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**PRENTISS COUNTY, MISSISSIPPI**

**Audited Financial Statements  
and Special Reports**

**For the Year Ended September 30, 2019**



*Certified Public Accountants*

**PRENTISS COUNTY  
BOONEVILLE, MS**

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# ***FINANCIAL SECTION***



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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, 2019, 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 basis for our audit opinions.

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## **Basis for Qualified Opinions on Governmental Activities, Business-type Activities, and the Solid Waste Fund**

As discussed in Note 10 to the financial statements, the County has not recorded a liability for other postemployment benefits in the governmental activities, the business-type activities and the Solid Waste Fund and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position, and change the expenses of the governmental activities, the business-type activities, and the Solid Waste Fund. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities, the business-type activities, and the Solid Waste Fund has not been determined.

## **Qualified Opinions**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities, Business-type Activities, and the Solid Waste Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, and the Solid Waste Fund of Prentiss County, Mississippi as of September 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, ERBR-STPBR-0059(39) Fund, aggregate remaining fund information and Wheeler Sewer Utility District Fund of Prentiss County, Mississippi, as of September 30, 2019, and the respective changes in financial position and 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 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021 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 solely 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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
June 21, 2021



# ***FINANCIAL STATEMENTS***

**PRENTISS COUNTY**  
Statement of Net Position  
September 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 6,607,307	364,851	6,972,158
Property tax receivable	6,089,550	-	6,089,550
Accounts receivable (net of allowance for uncollectibles of \$835,723)	-	557,149	557,149
Fines receivable (net of allowance for uncollectibles of \$2,551,173)	439,613	-	439,613
Intergovernmental receivables	980,209	-	980,209
Other receivables	17,462	86,660	104,122
Internal balances	15,100	(15,100)	-
Capital assets:			
Land and construction in progress	3,020,847	51,061	3,071,908
Other capital assets, net	23,955,872	1,768,531	25,724,403
Total Assets	<u>41,125,960</u>	<u>2,813,152</u>	<u>43,939,112</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	352,438	40,785	393,223
Total Deferred Outflows of Resources	<u>352,438</u>	<u>40,785</u>	<u>393,223</u>
<b>LIABILITIES</b>			
Claims payable	260,159	43,371	303,530
Intergovernmental payables	213,348	-	213,348
Accrued interest payable	59,344	3,114	62,458
Unearned revenue	-	11,482	11,482
Amounts held in custody for others	36,222	-	36,222
Other payables	32,033	-	32,033
Long-term liabilities			
Net pension liability	9,116,449	1,121,727	10,238,176
Due within one year:			
Capital debt	580,553	44,671	625,224
Due in more than one year:			
Capital debt	4,403,641	169,226	4,572,867
Total Liabilities	<u>14,701,749</u>	<u>1,393,591</u>	<u>16,095,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	110,402	12,627	123,029
Deferred revenues - property taxes	6,089,550	-	6,089,550
Total Deferred Inflows of Resources	<u>6,199,952</u>	<u>12,627</u>	<u>6,212,579</u>
<b>NET POSITION</b>			
Net investment in capital assets	21,992,525	1,605,695	23,598,220
Restricted:			
Expendable:			
General government	586,941	-	586,941
Public safety	338,282	-	338,282
Public works	4,374,423	21,540	4,395,963
Culture and recreation	3,285	-	3,285
Economic development and assistance	30,335	-	30,335
Debt service	1,431,984	-	1,431,984
Unrestricted	(8,181,078)	(179,516)	(8,360,594)
Total Net Position	<u>\$ 20,576,697</u>	<u>1,447,719</u>	<u>22,024,416</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, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 3,462,831	717,436	110,478	-	(2,634,917)		(2,634,917)
Public safety	2,830,581	220,396	218,484	-	(2,391,701)		(2,391,701)
Public works	3,183,143	111,523	3,461,659	1,004,110	1,394,149		1,394,149
Health and welfare	224,864	-	-	-	(224,864)		(224,864)
Culture and recreation	227,917	-	75,617	-	(152,300)		(152,300)
Conservation of natural resources	174,517	-	7,474	-	(167,043)		(167,043)
Economic development and assistance	157,387	-	-	-	(157,387)		(157,387)
Interest on long-term debt	182,792	-	-	-	(182,792)		(182,792)
Pension expense	947,246	-	-	-	(947,246)		(947,246)
Total Governmental Activities	11,391,278	1,049,355	3,873,712	1,004,110	(5,464,101)		(5,464,101)
<b>Business-type activities:</b>							
Solid Waste	1,088,917	959,451	-	-		(129,466)	(129,466)
Wheeler Sewer Utility District	113,584	44,908	-	-		(68,676)	(68,676)
Total Business-type Activities	1,202,501	1,004,359	-	-		(198,142)	(198,142)
<b>Total Primary Government</b>	<b>\$ 12,593,779</b>	<b>2,053,714</b>	<b>3,873,712</b>	<b>1,004,110</b>	<b>(5,464,101)</b>	<b>(198,142)</b>	<b>(5,662,243)</b>
General revenues							
Property taxes					\$ 6,265,598	-	6,265,598
Road and bridge privilege taxes					821,981	-	821,981
Grants and contributions not restricted to specific programs					622,978	10,865	633,843
Unrestricted interest income					102,785	8,476	111,261
Miscellaneous					243,397	-	243,397
Transfers					20,000	(20,000)	-
Total General Revenues					8,076,739	(659)	8,076,080
Changes in Net Position					2,612,638	(198,801)	2,413,837
Net Position - Beginning, as previously reported					18,563,125	1,646,520	20,209,645
Prior period adjustment					(599,066)	-	(599,066)
Net Position - Beginning, as restated					17,964,059	1,646,520	19,610,579
Net Position - Ending					\$ 20,576,697	1,447,719	22,024,416

