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**TOWN OF PRENTISS, MISSISSIPPI**

**AUDITED FINANCIAL STATEMENTS  
and  
SPECIAL REPORTS**

**SEPTEMBER 30, 2019**

# TOWN OF PRENTISS

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**TOWN OF PRENTISS**

**FINANCIAL SECTION**

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

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

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

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

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

## Other Matters

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

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

### *Other Required Supplementary Information*

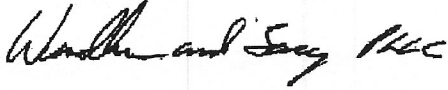
The Schedule of Changes in Long-term Debt, the Schedule of Investments, the Schedule of Surety Bonds for Municipal Officials and Employees, and the Schedule of Capital Assets for the Town of Prentiss, Mississippi, have not been subjected to the auditing procedures applied in the audit of the basic financial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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2020, on our consideration of the Town of Prentiss, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Prentiss, 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 the Town of Prentiss, Mississippi's internal control over financial reporting and compliance.

### Emphasis of Matter

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



Windham and Lacey, PLLC  
January 14, 2020

**TOWN OF PRENTISS**

**FINANCIAL STATEMENTS**

Town of Prentiss  
Statement of Activities and Net Position - Cash Basis  
As of and for the Year Ended September 30, 2019

|  | Program Cash Receipts |  |  |  |                            | Net (Disbursements) Receipts and Changes<br>in Net Position |                    |
|--|-----------------------|--|--|--|----------------------------|---|--------------------|
|  | Cash<br>Disbursements | Fees, Fines &<br>Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities | Business-type<br>Activities                                 | Total              |
|  |                       |  |  |  |                            |   |                    |
| <b>Functions/Programs</b>                                    |                       |  |  |  |                            |   |                    |
| Governmental Activities:                                     |                       |  |  |  |                            |   |                    |
| General government   | \$ 371,765            | 5,474                                    | 13,500                                   |  | (352,791)                  |   | (352,791)          |
| Public safety  | 936,631               | 24,316                                   | 142,276                                  |  | (770,039)                  |   | (770,039)          |
| Public works   | 416,867               | 87,491                                   |  | 212,872                                | (116,504)                  |   | (116,504)          |
| Culture and recreation                                       | 36,727                |  |  |  | (36,727)                   |   | (36,727)           |
| Interest on long-term debt                                   | 2,517                 |  |  |  | (2,517)                    |   | (2,517)            |
| Total Governmental Activities                                | <u>1,764,507</u>      | <u>117,281</u>                           | <u>155,776</u>                           | <u>212,872</u>                         | <u>(1,278,578)</u>         | <u>0</u>  | <u>(1,278,578)</u> |
| Business-type Activities:                                    |                       |  |  |  |                            |   |                    |
| Water/sewer  | 341,111               | 347,160                                  |  |  |                            | 6,049   | 6,049              |
| Total Business-type Activities                               | <u>341,111</u>        | <u>347,160</u>                           | <u>0</u>                                 | <u>0</u>                               | <u>0</u>                   | <u>6,049</u>  | <u>6,049</u>       |
| Total Government   | <u>\$ 2,105,618</u>   | <u>464,441</u>                           | <u>155,776</u>                           | <u>212,872</u>                         | <u>(1,278,578)</u>         | <u>6,049</u>  | <u>(1,272,529)</u> |
| General Receipts   |                       |  |  |  |                            |   |                    |
| Taxes:   |                       |  |  |  | \$ 395,636                 |   | 395,636            |
| Property taxes   |                       |  |  |  | 59,018                     |   | 59,018             |
| Road & bridge privilege taxes                                |                       |  |  |  | 391,037                    |   | 391,037            |
| Sales tax  |                       |  |  |  | 22,420                     |   | 22,420             |
| Homestead exemption reimbursement                            |                       |  |  |  | 51,161                     |   | 51,161             |
| Franchise taxes  |                       |  |  |  | 18,955                     |   | 18,955             |
| Grants and contributions not restricted to specific programs |                       |  |  |  | 130                        | 77  | 207                |
| Unrestricted investment income                               |                       |  |  |  | 15,897                     |   | 15,897             |
| Miscellaneous  |                       |  |  |  | 131,000                    |   | 131,000            |
| Proceeds from loan   |                       |  |  |  | 152,898                    | (152,898)   |                    |
| Transfers  |                       |  |  |  | <u>1,238,152</u>           | <u>(152,821)</u>  | <u>1,085,331</u>   |
| Total General Receipts                                       |                       |  |  |  |                            |   |                    |
| Change in net position                                       |                       |  |  |  | (40,426)                   | (146,772)   | (187,198)          |
| Net Position - Beginning                                     |                       |  |  |  | 287,948                    | 315,837   | 603,785            |
| Net Position - Ending  |                       |  |  |  | <u>\$ 247,522</u>          | <u>169,065</u>  | <u>416,587</u>     |

