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PRENTISS COUNTY, MISSISSIPPI

**Audited Financial Statements
and Special Reports**

For the Year Ended September 30, 2017



Certified Public Accountants

PRENTISS COUNTY

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FINANCIAL SECTION



Certified Public Accountants

Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Mississippi Society of Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Prentiss County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prentiss County, Mississippi, (the County) as of and for the year ended September 30, 2017, 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.

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

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

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Opinions

In our opinion, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Supplementary and Other Information

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 January 9, 2020, 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 the effectiveness of Prentiss County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Prentiss County, Mississippi's internal control over financial reporting and compliance.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
January 9, 2020

FINANCIAL STATEMENTS

PRENTISS COUNTY
Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,720,939	229,035	3,949,974
Property tax receivable	4,466,912	-	4,466,912
Accounts receivable (net of allowance for uncollectibles of \$1,370,438)	-	231,696	231,696
Fines receivable (net of allowance for uncollectibles of \$1,255,768)	1,035,403	-	1,035,403
Intergovernmental receivables	738,480	-	738,480
Other receivables	56,863	114,993	171,856
Internal balances	15,100	(15,100)	-
Capital assets:			
Land and construction in progress	2,760,419	51,061	2,811,480
Other capital assets, net	22,681,258	1,775,200	24,456,458
Total Assets	<u>35,475,374</u>	<u>2,386,885</u>	<u>37,862,259</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	488,497	60,377	548,874
Total Deferred Outflows of Resources	<u>488,497</u>	<u>60,377</u>	<u>548,874</u>
LIABILITIES			
Claims payable	394,208	25,192	419,400
Intergovernmental payables	239,907	-	239,907
Accrued interest payable	52,674	1,502	54,176
Amounts held in custody for others	66,211	-	66,211
Long-term liabilities			
Net pension liability	8,382,302	1,036,013	9,418,315
Due within one year:			
Capital debt	391,449	54,037	445,486
Non-capital debt	261,000	-	261,000
Due in more than one year:			
Capital debt	2,094,783	29,527	2,124,310
Non-capital debt	1,604,000	-	1,604,000
Total Liabilities	<u>13,486,534</u>	<u>1,146,271</u>	<u>14,632,805</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	186,230	23,017	209,247
Deferred revenues - property taxes	4,466,912	-	4,466,912
Fines for future reporting period	53,251	-	53,251
Total Deferred Inflows of Resources	<u>4,706,393</u>	<u>23,017</u>	<u>4,729,410</u>
NET POSITION			
Net investment in capital assets	22,955,445	1,742,697	24,698,142
Restricted:			
Expendable:			
General government	74,547	-	74,547
Public safety	898,285	-	898,285
Public works	1,043,414	24,310	1,067,724
Economic development and assistance	30,335	-	30,335
Culture and recreation	597	-	597
Debt service	858,534	-	858,534
Unrestricted	(8,090,213)	(489,033)	(8,579,246)
Total Net Position	<u>\$ 17,770,944</u>	<u>1,277,974</u>	<u>19,048,918</u>

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

PRENTISS COUNTY
Statement of Activities
For the Year Ended September 30, 2017

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,570,360	777,855	1,075,193	-	(1,717,312)		(1,717,312)
Public safety	2,405,136	627,344	106,369	-	(1,671,423)		(1,671,423)
Public works	2,053,021	-	647,966	2,097,565	692,510		692,510
Health and welfare	227,938	-	27,018	-	(200,920)		(200,920)
Culture and recreation	134,199	-	-	-	(134,199)		(134,199)
Conservation of natural resources	205,374	-	-	-	(205,374)		(205,374)
Economic development and assistance	158,419	-	-	94,982	(63,437)		(63,437)
Interest on long-term debt	159,015	-	-	-	(159,015)		(159,015)
Pension expense	1,059,706	-	-	-	(1,059,706)		(1,059,706)
Total Governmental Activities	<u>9,973,168</u>	<u>1,405,199</u>	<u>1,856,546</u>	<u>2,192,547</u>	<u>(4,518,876)</u>		<u>(4,518,876)</u>
Business-type activities:							
Solid Waste	1,094,010	952,532	125,062	-		(16,416)	(16,416)
Wheeler Sewer Utility District	112,132	48,495	-	-		(63,637)	(63,637)
Total Business-type Activities	<u>1,206,142</u>	<u>1,001,027</u>	<u>125,062</u>	<u>-</u>		<u>(80,053)</u>	<u>(80,053)</u>
Total Primary Government	<u>\$ 11,179,310</u>	<u>2,406,226</u>	<u>1,981,608</u>	<u>2,192,547</u>	<u>(4,518,876)</u>	<u>(80,053)</u>	<u>(4,598,929)</u>
General revenues							
Property taxes				\$ 6,070,933	-		6,070,933
Road & bridge privilege taxes				282,249	-		282,249
Grants and contributions not restricted to specific programs				-	4,473		4,473
Unrestricted interest income				14,118	407		14,525
Miscellaneous				389,553	9,994		399,547
Transfers				13,003	(13,003)		-
Total General Revenues				<u>6,769,856</u>	<u>1,871</u>		<u>6,771,727</u>
Changes in Net Position				2,250,980	(78,182)		2,172,798
Net Position - Beginning				15,519,964	1,356,156		16,876,120
Net Position - Ending				<u>\$ 17,770,944</u>	<u>1,277,974</u>		<u>19,048,918</u>