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

## PRENTISS COUNTY

Balance Sheet -  
Governmental Funds  
September 30, 2019

	<b>Major Funds</b>		<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>ERBR-STPBR-0059 (39) Fund</b>		
<b>ASSETS</b>				
Cash	\$ 547,250	2,636,434	3,423,623	6,607,307
Property tax receivable	4,701,575	-	1,387,975	6,089,550
Fines receivable, (net of allowance for uncollectibles of \$2,551,173)	439,613	-	-	439,613
Intergovernmental receivables	158,388	-	452,740	611,128
Other receivables	17,462	-	-	17,462
Due from other funds	-	-	46,169	46,169
Advances to other funds	394,399	-	4,586	398,985
Total Assets	<u>\$ 6,258,687</u>	<u>2,636,434</u>	<u>5,315,093</u>	<u>14,210,214</u>
<b>LIABILITIES</b>				
Liabilities:				
Claims payable	\$ 137,020	61,674	61,465	260,159
Intergovernmental payables	213,348	-	-	213,348
Due to other funds	46,169	-	-	46,169
Advances from other funds	4,586	-	10,218	14,804
Amounts held in custody for others	36,222	-	-	36,222
Other payables	32,033	-	-	32,033
Total Liabilities	<u>469,378</u>	<u>61,674</u>	<u>71,683</u>	<u>602,735</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	4,701,575	-	1,387,975	6,089,550
Unavailable revenue - fines	439,613	-	-	439,613
Total Deferred Inflows of Resources	<u>5,141,188</u>	<u>-</u>	<u>1,387,975</u>	<u>6,529,163</u>
Fund balances:				
Nonspendable:				
Advances	394,399	-	-	394,399
Restricted for:				
Public safety	-	-	3,816	3,816
Public works	-	2,574,760	1,799,663	4,374,423
Debt service	-	-	1,491,328	1,491,328
Committed to:				
General government	-	-	192,542	192,542
Public safety	-	-	334,466	334,466
Culture and recreation	-	-	3,285	3,285
Economic development and assistance	-	-	30,335	30,335
Unassigned	253,722	-	-	253,722
Total Fund Balances	<u>648,121</u>	<u>2,574,760</u>	<u>3,855,435</u>	<u>7,078,316</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,258,687</u>	<u>2,636,434</u>	<u>5,315,093</u>	<u>14,210,214</u>

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

**PRENTISS COUNTY**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2019

Total Fund Balance - Governmental Funds	\$	7,078,316
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 \$16,349,351.		26,976,719
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.		439,613
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(4,984,194)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(9,116,449)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.		(59,344)
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		352,438
Deferred inflows of resources related to pensions		(110,402)
Total Net Position - Governmental Activities	\$	<u>20,576,697</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, 2019

	<b>Major Funds</b>		<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>ERBR-STPBR-0059 (39)</b>	<b>Governmental</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 4,876,067	-	1,389,531	6,265,598
Road and bridge privilege taxes	-	-	821,981	821,981
Licenses, commissions and other revenue	307,001	-	-	307,001
Fines and forfeitures	321,221	-	18,578	339,799
Intergovernmental revenues	896,530	2,415,730	2,188,540	5,500,800
Charges for services	16,334	-	315,586	331,920
Interest income	94,514	6,815	1,456	102,785
Miscellaneous revenues	103,765	-	139,632	243,397
Total Revenues	<u>6,615,432</u>	<u>2,422,545</u>	<u>4,875,304</u>	<u>13,913,281</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,388,459	-	60,147	3,448,606
Public safety	2,534,668	-	566,720	3,101,388
Public works	44,417	61,674	3,272,272	3,378,363
Health and welfare	223,094	-	-	223,094
Culture and recreation	227,917	-	-	227,917
Conservation of natural resources	57,512	-	105,097	162,609
Economic development and assistance	121,991	-	-	121,991
Debt service:				
Principal	29,308	-	713,177	742,485
Interest	4,673	-	236,917	241,590
Total Expenditures	<u>6,632,039</u>	<u>61,674</u>	<u>4,954,330</u>	<u>11,648,043</u>
Excess of Revenues over (under) Expenditures	<u>(16,607)</u>	<u>2,360,871</u>	<u>(79,026)</u>	<u>2,265,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued	-	-	179,566	179,566
Transfers in	58,842	213,889	140,284	413,015
Transfers out	(65,391)	-	(327,624)	(393,015)
Total Other Financing Sources and Uses	<u>(6,549)</u>	<u>213,889</u>	<u>(7,774)</u>	<u>199,566</u>
Net Changes in Fund Balances	<u>(23,156)</u>	<u>2,574,760</u>	<u>(86,800)</u>	<u>2,464,804</u>
Fund Balances - Beginning, as previously reported	669,663	-	4,542,915	5,212,578
Prior period adjustments	1,614	-	(600,680)	(599,066)
Fund Balances - Beginning, as restated	<u>671,277</u>	<u>-</u>	<u>3,942,235</u>	<u>4,613,512</u>
Fund Balances - Ending	<u>\$ 648,121</u>	<u>2,574,760</u>	<u>3,855,435</u>	<u>7,078,316</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, 2019