(Continued)

**Town of Prentiss  
Statement of Activities and Net Position - Cash Basis  
As of and for the Year Ended September 30, 2019**

|  |            |
|--|------------|
| <b>ASSETS</b>                              |            |
| Cash and cash equivalents                  | \$ 239,220 |
| Restricted cash                            | 177,367    |
|  | <hr/>      |
| Total Assets                               | \$ 416,587 |
|  | <hr/>      |
| <b>NET POSITION</b>                        |            |
| Restricted:                                | \$         |
| Restricted for capital projects            | 5,293      |
| Restricted for court bonds and restitution | 1,613      |
| Restricted for library                     | 6,003      |
| Restricted for municipal fire              | 87,469     |
| Restricted for police seizures             | 6,346      |
| Restricted for debt service                | 1,356      |
| Restricted for water meter deposits        | 69,287     |
| Unrestricted                               | 239,220    |
|  | <hr/>      |
| Total Net Position                         | \$ 416,587 |
|  | <hr/>      |

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

**Town of Prentiss**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2019**

|                                    | Governmental Activities |                     |              |                 | Business-type Activities |           |
|------------------------------------|-------------------------|---------------------|--------------|-----------------|--------------------------|-----------|
|                                    | Major Fund              |                     |              |                 | Major Funds              |           |
|                                    | General Fund            | Municipal Fire Fund | Airport Fund | Non-Major Funds | Water/Sewer Funds        | Total     |
| <b>RECEIPTS</b>                    |                         |                     |              |                 |                          |           |
| Ad valorem taxes                   | \$ 380,774              |                     |              | 14,862          |                          | 395,636   |
| Road and bridge tax                | 59,018                  |                     |              |                 |                          | 59,018    |
| License and permits                | 5,474                   |                     |              |                 |                          | 5,474     |
| Franchise taxes on utilities       | 51,161                  |                     |              |                 |                          | 51,161    |
| Grand Gulf payments in lieu of tax | 14,205                  |                     |              |                 |                          | 14,205    |
| Intergovernmental revenues:        |                         |                     |              |                 |                          |           |
| Federal revenues:                  |                         |                     | 212,872      |                 |                          | 212,872   |
| Airport grant                      |                         |                     |              |                 |                          |           |
| State shared revenues:             |                         |                     |              |                 |                          |           |
| Sales taxes                        | 391,037                 |                     |              |                 |                          | 391,037   |
| Homestead exemption reimbursement  | 22,420                  |                     |              |                 |                          | 22,420    |
| Alcoholic beverage tax             | 900                     |                     |              |                 |                          | 900       |
| General municipal aid              | 539                     |                     |              |                 |                          | 539       |
| Gasoline tax                       | 3,311                   |                     |              |                 |                          | 3,311     |
| Fire protection                    |                         | 70,000              |              |                 |                          | 70,000    |
| Public safety                      | 50,000                  |                     |              |                 |                          | 50,000    |
| Local shared revenues:             |                         |                     |              |                 |                          |           |
| Aid from county                    | 13,500                  |                     |              |                 |                          | 13,500    |
| Fire insurance rebate              |                         | 22,276              |              |                 |                          | 22,276    |
| Charges for services:              |                         |                     |              |                 |                          |           |
| Garbage                            | 87,491                  |                     |              |                 | 347,160                  | 347,160   |
| Water and sewer utility            |                         |                     |              |                 |                          |           |
| Fines and forfeits                 | 21,114                  |                     |              | 3,202           |                          | 24,316    |
| Interest income                    | 90                      |                     | 7            | 8               | 77                       | 130       |
| Miscellaneous revenue              | 13,766                  | 25                  |              |                 |                          | 15,897    |
| Total Receipts                     | 1,114,800               | 2,131               | 212,879      | 18,072          | 393,453                  | 1,440,183 |
|                                    |                         | 94,432              |              |                 |                          |           |

