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Charles A. Dumas
Mayor

Aldermen
Willard Davis
Mayor Pro Tempore
Rudy McNease
Levi McRaney
Hal Speights
Randy Stamps

Missy Jones
Clerk
Wes Daughdrill
Attorney

Albert Turnage
Municipal Judge

Alan Buffington
Pros. Attorney

April Taylor
Public Defender

Theresa Hall
Court Clerk

Wayne Bass
Fire Chief

Joe Bullock
Police Chief

Corky Holliman
Water Operator

Don Jones
Public Works Director

April 6, 2018

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

Gentlemen:

Accompanying this letter are two (2) copies of the annual audit of the Town of Prentiss, MS for the fiscal year ending September 30, 2017. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Dana M. Jones
City Clerk

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TOWN OF PRENTISS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
And
SPECIAL REPORTS**

SEPTEMBER 30, 2017

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TOWN OF PRENTISS, MISSISSIPPI

**AUDITED FINANCIAL STATEMENTS
And
SPECIAL REPORTS**

SEPTEMBER 30, 2017

TOWN OF PRENTISS

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TOWN OF PRENTISS

FINANCIAL SECTION

Windham and Lacey, PLLC

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American Institute of CPAs
Mississippi Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of September 30, 2017, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Required Supplementary Information

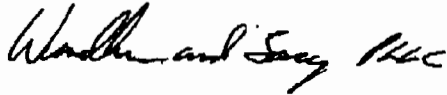
The Schedule of Changes in Long-term Debt, the Schedule of Investments, the Schedule of Surety Bonds, and the Schedule of Capital Assets for the Town of Prentiss, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we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

Other Reporting Requirements Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2018, on our consideration of the Town of Prentiss, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Prentiss, Mississippi's internal control over financial reporting and compliance.

Emphasis of Matter

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



Windham and Lacey, PLLC
February 23, 2018

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TOWN OF PRENTISS

FINANCIAL STATEMENTS

Town of Prentiss
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2017

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 260,440	4,886	13,520		(242,034)		(242,034)
Public safety	689,551	50,781	7,315		(631,455)		(631,455)
Public works	184,450	85,518		14,625	(84,307)		(84,307)
Culture and recreation	35,736				(35,736)		(35,736)
Interest on long-term debt	74				(74)		(74)
Total Governmental Activities	1,170,251	141,185	20,835	14,625	(993,606)	0	(993,606)
Business-type Activities:							
Water/Sewer	558,952	402,207				(156,745)	(156,745)
Total Business-type Activities	558,952	402,207	0	0	0	(156,745)	(156,745)
Total Government	\$ 1,729,203	543,392	20,835	14,625	(993,606)	(156,745)	(1,150,351)
General Receipts							
Taxes:							
Property taxes					\$ 320,151		320,151
Road & bridge privilege taxes					54,742		54,742
Sales tax					413,998		413,998
Homestead exemption reimbursement					20,142		20,142
Franchise taxes					45,431		45,431
Grants and contributions not restricted to specific programs					21,387		21,387
Unrestricted investment income					60	188	248
Miscellaneous					34,586		34,586
Total General Receipts					910,497	188	910,685
Change in net position					(83,109)	(156,557)	(239,666)
Net Position - Beginning					407,311	575,975	983,286
Net Position - Ending					\$ 324,202	419,418	743,620

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Town of Prentiss
Statement of Activities and Net Position - Cash Basis
As of and For the Year Ended September 30, 2017

(Continued)

ASSETS	
Cash and cash equivalents	\$ 598,291
Restricted cash	<u>145,329</u>
Total Assets	\$ <u><u>743,620</u></u>
NET POSITION	
Restricted:	
Restricted for capital projects	\$ 5,732
Restricted for court bonds and restitution	4,758
Restricted for library	5,532
Restricted for municipal fire	48,704
Restricted for police seizures	7,532
Restricted for debt service	1,355
Restricted for water meter deposits	71,716
Unrestricted	<u>598,291</u>
Total Net Position	\$ <u><u>743,620</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2017