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

PRENTISS COUNTY

Balance Sheet -
Governmental Funds
September 30, 2017

	Major Funds		Other	Total
	General	State Aid	Governmental	Governmental
	Fund	Road	Funds	Funds
		Fund		
ASSETS				
Cash	\$ 843,099	-	2,877,840	3,720,939
Property tax receivable	3,358,731	-	1,108,181	4,466,912
Fines receivable, (net of allowance for uncollectibles of \$1,255,768)	982,152	-	53,251	1,035,403
Intergovernmental receivables	147,699	26,595	195,105	369,399
Other receivables	24,613	-	32,250	56,863
Due from other funds	384,181	-	52,503	436,684
Advances to other funds	10,218	-	4,586	14,804
Total Assets	<u>\$ 5,750,693</u>	<u>26,595</u>	<u>4,323,716</u>	<u>10,101,004</u>
LIABILITIES				
Liabilities:				
Claims payable	\$ 163,715	26,595	203,898	394,208
Intergovernmental payables	239,907	-	-	239,907
Due to other funds	52,503	-	-	52,503
Advances from other funds	4,586	-	10,218	14,804
Amounts held in custody for others	66,211	-	-	66,211
Total Liabilities	<u>526,922</u>	<u>26,595</u>	<u>214,116</u>	<u>767,633</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,358,731	-	1,108,181	4,466,912
Unavailable revenue - fines	982,152	-	53,251	1,035,403
Total Deferred Inflows of Resources	<u>4,340,883</u>	<u>-</u>	<u>1,161,432</u>	<u>5,502,315</u>
Fund balances:				
Nonspendable:				
Advances	10,218	-	-	10,218
Restricted for:				
Public safety	-	-	524,264	524,264
Public works	-	-	1,043,414	1,043,414
Debt service	-	-	911,208	911,208
Committed to:				
General government	-	-	64,329	64,329
Public safety	-	-	374,021	374,021
Culture and recreation	-	-	597	597
Economic development	-	-	30,335	30,335
Unassigned	872,670	-	-	872,670
Total Fund Balances	<u>882,888</u>	<u>-</u>	<u>2,948,168</u>	<u>3,831,056</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,750,693</u>	<u>26,595</u>	<u>4,323,716</u>	<u>10,101,004</u>

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

PRENTISS COUNTY
Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position
September 30, 2017

Total Fund Balance - Governmental Funds	\$ 3,831,056
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 \$14,078,746.	25,441,677
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.	982,152
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,351,232)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(8,382,302)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(52,674)
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	488,497
Deferred inflows of resources related to pensions	(186,230)
Total Net Position of Governmental Activities	\$ <u>17,770,944</u>

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

PRENTISS COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2017

	Major Funds			Total
	General Fund	State Aid Road Fund	Other Governmental Funds	Governmental Funds
REVENUES				
Property taxes	\$ 4,602,622	-	1,468,311	6,070,933
Road and bridge privilege taxes	-	-	282,249	282,249
Licenses, commissions and other revenue	330,660	-	20,976	351,636
Fines and forfeitures	288,356	-	20,906	309,262
Intergovernmental revenues	766,679	1,749,208	1,529,880	4,045,767
Charges for services	199,593	-	404,686	604,279
Interest income	14,116	-	2	14,118
Miscellaneous revenues	326,436	-	65,175	391,611
Total Revenues	<u>6,528,462</u>	<u>1,749,208</u>	<u>3,792,185</u>	<u>12,069,855</u>
EXPENDITURES				
Current:				
General government	3,185,108	-	479,611	3,664,719
Public safety	2,156,693	-	346,983	2,503,676
Public works	53,413	1,573,881	1,628,234	3,255,528
Health and welfare	226,168	-	-	226,168
Culture & recreation	93,000	-	51,390	144,390
Conservation of natural resources	74,251	-	111,054	185,305
Economic development and assistance	115,508	-	110,500	226,008
Debt service:				
Principal	35,036	-	611,951	646,987
Interest	4,727	-	166,916	171,643
Total Expenditures	<u>5,943,904</u>	<u>1,573,881</u>	<u>3,506,639</u>	<u>11,024,424</u>
Excess of Revenues over (under) Expenditures	<u>584,558</u>	<u>175,327</u>	<u>285,546</u>	<u>1,045,431</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	43,500	-	77,646	121,146
Proceeds from sale of capital assets	3,400	-	17,000	20,400
Transfers in	73,648	-	178,168	251,816
Transfers out	(160,186)	-	(78,627)	(238,813)
Total Other Financing Sources and Uses	<u>(39,638)</u>	<u>-</u>	<u>194,187</u>	<u>154,549</u>
Net Changes in Fund Balances	544,920	175,327	479,733	1,199,980
Fund Balances - Beginning	337,968	(175,327)	2,468,435	2,631,076
Fund Balances - Ending	<u>\$ 882,888</u>	<u>-</u>	<u>2,948,168</u>	<u>3,831,056</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, 2017

Net Changes in Fund Balances - Governmental Funds \$ 1,199,980

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 capital outlays of \$2,004,640 exceeded depreciation expense of (\$1,062,739) in the current period. 941,901

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of (\$28) and the proceeds from the sale of assets of (\$20,400) in the current period. (20,428)

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. 141,290

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 \$646,987 exceeded proceeds of (\$121,146). 525,841

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 the following item:

Accrued interest payable 12,628

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 (1,059,706)
Recording of contributions made in the current fiscal year. 509,473