**(Continued)**



**Town of Prentiss**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2019**

|   | Governmental Activities |                     |                  |                 | Business-type Activities |                  |
|---|-------------------------|---------------------|------------------|-----------------|--------------------------|------------------|
|   | Major Fund              | Municipal Fire Fund | Airport Fund     | Non-Major Funds | Major Funds              | Total            |
|   | General Fund            |                     |                  |                 | Water/Sewer Fund         |                  |
| <b>DISBURSEMENTS</b>  |                         |                     |                  |                 |                          |                  |
| General government  | 371,765                 |                     |                  |                 |                          | 371,765          |
| Public safety   | 600,130                 | 30,471              |                  | 970             |                          | 631,571          |
| Public works  | 198,188                 |                     |                  |                 |                          | 198,188          |
| Culture and recreation  | 20,927                  |                     |                  | 15,800          |                          | 36,727           |
| Water and sewer utility:  |                         |                     |                  |                 |                          |                  |
| Personal services   |                         |                     |                  |                 | 205,448                  | 205,448          |
| Supplies  |                         |                     |                  |                 | 61,919                   | 61,919           |
| Utilities   |                         |                     |                  |                 | 57,008                   | 57,008           |
| Other services and charges  |                         |                     |                  |                 | 9,921                    | 9,921            |
| Total Disbursements   | <u>1,191,010</u>        | <u>30,471</u>       | <u>0</u>         | <u>16,770</u>   | <u>334,296</u>           | <u>334,296</u>   |
| Excess of Receipts Over (Under) Disbursements   | <u>(76,210)</u>         | <u>63,961</u>       | <u>212,879</u>   | <u>1,302</u>    | <u>59,157</u>            | <u>59,157</u>    |
| <b>OTHER CASH SOURCES (USES)</b>  |                         |                     |                  |                 |                          |                  |
| Proceeds from loan  | 131,000                 |                     |                  |                 |                          | 131,000          |
| Capital outlay - equipment  | (289,944)               |                     |                  |                 | (46,216)                 | (46,216)         |
| Capital outlay - airport improvements   |                         |                     | (218,679)        |                 |                          | (218,679)        |
| Capital outlay - water/sewer improvements   | (15,116)                |                     |                  |                 | (6,751)                  | (6,751)          |
| Principal paid on bonds and notes   | (2,517)                 |                     |                  |                 | (64)                     | (64)             |
| Interest paid on bonds and notes  | 148,270                 | (1,180)             | 5,808            |                 | (152,898)                | (152,898)        |
| Transfer  | <u>(28,307)</u>         | <u>(1,180)</u>      | <u>(212,871)</u> | <u>0</u>        | <u>(205,929)</u>         | <u>(205,929)</u> |
| Total Other Cash Sources and (Uses)   |                         |                     |                  |                 |                          |                  |
| Excess (Deficiency) of Receipts and Other Cash Sources Over Disbursements and Other Cash Uses | <u>(104,517)</u>        | <u>62,781</u>       | <u>8</u>         | <u>1,302</u>    | <u>(146,772)</u>         | <u>(146,772)</u> |
| <b>CASH BASIS FUND BALANCE - Beginning of Year</b>  | <u>239,155</u>          | <u>24,688</u>       | <u>2,677</u>     | <u>21,428</u>   | <u>315,837</u>           | <u>315,837</u>   |
| <b>CASH BASIS FUND BALANCE - End of Year</b>  | <u>\$ 134,638</u>       | <u>87,469</u>       | <u>2,685</u>     | <u>22,730</u>   | <u>169,065</u>           | <u>169,065</u>   |

(Continued)