Net Changes in Fund Balances - Governmental Funds	\$	2,464,804
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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 \$1,036,054 exceeded depreciation expense of (\$1,166,700) in the current period.		(130,646)
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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.		70,635
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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 and adjustments of \$742,485 exceeded debt proceeds of \$179,566.		562,919
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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		58,798
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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		(947,246)
Recording of contributions made in the current fiscal year.		533,373

Rounding		1
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Change in Net Position of Governmental Activities	\$	<u><u>2,612,638</u></u>
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**PRENTISS COUNTY**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2019

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Wheeler Sewer Utility District Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 347,105	17,746	364,851
Accounts receivable (net of allowance for uncollectibles of \$835,723)	557,149	-	557,149
Other receivables	82,601	4,059	86,660
Total Current Assets	<u>986,855</u>	<u>21,805</u>	<u>1,008,660</u>
Noncurrent assets:			
Land	51,061	-	51,061
Other capital assets, net	425,325	1,343,206	1,768,531
Total Noncurrent Assets	<u>476,386</u>	<u>1,343,206</u>	<u>1,819,592</u>
Total Assets	<u>1,463,241</u>	<u>1,365,011</u>	<u>2,828,252</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	40,785	-	40,785
Total Deferred Outflows of Resources	<u>40,785</u>	<u>-</u>	<u>40,785</u>
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	43,106	265	43,371
Advances from other funds	15,100	-	15,100
Accrued interest payable	3,114	-	3,114
Unearned revenue	11,482	-	11,482
Capital debt:			
Equipment notes payable	44,671	-	44,671
Total Current Liabilities	<u>117,473</u>	<u>265</u>	<u>117,738</u>
Noncurrent Liabilities:			
Net pension liability	1,121,727	-	1,121,727
Capital debt:			
Equipment notes payable	169,226	-	169,226
Total Noncurrent Liabilities	<u>1,290,953</u>	<u>-</u>	<u>1,290,953</u>
Total Liabilities	<u>1,408,426</u>	<u>265</u>	<u>1,408,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	12,627	-	12,627
Total Deferred Inflows of Resources	<u>12,627</u>	<u>-</u>	<u>12,627</u>
<b>NET POSITION</b>			
Net investment in capital assets	262,489	1,343,206	1,605,695
Restricted for:			
Public works	-	21,540	21,540
Unrestricted	(179,516)	-	(179,516)
Total Net Position	<u>\$ 82,973</u>	<u>1,364,746</u>	<u>1,447,719</u>

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



**PRENTISS COUNTY**  
Statement of Revenues, Expenses and Changes in Net Position -  
Proprietary Funds  
For the Year Ended September 30, 2019

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Solid Waste Fund</b>	<b>Wheeler Sewer Utility District Fund</b>	<b>Totals</b>
<b>Operating Revenues</b>			
Charges for services	\$ 959,451	44,908	1,004,359
Total Operating Revenues	959,451	44,908	1,004,359
<b>Operating Expenses</b>			
Personal services	665,771	2,468	668,239
Contractual services	117,252	36,167	153,419
Material and supplies	191,570	2,621	194,191
Depreciation expense	58,137	72,328	130,465
Pension expense	49,981	-	49,981
Total Operating Expenses	1,082,711	113,584	1,196,295
Operating Income (Loss)	(123,260)	(68,676)	(191,936)
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	8,476	-	8,476
Intergovernmental grants	10,865	-	10,865
Interest expense	(6,206)	-	(6,206)
Net Nonoperating Revenues (Expenses)	13,135	-	13,135
Net Income (Loss)	(110,125)	(68,676)	(178,801)
Transfers out	(20,000)	-	(20,000)
Changes in Net Position	(130,125)	(68,676)	(198,801)
Net Position - Beginning	213,098	1,433,422	1,646,520
Net Position - Ending	\$ 82,973	1,364,746	1,447,719

