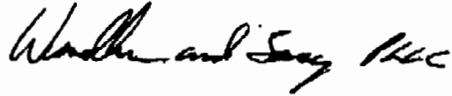
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### Emphasis of Matter

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

A handwritten signature in cursive script, appearing to read "Windham and Lacey, PLLC".

Windham and Lacey, PLLC  
March 10, 2017





**TOWN OF PRENTISS**

**FINANCIAL STATEMENTS**



**Town of Prentiss**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and for the Year Ended September 30, 2016**

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>							
Governmental Activities:							
General government	\$ 265,991	3,894	13,500		(248,597)		(248,597)
Public safety	652,338	75,218	28,458		(548,662)		(548,662)
Public works	206,361	87,883		73,398	(45,080)		(45,080)
Culture and recreation	35,635				(35,635)		(35,635)
Interest on long-term debt	424				(424)		(424)
Total Governmental Activities	<u>1,160,749</u>	<u>166,995</u>	<u>41,958</u>	<u>73,398</u>	<u>(878,398)</u>	<u>0</u>	<u>(878,398)</u>
Business-type Activities:							
Water/Sewer	838,982	423,872		447,067		31,957	31,957
Total Business-type Activities	<u>838,982</u>	<u>423,872</u>	<u>0</u>	<u>447,067</u>	<u>0</u>	<u>31,957</u>	<u>31,957</u>
Total Government	<u>\$ 1,999,731</u>	<u>590,867</u>	<u>41,958</u>	<u>520,465</u>	<u>(878,398)</u>	<u>31,957</u>	<u>(846,441)</u>
General Receipts							
Taxes:							
Property taxes					\$ 321,187		321,187
Road & bridge privilege taxes					59,049		59,049
Sales tax					445,394		445,394
Homestead exemption reimbursement					19,719		19,719
Franchise taxes					50,512		50,512
Grants and contributions not restricted to specific programs					21,170		21,170
Unrestricted investment income					189	236	425
Proceeds from loan						46,975	46,975
Miscellaneous					29,463		29,463
Total General Receipts					<u>946,683</u>	<u>47,211</u>	<u>993,894</u>
Change in net position					68,285	79,168	147,453
Net Position - Beginning					<u>339,026</u>	<u>496,807</u>	<u>835,833</u>
Net Position - Ending					<u>\$ 407,311</u>	<u>575,975</u>	<u>983,286</u>



**Town of Prentiss**  
**Statement of Activities and Net Position - Cash Basis**  
**As of and for the Year Ended September 30, 2016**

**(Continued)**

**ASSETS**

Cash and cash equivalents	\$ 819,679
Restricted cash	<u>163,607</u>
Total Assets	\$ <u>983,286</u>

**NET POSITION**

Restricted:

Restricted for capital projects	\$ 23,141
Restricted for court bonds and restitution	4,758
Restricted for library	5,852
Restricted for municipal fire	51,313
Restricted for police seizures	7,530
Restricted for debt service	1,354
Restricted for water meter deposits	69,659
Unrestricted	<u>819,679</u>
Total Net Position	\$ <u>983,286</u>

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

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**Statement of Cash Basis Assets and Fund Balances and  
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental and Business-type Funds  
As of and for the Year Ended September 30, 2016**