**Town of Prentiss**  
**Statement of Cash Basis Assets and Fund Balances and**  
**Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental and Business-type Funds**  
**As of and for the Year Ended September 30, 2019**

|   | Governmental Activities |                     |              |                 | Business-type Activities |         |
|---|-------------------------|---------------------|--------------|-----------------|--------------------------|---------|
|   | Major Fund              | Municipal Fire Fund | Airport Fund | Non-Major Funds | Major Funds              | Total   |
|   | General Fund            |                     |              |                 | Water/Sewer Fund         |         |
| <b>CASH BASIS ASSETS - End of Year</b>        |                         |                     |              |                 |                          |         |
| Cash and cash equivalents                     | \$ 122,403              |                     |              | 6,417           | 99,778                   | 99,778  |
| Restricted cash                               | 12,235                  | 87,469              | 2,685        | 16,313          | 69,287                   | 69,287  |
| Total Cash Basis Assets                       | \$ 134,638              | 87,469              | 2,685        | 22,730          | 169,065                  | 169,065 |
| <b>CASH BASIS FUND BALANCES - End of Year</b> |                         |                     |              |                 |                          |         |
| Restricted:                                   |                         |                     |              |                 |                          |         |
| Restricted for capital projects               | \$                      |                     | 2,685        | 2,608           |                          | 5,293   |
| Restricted for court bonds and restitution    |                         | 1,613               |              | 6,003           |                          | 1,613   |
| Restricted for library                        |                         |                     |              |                 |                          | 6,003   |
| Restricted for municipal fire                 |                         | 87,469              |              | 6,346           |                          | 87,469  |
| Restricted for police seizures                |                         |                     |              | 1,356           |                          | 6,346   |
| Restricted for debt service                   |                         |                     |              |                 |                          | 1,356   |
| Restricted for meter deposits                 |                         |                     |              |                 | 69,287                   | 69,287  |
| Committed:                                    |                         |                     |              |                 |                          |         |
| Committed for town and county interlocal      | 10,622                  |                     |              | 6,417           |                          | 10,622  |
| Committed for streets                         | 122,403                 |                     |              |                 | 99,778                   | 6,417   |
| Unassigned                                    |                         |                     |              |                 |                          | 122,403 |
| Total Cash Basis Fund Balances                | \$ 134,638              | 87,469              | 2,685        | 22,730          | 169,065                  | 247,522 |
|   |                         |                     |              |                 |                          | 169,065 |

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

## TOWN OF PRENTISS

### Notes to Financial Statements For the Year Ended September 30, 2019

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

##### A. Financial Reporting Entity.

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

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

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

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

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

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

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

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

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

The Town reports the following major Governmental Funds:

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

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

The *airport* fund accounts for the grants used to improve airport facilities.

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

The Town reports the following major proprietary funds:

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

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

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

D. Assets and Net Position or Fund Balance.

1. *Cash and Investments.*

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

2. *Net Position.*

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

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

3. *Fund Balances.*

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

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

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

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

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

## TOWN OF PRENTISS

### Notes to Financial Statements For the Year Ended September 30, 2019

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

At year-end, the Town's carrying amount of deposits was \$416,587 and the bank balance was \$417,031. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

**Custodial Credit Risk - Deposits and Investments:** Custodial credit risk is defined as the risk that, in the event of a failure of a financial institution, the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk. However, the Mississippi State Treasury manages the risk on behalf of the Town. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on the behalf of the Town. As of September 30, 2019, none of the Town's bank balance of \$417,031 was exposed to custodial risk.

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

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

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

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

**Funding Policy:** PERS members are required to contribute 9.00% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of PERS' members are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ended September 30, 2019, 2018 and 2017 were \$89,132, \$90,072 and \$90,614, respectively, which is equal to the required contributions for each year.