Rounding 1

Change in Net Position of Governmental Activities \$ 2,250,980

PRENTISS COUNTY
Statement of Net Position -
Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Wheeler Sewer Utility District Fund	Total
ASSETS			
Current assets:			
Cash	\$ 208,437	20,598	229,035
Accounts receivable (net of allowance for uncollectibles of \$1,370,438)	231,696	-	231,696
Other receivables	111,281	3,712	114,993
Total Current Assets	<u>551,414</u>	<u>24,310</u>	<u>575,724</u>
Noncurrent assets:			
Land	51,061	-	51,061
Other capital assets, net	287,338	1,487,862	1,775,200
Total Noncurrent Assets	<u>338,399</u>	<u>1,487,862</u>	<u>1,826,261</u>
Total Assets	<u>889,813</u>	<u>1,512,172</u>	<u>2,401,985</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	60,377	-	60,377
Total Deferred Outflows of Resources	<u>60,377</u>	<u>-</u>	<u>60,377</u>
LIABILITIES			
Current liabilities:			
Claims payable	25,192	-	25,192
Due to other funds	15,100	-	15,100
Accrued interest payable	1,502	-	1,502
Capital debt:			
Equipment notes payable	54,037	-	54,037
Total Current Liabilities	<u>95,831</u>	<u>-</u>	<u>95,831</u>
Noncurrent Liabilities:			
Net pension liability	1,036,013	-	1,036,013
Capital debt:			
Equipment notes payable	29,527	-	29,527
Total Noncurrent Liabilities	<u>1,065,540</u>	<u>-</u>	<u>1,065,540</u>
Total Liabilities	<u>1,161,371</u>	<u>-</u>	<u>1,161,371</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	23,017	-	23,017
Total Deferred Inflows of Resources	<u>23,017</u>	<u>-</u>	<u>23,017</u>
NET POSITION			
Net investment in capital assets	254,835	1,487,862	1,742,697
Restricted for:			
Public works	-	24,310	24,310
Unrestricted	(489,033)	-	(489,033)
Total Net Position	<u>\$ (234,198)</u>	<u>1,512,172</u>	<u>1,277,974</u>

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

PRENTISS COUNTY
Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Wheeler Sewer Utility District Fund	Totals
Operating Revenues			
Charges for services	\$ 952,532	48,495	1,001,027
Operating grants	125,062	-	125,062
Miscellaneous	9,994	-	9,994
Total Operating Revenues	1,087,588	48,495	1,136,083
Operating Expenses			
Personal services	575,041	-	575,041
Contractual services	241,451	37,530	278,981
Material and supplies	158,989	2,274	161,263
Depreciation expense	47,960	72,328	120,288
Pension expense	68,006	-	68,006
Total Operating Expenses	1,091,447	112,132	1,203,579
Operating Income (Loss)	(3,859)	(63,637)	(67,496)
Nonoperating Revenues (Expenses)			
Interest income	287	120	407
Intergovernmental grants	4,473	-	4,473
Interest expense	(2,563)	-	(2,563)
Net Nonoperating Revenues (Expenses)	2,197	120	2,317
Net Income (Loss)	(1,662)	(63,517)	(65,179)
Transfers out	-	(13,003)	(13,003)
Changes in Net Position	(1,662)	(76,520)	(78,182)
Net Position - Beginning	(232,536)	1,588,692	1,356,156
Net Position - Ending	\$ (234,198)	1,512,172	1,277,974

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

PRENTISS COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2017

	Business-type Activities - Proprietary Funds		
	Solid Waste Fund	Wheeler Sewer Utility District Fund	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,005,446	44,782	1,050,228
Payments to suppliers	(458,687)	(39,803)	(498,490)
Payments to employees	(506,735)	-	(506,735)
Other operating cash receipts	135,057	-	135,057
Net Cash Provided (Used) by Operating Activities	175,081	4,979	180,060
Cash Flows from Noncapital Financing Activities			
Nonoperating grants received	4,473	-	4,473
Cash paid to other funds:			
Operating transfers out	-	(13,003)	(13,003)
Interfund loan repayments	(43,056)	-	(43,056)
Net Cash Provided (Used) by Noncapital Financing Activities	(38,583)	(13,003)	(51,586)
Cash Flows from Capital and Related Financing Activities			
Principal paid on long-term debt	(52,793)	-	(52,793)
Acquisition of capital assets	(15,000)	-	(15,000)
Interest paid on debt	(3,481)	-	(3,481)
Net Cash Provided (Used) by Capital and Related Financing Activities	(71,274)	-	(71,274)
Cash Flows from Investing Activities			
Interest and dividends on investments	287	120	407
Net Cash Provided (Used) by Investing Activities	287	120	407
Net Increase (Decrease) in Cash and Cash Equivalents	65,511	(7,904)	57,607
Cash and Cash Equivalents at Beginning of Year	142,926	28,502	171,428
Cash and Cash Equivalents at End of Year	\$ 208,437	20,598	229,035
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (3,859)	(63,637)	(67,496)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	47,960	72,328	120,288
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	160,519	-	160,519
(Increase) decrease in other receivables	(107,607)	(3,712)	(111,319)
(Increase) decrease in deferred outflows - pensions	116,700	-	116,700
Increase (decrease) in claims payable	10,062	-	10,062
Increase (decrease) in deferred inflows - pensions	20,083	-	20,083
Increase (decrease) in net pension liability	(68,775)	-	(68,775)
Rounding	(2)	-	(2)
Total Adjustments	178,940	68,616	247,556
Net Cash Provided (Used) by Operating Activities	\$ 175,081	4,979	180,060

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

PRENTISS COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 633,166
Total Assets	\$ <u>633,166</u>
 LIABILITIES	
Amounts held in custody for others	\$ 27,589
Intergovernmental payables	236,496
Due to governmental funds	369,081
Total Liabilities	\$ <u>633,166</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, 2017

(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, which has significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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 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

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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 Funds:

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

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

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

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 funds types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

Agency Funds – These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

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.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

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".