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, 2019

	<b>Business-type Activities - Proprietary Funds</b>		
	<b>Solid Waste Fund</b>	<b>Wheeler Sewer Utility District Fund</b>	<b>Totals</b>
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 1,009,322	44,560	1,053,882
Payments to suppliers	(286,809)	(38,788)	(325,597)
Payments to employees	(666,949)	(2,608)	(669,557)
Net Cash Provided (Used) by Operating Activities	55,564	3,164	58,728
<b>Cash Flows From Noncapital Financing Activities</b>			
Nonoperating grants received	10,865	-	10,865
Cash paid to other funds:			
Operating transfers out	(20,000)	-	(20,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(9,135)	-	(9,135)
<b>Cash Flows From Capital and Related Financing Activities</b>			
Proceeds of long-term debt	120,268	-	120,268
Principal paid on long-term debt	(50,732)	-	(50,732)
Acquisition of capital assets	(128,392)	-	(128,392)
Interest paid on debt	(6,206)	-	(6,206)
Net Cash Provided (Used) by Capital and Related Financing Activities	(65,062)	-	(65,062)
<b>Cash Flows From Investing Activities</b>			
Interest and dividends on investments	8,476	-	8,476
Net Cash Provided (Used) by Investing Activities	8,476	-	8,476
Net Increase (Decrease) in Cash and Cash Equivalents	(10,157)	3,164	(6,993)
Cash and Cash Equivalents at Beginning of Year	357,262	14,582	371,844
Cash and Cash Equivalents at End of Year	\$ 347,105	17,746	364,851
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (123,260)	(68,676)	(191,936)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	58,137	72,328	130,465
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	19,618	-	19,618
(Increase) decrease in other receivables	28,680	(348)	28,332
(Increase) decrease in deferred outflows - pensions	(610)	-	(610)
Increase (decrease) in claims payable	21,331	(140)	21,191
Increase (decrease) in other accrued payables	982	-	982
Increase (decrease) in deferred inflows - pensions	(11,510)	-	(11,510)
Increase (decrease) in unearned revenue	1,573	-	1,573
Increase (decrease) in net pension liability	60,623	-	60,623
Total Adjustments	178,824	71,840	250,664
Net Cash Provided (Used) by Operating Activities	\$ 55,564	3,164	58,728

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

**PRENTISS COUNTY**  
Statement of Fiduciary Assets and Liabilities  
September 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 425,470
Total Assets	\$ <u>425,470</u>
 <b>LIABILITIES</b>	
Amounts held in custody for others	\$ 10,433
Intergovernmental payables	45,956
Advances from other funds	<u>369,081</u>
Total Liabilities	\$ <u>425,470</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, 2019

(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, 2019

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.

ERBR-STPBR-0059(39) Fund – This is a capital project fund that is used to account for capital projects funded through ERBR state monies.

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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 Fund – 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 broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

**E. Deposits and Investments.**

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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.

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

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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

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

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

I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 15 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues - property taxes/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue - fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 15 for additional details.



**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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."

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.

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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.

**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.

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

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

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities

Explanation	Amount
To correct a recording of intergovernmental receivable in prior year	\$ 1,614
To remove effect of drug court fund from financial statements	(600,680)
Total prior period adjustments	<u>\$ (599,066)</u>

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

Explanation	Amount
To correct a recording of intergovernmental receivable in prior year	\$ 1,614
To remove effect of drug court fund from financial statements	(600,680)
Total prior period adjustments	<u>\$ (599,066)</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$7,397,628, and the bank balance was \$7,725,287. 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

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 46,169
Total		<u>\$ 46,169</u>

The payable from the General Fund represents the tax revenue collected but not settled until October 2019. These receivables are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 10,218
General Fund	Solid Waste Fund	15,100
General Fund	Agency Fund	369,081
Other Governmental Funds	General Fund	4,586
Total		<u>\$ 398,985</u>

The amount payable from the Other Governmental Funds represent debt proceeds recorded in the General Fund instead of Wheeler Sewer Capital Project Fund. The amount payable from the General Fund represents revenue recorded in the incorrect fund. The difference between the advances from/to other funds and Exhibit 3 is the advance from/to from Payroll Clearing Fund, which is an Agency Fund and Solid Waste Fund, which is an Enterprise Fund and are not reflected on Exhibit 3. All interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

Transfer In	Transfer Out	Amount
ERBR-STPBR 0059(39) Fund	Other Governmental Funds	\$ 213,889
Other Governmental Funds	General Fund	65,391
Other Governmental Funds	Other Governmental Funds	74,893
General Fund	Solid Waste Fund	20,000
General Fund	Other Governmental Funds	38,842
Total		<u>\$ 413,015</u>

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

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative Tag Credit	\$ 112,819
State Motor Vehicle License Privilege Tax	25,923
Housing Prisoners	7,660
Reimbursement for Food Stamp/Welfare	12,503
Election Grant	654
Timber Severance	688
Gas Tax	46,021
Harvest Permits	1,396
Economic Development Grant	403,464
Total Governmental Activities	<u>\$ 611,128</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