**TOWN OF PRENTISS**

**REQUIRED SUPPLEMENTARY INFORMATION**



**Town of Prentiss**  
**Budgetary Comparison Schedule -**  
**Budget and Actual**  
**General Fund - UNAUDITED**  
**For the Year Ended September 30, 2019**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---|---|
| <b>REVENUE</b>                                 |                            |                         |   |   |
| General property taxes                         | \$ 358,000                 | 358,000                 | 380,774                                 | 22,774  |
| Road and bridge tax                            | 55,000                     | 55,000                  | 59,018                                  | 4,018   |
| License and permits                            | 4,750                      | 4,750                   | 5,474                                   | 724   |
| Franchise taxes on utilities                   | 65,000                     | 65,000                  | 51,161                                  | (13,839)  |
| Grand Gulf payments in lieu of tax             | 15,000                     | 15,000                  | 14,205                                  | (795)   |
| General municipal aid                          | 3,500                      | 3,500                   | 539                                     | (2,961)   |
| Sales taxes                                    | 425,000                    | 425,000                 | 391,037                                 | (33,963)  |
| Homestead exemption                            |                            |                         | 22,420                                  | 22,420  |
| Gasoline tax                                   | 1,800                      | 1,800                   | 3,311                                   | 1,511   |
| Alcoholic beverage tax                         | 2,000                      | 2,000                   | 900                                     | (1,100)   |
| Fire protection                                |                            |                         | 50,000                                  | 50,000  |
| Aid from county                                | 13,500                     | 13,500                  | 13,500                                  |   |
| Garbage  | 90,000                     | 90,000                  | 87,491                                  | (2,509)   |
| Fines and forfeits                             | 50,000                     | 50,000                  | 21,114                                  | (28,886)  |
| Interest income                                | 500                        | 500                     | 90                                      | (410)   |
| Miscellaneous revenue                          | 33,700                     | 33,700                  | 13,766                                  | (19,934)  |
| Total Revenue                                  | <u>1,117,750</u>           | <u>1,117,750</u>        | <u>1,114,800</u>                        | <u>(2,950)</u>  |
| <b>EXPENDITURES</b>                            |                            |                         |   |   |
| General government                             | 276,450                    | 276,450                 | 371,765                                 | (95,315)  |
| Public safety                                  | 671,200                    | 671,200                 | 600,130                                 | 71,070  |
| Public works                                   | 152,200                    | 152,200                 | 198,188                                 | (45,988)  |
| Culture and recreation                         | 18,500                     | 18,500                  | 20,927                                  | (2,427)   |
| Economic development                           | 8,500                      | 8,500                   |   | 8,500   |
| Total Expenditures                             | <u>1,126,850</u>           | <u>1,126,850</u>        | <u>1,191,010</u>                        | <u>(64,160)</u>   |
| Excess of Revenue<br>Over (Under) Expenditures | <u>(9,100)</u>             | <u>(9,100)</u>          | <u>(76,210)</u>                         | <u>(67,110)</u>   |
| <b>OTHER CASH SOURCES (USES)</b>               |                            |                         |   |   |
| Proceeds from loan                             |                            | 131,000                 | 131,000                                 |   |
| Capital outlay                                 |                            | (289,944)               | (289,944)                               |   |
| Loan payment principal                         |                            | (15,116)                | (15,116)                                |   |
| Interest expense                               |                            | (2,517)                 | (2,517)                                 |   |
| Transfer                                       |                            | 148,270                 | 148,270                                 |   |
| Total Other Cash Sources and Uses              | <u>0</u>                   | <u>(28,307)</u>         | <u>(28,307)</u>                         | <u>0</u>  |
| Net Change in Cash Basis Fund Balance          | (9,100)                    | (37,407)                | (104,517)                               | (67,110)  |
| Cash Basis Fund Balances - Beginning           | <u>(47,650)</u>            | <u>239,136</u>          | <u>239,155</u>                          | <u>0</u>  |
| Cash Basis Fund Balances - Ending              | <u>\$ (56,750)</u>         | <u>201,729</u>          | <u>134,638</u>                          | <u>(67,110)</u>   |

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

## **TOWN OF PRENTISS**

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

**A. Budgetary Information.**

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

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

**B. Basis of Presentation.**

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

**C. Budget Reconciliation.**

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



**TOWN OF PRENTISS**

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Prentiss**  
**Schedule of Changes in Long-term Debt - UNAUDITED**  
**For the Year Ended September 30, 2019**

| <u>Definition and Purpose</u> | <u>Balance<br/>Outstanding<br/>October 1, 2018</u> | <u>Transactions During<br/>Fiscal Year</u> |                 | <u>Balance<br/>Outstanding<br/>September 30, 2019</u> |
|-------------------------------|--|--|-----------------|---|
|                               |  | <u>Issued</u>                              | <u>Redeemed</u> |   |
| CDBG loan - Prentiss Complex  | \$ 457,000   |  |                 | 457,000   |
| Regions promissory note       | 34,665   |  | 8,012           | 26,653  |
| Regions promissory note       | 8,145  |  | 6,751           | 1,394   |
| Fire truck - CAP loan         |  | 131,000                                    | 7,104           | 123,896   |
| Total                         | \$ 499,810   | 131,000                                    | 21,867          | 608,943   |