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.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

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

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

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

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

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 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 10 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to 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 a time as the revenue becomes available.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

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 10 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 obligations indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary 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, 2017

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

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

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

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

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

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.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

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

M. Property Tax Revenues.

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

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

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

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee 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.

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$4,583,140 and the bank balance was \$4,392,540. 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 the FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Agency Funds	\$ 369,081
General Fund	Solid Waste	15,100
Other Governmental Funds	General Fund	52,503
Total		<u>\$ 436,684</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 2017. These receivables are expected to be repaid within one year from the date of the financial statements. The difference between the due to/due from other funds and Exhibit 3 is the due to/due from Payroll Clearing, which is an Agency Fund and Solid Waste Fund, which is an Enterprise Fund and are not reflected on Exhibit 3.

B. Advances From/To Other Funds:

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

The amount payable from the Other Governmental Funds represent 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.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(3) Interfund Transactions and Balances (Continued).

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 60,645
Other Governmental Funds	General Fund	160,186
Other Governmental Funds	Other Governmental Funds	17,982
General Fund	Wheeler Sewer Fund	13,003
Total		<u>\$ 251,816</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.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2017, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative Tag Credit	\$ 99,844
AIP Grant Funds	90,178
Gas Tax	47,229
State Aid Monies	26,595
State Motor Vehicle License Privilege Tax	23,465
Reimbursement for Drug Court	18,533
Waste Disposal	17,290
FEMA Reimbursement	10,904
Harvest Permits	10,792
City of Baldwin-Housing Prisoners	10,124
Reimbursement Deputy Salary	4,027
Reimbursement for Welfare	3,808
Office of the State Auditor	1,827
Sheriff Overtime Grant	1,319
Entitlement Lands	1,282
T.R.I.A.D. Grant	1,012
Timber Severance	645
Rent – Prentiss County Schools	525
Total Governmental Activities	<u>\$ 369,399</u>

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental Activities:	Balance 10/01/16	Additions	Deletions	Adjustments	Balance 09/30/17
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,182,795	1,730	-	-	1,184,525
Construction in progress	314,423	1,557,446	-	(295,975)	1,575,894
Total Non-Depreciable Capital Assets	1,497,218	1,559,176	-	(295,975)	2,760,419
<u>Depreciable capital assets:</u>					
Infrastructure	10,843,628	-	-	295,975	11,139,603
Buildings	11,019,386	-	-	-	11,019,386
Improvements other than buildings	8,269,605	195,143	-	-	8,464,748
Mobile equipment	5,295,573	206,800	62,320	-	5,440,053
Furniture and equipment	581,194	43,521	-	-	624,715
Leased property under capital leases	71,499	-	-	-	71,499
Total Depreciable Capital Assets	36,080,885	445,464	62,320	295,975	36,760,004
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,737,217	322,427	-	-	2,059,644
Buildings	4,257,417	178,059	-	-	4,435,476
Improvements other than buildings	2,440,836	338,624	-	-	2,779,460
Mobile equipment	4,107,763	171,164	41,892	-	4,237,035
Furniture and equipment	463,182	39,600	-	-	502,782
Leased property under capital leases	51,484	12,865	-	-	64,349
Total Accumulated Depreciation	13,057,899	1,062,739	41,892	-	14,078,746
Total Depreciable Capital Assets, Net	23,022,986	(617,275)	20,428	295,975	22,681,258
Governmental Activities Capital Assets, Net	\$ 24,520,204	941,901	20,428	-	25,441,677
Business-type Activities:	Balance 10/01/16	Additions	Deletions	Adjustments	Balance 09/30/17
<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	15,000	-	-	863,164
Furniture and equipment	25,000	-	-	-	25,000
Total Depreciable Capital Assets	3,095,239	15,000	-	-	3,110,239
<u>Less accumulated depreciation for:</u>					
Infrastructure	506,282	72,328	-	-	578,610
Buildings	63,836	3,114	-	-	66,950
Mobile equipment	622,133	44,846	-	-	666,979
Furniture and equipment	22,500	-	-	-	22,500
Total Accumulated Depreciation	1,214,751	120,288	-	-	1,335,039
Total Depreciable Capital Assets, Net	1,880,488	(105,288)	-	-	1,775,200
Business-type Activities Capital Assets, Net	\$ 1,931,549	(105,288)	-	-	1,826,261

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(6) Capital Assets (Continued).

The adjustments in capital assets in the governmental activities consisted of completed capital projects.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 219,356
Public safety	159,142
Public works	635,009
Health and welfare	1,770
Culture and recreation	20,069
Economic development and assistance	<u>27,393</u>
Total Governmental Activities Depreciation Expense	\$ <u>1,062,739</u>
Business-type Activities:	
Solid waste	\$ 47,960
Wheeler Sewer Utility District	<u>72,328</u>
Total Business-type Activities Depreciation Expense	\$ <u>120,288</u>

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
SAP-59(73)	\$ 390,368	12/2017
LSBP-59(25)	50,522	12/2017
LSBP-59(26)	768	12/2017
Jumpertown Sewer System	133,660	06/2018
AIP #3-28-0008-018-2017	373,705	09/2018
LSBP-59(27)	244,522	12/2018
SAP-59(9)M	1,512,636	06/2019
Total:	\$ <u>2,706,181</u>	

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by Worker's Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017 to January 1, 2018. 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, 2017

(8) Operating Leases.

As Lessor:

On November 23, 1992, Prentiss County entered into a non-cancellable operating lease with the Prentiss County School District for the lease of a building owned by the County for the purpose of providing office space for the Superintendent and the Superintendent's office staff. The operating lease stipulated that the lease would pay approximately \$525 per month in lease payments commencing on December 1, 1992 for a term of 5 years. At the end of the lease term, the lessee has the right to renew the lease for an additional three or five year period. The lease is still in effect under the renewal terms. The current renewal period will expire on November 30, 2018.