	<u>Governmental Activities</u>				<u>Business-type Activities</u>		
	<u>Major Funds</u>				<u>Major Funds</u>		
	<u>General Fund</u>	<u>Municipal Fire Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Water/Sewer Funds</u>	<u>Capital Projects Grant Fund</u>	<u>Total</u>
RECEIPTS							
Ad valorem taxes	\$ 305,674		14,477	320,151			
Road and bridge tax	54,742			54,742			
License and permits	4,886			4,886			
Franchise taxes on utilities	45,431			45,431			
Grand Gulf payments in lieu of tax	15,287			15,287			
Intergovernmental revenues:							
Federal revenues:							
Airport grant			14,625	14,625			
State shared revenues:							
Sales taxes	413,998			413,998			
Homestead exemption reimbursement	20,142			20,142			
Alcoholic beverage tax	2,250			2,250			
General municipal aid	539			539			
Gasoline tax	3,311			3,311			
Fire insurance rebate		6,053		6,053			
Public safety	1,262						
Local shared revenues:							
Aid from county	13,520			13,520			
Charges for services:							
Garbage	85,518			85,518			
Water and sewer utility					397,976		397,976
Fines and forfeits	50,781			50,781			
Interest income	31	17	12	60	188		188
Miscellaneous revenue	34,586		795	35,381	4,230		4,230
Total Receipts	<u>1,051,958</u>	<u>6,070</u>	<u>29,909</u>	<u>1,086,675</u>	<u>402,394</u>	<u>0</u>	<u>402,394</u>

Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2017

(Continued)

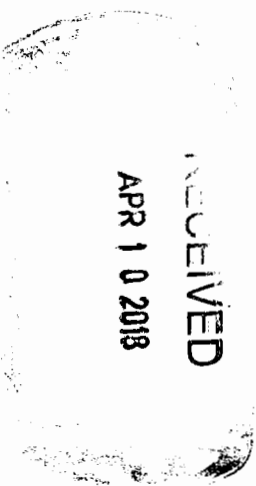
	Governmental Activities				Business-type Activities		
	Major Funds				Major Funds		
	General Fund	Municipal Fire Fund	Non-Major Funds	Total	Water/Sewer Fund	Capital Projects Grant Fund	Total
DISBURSEMENTS							
General government	259,645		1,590	261,235			
Public safety	636,828	8,679		645,507			
Public works	149,608			149,608			
Culture and recreation	20,936		34,642	55,578			
Water and sewer utility:							
Personal services					241,169		241,169
Supplies					75,026		75,026
Utilities					50,505		50,505
Other services and charges					8,888		8,888
Total Disbursements	1,067,017	8,679	36,232	1,111,928	375,588	0	375,588
Excess of Receipts over (under) Disbursements	(15,059)	(2,609)	(6,323)	(25,253)	26,806	0	26,806
OTHER CASH SOURCES (USES)							
Capital outlay - equipment	(35,787)			(35,787)	(52,508)		(52,508)
Capital outlay - airport improvements			(15,000)	(15,000)			
Capital outlay - water sewer improvements						(113,137)	(113,137)
Principal paid on bonds and notes	(8,257)			(8,257)	(16,739)		(16,739)
Interest paid on bonds and notes	(74)			(74)	(979)		(979)
Total Other Cash Sources and (Uses)	(44,118)	0	(15,000)	(59,118)	(70,226)	(113,137)	(183,363)
Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses	(59,177)	(2,609)	(21,323)	(83,109)	(43,420)	(113,137)	(156,557)
CASH BASIS FUND BALANCE – Beginning of Year	308,164	51,313	47,834	407,311	462,788	113,187	575,975
CASH BASIS FUND BALANCE – End of Year	\$ 248,987	48,704	26,511	324,202	419,368	50	419,418

Town of Prentiss
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental and Business-type Funds
As of and For the Year Ended September 30, 2017

(Continued)

	Governmental Activities				Business-type Activities		
	Major Funds				Major Funds		
	General Fund	Municipal Fire Fund	Non-Major Funds	Total	Water/Sewer Fund	Capital Projects Grant Fund	Total
CASH BASIS ASSETS - End of Year							
Cash and cash equivalents	\$ 244,229		6,410	250,639	347,652		347,652
Restricted cash	4,758	48,704	20,101	73,563	71,716	50	71,766
Total Cash Basis Assets	<u>\$ 248,987</u>	<u>48,704</u>	<u>26,511</u>	<u>324,202</u>	<u>419,368</u>	<u>50</u>	<u>419,418</u>
CASH BASIS FUND BALANCES - End of Year							
Restricted:							
Restricted for capital projects	\$		5,682	5,682		50	50
Restricted for court bonds and restitution	4,758			4,758			
Restricted for library			5,532	5,532			
Restricted for municipal fire		48,704		48,704			
Restricted for police seizures			7,532	7,532			
Restricted for debt service			1,355	1,355			
Restricted for meter deposits					71,716		71,716
Committed:							
Committed for town and county interlocal	7,593			7,593			
Committed for streets			6,410	6,410			
Unassigned	236,636			236,636	347,652		347,652
Total Cash Basis Fund Balances	<u>\$ 248,987</u>	<u>48,704</u>	<u>26,511</u>	<u>324,202</u>	<u>419,368</u>	<u>50</u>	<u>419,418</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



TOWN OF PRENTISS

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

B. Government-wide and Fund Financial Statements.

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

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

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

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

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

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

The Town reports the following major Governmental Funds:

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

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

TOWN OF PRENTISS

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

The Town reports the following major proprietary funds:

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

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

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

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

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

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

2. *Net Position.*

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

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

3. *Fund Balances.*

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

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

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

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

TOWN OF PRENTISS

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

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

(2) Cash and Cash Equivalents.