	<b>Governmental Activities</b>				<b>Business-type Activities</b>		
	<b>Major Funds</b>				<b>Major Funds</b>		
	<b>General Fund</b>	<b>Municipal Fire Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Fund</b>	<b>Capital Projects Grant Fund</b>	<b>Total</b>
<b>RECEIPTS</b>							
Ad valorem taxes	\$ 305,650		15,537	321,187			
Road and bridge tax	59,049			59,049			
License and permits	3,894			3,894			
Franchise taxes on utilities	50,512			50,512			
Grand Gulf payments in lieu of tax	15,520			15,520			
Intergovernmental revenues:							
Federal revenues:							
Home program			73,398	73,398			
JAG grant	4,727			4,727			
CDBG Water/Sewer Improvement Project						447,067	447,067
State shared revenues:							
Sales taxes	445,394			445,394			
Homestead exemption reimbursement	19,719			19,719			
State fire grant	7,777	6,933		14,710			
Alcoholic beverage tax	1,800			1,800			
General municipal aid	539			539			
Gasoline tax	3,311			3,311			
Fire insurance rebate		7,869		7,869			
Local shared revenues:							
Aid from county	13,500			13,500			
Charges for services:							
Garbage	87,883			87,883			
Water and sewer utility					423,872		423,872
Fines and forfeits	75,218			75,218			
Interest income	156	19	14	189	236		236
Miscellaneous revenue	31,554			31,554			
Total Receipts	<u>1,126,203</u>	<u>14,821</u>	<u>88,949</u>	<u>1,229,973</u>	<u>424,108</u>	<u>447,067</u>	<u>871,175</u>





**Town of Prentiss**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2016**

**(Continued)**

	<b>Governmental Activities</b>				<b>Business-type Activities</b>		
	<b>Major Funds</b>				<b>Major Funds</b>		
	<b>General Fund</b>	<b>Municipal Fire Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Water/Sewer Fund</b>	<b>Capital Projects Grant Fund</b>	<b>Total</b>
<b>DISBURSEMENTS</b>							
General government	261,274		4,692	265,966			
Public safety	629,561	3,613	2,642	635,816			
Public works	151,250		964	152,214			
Culture and recreation	21,835		13,800	35,635			
Water and sewer utility:							
Personal services					267,893		267,893
Supplies					105,297		105,297
Utilities					44,767		44,767
Other services and charges					12,863		12,863
Total Disbursements	1,063,920	3,613	22,098	1,089,631	430,820	0	430,820
Excess of Receipts over (under) Disbursements	62,283	11,208	66,851	140,342	(6,712)	447,067	440,355
<b>OTHER CASH SOURCES (USES)</b>							
Proceeds from loan					46,975		46,975
Capital outlay - equipment	(4,242)			(4,242)	(65,915)		(65,915)
Capital outlay - airport improvements			(53,511)	(53,511)			
Capital outlay - water/sewer improvements						(333,954)	(333,954)
Principal paid on bonds and notes	(13,880)			(13,880)	(7,553)		(7,553)
Interest paid on bonds and notes	(424)			(424)	(740)		(740)
Total Other Cash Sources and (Uses)	(18,546)	0	(53,511)	(72,057)	(27,233)	(333,954)	(361,187)
Excess (Deficiency) of Receipts and Other Cash Sources over Disbursements and Other Cash Uses	43,737	11,208	13,340	68,285	(33,945)	113,113	79,168
<b>CASH BASIS FUND BALANCE - Beg. of Year</b>	264,427	40,105	34,494	339,026	496,733	74	496,807
<b>CASH BASIS FUND BALANCE - End of Year</b>	<u>\$ 308,164</u>	<u>51,313</u>	<u>47,834</u>	<u>407,311</u>	<u>462,788</u>	<u>113,187</u>	<u>575,975</u>