Governmental Activities:	Balance 10/01/18	Additions	Deletions	Adjustments	Balance 09/30/19
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,184,525	-	-	-	1,184,525
Construction in progress	2,729,166	803,318	-	(1,696,162)	1,836,322
Total Non-Depreciable Capital Assets	<u>3,913,691</u>	<u>803,318</u>	<u>-</u>	<u>(1,696,162)</u>	<u>3,020,847</u>
<u>Depreciable capital assets:</u>					
Infrastructure	12,680,118	-	-	1,696,162	14,376,280
Buildings	11,019,386	-	-	-	11,019,386
Improvements other than buildings	8,464,748	-	-	-	8,464,748
Mobile equipment	5,515,859	94,500	-	-	5,610,359
Furniture and equipment	696,214	44,320	-	-	740,534
Leased property under capital leases	-	93,916	-	-	93,916
Total Depreciable Capital Assets	<u>38,376,325</u>	<u>232,736</u>	<u>-</u>	<u>1,696,162</u>	<u>40,305,223</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	2,446,353	446,076	-	-	2,892,429
Buildings	4,613,535	178,059	-	-	4,791,594
Improvements other than buildings	3,118,060	338,600	-	-	3,456,660
Mobile equipment	4,403,552	166,235	-	-	4,569,787
Furniture and equipment	601,151	20,824	-	-	621,975
Leased property under capital leases	-	16,906	-	-	16,906
Total Accumulated Depreciation	<u>15,182,651</u>	<u>1,166,700</u>	<u>-</u>	<u>-</u>	<u>16,349,351</u>
Total Depreciable Capital Assets, Net	<u>23,193,674</u>	<u>(933,964)</u>	<u>-</u>	<u>1,696,162</u>	<u>23,955,872</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,107,365</u>	<u>(130,646)</u>	<u>-</u>	<u>-</u>	<u>26,976,719</u>

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

<b>Business-type Activities:</b>	Balance 10/01/18	Additions	Deletions	Adjustments	Balance 09/30/19
<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	978,152	128,392	-	-	1,106,544
Furniture and equipment	25,000	-	-	-	25,000
Total Depreciable Capital Assets	3,225,227	128,392	-	-	3,353,619
<u>Less accumulated depreciation for:</u>					
Infrastructure	650,938	72,328	-	-	723,266
Buildings	70,064	3,114	-	-	73,178
Mobile equipment	711,121	55,023	-	-	766,144
Furniture and equipment	22,500	-	-	-	22,500
Total Accumulated Depreciation	1,454,623	130,465	-	-	1,585,088
Total Depreciable Capital Assets, Net	1,770,604	(2,073)	-	-	1,768,531
Business-type Activities Capital Assets, Net	\$ 1,821,665	(2,073)	-	-	1,819,592

The adjustments in capital assets in the governmental activities consisted of completed capital projects and reclassification of leased equipment to furniture and equipment.

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General government	\$ 260,375
Public safety	169,732
Public works	679,358
Health and welfare	1,770
Culture and recreation	20,069
Economic development and assistance	35,396
Total Governmental Activities Depreciation Expense	\$ 1,166,700
<b>Business-type Activities:</b>	
Solid Waste	\$ 58,137
Wheeler Sewer Utility District	72,328
Total Business-type Activities Depreciation Expense	\$ 130,465

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
LSBP-59(27)	\$ 16,863	03/2020
AIP #3-28-0008-019-2018	47,500	03/2020
SAP-59(73)	31,945	05/2020
LSBP-59(28)	528,000	06/2020
ERBR-STPBR-0059(39)	2,629,619	10/2020
Total:	\$ 3,253,927	

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

(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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(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 expired on November 30, 2018. There is no record of this lease agreement being extended based on the options to extend in the original agreement. However, Prentiss County School District is still occupying this facility and making rental payments. For note disclosure purposes, we treated it as if it has been extended for until time of the audit report in fiscal year 2020.

On May 18, 2016, Prentiss County entered into a non-cancellable operating lease with the Mississippi Department of Human Services (MDHS) for the lease of the newly renovated "Blue Bell" building owned by the County for the purpose of providing office space for the MDHS office staff. The operating lease stipulates that the lease would pay the rate of use allowance of the stated cost of the building per year multiplied by the percentage of the total square footage occupied by MDHS programs, the product of which will determine the amount that will be claimed as administrative expenditure for public assistance purposes, subject to the availability of federal funds. The approximate estimate equals \$16,702 per year in lease payments commencing on October 1, 2015 for a term of 50 years. At the commencement of the lease, MDHS occupied 13,564 square feet which accounted for 49.34% of the total building square footage. The amount of the reimbursement received by the County for use allowance will fluctuate according to the percentage of square footage in the facility occupied by MDHS programs and the percentage of federal match available for the various MDHS programs. Space occupancy will be determined annually by the Fact Sheet(s) submitted by the County Director reflecting the occupancy of the building for the year for which the federal reimbursement payment on use allowance is being calculated. It is expressly understood and agreed that the obligation of MDHS to proceed under the lease agreement is conditioned upon the availability of funds, the appropriation of funds by the Mississippi Legislature, and the receipt of state and/or federal funds. If, at any time, the funds anticipated for 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, 2019

The County receives income from property it leases under noncancelable operating leases. Total income from such leases was \$17,920 for the year ended September 30, 2019. The future minimum lease receivables for these leases are as follows:

<u>Year Ended September 30</u>	<u>Amount</u>
2020	\$ 23,002
2021	16,702
2022	16,702
2023	16,702
2024	16,702
2025 – 2029	83,510
2030 – 2034	83,510
2035 – 2039	83,510
2040 – 2044	83,510
2045 – 2049	83,510
2050 – 2054	83,510
2055 – 2059	83,510
2060 – 2064	83,510
2065 – 2067	33,404
Total Minimum Payments Required	<u>\$ 791,294</u>

(9) Capital Leases:

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Governmental Activities</u>
	<u>Amount</u>
911 Phone Equipment	\$ 93,916
Less: Accumulated Depreciation	(16,906)
Leased Property Under Capital Leases	<u>\$ 77,010</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 17,138	\$ 4,951
2021	18,299	3,790
2022	19,538	2,551
2023	20,862	1,227
2024	7,262	100
Total	<u>\$ 83,099</u>	<u>\$ 12,619</u>



**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

(10) Other Postemployment Benefits.