On May 18, 2016, Prentiss County entered into a non-cancellable operating lease with the Mississippi Department of Human Services (MMDHS) 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 the 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.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(8) Operating Leases (Continued).

The County receives income from property it leases under noncancelable operating leases. Total income from such leases was \$6,300 for the year ended September 30, 2017. The future minimum lease receivables for these leases are as follows:

Year Ended September 30	Amount
2018	\$ 17,852
2019	16,702
2020	16,702
2021	16,702
2022	16,702
2023 – 2027	83,510
2028 – 2032	83,510
2033 – 2037	83,510
2038 – 2042	83,510
2043 – 2047	83,510
2048 – 2052	83,510
2053 – 2057	83,510
2058 – 2062	83,510
2063 – 2066	66,808
Total Minimum Payments Required	\$ <u>819,548</u>

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Furniture and Equipment	\$ 71,499
Less: Accumulated depreciation	<u>(64,349)</u>
Leased Property Under Capital Leases	\$ <u>7,150</u>

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30	Principal	Interest
2018	\$ 10,087	106
Total	\$ <u>10,087</u>	<u>106</u>

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Prentiss County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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.

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, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$572,441, \$569,645 and \$551,221, 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, 2017, the County reported a liability of \$9,418,315 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017 net pension liability was .056657 percent, which was based on a measurement date of June 30, 2017. This was an increase of .00043 percent from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(10) Defined Benefit Pension Plan (Continued).

For the year ended September 30, 2017, the County recognized pension expense of \$1,059,706 for governmental activities and \$68,006 for business-type activities. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 134,154	68,723
Net difference between projected and actual earnings on pension plan investments	-	124,597
Changes of assumptions	207,089	15,927
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	64,907	-
County contributions subsequent to the measurement date	142,724	-
Total	<u>\$ 548,874</u>	<u>209,247</u>

\$142,724 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, 2018. 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:	
2018	\$ 195,535
2019	168,781
2020	14,513
2021	(181,926)
Total	<u>\$ 196,903</u>

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(10) Defined Benefit Pension Plan (Continued).

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60 %
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
Total	<u>100.00 %</u>	

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

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	\$ 12,352,751	9,418,315	6,982,098

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, 2017

(11) Long-term Debt.

Debt outstanding as of September 30, 2017 consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Blue Bell Building Bonds 2015	\$ 1,368,581	3.50%	04/2035
Courthouse Renovation	255,000	3.80/5.00%	06/2019
District 1 Road and Bridge 2006	25,000	3.90/5.25%	04/2018
District 3 Road and Bridge 2008	70,000	4.13%	04/2020
District 5 Road and Bridge 2008	70,000	4.13%	04/2020
District 2 Road and Bridge 2006	105,000	3.90/5.50%	04/2021
District 1 Road and Bridge 2010	140,000	3.75%	07/2022
District 2 Road and Bridge 2010	140,000	3.75%	07/2022
District 4 Road and Bridge 2010	120,000	3.75%	07/2022
District 5 Road and Bridge 2012	190,000	3.75%	06/2024
District 3 Road and Bridge 2012	255,000	3.75%	02/2027
District 1 Road and Bridge 2013	190,000	2.90/3.00%	05/2028
District 2 Road and Bridge 2013	280,000	3.25/3.30%	05/2028
District 4 Road and Bridge 2013	280,000	3.25/3.30%	05/2028
Total General Obligation Bonds	\$ <u>3,488,581</u>		
B. Equipment Notes:			
District 2 Tractor & Rhino Blades	\$ 13,570	2.13%	03/2018
District 4 Backhoe	28,329	2.14%	10/2018
District 1 John Deere Backhoe	28,110	2.74%	05/2019
District 3 John Deere 5100 Tractor	19,921	2.74%	05/2019
District 5 John Deere Backhoe	32,275	2.74%	05/2019
District 1 John Deere Road Grader	29,734	2.74%	04/2020
District 1 2015 Ford F-150	19,202	2.84%	03/2020
District 4 Ford F-150 Crew Cab	14,584	2.04%	04/2019
District 2 John Deere Backhoe	69,159	2.84%	08/2021
District 4 John Deere Tractor & Bushhog	30,284	3.35%	07/2022
District 2 John Deere 5085E Tractor	47,361	3.35%	08/2022
Total Equipment Notes	\$ <u>332,529</u>		
C. Capital Leases			
IBM Courthouse Computer System	\$ 10,087	2.26%	06/2018
Total Capital Leases	\$ <u>10,087</u>		

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(11) Long-term Debt (Continued).

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
D. Other Loans:			
Blue Bell Building	\$ 18,004	4.15%	02/2018
E-911 Dispatch Console System	36,774	2.92%	05/2019
Chancery Building Roof Repair	33,679	2.00%	03/2020
Wheeler Sewer MDEQ Loan	180,696	1.75%	09/2033
Blue Bell/Ag Center/Annex Parking Lot	207,382	2.00%	09/2030
Justice Court Computer	43,500	2.47%	03/2022
Total Other Loans	<u>\$ 520,035</u>		

Business-type Activities:

A. Equipment Notes:

2013 International 4400 Garbage Truck	\$ 25,143	3.19%	02/2018
Case 1150M Bulldozer	58,421	2.14%	12/2018
Total Equipment Notes	<u>\$ 83,564</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
2018	\$ 441,860	123,960	\$ 121,328	9,150
2019	439,816	107,415	110,725	5,885
2020	332,840	90,421	49,803	2,833
2021	290,934	78,043	34,084	1,311
2022	269,102	68,142	16,589	436
2023 – 2027	920,776	228,809	-	-
2028 – 2032	502,550	98,837	-	-
2033 – 2037	290,703	20,583	-	-
Total	<u>\$ 3,488,581</u>	<u>816,210</u>	<u>\$ 332,529</u>	<u>19,615</u>

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(11) Long-term Debt (Continued).