**Town of Prentiss**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2016**

**(Continued)**

	<u>Governmental Activities</u>				<u>Business-type Activities</u>		
	<u>Major Funds</u>				<u>Major Funds</u>		
	<u>General Fund</u>	<u>Municipal Fire Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Fund</u>	<u>Capital Projects Grant Fund</u>	<u>Total</u>
<b>CASH BASIS ASSETS - End of Year</b>							
Cash and cash equivalents	\$ 303,406		9,957	313,363	393,129	113,187	506,316
Restricted cash	4,758	51,313	37,877	93,948	69,659		69,659
 Total Cash Basis Assets	<u>\$ 308,164</u>	<u>51,313</u>	<u>47,834</u>	<u>407,311</u>	<u>462,788</u>	<u>113,187</u>	<u>575,975</u>
 <b>CASH BASIS FUND BALANCES - End of Year</b>							
Restricted:							
Restricted for capital projects	\$		23,141	23,141			
Restricted for court bonds and restitution	4,758			4,758			
Restricted for library			5,852	5,852			
Restricted for municipal fire		51,313		51,313			
Restricted for police seizures			7,530	7,530			
Restricted for debt service			1,354	1,354			
Restricted for meter deposits					69,659		69,659
Committed:							
Committed for town and county interlocal	7,593			7,593			
Committed for streets			6,408	6,408			
Unassigned	295,813		3,549	299,362	393,129	113,187	506,316
 Total Cash Basis Fund Balances	<u>\$ 308,164</u>	<u>51,313</u>	<u>47,834</u>	<u>407,311</u>	<u>462,788</u>	<u>113,187</u>	<u>575,975</u>

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



# TOWN OF PRENTISS

## Notes to Financial Statements September 30, 2016

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

#### A. Financial Reporting Entity.

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

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

#### B. Government-wide and Fund Financial Statements.

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

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

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

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

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

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

The Town reports the following major Governmental Funds:

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

The *municipal fire* fund accounts for the activities of the fire department.

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## TOWN OF PRENTISS

### Notes to Financial Statements September 30, 2016

The Town reports the following major proprietary funds:

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

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

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

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

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

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

2. *Net Position.*

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

Unrestricted net position - All other net position not meeting the definition of "restricted".

3. *Fund Balances.*

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

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

**Restricted** - Includes fund balance amounts that are constrained for specific purposes which are internally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

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

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





## **TOWN OF PRENTISS**

### **Notes to Financial Statements September 30, 2016**

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

#### **(2) Cash and Cash Equivalents.**

At year-end, the Town's carrying amount of deposits was \$983,286 and the bank balance was \$971,821. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2016, none of the Town's bank balance of \$963,706 was exposed to custodial risk.

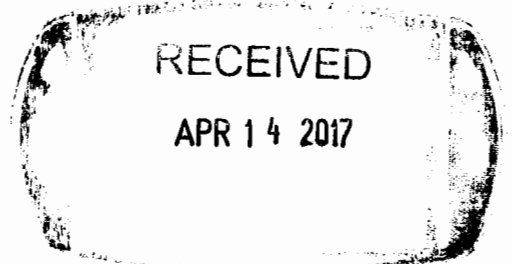
**Interest Rate Risk:** The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

#### **(3) Defined Benefit Pension Plan.**

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

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2016, 2015 and 2014 were \$92,758, \$88,121 and \$89,459, respectively, which is equal to the required contributions for each year.





**TOWN OF PRENTISS**

**REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Prentiss  
Budgetary Comparison Schedule -  
Budget and Actual  
General Fund  
For the Year Ended September 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>				
General property taxes	\$ 313,000	305,650	305,650	
Road and bridge tax	55,000	59,049	59,049	
License and permits	4,250	3,894	3,894	
Franchise taxes on utilities	47,000	50,512	50,512	
Grand Gulf payments in lieu of tax	15,000	15,520	15,520	
JAG grant		4,727	4,727	
General municipal aid	3,500	539	539	
Sales taxes	450,000	445,394	445,394	
Homestead exemption		19,719	19,719	
State fire grant		7,777	7,777	
Gasoline tax		3,311	3,311	
Alcoholic beverage tax	1,800	1,800	1,800	
Aid from county	13,500	13,500	13,500	
Garbage	85,000	87,883	87,883	
Fines and forfeits	120,000	75,218	75,218	
Interest income	500	156	156	
Miscellaneous revenue	31,200	31,552	31,552	
Total Revenue	<u>1,139,750</u>	<u>1,126,203</u>	<u>1,126,203</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	344,046	261,274	261,274	
Public safety	647,790	632,203	632,203	
Public works	173,700	153,850	153,850	
Culture and recreation	26,500	21,835	21,835	
Economic development	8,500			
Total Expenditures	<u>1,200,536</u>	<u>1,068,162</u>	<u>1,068,162</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(60,786)</u>	<u>58,042</u>	<u>58,041</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Loan payment principal		(13,880)	(13,880)	
Interest expense		(424)	(424)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(14,304)</u>	<u>(14,304)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(64,786)	43,737	43,737	0
Cash Basis Fund Balances - Beginning	<u>20,650</u>	<u>264,427</u>	<u>264,427</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (40,136)</u>	<u>308,164</u>	<u>308,164</u>	<u>0</u>