Plan Description

The Prentiss County Board of Supervisors administers the County's health insurance plan, which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Prentiss County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

(11) Defined Benefit Pension Plan.

*General Information about the Pension Plan*

Plan Description. Prentiss County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

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, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

ending September 30, 2019, 2018 and 2017 were \$597,509, \$587,370 and \$572,441, 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, 2019, the County reported a liability of \$10,238,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was .058198 percent, which was based on a measurement date of June 30, 2019. This was an increase of .000119 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$947,246 for governmental activities and \$49,981 for business-type activities. At September 30, 2019, 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	\$ 6,057	11,020
Net difference between projected and actual earnings on pension plan investments	-	112,009
Changes of assumptions	100,377	-
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	126,753	-
County contributions subsequent to the measurement date	160,036	-
Total	\$ 393,223	123,029

\$160,036 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, 2020. 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:	Amount
2020	\$ 119,806
2021	(89,446)
2022	33,053
2023	46,745
Total	\$ 110,158

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
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 contribution rate (17.40%). 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.

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

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	\$ 13,458,438	10,238,176	7,580,140

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

(12) Long-term Debt.

Debt outstanding as of September 30, 2019 consisted of the following:

**Governmental Activities:**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
Blue Bell Building Bonds 2015	\$ 1,254,904	3.50%	04/2035
District 3 Road and Bridge 2008	25,000	4.13%	04/2020
District 5 Road and Bridge 2008	25,000	4.13%	04/2020
District 2 Road and Bridge 2006	55,000	3.90/5.50%	04/2021
District 1 Road and Bridge 2010	90,000	3.75%	07/2022
District 2 Road and Bridge 2010	90,000	3.75%	07/2022
District 4 Road and Bridge 2010	75,000	3.75%	07/2022
District 5 Road and Bridge 2012	140,000	3.75%	06/2024
District 3 Road and Bridge 2012	212,000	3.75%	02/2027
District 1 Road and Bridge 2013	160,000	2.90/3.00%	05/2028
District 2 Road and Bridge 2013	240,000	3.25/3.30%	05/2028
District 4 Road and Bridge 2013	240,000	3.25/3.30%	05/2028
District 1 Road and Bridge 2018	375,000	4.45%	02/2033
District 2 Road and Bridge 2018	375,000	4.45%	02/2033
District 3 Road and Bridge 2018	397,500	4.45%	02/2033
District 5 Road and Bridge 2018	235,000	4.45%	02/2033
District 4 Road and Bridge 2018	327,500	4.45%	02/2033
Total General Obligation Bonds	\$ 4,316,904		
B. Equipment Notes:			
District 1 John Deere Road Grader	\$ 10,175	2.74%	04/2020
District 1 2015 Ford F-150	6,589	2.64%	03/2020
District 2 John Deere Backhoe	35,554	2.64%	08/2021
District 4 John Deere Tractor & Bushhog	18,773	3.35%	07/2022
District 2 John Deere 5085E Tractor	29,410	3.35%	08/2022
District 3 RW John Deere 6310 Tractor	19,130	3.64%	08/2023
Total Equipment Notes	\$ 119,631		

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

C. Capital Leases:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
911 Phone Equipment	\$ 83,099	6.58%	02/2024
Total Capital Leases	<u>\$ 83,099</u>		

D. Other Loans:

Chancery Building Roof Repair	\$ 11,732	2.00%	03/2020
Wheeler Sewer MDEQ Loan	160,776	1.75%	09/2033
Blue Bell/Ag Center/Annex Parking Lot	179,471	2.00%	09/2030
Justice Court Computer	26,931	2.47%	03/2022
911 Equipment	85,650	3.17%	02/2024
Total Other Loans	<u>\$ 464,560</u>		

**Business-type Activities:**

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
-------------------------	--------------------	---------------	---------------------

A. Equipment Notes:

2019 Landfill Freightliner Garbage Truck	\$ 93,628	3.95%	05/2023
John Deere Backhoe	120,269	2.99%	06/2024
Total Equipment Notes	<u>\$ 213,897</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
2020	\$ 447,840	164,173	\$ 54,328	3,531
2021	405,934	146,483	38,760	1,842
2022	384,102	131,464	21,500	796
2023	302,345	116,773	5,043	185
2024	310,668	105,274	-	-
2025 – 2029	1,373,117	356,259	-	-
2030 – 2034	992,645	114,336	-	-
2035	100,253	3,509	-	-
Total	<u>\$ 4,316,904</u>	<u>1,138,271</u>	<u>\$ 119,631</u>	<u>6,354</u>