Year Ending September 30	Other Loans	
	Principal	Interest
2018	\$ 79,174	10,919
2019	62,409	8,797
2020	45,211	7,290
2021	34,133	6,338
2022	34,833	5,638
2023 – 2027	136,038	19,533
2028 – 2032	115,403	6,396
2033	12,834	169
Total	\$ <u>520,035</u>	<u>65,080</u>

Business-type Activities:

Year Ending September 30	Equipment Notes	
	Principal	Interest
2018	\$ 54,037	2,074
2019	29,527	640
Total	\$ <u>83,564</u>	<u>2,714</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2017, the amount of outstanding debt was equal to 3.14% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance 10/01/16	Additions	Reductions	Balance 09/30/17	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 3,922,553	-	433,972	3,488,581	441,860
Equipment notes	384,260	77,646	129,377	332,529	121,328
Capital leases	24,789	-	14,702	10,087	10,087
Other loans	545,471	43,500	68,936	520,035	79,174
Total	\$ <u>4,877,073</u>	<u>121,146</u>	<u>646,987</u>	<u>4,351,232</u>	<u>652,449</u>

Business-type Activities:

Equipment notes	\$ 136,357	-	52,793	83,564	54,037
Total	\$ <u>136,357</u>	<u>-</u>	<u>52,793</u>	<u>83,564</u>	<u>54,037</u>

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2017:

Fund	Deficit Amount
Agri-Center Operating Fund	3,159
Solid Waste	234,198

(13) Contingencies.

Federal Grants – The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation – The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have material adverse effect on the financial condition of the County.

(14) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$8,090,213) 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 \$127,024 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, 2018. The \$361,473 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$186,230 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

The business-type activities' unrestricted net position (deficit) amount of (\$489,033) 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 \$15,700 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, 2018. The \$44,677 balance of the deferred outflow of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next 3 years. The \$23,017 balance of the deferred inflow of resources related to pension at September 30, 2017, will be recognized in pension expense over the next 4 years.

(15) Joint Venture.

The County participates in the following joint venture:

Prentiss County is a participant with Alcorn, Tippah and Tishomingo Counties in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to furnish a regional library for the area and is governed by a board consisting of four members with each entity appointing one member. By contractual agreement, the County's appropriation to the joint venture was \$93,000 in fiscal year 2017. Complete financial statements for the Northeast Regional Library can be obtained from Northeast Regional Library, 1023 North Filmore Street, Corinth, MS 38834.

PRETISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(16) 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 2017.

Northeast Mississippi Planning and Development District operates in a district composed of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Prentiss County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$13,200 for the support of the district in fiscal year 2017.

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 \$700,334 for maintenance and support of the college in fiscal year 2017.

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 2017. User governments will be billed on the volume of solid waste from each government.

(17) Tax Abatements.

As of September 30, 2017, Prentiss County provides tax exempt status to three manufacturing companies subject to the requirements of GASB Statement No.77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college taxes levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2017 totaled \$121,488.

PRENTISS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2017

(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 January 9, 2020, (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, 2017, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
02/05/18	4.45%	400,000	General Obligation Road Bond	Ad Valorem Taxes
02/05/18	4.45%	400,000	General Obligation Road Bond	Ad Valorem Taxes
02/05/18	4.45%	425,000	General Obligation Road Bond	Ad Valorem Taxes
02/05/18	4.45%	250,000	General Obligation Road Bond	Ad Valorem Taxes
02/05/18	4.45%	350,000	General Obligation Road Bond	Ad Valorem Taxes
05/24/18	3.95%	114,000	Installment Loan	Garbage Fees
08/10/18	3.64%	23,500	Installment Loan	Ad Valorem Taxes
02/27/19	3.17%	85,000	Installment Loan	Ad Valorem Taxes
06/23/19	2.99%	120,000	Installment Loan	Garbage Fees
12/03/19	3.00%	2,275,000	CAP Loan	Lease Payments

REQUIRED SUPPLEMENTARY INFORMATION

PRENTISS COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2017
UNAUDITED

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,452,000	4,602,622	4,602,622	-
Licenses, commissions and other revenue	309,000	330,660	330,660	-
Fines and forfeitures	203,500	288,356	288,356	-
Intergovernmental revenues	762,500	702,992	702,992	-
Charges for services	153,000	199,593	199,593	-
Interest income	5,000	14,116	14,116	-
Miscellaneous revenues	45,500	326,436	326,436	-
Total Revenues	<u>5,930,500</u>	<u>6,464,775</u>	<u>6,464,775</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,969,000	3,185,108	3,185,108	-
Public safety	2,132,100	2,156,693	2,156,693	-
Public works	25,000	53,413	53,413	-
Health and welfare	239,625	226,168	226,168	-
Culture and recreation	93,000	93,000	93,000	-
Education	25,000	25,000	25,000	-
Conservation of natural resources	79,050	74,251	74,251	-
Economic development and assistance	118,700	115,507	115,507	-
Debt service:				
Principal	15,100	35,036	35,036	-
Interest	-	4,727	4,727	-
Total Expenditures	<u>5,696,575</u>	<u>5,968,903</u>	<u>5,968,903</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>233,925</u>	<u>495,872</u>	<u>495,872</u>	<u>-</u>
OTHER FINANCING SOURCES/USES				
Operating transfers in	-	73,648	73,648	-
Operating transfers out	<u>(172,000)</u>	<u>(160,186)</u>	<u>(160,186)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(172,000)</u>	<u>(86,538)</u>	<u>(86,538)</u>	<u>-</u>
Net Change in Fund Balance	61,925	409,334	409,334	-
Fund Balances - Beginning	<u>867,216</u>	<u>823,492</u>	<u>823,492</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 929,141</u>	<u>1,232,826</u>	<u>1,232,826</u>	<u>-</u>