At year-end, the Town's carrying amount of deposits was \$743,620 and the bank balance was \$766,129. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk - Deposits and Investments: Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2017, none of the Town's bank balance of \$766,129 was exposed to custodial risk.

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

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

(3) Defined Benefit Pension Plan.

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

Funding Policy: PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2017, 2016 and 2015 were \$90,614, \$92,758 and \$88,121, respectively, which is equal to the required contributions for each year.

TOWN OF PRENTISS

REQUIRED SUPPLEMENTARY INFORMATION

Town of Prentiss
Budgetary Comparison Schedule -
Budget and Actual
General Fund
For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
General property taxes	\$ 343,000	305,674	305,674	
Road and bridge tax	55,000	54,742	54,742	
License and permits	4,250	4,886	4,886	
Franchise taxes on utilities	47,000	45,431	45,431	
Grand Gulf payments in lieu of tax	15,000	15,287	15,287	
Public safety grants		1,262	1,262	
General municipal aid	3,500	539	539	
Sales taxes	450,000	413,998	413,998	
Homestead exemption		20,142	20,142	
Gasoline tax		3,311	3,311	
Alcoholic beverage tax	1,800	2,250	2,250	
Aid from county	13,500	13,520	13,520	
Garbage	85,000	85,518	85,518	
Fines and forfeits	120,000	50,781	50,781	
Interest income	500	31	31	
Miscellaneous revenue	31,200	34,586	34,586	
Total Revenue	<u>1,169,750</u>	<u>1,051,958</u>	<u>1,051,958</u>	<u>0</u>
EXPENDITURES				
General government	286,150	259,645	259,645	
Public safety	741,200	636,828	636,828	
Public works	175,200	149,608	149,608	
Culture and recreation	26,500	20,936	20,936	
Economic development	8,500			
Total Expenditures	<u>1,237,550</u>	<u>1,067,017</u>	<u>1,067,017</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(67,800)</u>	<u>(15,059)</u>	<u>(15,059)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from loan				
Capital outlay		(35,787)	(35,787)	
Loan payment principal		(8,257)	(8,257)	
Interest expense		(74)	(74)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(44,118)</u>	<u>(44,118)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(67,800)	(59,177)	(59,177)	0
Cash Basis Fund Balances - Beginning	<u>85,000</u>	<u>308,164</u>	<u>308,164</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 17,200</u>	<u>248,987</u>	<u>248,987</u>	<u>0</u>

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

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APR 13 2013

**Town of Prentiss
Budgetary Comparison Schedule -
Budget and Actual
Municipal Fire Fund
For the Year Ended September 30, 2017**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUE				
State fire grant	\$ 6,000			
State fire insurance rebate	8,000	6,053	6,053	
Interest		17	17	
Total Revenue	<u>14,000</u>	<u>6,070</u>	<u>6,070</u>	<u>0</u>
EXPENDITURES				
Public safety	<u>40,000</u>	<u>8,679</u>	<u>8,679</u>	
Total Expenditures	<u>40,000</u>	<u>8,679</u>	<u>8,679</u>	<u>0</u>
Excess of Revenue over (under) Expenditures	<u>(26,000)</u>	<u>(2,609)</u>	<u>(2,609)</u>	<u>0</u>
Net Change in Cash Basis Fund Balance	(26,000)	(2,609)	(2,609)	0
Cash Basis Fund Balances - Beginning	<u>26,000</u>	<u>51,313</u>	<u>51,313</u>	<u>0</u>
Cash Basis Fund Balances - Ending	\$ <u><u>0</u></u>	<u><u>48,704</u></u>	<u><u>48,704</u></u>	<u><u>0</u></u>

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

TOWN OF PRENTISS

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

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget Reconciliation.