**PRENTISS COUNTY**  
Notes to Financial Statements  
For the Year Ended September 30, 2019

Year Ending September 30	Other Loans	
	Principal	Interest
2020	\$ 61,247	10,035
2021	50,707	8,580
2022	52,144	7,341
2023	43,854	6,076
2024	44,920	5,010
2025 – 2029	141,267	14,306
2030 – 2033	70,421	2,446
Total	\$ 464,560	53,794

**Business-type Activities:**

Year Ending September 30	Equipment Notes	
	Principal	Interest
2020	\$ 44,671	7,416
2021	46,260	5,827
2022	47,885	4,201
2023	49,569	2,518
2024	25,512	776
Total	\$ 213,897	20,738

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, 2019, the amount of outstanding debt was equal to 4.00% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance 10/01/18	Additions	Reductions	Balance 09/30/19	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 4,871,720	-	554,816	4,316,904	447,840
Equipment notes	234,720	-	115,089	119,631	54,328
Capital leases	-	93,916	10,817	83,099	17,138
Other loans	440,673	85,650	61,763	464,560	61,247
Total	\$ 5,547,113	179,566	742,485	4,984,194	580,553
Business-type Activities:					
Equipment notes	\$ 144,361	120,268	50,732	213,897	44,671
Total	\$ 144,361	120,268	50,732	213,897	44,671

**PRENTISS COUNTY**  
Notes to Financial Statements  
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(13) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2019:

Fund	Deficit Amount
Agri-Center Operating Fund	\$ 471

(14) Contingencies.

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

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

(15) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of (\$8,181,078) 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 \$143,248 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, 2020. The \$209,190 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$110,402 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

The business-type activities' unrestricted net position (deficit) amount of (\$179,516) 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 \$16,788 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, 2020. The \$23,997 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next 4 years. The \$12,627 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next 3 years.

(16) Joint Ventures.

The County participates in the following joint ventures:

Prentiss County is a participant with Alcorn, Tippah and Tishomingo Counties in a joint venture authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to furnish a regional library for the area and is governed by a board consisting of four members with each entity appointing one member. By contractual agreement, the County's appropriation to the joint venture was \$102,300 in fiscal year 2019. 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  
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(17) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Region IV Mental Health Mental Retardation Commission operates in a district composed of the Counties of Alcorn, Prentiss, Tippah and Tishomingo. The Prentiss County Board of Supervisors appoints four of the 24 Members of the Board of Directors. The County appropriated \$42,000 for the support of the district in fiscal year 2019.

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 2019.

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 \$748,147 for maintenance and support of the college in fiscal year 2019.

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 2019. User governments will be billed on the volume of solid waste from each government.

(18) Tax Abatements.

As of September 30, 2019, Prentiss County provides tax exempt status to fourteen 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 2019 totaled \$267,076.

(19) State Compliance Audit.

The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the County's operations. That report is available on OSA's website at <http://www.osa.ms.gov/reports>, and will include (1) a Purchasing Report, (2) Purchasing Schedules, and (3) a Limited Compliance Review Report.



**PRENTISS COUNTY**  
Notes to Financial Statements  
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(20) 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 June 21, 2021, (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, 2019, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/03/19	3.00%	\$ 2,275,000	CAP Loan	Lease Payments
09/03/20	2.49%	153,198	Installment Loan	Ad Valorem Taxes
01/27/21	2.18%	112,800	Installment Loan	Ad Valorem Taxes
02/23/21	2.23%	46,810	Installment Loan	Ad Valorem Taxes
02/23/21	2.23%	47,810	Installment Loan	Ad Valorem Taxes
05/28/21	0.00%	30,000	Installment Loan	Ad Valorem Taxes
06/10/21	2.44%	500,000	G.O. Bonds	Ad Valorem Taxes
06/10/21	2.44%	500,000	G.O. Bonds	Ad Valorem Taxes
06/10/21	2.44%	500,000	G.O. Bonds	Ad Valorem Taxes
06/10/21	2.44%	500,000	G.O. Bonds	Ad Valorem Taxes
06/10/21	2.44%	500,000	G.O. Bonds	Ad Valorem Taxes

# ***REQUIRED SUPPLEMENTARY INFORMATION***

**PRENTISS COUNTY**  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2019  
 UNAUDITED

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,495,000	4,728,858	4,728,858	-
Licenses, commissions and other revenue	326,000	308,599	308,599	-
Fines and forfeitures	252,500	273,683	273,683	-
Intergovernmental revenues	788,000	891,697	891,697	-
Charges for services	131,100	75,220	75,220	-
Interest income	10,000	93,242	93,242	-
Miscellaneous revenues	116,100	80,033	80,033	-
Total Revenues	<u>6,118,700</u>	<u>6,451,332</u>	<u>6,451,332</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,173,000	3,365,528	3,365,528	-
Public safety	2,244,600	2,501,131	2,501,131	-
Public works	25,000	27,847	27,847	-
Health and welfare	228,625	222,228	222,228	-
Culture and recreation	127,300	227,917	227,917	-
Conservation of natural resources	71,250	56,622	56,622	-
Economic development and assistance	126,500	121,991	121,991	-
Debt service:				
Principal	30,000	20,978	20,978	-
Total Expenditures	<u>6,026,275</u>	<u>6,544,242</u>	<u>6,544,242</u>	<u>-</u>
Excess of Revenues over (under)				
Expenditures	<u>92,425</u>	<u>(92,910)</u>	<u>(92,910)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Financing Sources	-	185,244	185,244	-
Transfers out	<u>(71,000)</u>	<u>(63,016)</u>	<u>(63,016)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(71,000)</u>	<u>122,228</u>	<u>122,228</u>	<u>-</u>
Net Change in Fund Balance	21,425	29,318	29,318	-
Fund Balances - Beginning	<u>930,566</u>	<u>1,251,898</u>	<u>1,251,898</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 951,991</u>	<u>1,281,216</u>	<u>1,281,216</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, 2019  
UNAUDITED