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

PRENTISS COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

	<u>2017</u>		<u>2016</u>		<u>2015</u>
County's proportion of the net pension liability (asset)	0.056657%		0.056227%		0.056020%
County's proportionate share of the net pension liability (asset)	\$ 9,418,315	\$	10,043,546	\$	8,659,587
County's covered payroll	\$ 3,634,546	\$	3,616,794	\$	3,499,816
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%		277.69%		247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.49%		57.47%		61.70%

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

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

PRENTISS COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

	2017	2016	2015
Contractually required contribution	\$ 572,441	\$ 569,645	\$ 551,221
Contributions in relation to the contractually required contribution	<u>572,441</u>	<u>569,645</u>	<u>551,221</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's covered payroll	\$ 3,634,546	\$ 3,616,794	\$ 3,499,816
Contributions as a percentage of covered payroll	15.75%	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.

PRENTISS COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
UNAUDITED

Budgetary Comparison Schedule

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff, Tax Assessor, and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	<u>General Fund</u>
Budget (Cash basis)	\$ 409,334
Increase (Decrease)	
Net adjustments for revenue accruals	63,687
Net adjustments for expenditure accruals	24,999
Net adjustments for other financing sources(uses)	<u>46,900</u>
GAAP Basis	\$ <u>544,920</u>

PRENTISS COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
UNAUDITED

Pension Schedules

A. Changes of assumptions

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

PRENTISS COUNTY
Notes to the Required Supplementary Information
For the Year Ended September 30, 2017
UNAUDITED

B. Changes in benefit provisions

2016

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 a maximum rate of five percent.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2017 Employer contributions are developed from 2015 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

Prentiss County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
James Ray Plaxico	Supervisor District 1	Travelers Casualty & Surety of America	\$ 100,000
Matt Murphy	Supervisor District 2	Travelers Casualty & Surety of America	\$ 100,000
Gary Michael Kelser	Supervisor District 3	Travelers Casualty & Surety of America	\$ 100,000
Mike Huddleston	Supervisor District 4	Travelers Casualty & Surety of America	\$ 100,000
Larry Lambert	Supervisor District 5	Travelers Casualty & Surety of America	\$ 100,000
Glen David Pounds	Chancery Clerk	Travelers Casualty & Surety of America	\$ 100,000
Angela Jourdan	Bookkeeper	Travelers Casualty & Surety of America	\$ 75,000
Glen David Pounds	Purchase Clerk	Travelers Casualty & Surety of America	\$ 75,000
Shelba Walker	Asst Purch Clerk	Travelers Casualty & Surety of America	\$ 50,000
Amber Lancaster	Receiving Clerk	Travelers Casualty & Surety of America	\$ 75,000
Linda Fisher	Asst Rec Clerk - Sheriff's Dept.	Travelers Casualty & Surety of America	\$ 50,000
Kenneth Stevens	Asst Rec Clerk - District 1	Travelers Casualty & Surety of America	\$ 50,000
Billy Plaxico	Asst Rec Clerk - District 2	Travelers Casualty & Surety of America	\$ 50,000
Larry W. Powell	Asst Rec Clerk - District 3	Travelers Casualty & Surety of America	\$ 50,000
Dennis Moreland	Asst Rec Clerk - District 4	Travelers Casualty & Surety of America	\$ 50,000
Curtis Roy	Asst Rec Clerk - District 5	Travelers Casualty & Surety of America	\$ 50,000
Jennifer Cummings	Asst Rec Clerk - Drug Court	Travelers Casualty & Surety of America	\$ 50,000
Jacky Taylor	Asst Rec Clerk - Landfill	Travelers Casualty & Surety of America	\$ 50,000
Buddy Lindsey	Inventory Control Clerk	Travelers Casualty & Surety of America	\$ 75,000
Harry Allen	Constable	Travelers Casualty & Surety of America	\$ 50,000
Sammy Henderson	Constable	Travelers Casualty & Surety of America	\$ 50,000
Michael R. Kelley	Circuit Clerk	Travelers Casualty & Surety of America	\$ 100,000
Mary Lou Ballard	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$ 50,000
Teresa Burcham	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
Randy Tolar	Sheriff	Travelers Casualty & Surety of America	\$ 100,000
Linda Fisher	Sheriff's Assistant	Travelers Casualty & Surety of America	\$ 50,000
Kenneth Shackelford	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Rusty McCoy	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Phillip Owens	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Bryant Cunningham	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Jeffery D. Jones	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Bobby J. Tolar	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Tyler Reese	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Dustin Underwood	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Douglas Crow	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Corie Robbins	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Rusty Burroughs	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Justin Underwood	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Michael Moore	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Doug Rakestraw	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Jason Cinicola	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
James Bradley	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Justin Moreland	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Devin Blake Burress	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Eric Lambert	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
William Blake Kelley	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Marsenio Nunn	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Keith Lovell	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Shane Scott	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Homer Stevens	Sheriff's Deputy	Travelers Casualty & Surety of America	\$ 50,000
Greg Sparks	Coroner	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
Paul Wright	Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000

Prentiss County
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
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 Mont Sellars	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
Meka Matthews	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$ 50,000
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
Andy Childs	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$ 10,000
Pamela Holley	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$ 10,000
Markrissa Thornton	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$ 10,000
H.W. "Rusty" Cole	Tax Collector	Travelers Casualty & Surety of America	\$ 100,000
Janis L. Furtick	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Teresa Jo Young	Deputy Tax Collector	Travelers Casualty & Surety of America	\$ 50,000
Heather Lane 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
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
Racheal Pollock	Deputy Solid Waste Coordinator	Travelers Casualty & Surety of America	\$ 25,000
Rhonda Taylor	Deputy Solid Waste Coordinator	Travelers Casualty & Surety of America	\$ 25,000

SPECIAL REPORTS



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

Members of the Board of Supervisors
Prentiss County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Prentiss County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 9, 2020.