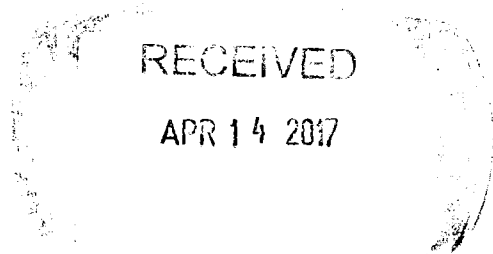
The accompanying notes to the Required Supplementary Information are an integral part of this schedule.



**Town of Prentiss**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**Municipal Fire Fund**  
**For the Year Ended September 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>				
State fire grant	\$ 6,000	6,933	6,933	
State fire insurance rebate	8,000	7,869	7,869	
Interest		19	19	
Total Revenue	<u>14,000</u>	<u>14,821</u>	<u>14,821</u>	<u>0</u>
<b>EXPENDITURES</b>				
Public safety	<u>40,000</u>	<u>3,613</u>	<u>3,613</u>	
Total Expenditures	<u>40,000</u>	<u>3,613</u>	<u>3,613</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(26,000)</u>	<u>11,208</u>	<u>11,208</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(26,000)	11,208	11,208	0
Cash Basis Fund Balances - Beginning	<u>26,000</u>	<u>40,105</u>	<u>264,427</u>	<u>0</u>
Cash Basis Fund Balances - Ending	\$ <u>0</u>	<u>51,313</u>	<u>275,635</u>	<u>0</u>

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







## **TOWN OF PRENTISS**

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

#### **A. Budgetary Information.**

Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Aldermen of the Town, using historical and anticipated fiscal data, prepares an original budget for the General Fund for said fiscal year. The completed budget for the fiscal year includes every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town's budget is prepared on the cash basis of accounting. All appropriations lapse at year-end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

#### **B. Basis of Presentation.**

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original adopted budget, the final adopted budget, actual amounts on a budgetary (Non-GAAP) basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

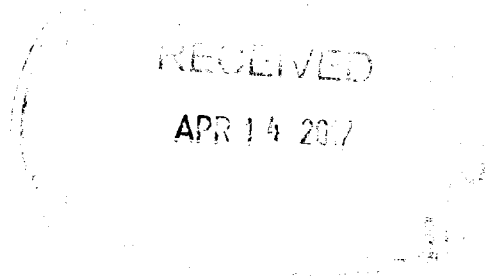
#### **C. Budget Reconciliation.**

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



**TOWN OF PRENTISS**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**





**Town of Prentiss**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2016**

<u>Definition and Purpose</u>	<u>Balance Outstanding October 1, 2015</u>	<u>Transactions During Fiscal Year</u>		<u>Balance Outstanding September 30, 2016</u>
		<u>Issued</u>	<u>Redeemed</u>	
CDBG loan - Prentiss Complex	\$ 457,000			457,000
Regions promissory note				
Police package truck in 2015 - \$27,811	22,137		13,880	8,257
Regions promissory note				
Bobcat E50 T4 excavator in 2016 - \$46,975		46,975	7,553	39,422
Total	\$ 479,137	46,975	21,433	504,679