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.058198%	0.058079%	0.056657%	0.056227%	0.056020%	0.055802%
County's proportionate share of the net pension liability (asset)	\$ 10,238,176	\$ 9,660,263	\$ 9,418,315	\$ 10,043,546	\$ 8,659,587	\$ 6,773,341
County's covered payroll	\$ 3,790,267	\$ 3,708,862	\$ 3,634,546	\$ 3,616,794	\$ 3,499,816	\$ 3,411,321
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.12%	260.46%	259.13%	277.69%	247.43%	198.55%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

\* 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.

PRENTISS COUNTY  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2019  
UNAUDITED

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 597,509	\$ 587,370	\$ 572,441	\$ 569,645	\$ 551,221	\$ 537,283
Contributions in relation to the contractually required contribution	<u>597,509</u>	<u>587,370</u>	<u>572,441</u>	<u>569,645</u>	<u>551,221</u>	<u>537,283</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's covered payroll	\$ 3,690,605	\$ 3,729,326	\$ 3,634,546	\$ 3,616,794	\$ 3,499,816	\$ 3,411,321
Contributions as a percentage of covered payroll	16.19% **	15.75%	15.75%	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, 2019  
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)	\$ 29,318
Increase (Decrease)	
Net adjustments for revenue accruals	164,102
Net adjustments for expenditure accruals	(87,799)
Net adjustments for other financing sources(uses)	<u>(128,777)</u>
GAAP Basis	\$ <u>(23,156)</u>

**PRENTISS COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019  
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 assumptions were 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 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

**PRENTISS COUNTY**  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019  
UNAUDITED

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7.00% to 9.00%.

**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 (June 30, 2017 valuation for the June 30, 2019 fiscal year end). 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation



# ***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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2021. The report is qualified on the governmental activities, business-type activities, and the Solid Waste Fund because the County did not record a liability or current year expense for other postemployment benefits as required by accounting principles generally accepted in the United States of America.

**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 have not been 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 2019-001, 2019-003, 2019-004, 2019-005, 2019-006 and 2019-008 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 2019-002 and 2019-007 to be significant deficiencies.

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Iuka, Mississippi  
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## **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*.

## **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 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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
June 21, 2021

# ***SCHEDULE OF FINDINGS AND RESPONSES***

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

Section 1: Summary of Auditors' Results

Financial Statements:

- |    |  |            |
|----|--|------------|
| 1. | Type of auditors' report issued on the financial statements: |            |
|    | Governmental activities                                      | Qualified  |
|    | Business-type activities                                     | Qualified  |
|    | Major funds:   |            |
|    | General Fund   | Unmodified |
|    | ERBR-STPBR-0059(39) Fund                                     | Unmodified |
|    | Aggregate remaining fund information                         | Unmodified |
|    | Solid Waste Fund   | Qualified  |
|    | Wheeler Sewer Utility District Fund                          | 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.

2019-001    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.

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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.

Repeat Finding

Yes (2018-001)

Significant Deficiency.

2019-002 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 reports, 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.

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 have hired a new director at the Agri-Center. We have taken steps to ensure proper segregation of duties that are effective as of the audit report date.

Repeat Finding

Yes (2018-002)

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

Material Weakness.

2019-003 The County should comply with GASB Statement 75 and report on postemployment benefits.

Criteria

Prentiss County offers health insurance benefit coverage through the County's health insurance plan. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit healthcare plan.

Condition

The County does not issue a publicly available financial report for its health insurance plan. The County has not recorded a liability associated with other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

Cause

Unknown

Effect

Failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental activities, business-type activities, and Solid Waste Fund.

Recommendation

The Board of Supervisors should have an actuarial valuation at least biennially so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Board of Supervisors' Response

We will comply.

Repeat Finding

Yes (2018-003)

Chancery Clerk

Material Weakness.

2019-004 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.

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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.

Repeat Finding

Yes (2018-004)

Tax Collector.

Material Weakness

2019-005 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.



**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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.

Repeat Finding

Yes (2018-005)

Justice Court Clerk.

Material Weakness

2019-006 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.

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.

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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.

Repeat Finding

Yes (2018-006)

Sheriff.

Significant Deficiency

2019-007 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.

Repeat Finding

Yes (2018-007)

**PRENTISS COUNTY**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2019

Solid Waste Clerk.

Material Weakness

2019-008 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.

Repeat Finding

Yes (2018-008)