**Town of Prentiss**  
**Schedule of Investments - All Funds - UNAUDITED**  
**September 30, 2019**

|  | <u>Balance</u>          |
|--|-------------------------|
| Water and Sewer Fund:  |                         |
| .05% Certificate of Deposit; dated September 20, 2019; due 90 days after date (Allocated*) | \$ <u>99,624</u>        |
| Total Water and Sewer Fund investments   | <u>99,624</u>           |
| Total All Funds  | \$ <u><u>99,624</u></u> |

**Town of Prentiss**  
**Schedule of Surety Bonds for Municipal Officials and Employees - UNAUDITED**  
**September 30, 2019**

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

**Town of Prentiss**  
**Schedule of Capital Assets - UNAUDITED**  
**For the Year Ended September 30, 2019**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>                      |                              |                  |                  |                  |                           |
| Capital Assets:                                      |                              |                  |                  |                  |                           |
| Land   | \$ 63,000                    |                  |                  |                  | 63,000                    |
| Construction in progress                             | 213,098                      | 218,679          |                  | (208,098)        | 223,680                   |
| Buildings  | 1,490,157                    |                  | 20,000           |                  | 1,470,157                 |
| Improvements other than buildings                    |                              |                  |                  | 208,098          | 208,098                   |
| Machinery, equipment, and vehicles                   | 830,718                      | 289,944          | 201,504          |                  | 919,158                   |
| <b>Total Governmental Activities Capital Assets</b>  | <b>\$ 2,596,973</b>          | <b>508,624</b>   | <b>221,504</b>   | <b>0</b>         | <b>2,884,093</b>          |
| <b>Business-type Activities</b>                      |                              |                  |                  |                  |                           |
| Capital Assets:                                      |                              |                  |                  |                  |                           |
| Land   | \$ 17,000                    |                  |                  |                  | 17,000                    |
| Construction in Progress                             | 412,503                      | 46,216           |                  | (458,719)        | 0                         |
| Buildings  | 179,805                      |                  |                  |                  | 179,805                   |
| Machinery, equipment, and vehicles                   | 241,873                      |                  | 23,501           |                  | 218,372                   |
| Water tanks, treatment plants, and lines             | 4,530,307                    |                  |                  | 458,719          | 4,989,026                 |
| <b>Total Business-type Activities Capital Assets</b> | <b>\$ 5,381,488</b>          | <b>46,216</b>    | <b>23,501</b>    | <b>0</b>         | <b>5,404,203</b>          |

\* Finished projects transferred

**TOWN OF PRENTISS**

**SPECIAL REPORTS**

# Windham and Lacey, PLLC

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American Institute of CPAs  
Mississippi Society of CPAs

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 14, 2020.

## **Internal Control Over Financial Reporting**

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

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

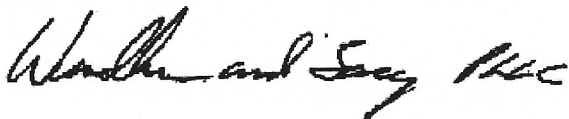
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



Windham and Lacey, PLLC  
January 14, 2020



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

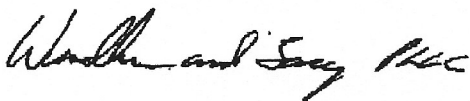
Honorable Mayor and  
Members of the Board of Aldermen  
Town of Prentiss, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Prentiss, Mississippi, as of and for the year ended September 30, 2019, and have issued our report thereon dated January 14, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the procedures prescribed by the Office of the State Auditor, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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



Windham and Lacey, PLLC  
January 14, 2020

**TOWN OF PRENTISS**

**SCHEDULE OF FINDINGS AND RESPONSES**

**TOWN OF PRENTISS**

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

**Section 1: Summary of Auditor's Results**

*Financial Statements:*

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

**Section 2: Financial Statement Findings**

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