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

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TOWN OF PRENTISS

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Town of Prentiss
Schedule of Changes in Long-term Debt - UNAUDITED
For the Year Ended September 30, 2017

Definition and Purpose	Balance Outstanding October 1, 2016	Transactions During Fiscal Year		Balance Outstanding September 30, 2017
		Issued	Redeemed	
CDBG loan - Prentiss Complex	\$ 457,000			457,000
Regions promissory note				
Police package truck in 2015 - \$27,811	8,257		8,257	
Regions promissory note				
Bobcat E50 T4 excavator in 2016 - \$46,975	39,422		16,739	22,683
Total	\$ 504,679	0	24,996	479,683

Town of Prentiss
Schedule of Investments - All Funds – UNAUDITED
September 30, 2017

	<u>Balance</u>
General Fund:	
.05% Certificate of Deposit, dated September 20, 2017, due 90 days after date (Allocated*)	\$ 46,851
Total General Fund investments	<u>46,851</u>
Municipal Fire Fund:	
.05% Certificate of Deposit, dated September 20, 2017, due 90 days after date (Allocated*)	1,179
Total Municipal Fire Fund investments	<u>1,179</u>
Water and Sewer Fund:	
.05% Certificate of Deposit, dated September 20, 2017, due 90 days after date (Allocated*)	291,340
Total Water and Sewer Fund investments	<u>291,340</u>
Total All Funds	\$ <u>339,370</u>

* NOTE: One certificate of deposit in the amount of \$339,370 at .05%, dated September 21, due 90 days after date, is allocated for the amounts indicated between the funds.

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Town of Prentiss
Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED
September 30, 2017

Name	Position	Surety Company	Coverage
Levi McRaney	Alderman	Old Republic Surety Company	\$ 25,000
Hal Speights	Alderman	Old Republic Surety Company	25,000
Willard Davis	Alderman	Old Republic Surety Company	25,000
Randy Stamps	Alderman	Old Republic Surety Company	25,000
Rudy McNease	Alderman	Old Republic Surety Company	25,000
Charles A. Dumas	Mayor	Old Republic Surety Company	25,000
Dana Jones	Municipal Clerk	Western Surety Company	50,000
Juanita B. Griffith	Office Clerk/Deputy Municipal Clerk	Western Surety Company	50,000
Kathy A. Johnson	Deputy Municipal Court Clerk	Western Surety Company	50,000
Theresa Hall	Municipal Court Clerk	Western Surety Company	50,000
Joseph W. Bullock	Police Chief	Western Surety Company	50,000
Casandra Lumpkin	Police Officer	Western Surety Company	50,000
Chad Breazeale	Police Officer	Western Surety Company	50,000
Stephen L. Jones	Police Officer	Western Surety Company	50,000
Richard Browning	Police Officer	Western Surety Company	50,000
Chuck Prewitt	Fire Dispatcher	Western Surety Company	50,000
Robert Wayne Bass	Fire Dispatcher	Western Surety Company	50,000

Town of Prentiss
Schedule of Capital Assets - UNAUDITED
For the Year Ended September 30, 2017

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Land	\$ 63,000			63,000
Construction in progress	193,098	15,000		208,098
Buildings	1,490,157			1,490,157
Machinery, equipment and vehicles	<u>735,368</u>	<u>35,787</u>		<u>771,155</u>
Total Governmental Activities Capital Assets	<u>\$ 2,481,623</u>	<u>50,787</u>	<u>0</u>	<u>2,532,410</u>
Business-type Activities:				
Capital Assets:				
Land	\$ 17,000			17,000
Construction in progress	783,758	113,137	896,895	
Buildings	179,805			179,805
Machinery, equipment and vehicles	223,596	52,508	57,872	218,232
Water tanks, treatment plants and lines	<u>3,633,412</u>	<u>896,895</u>		<u>4,530,307</u>
Total Business-type Activities Capital Assets	<u>\$ 4,837,571</u>	<u>1,062,540</u>	<u>954,767</u>	<u>4,945,344</u>

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TOWN OF PRENTISS

SPECIAL REPORTS

Windham and Lacey, PLLC

Certified Public Accountants

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Mississippi Society of CPAs

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the town's basic financial statements and have issued our report thereon dated February 23, 2018.

Internal Control Over Financial Reporting

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

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

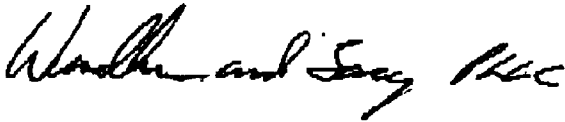
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Windham and Lacey, PLLC
February 23, 2018

Windham and Lacey, PLLC

Certified Public Accountants

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

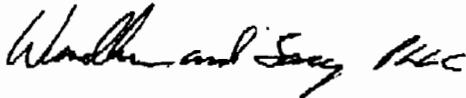
Honorable Mayor and
Members of the Board of Aldermen
Town of Prentiss, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2017, and have issued our report thereon dated February 23, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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



Windham and Lacey, PLLC
February 23, 2018

TOWN OF PRENTISS

SCHEDULE OF FINDINGS AND RESPONSES

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TOWN OF PRENTISS

**Schedule of Findings and Responses
For the Year Ended September 30, 2017**

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

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

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