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 2017-001, 2017-002, 2017-004, 2017-005, 2017-006 and 2017-008 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 2017-003 and 2017-007 to be significant deficiencies.

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Booneville, Mississippi
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Corinth, Mississippi
Phone: (662)286-7082

Iuka, Mississippi
Phone: (662)423-5057

Compliance and Other Matters

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

We noted certain matters that we have 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 January 9, 2020, 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.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
January 9, 2020

**INDEPENDENT ACCOUNTANTS' REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Prentiss County, Mississippi

We have examined Prentiss County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2017. The Board of Supervisors of Prentiss County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Prentiss County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

In our opinion Prentiss County, Mississippi, complied in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2017.

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

This report is intended for use in evaluating Prentiss County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
January 9, 2020

PRENTISS COUNTY

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2017

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

PRENTISS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/3/2017	Computer system	\$ 37,020.62	ITConsultantsPR, Inc.	Computer system was damaged beyond repair.

PRENTISS COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Prentiss County, Mississippi

In planning and performing our audit of the financial statements of Prentiss County, Mississippi for the year ended September 30, 2017, 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 January 9, 2020, 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 Yes

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.

Florence, Alabama
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Condition	<p>Warrants were issued on funds which did not have sufficient cash balances. The following funds had a negative cash balance during fiscal year 2017:</p> <ul style="list-style-type: none"> • General County Fund • Baldwyn Industrial Park Access Road Improvement Fund • Agri-Center Operating Fund • 1st District Road Work Fund • 1st District Bridge & Culvert Fund • 4th District Bridge & Culvert Fund • State Aid Road Fund • Airport Project #3-28-0008-016-2015 Fund • B/B Airport Project 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	<p>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.</p>
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 Officials We will comply

Chancery Clerk.

3. Deposit accounts shall only deposit funds in the county depository approved by the Board.

Repeat Finding Yes

Criteria 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.

Condition 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.

Cause Unknown

Effect Failure to use the county depository approved by the Board of Supervisors could lead to the loss of public funds.

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

Views of Responsible Official 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.



The Sparks CPA Firm, P.C.
Certified Public Accountants
Red Bay, Alabama
January 9, 2020

SCHEDULE OF FINDINGS AND RESPONSES

PRENTISS COUNTY
Schedule of Findings and Responses
September 30, 2017

Section 1: Summary of Auditors' Results

Financial Statements:

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

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness.

2017-001 Controls over financial statement preparation should be strengthened.

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

PRENTISS COUNTY
Schedule of Findings and Responses
September 30, 2017

Board of Supervisors' Response

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

Material Weakness.

2017-002 Internal controls over payroll should be strengthened.

Criteria

An effective system of internal control should include an adequate segregation of duties and centralized tracking of employee leave time.

Condition

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.

Cause

Unknown.

Effect

A lack of proper controls could result in unauthorized or inaccurate payroll checks being processed and the loss of public funds.

Recommendation

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.

Board of Supervisors' Response

We will comply.

Significant Deficiency.

2017-003 Cash collection functions are not adequately segregated in the Agri-Center department.

Criteria

An effective system of internal control should include an adequate separation of duties.

Condition

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.

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Cause

Unknown

Effect

Failure to have an adequate segregation of duties could result in the loss of public funds or misappropriation of County assets or goods.

Recommendation

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.

Board of Supervisors' Response

We will comply.

Chancery Clerk

Material Weakness.

2017-004. Cash collection and disbursement functions over accounting functions not adequately segregated.

Criteria

An effective system of internal control should include an adequate separation of duties.

Condition

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.

Cause

Unknown

Effect

Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation

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.

Chancery Clerk's Response

Officials, along with the Board of Supervisors, will review the processes in place and make changes as necessary.

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Tax Collector.

Material Weakness

- 2017-005. The Tax Collector shall not issue or renew a motor vehicle tag for any individual having delinquent solid waste fees.

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.

Tax Collector's Response

We will comply.

Justice Court Clerk.

Material Weakness

- 2017-006. Cash collection and disbursement functions in the Justice Court Clerk's office are not adequately segregated.

Criteria

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

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Condition

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.

Cause

Unknown

Effect

Failure to have adequate separation of duties did result in the loss or misappropriation of public funds.

Recommendation

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.

Justice Court Clerk's Response

I will comply.

Sheriff.

Significant Deficiency

2017-007. Segregation of duties in the Sheriff's office should be strengthened.

Criteria

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

Condition

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.

Cause

Unknown.

Effect

Failure to implement adequate segregation of duties could result in the loss of public funds.

Recommendation

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.

Sheriff's Response

I will comply.

Solid Waste Clerk.

Material Weakness

2017-008 Segregation of duties in the Solid Waste department should be strengthened.

Criteria

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

Condition

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.

Cause

Unknown.

Effect

Failure to implement adequate segregation of duties could result in the loss of public funds.

Recommendation

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.

Solid Waste Clerk's Response

We will comply.