**Town of Prentiss**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2016**

	<u><b>Balance</b></u>
<b>General Fund:</b>	
.05% Certificate of Deposit, dated September 20, 2016, due 90 days after date (Allocated*)	\$ 46,831
Total General Fund investments	<u>46,831</u>
<b>Municipal Fire Fund:</b>	
.05% Certificate of Deposit, dated September 20, 2016, due 90 days after date (Allocated*)	<u>1,178</u>
Total Municipal Fire Fund investments	<u>1,178</u>
<b>Water and Sewer Fund:</b>	
.05% Certificate of Deposit, dated September 20, 2016, due 90 days after date (Allocated*)	<u>291,191</u>
Total Water and Sewer Fund investments	<u>291,191</u>
 Total All Funds	 \$ <u><u>339,200</u></u>

NOTE: One certificate of deposit in the amount of \$339,200, at .05%, dated September 20, due 90 days after date, is allocated for the amounts indicated between the funds.





**Town of Prentiss**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2016**

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

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**Town of Prentiss**  
**Schedule of Capital Assets**  
**For the Year Ended September 30, 2016**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 63,000			63,000
Construction in progress	139,587	53,511		193,098
Buildings	1,490,157			1,490,157
Machinery, equipment and vehicles	731,126	4,242		735,368
Total Governmental Activities Capital Assets	<u>\$ 2,423,870</u>	<u>57,753</u>	<u>0</u>	<u>2,481,623</u>
Business-type Activities:				
Capital Assets:				
Land	\$ 17,000			17,000
Construction in progress	449,830	333,954		783,784
Buildings	179,805			179,805
Machinery, equipment and vehicles	157,681	65,915		223,596
Water tanks, treatment plants and lines	3,633,412			3,633,412
Total Business-type Activities Capital Assets	<u>\$ 4,437,728</u>	<u>399,869</u>	<u>0</u>	<u>4,837,597</u>



## **TOWN OF PRENTISS**

## **SPECIAL REPORTS**



# Windham and Lacey, PLLC

*Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the town's basic financial statements and have issued our report thereon dated March 10, 2017.

## **Internal Control Over Financial Reporting**

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

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

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

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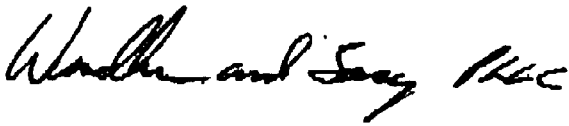


## Compliance and Other Matters

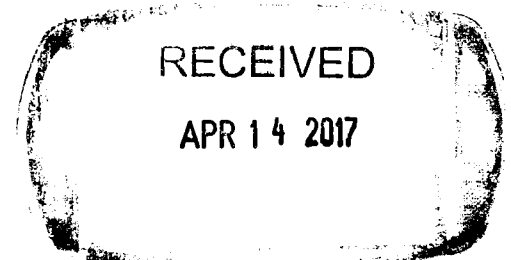
As part of obtaining reasonable assurance about whether the Town of Prentiss, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

## Purpose of this Report

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



Windham and Lacey, PLLC  
March 10, 2017





# Windham and Lacey, PLLC

*Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 10, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the town's compliance with these requirements. Accordingly, we do not express such an opinion.

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

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

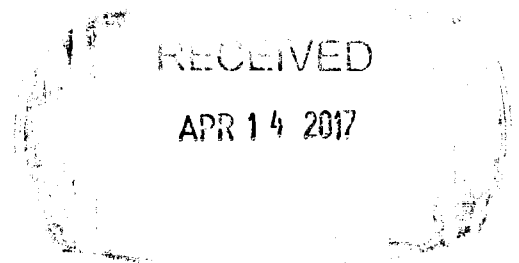


Windham and Lacey, PLLC  
March 10, 2017



**TOWN OF PRENTISS**

**SCHEDULE OF FINDINGS AND RESPONSES**





**TOWN OF PRENTISS**  
**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 primary government financial statements:           | Unmodified    |
| 2. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                       | No            |

**Section 2: Financial Statement Findings**

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



[illegible]